
Report To:	Trustees of Council's Charities	Date:	30 November 2017
Report By:	Honorary Treasurer	Report No:	FIN/106/17/AP/CM
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	Trust Funds Annual Accounts 2016-17		

1.0 PURPOSE

1.1 The purpose of this report is to ask the trustees:

- a) To adopt the examined Annual Accounts of the Birkmyre Trust and the Watt Institution Trust Fund.
- b) To note the draft Annual Accounts of the McLeod Trust.

2.0 SUMMARY

2.1 It is good practice for trustees to approve the examined Annual Accounts and sign and date the Trustees' Annual Report and Balance Sheet no later than 9 months after the financial year end. These trusts are not registered charities and accordingly do not require to be filed with an external agency. The Independent Examiner has confirmed that the financial statements present fairly the finances of the trusts.

3.0 RECOMMENDATION

3.1 It is recommended that the trustees:

- a) Review and approve the Annual Accounts for the Birkmyre Trust and Watt Institution Trust Fund for the year ended 31 March 2017.
- b) Note the accounts of the McLeod Trust for the year ended 31 March 2017.

Alan Puckrin
Honorary Treasurer

4.0 BACKGROUND

- 4.1 It is good practice for trustees to approve the Annual Accounts and sign and date the Trustees' Annual Report and Balance Sheet no later than 9 months after the financial year end. The financial statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The CODE), the same basis as the Council. These trusts are not registered charities and accordingly do not require to be filed with an external agency.
- 4.2 The two trusts concerned are:
- Birkmyre Trust
 - Watt Institution Trust Fund
- 4.3 The Accounts of the Birkmyre Trust show that the trust's expenditure exceeded income during the year and a deficit of £44,544 was drawn down from the reserves brought forward, £16,420 from the Usable Revenue Reserve and £28,124 from the Unusable Revaluation Reserve.
- 4.4 The Usable Revenue Reserves, available to support services at the discretion of Trustees, now stands at £80,526. The Unusable Revaluation Reserve holds unrealised gains or losses where the amounts would only become available to provide services if the underlying assets were sold and now stands at £1,171,682. The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction and enhancement of those assets under statutory provision and the balance is (£24,229).
- 4.5 The 2015-16 accounts have been restated to correct an error in accounting for the statutory adjustment for the loan principal repayment between the Revenue Reserve and the Capital Adjustment Account as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The CODE). The restatement resulted in a decrease in the Revenue Reserve by £29,523 and an increase in Unusable Reserves of £29,523. Further details of the restatement can be found in Note 10 of the accounts.
- 4.6 The Accounts of the Watt Institution Trust Fund show that income marginally exceeded expenditure during the year and the surplus of £121 was added to the reserves brought forward. The Trust has a balance of £117,568 on its Revenue Reserve available to provide services in accordance with the objects of the Trust.
- 4.7 The independent examination of the accounts of the trusts has been completed by Robert Allison CPFA free of charge. In both cases, the certificate will confirm that the financial statements present fairly the finances of the trust for the period.
- 4.8 The financial statements of both trusts continue to be included within the audited Annual Accounts for Inverclyde Council under the Local Authority Accounts (Scotland) Regulations 2014.
- 4.9 The accounts of the McLeod Trust are also included for trustees' information. The independently examined financial statements for 2016-17 have been approved at a meeting of the school's Senior Management Team (which was also the AGM of the trustees) and are attached for information.

5.0 IMPLICATIONS

5.1 Finance

There are no financial implications arising from this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

5.2 Legal

There are no legal implications arising from this report.

5.3 Human Resources

There are no human resources implications arising from this report.

5.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

5.5 Repopulation

There are no repopulation implications arising from this report.

6.0 CONSULTATIONS

6.1 The Head of Legal and Property Services has been consulted about the matters in this report.

7.0 LIST OF BACKGROUND PAPERS

7.1 None.

Birkmyre Trust

Annual Report and Financial Statements 2016-2017



Year ended 31 March 2017

Inverclyde
council

Birkmyre Trust: Table of Contents

Trustees' Annual Report	4
Independent Examiners' Report	9
Income and Expenditure Statement	10
Balance Sheet	11
Movement in Reserves Statement	12
Expenditure & Funding Analysis	13
Notes to Accounts	15
Note 1: Accounting Policies	15
Note 2: Staff Numbers & Costs	16
Note 3: Related Party Disclosures	16
Note 4: Governance Costs	16
Note 5: Analysis of Property, Plant & Equipment.....	16
Note 6: Short-term Debtors	16
Note 7: Cash & Cash Equivalents	17
Note 8: Borrowing	17
Note 9: Payments to Trustees'	18
Note 10: Error in Statutory Adjustments to Reserves	18

Birkmyre Trust Background

Adam Birkmyre (1848-1906) of Shallot, Kilmacolm was a generous benefactor to Kilmacolm and donated to them Birkmyre Park. He also paid for the reading room and the library in the village.

In 1889 he purchased land in the middle of the village to provide a public park for the inhabitants of the Parish of Kilmacolm for their “use, benefit, enjoyment and recreation”.

The following year after work to lay out footpaths, play areas for children and pitches for sports, Birkmyre Park was formally opened to the public. In addition to the parkland, four cottages on the land were donated.

The cottages were subsequently converted into what became known as the Pavilion. A feature of this building was the decoration of the Birkmyre name and family emblem on its end walls. The Pavilion served various purposes over the years including a children’s nursery and accommodation for the park keepers.

By the turn of the Millennium, and after over 100 years of service, the Pavilion was in need of renovation. Starting in 2005, capital improvements were made to the Pavilion and its’ surroundings by the local authority.

In 2009, with financial assistance from the council, a further programme of very extensive refurbishment to the Pavilion was successfully completed. The building now houses modern leisure facilities.

The trust for the Birkmyre Park was established under the trust disposition of Adam Birkmyre to the Parish of Kilmacolm in 1897.

As the successor local authority Inverclyde Council is the sole trustee. The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council’s financial affairs and, as part of that responsibility, administers the trust and reports to Council.

Honorary Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Property Services

Honorary Treasurer

- Role fulfilled by Alan Puckrin CPFA, Chief Financial Officer (Section 95 Officer)

Bankers

- All monies are held and managed by Inverclyde Council.

Independent Examiner

- Bert Allison CPFA, Glasgow G43 2DF

Structure, Governance and Management Governing Document

The legal name of the charity is Birkmyre Trust. It is an unincorporated trust governed on the basis of the available evidence of its constitution. The trust was established in terms of a disposition granted by Adam Birkmyre on 1 November 1897 and recorded in 1908.

In this deed, he conveyed to himself and others, including the Parish Council of Kilmacolm, as trustees of the trust, an area of ground known as Birkmyre Park, four cottages known as the Park Cottages and some related areas of ground. After his death, Mr. Birkmyre's testamentary trustees conveyed further ground to the trustees of the trust in terms of two further dispositions recorded in 1908 and 1916 respectively. The terms of the trust have been amended by court approved *cy pres* schemes in 1995 and in 2005.

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a trustee and the accounts of the trust.

Organisational Structure

The trustees meet to consider applications for support and that sufficient funding is available. At a special annual meeting of the Council, trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the funds of the trust.

The trustees, in order to discharge their responsibilities, rely on the advice and expertise of the officers of Inverclyde Council. The Council provides all administrative support to the trust including financial, legal and secretarial support. The Council also administers the payments from the trust.

The Council makes a charge for these services as agreed by the trustees at the

meeting of 4 October 2012. There are no other costs in connection with governance.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the trust.

Risk Management

The Council has assessed the major risks to which the charity is exposed, in particular those related to its operation and finances, and is satisfied that the systems are in place to mitigate the exposure to the major risk.

Management of Funds and Investment Policy

The trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the trust. In this way, the income stream for the future benefit of the charity is protected while allowing income for the current year's expenditure.

The funds of the trust are deposited with Inverclyde Council and receive interest at the average market rate for the short-term borrowing. The interest received from Inverclyde Council is shown in the Income and Expenditure Statement.

Objective and Activities

Objective

Its purpose is

"the said park . . shall be kept open and free (except as mentioned) every day Sundays and holidays included for the use, benefit, enjoyment and recreation of the public for all time coming.

The area of the park so far as not occupied by walks, trees, buildings and other fixtures shall be devoted to the purpose of games and the inhabitants of the Parish of Kilmacolm shall have the sole use of the said area for that purpose"

The end of the financial year is 31 March 2017.

Activities

The trust meets the costs of the Park and its buildings not otherwise defrayed by the Council, and receives income from chargeable activities. The balance of funds is invested with the Council.

Performance and Achievements

Birkmyre Park Fitness Gym offers a state of the art Fitness Gym with the latest Technogym equipment with the Mywellness system, gym based Group Fitness classes, Birkmyre Café by Nardini's and "Free To Be Wellbeing" treatment room all set in the lovely Birkmyre Park, Kilmacolm. The gym was officially opened to the public in June 2008 and it had a full equipment refurbishment on the 30th September 2015. We have 60+ gym stations and 21 gym based classes per week in the facility at Birkmyre.

The new Technogym equipment with the Mywellness system has been successful and 798 accounts were verified by the 31 March 2017 and 422 were active which means that gym users had been active within the previous 30 days. This technology is used as a tool to help motivate and encourage people to "get active, be active and stay active" for longer by enabling users to track their activity and staff to update programmes and offer advice in text or video form that the members can access through their MyWellness accounts at the gym, or remotely wherever they are in the world. This system will play a key role in retention at Birkmyre Park Fitness Gym and ensuring everyone is training towards their goals.

Staff now have more active engagement with the members and in turn can support them every step of the journey. This has seen an increase in club usage. There were 22,187 visits to the gym during 2016-17. Club Live increased from

497 at the start of 2016-17 to the highest number since opening in 2008 of 511 members by year end.

Birkmyre Park Fitness Gym works in partnership with Birkmyre Rugby Club, St Columbas School, Live Active and local voluntary groups such as the walking group who meet every Thursday come rain, hail or shine.

Inverclyde Leisure host the annual Inverclyde Leisure Excellence Awards and Birkmyre Gym was the proud winner of the Highest Average Quality Award and Most Improved Quality Performance Award. Birkmyre Gym was also Runner Up in the Highest Health and Safety Audit Score.

Inverclyde Leisure and Birkmyre Park Fitness Gym hosted the annual Kilmacolm Running Festival. The 2016 event was on Sunday 11th of September. Over 400 people registered for the event which included a Toddle Woddle, family 3k, 10k and Half Marathon. The event was well attended by families and local residents showing their support and the start and finish line. The great weather and BBQ from the Birkmyre cafe enhanced the day which was enjoyed by everyone.

Financial Review

Income and Expenditure for the Year ended 31 March 2017

The Income and Expenditure Statement on page 9 provides an analysis of the income and expenditure for the twelve months from 1 April 2016 to 31 March 2017.

The trust incurred expenditure of £62,564 covering insurance (£785), loan interest (£4,088), upgrades to the park (20,449), governance costs (£250) and annual depreciation charge (£36,992). Income of £18,020 was received; £17,641 from rents and pitch hires and £379 from interest on short-term deposits with Inverclyde Council.

The deficit for the year of £44,544 was deducted from the reserves brought forward: £16,420 was deducted from the Usable Revenue Reserves and £29,681 was taken from the Unusable Revaluation Reserve and £1,487 was added to the Unusable Capital Adjustment Account.

Assets and Liabilities at 31 March 2017

The balance sheet on page 10 provides an analysis for the trust of the assets and liabilities as at 31 March 2017.

The reserves of the trust are £1,227,979. Usable revenue reserves are £80,526, the unusable revaluation reserve stands at £1,171,682 and the Unusable capital Adjustment Account balance is (£24,229).

The carrying value of the land and buildings held by the trust is £1,248,347. Inverclyde Council holds cash of £80,526 on behalf of the trust. The trust has borrowings for capital investment of £100,894 advanced by Inverclyde Council of which £8,496 is repayable in the next financial year.

Reserves Policy

The trust has been in existence for some time and the trustees consider that its reserves are sufficient.

The trust has always maintained a healthy balance of revenue reserves and as such

there had been to-date no requirement to adopt a formal reserves policy. The free reserves at the financial year-end were £115,919.

Future Plans

The Birkmyre Trust will continue to work in partnership with the local authority to support the continued operation of the parkland and buildings in the Park.

Conclusion

The trust's expenditure exceeded income during the reporting period and the deficit of £44,544 has been deducted from the reserves brought forward.

The trustees look forward with some confidence. The trust has a balance of £80,526 of usable revenue reserves. Funding is in place for the future with income from rents. The buildings have been extensively refurbished and house modern nursery and leisure facilities to serve the local community. Extensive improvements to land drainage of the park are due to commence in 2017-18.

Approved by the trustees on Thirtieth November, Two Thousand and Seventeen and signed on behalf of all trustees.

Provost Martin Brennan

Chair of the trustees

Provost Robert Moran (former Provost)

Chair of the Trustees 2016/17

This Trustees' Report is also counter-signed by the Chief Financial Officer of Inverclyde Council in his capacity as the Honorary Treasurer.

Alan Puckrin CPFA

Honorary Treasurer

Independent Examiner's Report to the Trustees of the Birkmyre Trust

I report on the accounts of the Trust for the year ended 31 March 2017 which are set out on pages 10 to 19.

Respective Responsibilities of Trustees and Examiner

The trustees are responsible for the preparation of the accounts in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and interpreted and adopted by the Code of Practice on local authority accounting in the United Kingdom 2016-17 (The CODE). The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council's financial affairs and, as part of that responsibility, administers the trusts and reports to trustees. On the advice of the Honorary Treasurer, the trustees have determined that an independent examination be conducted. My responsibility is to examine the accounts as requested and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination includes a review of the accounting records kept by the trust and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention which gives me reasonable cause to believe that in any material aspect the requirements:

- To keep accounting records, and
- To prepare accounts which accord with the accounting records have not been met, or
- To which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Bert Allison CPFA
5 Mossgiel Road
Glasgow
G43 2DF

Birkmyre Trust

Income and Expenditure Statement for the Year ended 31 March 2017

This statement shows the cost of the operations of the trust in accordance with accounting standards. It shows the movement in the year on the two reserves held by the trust; usable reserves that can be applied to fund expenditure, and unusable reserves, the unrealised gains on the revaluation of the trust's land and buildings.

Total 2015-16		Note	Total 2016-17
£			£
695	Insurance Costs	3	785
0	Property Repairs		20,449
500	Governance Costs	4	250
2,555	Annual Depreciation Charge	5	36,992
3,750	Gross Expenditure		58,476
(2,998)	Hire of Pitches		(2,934)
(2,707)	Rental for Nursery School		(2,707)
(12,000)	Rental for Leisure Centre	3	(12,000)
(17,705)	Gross Income		(17,641)
(13,955)	Cost of Services		40,835
4,620	Interest Paid	3	4,088
(560)	Interest Received	3	-379
4,060			3,709
(9,895)	(Surplus) or Deficit on the Provision of Services		44,544
(143,226)	Unrealised gains on revaluation of land and buildings	5	
(153,121)	Net (Increase) or Decrease before Transfers		44,544

Birkmyre Trust

Balance Sheet as at 31 March 2017

The balance sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the trust. The net assets of the trust (assets less liabilities) are matched by the reserves held by the trust. Reserves are reported in two categories. The first category of reserves is usable reserves i.e. those reserves that the trust may use to provide services. The second category of reserves is those that the trust is not able to use to provide services. This category of reserves holds unrealised gains or losses where the amounts would only become available to provide services if the underlying assets are sold (in for example the Revaluation Reserve) and timing differences (as detailed in the Movement in Reserves Statement).

1 April 2015 Restated	31 March 2016 Restated	Note	31-Mar-17
£	£		£
Non-current Assets			
1,144,668	1,285,339	Property, Plant and Equipment	1,248,347
Current Assets			
0	2,998	Short-term debtors	0
92,992	93,948	Cash and Cash Equivalents	80,526
Current Liabilities			
(8,496)	(8,868)	Short-term Borrowing	(8,496)
Long-term Liabilities			
(109,762)	(100,894)	Long-term Borrowing	(92,398)
1,119,402	1,272,523	Net Assets	1,227,979
Reserves			
92,992	96,946	Usable Reserves	80,526
1,026,410	1,175,577	Unusable Reserves	1,147,453
1,119,402	1,272,523	Total Reserves	1,227,979
<p>The notes on pages 12 to 19 form part of the accounts. Approved by the trustees on 30 November 2017 and signed on their behalf by:</p>			
Provost Martin Brennan	Robert Moran	Alan Puckrin CPFA	
Chair of the Trustees	(Former Provost) Chair of the Trustees Financial year 2016/17	Honorary Treasurer	

Birkmyre Trust

Movement in Reserves Statement

For the Year ended 31 March 2017

This statement shows the movement in the year on the different reserves held by the Trust, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The Movement in reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and statutory adjustments required to return to amounts chargeable to the fund balance for the year. The net Increase/(Decrease) line shows the statutory Fund Balance movement in the year following those adjustments.

Year ended 31 March 2017

	Fund Balance (£)	Revaluation Reserve (£)	Capital Adjustment Account (£)	Total Reserves (£)
Balance at 1 April	96,946	1,201,363	-25,786	1,272,523
Movement in reserves in the year				
Total Comprehensive income and expenditure	-44,544	0	0	-44,544
Charges for depreciation of non-current assets	36,992	0	-36,992	0
Statutory provision for the principal repayment of loan charges	-8,868	0	8,868	0
Total adjustments between accounting basis and funding basis under regulations	28,124	0	-28,124	0
Net increase or (decrease) before Transfers to other Statutory Reserves	-16,420	0	-28,124	-44,544
transfers (to) and from other statutory reserves	0	-29,681	29,681	0
Balance at 31 March carried forward	80,526	1,171,682	-24,229	1,227,979

Comparative Figures for Year ended 31 March 2016 (Restated)

	Fund Balance (£)	Revaluation Reserve (£)	Capital Adjustment Account (£)	Total Reserves (£)
Balance at 1 April	92,992	1,058,137	-31,727	1,119,402
Movement in reserves in the year				
Total Comprehensive income and expenditure	9895	143,226	0	153,121
Charges for depreciation of non-current assets	2,555	0	-2,555	0
Statutory provision for the principal repayment of loan charges	-8,496	0	8,496	0
Total adjustments between accounting basis and funding basis under regulations	-5,941	0	5941	0
Net increase or (decrease) before Transfers to other Statutory Reserves	3954	143,226	5941	153,121
transfers (to) and from other statutory reserves	0	0	0	0
Balance at 31 March carried forward	96,946	1,201,363	-25,786	1,272,523

Birkmyre Trust

Expenditure and Funding Analysis For the Year ended 31 March 2017

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by the Trust in comparison with those resources consumed or earned by the Trust in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis 2016-17

	Expenditure chargeable to the Fund balance (£)	Adjustment between the Funding and Accounting Basis (£)	Net Expenditure in the Comprehensive Income and expenditure Statement (£)
Net Cost of Service – Trust	3,843	-36,992	40,835
Financing and Investment (income) and Expenditure	12,577	8,868	3,709
(Surplus) or Deficit on the Provision of Service	16,420	-28,124	44,544
Opening Fund Balance at 1 April	96,946		
Surplus/(Deficit) on Fund Balance in the year	(16,420)		
Closing Fund Balance at 31 March	80,526		

Note

	Adjustments for Capital purposes (£)	Other Differences (£)	Total Adjustments (£)
Net Cost of Service – Trust	-36,922		-36,922
Financing and Investment (income) and Expenditure		8,868	8,868
Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service	-36,922	8,868	28,054

Comparative Figures for 2015-16

	Expenditure chargeable to the Fund balance (£)	Adjustment between the Funding and Accounting Basis (£)	Net Expenditure in the Comprehensive Income and Expenditure Statement (£)
Net Cost of Service – Trust	-16,510	-2555	-13,955
Financing and Investment (income) and Expenditure	12,556	8,496	4,060
(surplus) or Deficit on the Provision of Service	-3,954	5,941	-9,895
Opening Fund Balance at 1 April	92,992		
Surplus/(Deficit) on Fund Balance in the year	3,954		
Closing Fund Balance at 31 March	96,946		

Note

	Adjustments for Capital purposes (£)	Other Differences (£)	Total Adjustments (£)
Net Cost of Service – Trust	-2,555		-2,555
Financing and Investment (income) and Expenditure		8,496	8,496
Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service	-2,555	8,496	5.941

Birkmyre Trust

Notes to the Accounts

Note 1 Accounting Policies:

Basis of Preparation

The financial statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (The CODE). The CODE is based on International Financial Reporting Standards with interpretation appropriate to the public sector. The principal policies adopted in the preparation of the financial statements are set out below.

Going Concern

The accounts have been prepared on a "going concern" basis as it is expected revenue reserves will provide sufficient resources to finance future liabilities.

Incoming Resources

All incoming resources are included in the Income and Expenditure Account when the trust is entitled to the income. All incoming resources are applied to usable reserves funds. Interest is included when receivable.

Resources Expended

All expenditure is included in the Income and Expenditure Statement on an accruals basis and is recognised when there is a legal or constructive obligation to pay.

Charges to Revenue for Non-current Assets

Depreciation, revaluation and impairment losses are charged to record the cost of holding fixed assets during the year. Depreciation is charged on a straight-line basis over the useful life of the assets, assessed as 15 years for the recent refurbishment work to the Pavilion building and 10 years for the improvements to the nursery school area. No depreciation is charged in the year of acquisition; a full year's depreciation is charged in the year of disposal.

Cash and Cash Equivalents

Cash is represented by deposits with the Council repayable immediately. The trust has no cash equivalents. The Council acts as the banker for the trust and all transactions incoming and outgoing are made via the Council's accounts.

Debtors

Debtors are recognised at the settlement amount due.

Borrowing

The amounts presented on the balance sheet are the outstanding principal repayable plus any accrued interest. The interest chargeable to the Income and Expenditure Statement is the amount payable for the year.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services, for rental to others or for administrative purposes and that are expected to be used for more than one financial year are classified as Property Plant and Equipment.

Assets are included at fair value (that would be paid for the asset in its existing use) and are revalued sufficiently regularly to ensure their carrying value is not materially different from their fair value at the year-end (but as minimum every five years) by external independent professional valuers. The last valuation was conducted at 31 March 2016 by James Barr Ltd. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Reserves

The trust has two reserve funds. The Usable Reserves (Revenue) is a fund available to support services at the discretion of Trustees.

The Unusable Reserves (Revaluation) holds unrealised gains or losses where the amounts would only become available to provide services if the underlying assets are sold and (capital adjustment account) absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions..

Comparative Figures and Taxation

Figures for 2015-16 are shown as appropriate for purposes of comparison. Irrecoverable tax is included in the expense or income to which it refers.

Taxation

The Birkmyre Trust is included by HMRC as part of Inverclyde Council. The trust is not liable to income tax or capital gains tax. VAT is recovered by Inverclyde Council.

Note 2 Staff Numbers and Costs:

The Birkmyre Trust has no staff. All support functions are provided by Inverclyde Council.

Note 3 Related Party Disclosures:

During the year, Inverclyde Council recharged insurance premiums of £785 to the trust (2015-16: £695). Interest of £379 was received from, and interest of £4,088 was paid to, Inverclyde Council (2015-16: £560 and £4,620). As at 31 March 2017, Inverclyde Council held £80,526 for the trust (2016: £93,948). The trust owed £100,894 to Inverclyde Council (2016: £109,762).

The trust received a rental of £12,000 (2015-16: £12,000) from Inverclyde Leisure as independently determined by the District Valuer. The leisure company is responsible for all running and maintenance costs under the lease.

Note 4 Governance Costs:

Inverclyde Council provides management services to the trust at £250 (2015-16: £500). The independent examination has been conducted on a "no-charge" basis and accordingly no accrual has been made for the examiner's fees.

Note 5 Analysis of Property Plant and Equipment:

The figure in the balance sheet on page 11 reflects the depreciated current value of the land and buildings of the trust.

2016		2017
£		£
	Valuation	
1,297,093	01-Apr	1,285,339
0	Additions in year	0
0	Disposals in year	0
(11,754)	Revaluations adjustments to Income & Expenditure Statement	0
1,285,339	At 31 March	1,285,339
	Depreciation and Impairment	
152,425	At 1 April	0
2,555	Depreciation charge for the year	36,992
(154,980)	Revaluation adjustments to Income & Expenditure Statement	0
0	At 31 March	0
1,285,339	Balance Sheet as at 31 March 2017	1,248,347

Note 6 Short-term Debtors

2016		2017
£		£
	Amounts receivable within 12 months	
2,998	Pitch Hire income collected by Inverclyde Leisure	0
2,998	Balance at 31 March 2017	0

Note 7 Cash and Cash Equivalents

The Council acts as the banker for the trust and all transactions incoming and outgoing are made via the Council's accounts. The balance is repayable on demand. Interest is paid on balances.

2016		2017	
£		£	£
92,992	Balance at 1 April 2016		93,948
Net Cash Inflow from Operating Activities			
10,957	Net surplus/(deficit) on the cost of services	-40,835	
2,555	Adjustments for non-cash movements	39,990	-845
Net Cash Outflow from Investing Activities			
0	Expenditure on property, plant & equipment	0	
560	Interest received	379	379
Net Cash Inflow from Financing Activities			
0	Receipts of long-term borrowing	0	
(8,496)	Repayment of long-term borrowing	(8,868)	
(4,620)	Interest paid on borrowing	(4,088)	(12,956)
93,948	Balance at 31 March 2017		80,526

Note 8 Borrowing

The trust has secured long-term borrowing to fund capital investment on the buildings. The borrowing was undertaken in the two financial years 2011 and 2012 and is repayable over a period of 15 years. The fair value is shown in the table below, assessed on inputs that are observable for the liability.

2016		2017	
£		£	
Amounts due within 12 Months			
8,496	At 1 April 2016		8,868
0	New Borrowings		0
8,868	Transfer from Debt over 12 Months		8,496
(8,496)	Repayments to Inverclyde Council		(8,868)
8,868	Balance at 31 March 2017		8,496
Amounts due over 12 Months			
109,762	At 1 April 2016		100,894
0	New Borrowings		0
(8,868)	Transfer to Debt under 12 Months		(8,496)
(0)	Repayments to Inverclyde Council		(0)
100,894	Balance at 31 March 2017		92,398

Note 9 Payments to Trustees

No trustee or any person related to a trustee was remunerated during the year, nor was there any requirement for any expenses to be paid.

Note 10 Error in statutory adjustments to reserves – Restatement of 2015-16

The Trust identified that the statutory provision for the principal repayment of loan charges for the financial year 2015-16 had not been charged to the fund balance. This resulted in the fund balance being overstated in the financial statements by £29,523 and unusable reserves being understated by £29,523.

In order to correct this error the trust has created a Capital Adjustment Account (CAA) to ensure that the principal repayment of loan charges is accounted for in accordance with the Code of Practice on Local Authority Accounting 2016/17 (The CODE). The following are the relevant update to the Movement in reserves Statement. The Movement in reserves Statement with appropriate restatement for 2016-17 can be found on page 12 of these financial statements.

Originally Stated 2015/16 Movement in Reserves Statement

	Fund Balance (£)	Revaluation Reserve (£)	Total Reserves (£)
Balance at 1 April	114,019	1,005,383	1,119,402
Movement in reserves in the year			
Total Comprehensive income and expenditure	9,895	143,226	153,121
Net increase or (decrease) before Transfers to other Statutory Reserves	9,895	143,226	153,121
transfers (to) and from other statutory reserves	2,555	(2,555)	0
Balance at 31 March carried forward	126,469	1,146,054	1,272,523

Restated 2015-16 Movement in Reserves statement

	Fund Balance (£)	Revaluation Reserve (£)	Capital Adjustment Account (£)	Total Reserves (£)
Balance at 1 April	92,992	1,058,137	(31,727)	1,119,402
Movement in reserves in the year				
Total Comprehensive income and expenditure	9,895	143,226	-	153,121
Charges for depreciation of non-current assets	2,555	0	(2555)	0
Statutory provision for the principal repayment of loan charges	(8,496)	0	8496	0
Total adjustments between accounting basis and funding basis under regulations	(5,941)	0	5,941	0
Net increase or (decrease) before Transfers to other Statutory Reserves	3,954	143,226	5941	153,121
transfers (to) and from other statutory reserves	0	0	0	0
Balance at 31 March carried forward	96,946	1,201,363	(25,786)	1,272,523

The CIPFA code on Local Authority Accounting in the United Kingdom requires that an authority present a balance sheet at the beginning of the preceding period when an authority makes a retrospective restatement. The following table demonstrates the effects on the line items in the balance sheet for the opening and closing balances in financial year 2015-16. The restated prior period Balance Sheet and restated opening balances for 2015-16 are provided with the current year information on page 12 of the accounts.

	Originally Stated Opening balance as at 1 April 2015 (£)	Restated Opening balance as at 1 April 2015 (£)	Amount of restatement (£)
Reserves			
Usable Reserves: Revenue	114,019	92,992	-21,027
Unusable Reserves: revaluation	1,005,383	1,058,137	52,754
Unusable reserves: Capital Adjustment Account	0	-31,727	-31,727

	Originally Stated balance as at 31 March 2016 (£)	Restated balance as at 31 March 2016 (£)	Amount of restatement (£)
Reserves			
Usable Reserves: Revenue	126,469	96,946	-29,523
Unusable Reserves: Revaluation	1,146,054	1,201,363	55,309
Unusable reserves: Capital Adjustment Account	0	-25,786	-25,786



Inverclyde
council

Finance Services, Municipal Buildings, Greenock PA15 1LY
Tel: 01475 712090 Fax: 01475 712202 www.inverclyde.gov.uk

Watt Institution Trust Fund

Annual Report and Financial Statements 2016-2017



Year ended 31 March 2017

Inverclyde
council

Watt Institution Trust Fund Contents

Trustees Annual Report	.....	3-7
Independent Examiner’s Report	.....	8
Income and Expenditure Statement	.....	9
Balance Sheet	.....	10
Notes to the Accounts	.....	11-12

Greenock Corporation took over responsibility for running the Watt Library, McLean Museum, Art Gallery and Watt Hall (known collectively as the Watt Institution) from the Watt Trust in 1973.

In July 1984, the existing trustees of three bodies - the Committee of Management of the Greenock Library; the Committee of Management of the Watt Hall and Museum and Greenock Art Gallery; and the James McLean Trust - were discharged from their relative trust obligations and the whole trust estate was invested in the former Inverclyde District Council.

The Court of Session, at that time, declared a Scheme of Administration for the future management and use of the assets and funds invested in the trust and all of the land and buildings and moveable assets transferred to the Council at that time.

The Council is responsible for holding the land and buildings in trust as a memorial to the late James Watt LLD and to use it as a library, museum and hall for the benefit of the inhabitants of Greenock.

Additionally, the Council is to hold and apply the whole of the moveable property the investments from time to time

representing the same and the income thereof in trust for the maintenance, preservation, repair, improvement and furnishing of the land and buildings and of the fixtures and fittings and for the provision, safekeeping and repair of suitable books and objects for the Library and Museum.

The Watt Institution Trust Fund has its own funds which are to be used for similar purposes and any expenditure from this Fund must meet the conditions listed above.

As the successor local authority Inverclyde Council is the sole trustee. The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council’s financial affairs and, as part of that responsibility, administers the trust and reports to Council.

Watt Institution Trust Fund
Trustees' Annual Report
For the Year ended 31 March 2017

The trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2017.

Current Trustees

- Councillor Ronnie Ahfeld
- Councillor Martin Brennan
- Councillor Graeme Brooks (appointed 05 May 2017)
- Councillor Jim Clocherty
- Councillor John Crowther (appointed 05 May 2017)
- Councillor Christopher Curley (appointed 05 May 2017)
- Councillor Gerry Dorrian
- Councillor Colin Jackson (appointed 05 May 2017)
- Councillor Stephen McCabe
- Councillor Michael McCormick
- Councillor Chris McEleny
- Councillor Jim McEleny (appointed 05 May 2017)
- Councillor Drew McKenzie (appointed 05 May 2017)
- Councillor Tommy McVey (appointed 05 May 2017)
- Councillor Jim MacLeod
- Councillor Robert Moran
- Councillor Natasha Murphy (appointed 05 May 2017)
- Councillor Innes Nelson
- Councillor Lynne Quinn (appointed 05 May 2017)
- Councillor Luciano Rebecchi
- Councillor Elizabeth Robertson (appointed 05 May 2017)
- Councillor David Wilson

Other Trustees During the Year

- Councillor Keith Brooks (resigned 04 May 2017)
- Councillor Math Campbell-Sturgess (resigned 04 May 2017)
- Councillor Jim Grieve (resigned 04 May 2017)
- Councillor Vaughan Jones (resigned 04 May 2017)
- Councillor Terry Loughran (resigned 04 May 2017)
- Councillor James McColgan (resigned 04 May 2017)
- Councillor Joe McIlwee (resigned 04 May 2015)
- Councillor Kenny Shepherd (resigned 04 May 2017)

Chair

- Provost Martin Brennan (appointed 25 May 2017)
- Former Provost Robert Moran (resigned 04 May 2017)

Honorary Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Property Services

Honorary Treasurer

- Role fulfilled by Alan Puckrin CPFA, Chief Financial Officer (Section 95 Officer).

Bankers

- All monies are held and managed by Inverclyde Council.

Independent Examiner

- Bert Allison CPFA, Glasgow G43 2DF

Structure, Governance and Management Structure

The name of the trust is the Watt Institution Trust Fund. The trust is an unincorporated trust governed on the basis of the available evidence of its constitution. The trust in its current form was established under a court approved *cy pres* scheme in July 1984.

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a trustee and the accounts of the trust.

Organisational Structure

The trustees meet to consider applications for support and that sufficient funding is available. At a special annual meeting of the Council, trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the funds of the trust.

The trustees, in order to discharge their responsibilities, rely on the advice and expertise of the officers of Inverclyde Council. The Council provides all administrative support to the trust including financial, legal and secretarial support. The Council also administers the payments from the trust.

The Council makes a charge for these services as agreed by the trustees at the meeting of 4 October 2012. There are no other costs in connection with governance.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the trust.

Management of Funds and Investment Policy

The trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the trust.

The funds of the trust are deposited with Inverclyde Council and receive interest at the average market rate for the short-term borrowing. The interest received from Inverclyde Council is shown in the Comprehensive Income and Expenditure Statement.

Objectives and Activities

Objectives

Its purpose is to hold and apply the investments and income thereof for the maintenance, preservation, repair, improvement and furnishing of the land and buildings and of the fixtures and fittings and for the provision, safekeeping and repair of suitable books and objects for the Library and Museum.

Activities

The trust meets the costs of the Watt Institution not otherwise defrayed by the Council and invests the balance of funds with the Council.

Performance and Achievements

In line with policy adopted by the Council and the terms of the trust, the Watt Institution Trust Fund supported the continued operation of the museum, art gallery and library in the Watt Institution in partnership with the local authority.

Performance

During the year there were:

- 23,695 visitors in person to the McLean Museum and Art Gallery (the Museum closed to the public in late December);
- 70,256 visitors to/usages of the McLean Museum and Art Gallery, including web sessions;
- 1,084 people attended meetings in the Watt Hall; and

- 8,476 visitors in person to the Watt Library (the Library closed to the public in late December and was closed for 6 weeks during the summer for emergency repairs).

Museum Achievements

The main focus of the work of the Museum service over 2016-17 was the preparation for a major repairs programme scheduled for 2017-18. This involved attendance at design team meetings with the consultant architect and colleagues in the Property Department of Inverclyde Council. New racking for stored items was organised and decanting of objects from the Museum displays was started to allow the removal and replacement of the main Museum roof during the forthcoming contract. Plans were drawn up for the decant of selected items to external specialist storage and for the setting up of a 'pop-up' facility which would allow an element of the Museum service to continue during closure of the main building.

An exhibition of work by the artist Martyn McKenzie was mounted and a 'meet the artist in the gallery' session was held.

The commemorative WWI website continues to be updated and enhanced. An event for schools with a costumed interpreter marked the 75th anniversary of the Greenock Blitz.

A major acquisition of the sculptural bust of the renowned virtuoso violinist and conductor Henri Temianka was received, donated by his son Daniel Temianka. Henri Temianka was born in Greenock in 1905. Other donations included a group of items from Kiribati, Clyde Pottery wares, the christening robe of John Scott (1830 – 1903), medals awarded to George Smith Gray and portrait paintings transferred from Glasgowlife.

The Museum's website pages continue to be expanded and enhanced and the audience for online information is growing steadily.

The curator continues to contribute to the Steering Group organising commemorative events to celebrate the achievements of the Greenock-born engineer, James Watt, in recognition of the 200th anniversary of his death in 2019. The Museum was one of only 15 museums and galleries from all over the country to be selected to take part in the Royal Society grant scheme which provides funding to reveal local stories of scientific brilliance with a project entitled James Watt – a New Dimension, combining the study of modern 3D printing with Watt's own inventions of sculpture copying machines. Two classes of Primary Seven students from Whinhill Primary School took part in creative workshops.

Work placements included a graduate student at Glasgow University studying for a Masters in Material Culture and Artefact Studies who worked on the Clyde Pottery collection and a work experience student from St Columba's Secondary School.

Loans of object handling boxes were made to Inverclyde schools and care homes and Museum staff gave external talks to various groups including Community, Learning and Development participants in Greenock, Gourock and Port Glasgow Libraries. Various groups were given guided tours of the Museum.

Meetings held in the Watt Hall included the annual lecture programme of the Greenock Philosophical Society. The Hall was also utilised as a Polling Station for the Scottish Parliamentary Election and the EU Referendum.

The Museum participated in the *Doors Open Day* for Inverclyde as a venue for a Children's Treasure Hunt.

Library & Archives Achievements

The main focus of the work of the Watt Library & Archives service over 2016-17 was the preparation for a major repairs programme scheduled for 2017-18. There has been a full decant of the library and archives collection to external storage in a nearby industrial estate, which took several months to complete. Ongoing work continues within the store to organise the collection, with particular focus on the maps and plans.

The annual lecture programme of the Greenock Philosophical Society continued to be held in the Watt Hall. Additionally several book launches were held to coincide with Book Week Scotland events in November, and a small display from the Archive Collection relating to the history of the Watt Library was shown in Gourrock Library during Book Week Scotland and subsequently, the Watt Hall.

Small scale donations continued to be received by the Archive throughout 2016-17. In addition, a larger donation was transferred from within the Council from the Finance department.

The Volunteer Program continues to flourish with the addition of three more regular volunteers tasked with box listing and transcribing items from the collections.

Financial Review

Income and Expenditure for the Year ended 31 March 2017

The Income and Expenditure Statement on page 9 provides an analysis for the trust of the income and expenditure for the twelve months from 1 April 2016 to 31 March 2017.

Running costs in 2016/17 were limited to only £250 on governance costs as the Museum and Library closed in December 2016 for refurbishment. Income of £371 was received from interest on short-term deposits with Inverclyde Council.

The surplus of £121 was added to the reserves of £117,447 brought forward.

Assets and Liabilities at 31 March 2017

The balance sheet on page 10 provides an analysis for the trust of the assets and liabilities as at 31 March 2017.

The reserves of the trust are £117,568 and are all held by Inverclyde Council.

Reserves Policy

The trust has been in existence for some time and the trustees consider that its reserves are sufficient.

The trust has always maintained a healthy balance of Revenue Reserves and as such there had been to-date no requirement to adopt a formal reserves policy. The free reserves at the financial year-end were £117,568.

Future Plans

The Watt Institution Trust Fund will continue to work in partnership with the local authority to support the operations of the museum, art gallery and library in the Watt Institution.

Conclusion

The Trust's income marginally exceeded expenditure during the reporting period and the surplus of £121 has been added to the reserves brought forward. The Watt Institution Trust Fund has a healthy balance of £117,568 of Revenue Reserves.

The first works on the repairs of the building fabric have commenced. Current services provided within the Watt Complex continue to be under review. £287,000 was awarded, to Inverclyde Council, from Historic Environmental Scotland for the refurbishment works to provide modern facilities for the library, art gallery and museum.

Approved by the trustees on Thirtieth November Two Thousand and Seventeen and signed on behalf of all trustees.

Former Provost Robert Moran
Chair of the Trustees in 2016/17

Provost Martin Brennan
Current Chair of the Trustees

This Trustees' Report is also counter-signed by the Chief Financial Officer of Inverclyde Council in his capacity as the Honorary Treasurer.

Alan Puckrin CPFA
Honorary Treasurer

Independent Examiner's Report to the Trustees of the Watt Institution Trust Fund

I report on the accounts of the Trust for the year ended 31 March 2017 which are set out on pages 9 to 12.

Respective Responsibilities of Trustees and Examiner

The trustees are responsible for the preparation of the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and interpreted and adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The CODE). The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council's financial affairs and, as part of that responsibility, administers the trusts and reports to trustees. On the advice of the Honorary Treasurer, the trustees have determined that an independent examination be conducted. My responsibility is to examine the accounts as requested and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination includes a review of the accounting records kept by the trust and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention which gives me reasonable cause to believe that in any material aspect the requirements:

- To keep accounting records, and
- To prepare accounts which accord with the accounting records have not been met, or
- To which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed:

Bert Allison CPFA
5 Mossgiel Road
Glasgow
G43 2DF

Watt Institution Trust Fund
Income and Expenditure Statement
for the Year ended 31 March 2017
(incorporating Movement in Reserves Statement)

This statement shows the costs of the operations of the trust in accordance with accounting standards. It shows the movement in the year on the reserves held by the trust that can be applied to fund expenditure.

Usable Reserves : Revenue 2015-16		Note	Usable Reserves: Revenue 2016-17
£			£
778	Expenditure		250
278	Supplies and Services	5	0
500	Governance Costs	6	250
(0)	Income		(0)
778	Cost of Services		250
(571)	Financing and Investment Income and Expenditure		(371)
0	Interest paid		0
(571)	Interest received	2	(371)
207	(Surplus) or Deficit on the Provision of Services		(121)
0	Other Income and Expenditure		0
207	(Increase) or Decrease in the Year		(121)
(117,654)	Balance at 1 April		(117,447)
(117,447)	Balance at 31 March Carried Forward		(117,568)
<p>The Watt Institution Trust Fund has no recognised gains or losses other than the results for the year as set out above. All of the activities of the fund are classed as continuing. The notes on pages 11 to 12 form part of these financial statements.</p>			

Watt Institution Trust Fund Balance Sheet as at 31 March 2017

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the trust. The net assets of the trust (assets less liabilities) are matched by the reserves held by the trust. These usable reserves are available to the trustees to provide services.

31 March 2016	Notes	31 March 2017
£		£
	Current Assets	
117,447	Cash and Cash Equivalents	117,568
	7	
117,447	Net Assets	117,568
	Reserves	
117,447	Usable Reserves: Revenue	117,568
117,447	Total Reserves	117,568
<p>The notes on pages 11 to 12 form part of these accounts. Approved by the trustees on 30 November 2017 and signed on their behalf by:</p>		
<p>Provost Martin Brennan Chair of the trustees</p>	<p>Provost Robert Moran Chair of the trustees Financial Year 2016/17</p>	<p>Alan Puckrin CPFA Honorary Treasurer</p>

Watt Institution Trust Fund

Notes to the Accounts

Note 1 Accounting Policies

Basis of Preparation

The financial statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (The CODE). The CODE is based on International Financial Reporting Standards with interpretation appropriate to the public sector. The principal policies adopted in the preparation of the financial statements are set out below.

Going Concern

The accounts have been prepared on a "going concern" basis as it is expected that future revenue reserves will provide sufficient resources to finance future liabilities.

Incoming Resources

All incoming resources are included in the Income and Expenditure Statement when the trust is entitled to the income. All incoming resources are applied to usable reserves funds. Interest is included when receivable.

Resources Expended

All expenditure is included in the Income and Expenditure Statement on an accruals basis and is recognised when there is a legal or constructive obligation to pay.

Cash and Cash Equivalents

Cash is represented by deposits with the Council repayable on demand. The trust has no cash equivalents.

Reserves

The trust has a single reserve fund. The Usable Reserves (Revenue) is a fund

available to support services at the discretion of Trustees.

Comparative Figures

Figures for 2015-16 are shown as appropriate for purposes of comparison.

Note 2 Related Party Disclosures

Interest of £371 was received from the local authority (2015-16: £571). As at 31 March 2017, Inverclyde Council held £117,568 for the trust (2016: £117,447).

As part of the management arrangements of the Scheme of Administration, Inverclyde Council remains responsible for all costs and any income relating to the Watt Institution and is entitled to the unrestricted use of its assets.

Under accounting standards and the associated guidance, arrangements that convey the right to use an asset require to be accounted for as a lease even where they do not have the legal form of a lease. The local authority has assumed the risks and rewards of ownership and the arrangements have the substance of a finance lease. The Watt Institution and its collections require to be disclosed on the balance sheet of the local authority and accordingly are not included in the trust fund's accounts. The holding value of these assets in the Council's Annual Accounts is £3.9 million (2016: £3.5 million) for the buildings and £17.8 million (2016: £17.8 million) for its collections of heritage assets.

Note 3 Staff Numbers and Costs

The trust does not employ any staff (see note 6).

Note 4 Payments to Trustees

No trustee or any connected person was remunerated during the year, nor was there any requirement for any expenses to be paid.

Note 5 Supplies and Services

No expenditure was incurred in 2016-17 (2015-16: £278)

Note 6 Governance Costs

Inverclyde Council provides support services to the trust at a fee of £250 (2015-16: £500). The independent examination has been conducted on a “no-charge” basis and accordingly no accrual has been made for the examiner’s fees.

Note 7 Cash and Cash Equivalents

The Council acts as the banker for the trust and all transactions incoming and outgoing are made via the Council’s bank accounts. The balance is repayable on demand. Interest is paid on balances.

2015-16 £		2016-17 £
117,654	Balance at 1 April 2016	117,447
	Net Cash (Outflow) from Operating Activities	
(778)	Net surplus/(deficit) on the cost of services	(250)
0	Adjustments for non-cash movements	0
	Net Cash Inflow from Investing Activities	
571	Interest Received	371
0	Net Cash Inflow from Financing Activities	0
117,447	Balance at 31 March 2017	117,568



McLeod Trust

Annual Report and Financial Statements 2016-2017



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Year ended 31 March 2017



McLeod Trust Contents

Trustees' Annual Report	3-6
Independent Examiner's Report	.....	7
Income and Expenditure Statement	.....	8
Balance Sheet	.....	9
Notes to the Accounts	.....	10-12

The McLeod Trust was established by two donations from Mr George F. McLeod of Wyomissing, Berks County, Pennsylvania United States, a former pupil of Port Glasgow High School, to provide scholarships for further education to pupils of Port Glasgow High School from disadvantaged backgrounds or from families of no history of further education.

to apply for financial assistance, then application forms can be obtained by contacting the Head Teacher at McLeod Trust, Port Glasgow High School, Port Glasgow Community Campus, Kilmacolm Road, Port Glasgow PA14 6PP, Tel: 01475-715200 or e-mail: information@portglasgow.inverclyde.sch.uk.

The trust fund was established under a Deed of Trust in 2003. The trust provides for financial and other assistance and support to assist with the costs of further education.

The major part of the trust funds are invested in UK stocks and shares and managed by a firm of stockbrokers and investment managers under a discretionary agreement. Interest and dividend income is used to provide three and four year scholarships to former pupils to assist with the costs of their further education.

Normally, four or five awards are made each year. Awards were made to five people in September 2016.

The Trustees are the Head and Depute Head Teacher and the Finance Officer of the school plus the retired Head Teacher, and a member of the parent council.

If you wish to apply for financial assistance, or you are aware of a person who may wish



On behalf of the Trustees, I am pleased to present the 2017 Annual Report for the McLeod Trust.

We have been able to use the funds at our disposal to make awards to assist five of our students who have gone on to further education where they will have the opportunity to maximise their undoubted potential to the benefit of themselves and our community.

Structure, Governance and Management Governing Document

The McLeod Trust is an unincorporated trust governed on the basis its constitution in the Deed of Trust of May 2003.

Appointment of Trustees

The trust deeds provide for up to five trustees. Three of the Trustees are assumed on their appointment to one of the designated posts in the Trust Deeds – the Head Teacher, a nominated member of the Senior Management Team and the Finance Officer. The Trust Deeds provide for the appointment of up to two other persons and these appointments are decided by the Trustees. There is no set term of office.

Organisational Structure

At a special annual meeting, Trustees consider the income and expenditure levels during the financial year and ensure that expenditure remains within available resources and to maintain reasonable levels of reserves.

The School and Inverclyde Council provide support services to the trust. Neither the School nor Inverclyde Council makes any charge to the Trust. There are no other costs in connection with governance.

Related Parties

Three of the trustees hold this position because they are senior teaching or administrative support staff of the school.

Risk Management

The Trustees have assessed the major risks to which the trust is exposed, in particular those related to its operation and finances, and are satisfied that systems are in place to mitigate the exposure to the major risks.

Management of Funds and Investment Policy

The Trustees have appointed a firm of external stockbrokers and investment managers to manage the capital funds of the trust. These funds are invested in bonds and shares. Under accounting standards, these investments are disclosed at market value (and not the historic cost value).

The Trustees conducted a periodic review of the trust's exposure to financial risk in August 2017, with assistance from the investment managers, and confirmed the investment approach as low risk/cautious with the primary objectives of capital growth and income for awards. In this way, the capital and income stream for the future benefit of the trust is protected. The investment gains and losses in the financial year are shown in the Income and Expenditure Statement.

The revenue funds of the trust are deposited with the school funds, with the investment managers as income cash balances and with Inverclyde Council as on-call deposits. Cash deposits with the stockbrokers receive bank interest. The deposits with Inverclyde Council receive interest at the average market rate for the Council's short-term borrowing.

Objectives and Activities

Its purpose is "for the relief of poverty, suffering and stress and the advancement of education by providing further assistance for the University education of former pupils of Port Glasgow High School . . . who by reason of poverty, could not otherwise attain the benefit of a University education."

Activities

The Trust makes educational scholarships in accordance with its purposes to former pupils of the school and invests its funds with the primary objectives of capital growth and income for awards.

The trust deeds provide a number of powers to trustees, key of which are:

- “to advance funds to former pupils of Port Glasgow High school to assist in the furtherance of their university education, the terms, extent and provision of such assistance to be determined by my Trustees in their sole discretion, subject always to the terms of the Trust. Generally, the Trustees should provide annual advances of funds, each installment being dependent upon written confirmation from the appropriate university of the successful completion of all assessments from the previous year of study.”
- “to invest any funds which are not immediately required for the administration of the Trust or for the Trust’s activities, in such investments as may be considered appropriate (and to dispose of and vary such investments)

Achievements and Performance

In line with policy adopted by the Council and the terms of the trust, at it’s AGM in September 2016 the McLeod Trust made awards to five former pupils of the school to assist with the costs of their University education. These covered a diverse range of courses of study including teaching, physical education, veterinary nursing, chemistry and performing arts.

One award was in respect of a new applicant to assist her with her first year of medicine at University. The other four awards were for continuing support to permit students already in receipt of

awards for previous years to progress with their course of study in the 2016/17 academic year.

Financial Review

Income and Expenditure for the Year ended 31 March 2017

The Income and Expenditure Statement on page 8 provides an analysis for the trust of the income and expenditure for the twelve months from 1 April 2016 to 31 March 2017.

Revenue Reserves: The trust made awards totalling £3,500 and incurred investment management fees of £240. On the income side, the trust received £2,425 from interest and dividends.

The deficit of £1,315 was deducted from the revenue reserves of £3,862 brought forward.

Capital Reserves: An increase of £5,578 in the value of investments at 31 March 2017 was recorded and this has been added to the capital reserves of £64,204 brought forward.

Assets and Liabilities at 31 March 2017

The Balance Sheet on page 9 provides an analysis for the trust of the assets and liabilities as at 31 March 2017.

The total reserves of the trust are £72,329; £2,547 held in Revenue Reserves and £69,782 in Capital Reserves.

The Capital Reserves are invested in bonds and shares using an external firm of stockbrokers and investment managers. The Trust bears all market risks and rewards.

The Revenue Reserves of the trust are deposited with the school funds, with the investment managers as income cash balances and with Inverclyde Council as on-call deposits.

Reserves Policy

The Trust has two reserve funds, both available to support the objectives of the trust. The Revenue Reserves is a fund available to make awards. The Capital Reserves are for capital growth and to provide for income. Both reserves may be used at the discretion of Trustees.

The trust has been in existence for some time and the Trustees consider that its reserves are sufficient.

Future Plans

The McLeod Trust will continue to provide scholarships in accordance with the terms of the trust.

Conclusion

We have been able to use the funds at our disposal to make significant awards to five students in the current year during challenging economic conditions, for income generation, while protecting our reserves to safeguard funding for the future.

Net incoming resources exceeded awards during the reporting period and the surplus of £4,263 has been added to the reserves brought forward.

The trust has a healthy reserve balance of £72,329 for the future benefit of students of Port Glasgow High School.

Approved by the Trustees on Thirtieth November Two Thousand and Seventeen and signed on behalf of all Trustees.

Stuart Clark

Chair of the Trustees

Independent Examiner's Report to the Trustees of McLeod Trust

I report on the accounts of the Trust for the year ended 31 March 2017 which are set out on pages 8 to 12.

Respective Responsibilities of Trustees and Examiner

The trustees are responsible for the preparation of the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and interpreted and adopted by The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The CODE). On the advice of the Chief Financial Officer of Inverclyde Council, the trustees have determined that an independent examination be conducted. My responsibility is to examine the accounts as requested and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination includes a review of the accounting records kept by the trust and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention which gives me reasonable cause to believe that in any material aspect the requirements:

- To keep accounting records, and
- To prepare accounts which accord with the accounting records have not been met, or
- To which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Bert Allison
5 Mossgiel Road
Glasgow
G43 2DF

McLeod Trust
Income and Expenditure Statement
for the Year ended 31 March 2017
(incorporating Movement in Reserves Statement)

This statement shows the cost of the operations of the Trust in accordance with accounting standards. It shows the movement in the year on the two reserves held by the Trust; the Revenue Reserves that provide the funding of awards and the Capital Reserves that are for capital growth and to provide for income.

Total 2015-2016		Note	Revenue Reserves	Capital Reserves	Total 2016-2017
£			£	£	£
3,500	Awards	4	3,500	0	3,500
3,500	Gross expenditure		3,500	0	3,500
0	Gross income		0	0	0
3,500	Cost of services		3,500	0	3,500
	Financing and investment income and expenditure				
(362)	Interest received		(762)	0	(762)
(2,123)	Dividends received		(1,663)	0	(1,663)
240	Investment management fees		240	0	240
(2,245)			(2,185)	0	(2,185)
1,255	(Surplus) or deficit on the provision of services		1,315	0	1,315
0	Transfers between reserves		(0)	0	0
6,473	Other income and expenditure (Gains) and losses on investments	7	0	(5,578)	(5,578)
7,728	(Increase) or decrease in the year		1,315	(5,578)	(4,263)
(75,794)	Balance at 1 April		(3,862)	(64,204)	(68,066)
(68,066)	Balance at 31 March carried forward		(2,547)	(69,782)	(72,329)
<p>The McLeod Trust has no recognised gains or losses other than the results for the year as set out above. All of the activities of the fund are classed as continuing. The notes on pages 10 to 12 form part of these financial statements.</p>					

McLeod Trust

Notes to the Accounts

Note 1 Accounting Policies

Basis of Preparation

The financial statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (The CODE). The CODE is based on International Financial Reporting Standards with interpretation appropriate to the public sector. The principal policies adopted in the preparation of the financial statements are set out below.

The figures in the Accounts have been prepared from the transactions and balances held for the Trust in the financial records in the School Funds, the corporate financial systems of Inverclyde Council and the nominee statements of the stockbrokers.

Going Concern

The accounts have been prepared on a "going concern" basis as it is expected revenue reserves will provide sufficient resources to finance future liabilities.

Incoming Resources

All incoming resources are included in the Income and Expenditure Statement when the Trust is entitled to the income. All incoming resources are applied to usable reserves funds. Dividends and Interest are included when receivable.

Resources Expended

All expenditure is included in the Income and Expenditure Statement on an accruals basis and is recognised when there is a legal or constructive obligation to pay.

Investments

Stocks and shares held by the trust are measured and carried at fair value i.e. quoted market price. The last valuation was carried out on 5th April 2017, but is not materially different from the value at 31 March 2017. The capital cash balances held by the Stockbrokers are for capital

growth and are classified as part of long-term investments.

Changes in holding value are recognised in other comprehensive income and expenditure and the gain or loss is taken to the Capital Reserves.

Cash and Cash Equivalents

Cash is represented by the aggregate of earmarked balances within school funds, income cash balances held by the stockbrokers on behalf of the trust and deposits with the Council. All cash is payable on demand and the Trust has no cash equivalents.

Reserves

The Trust has a two reserve funds, both available to support the objectives of the trust. The Revenue Reserves is a fund available to make awards. The Capital Reserves are for capital growth and to provide for income. Both reserves may be used at the discretion of Trustees.

Comparative Figures and Taxation

Figures for 2015-2016 are shown as appropriate for purposes of comparison. Irrecoverable tax is included in the income or expense to which it relates.

Note 2 Staff Numbers and Costs

The McLeod Trust has no staff. All support functions are provided by the School or by Inverclyde Council.

Note 3 Payments to Trustees

No remuneration or expenses were paid during the year to any Trustees or person connected to a Trustee.

Note 4 Awards

Awards were made in the year to five former pupils for three or four year scholarships to assist with the costs of further education.

Note 5 Governance Costs

Port Glasgow High School and Inverclyde Council provide administrative services to the Trust at no charge. The independent examination has been conducted on a “no-charge” basis and accordingly no accrual has been made for the examiner’s fees.

Note 6 Related Party Disclosures

Interest of £5 was received from Inverclyde Council (2015-16: £11). As at 31 March 2017, Inverclyde Council held £927 for the Trust (2016: £2,192). The School Funds held £12 (2016: £9).

Note 7 Long-term Investments

The McLeod Trust has investments managed under a discretionary agreement by a firm of stockbrokers and investment managers. The investments are held in UK Government Bonds and UK and global equities. The market values at the year-end were as follows:

2016 £		2017 £	2017 %
	Portfolio		
31,124	UK Equities	21,068	30.2
14,375	Equity Funds, UK and Global	13,384	19.2
9,112	UK Government Bonds	9,437	13.5
0	Investment Grade Bond Funds	8,086	11.6
8,143	Strategic Bond	16,048	23.0
1,450	Capital Cash Balance with Stockbrokers	1,759	2.5
64,204	Balance at 31 March	69,782	100.0
(6,473)	Gains and (losses) on investments	5,578	

Note 8 Cash and Cash Equivalents

The McLeod Trust has earmarked balances within school funds, income cash balances held by the investment managers on behalf of the trust and deposits with Inverclyde Council. The change in the year is as follows:

2015-2016 £		2016-2017 £	2016-2017 £
5,117	Balance at 1 April 2016		3,862
2,480	Short-term Deposits with Inverclyde Council	2,192	
1,922	Income Cash Balances with Stockbrokers	1,661	
715	Earmarked Balances in School Funds	9	
(3,500)	Net Cash (Outflow) from Operating Activities		(3,500)
(3,500)	Cost of Services	(3,500)	
2,245	Net Cash Inflow from Investing Activities		2,185
2,485	Interest and Dividends Received	2,425	
(240)	Investment Managers Fees	(240)	
0	Net Cash Inflow from Financing Activities		0
3,862	Balance at 31 March 2017		2,547
2,192	Short-term Deposits with Inverclyde Council	927	
1,661	Income Cash Balances with Investment Managers	1,608	
9	Earmarked Balances in School Funds	12	



**Port Glasgow High School, Port Glasgow Campus, Kilmacolm Road, Port Glasgow PA14 6PP
Tel: 01475 715200 Fax: 01475 715201 portglasgow.inverclyde.sch.uk**