

Report To: Trustees of Council's Charities **Date:** 29 November 2018
Report By: Honorary Treasurer **Report No:** FIN/120/18/AP/CM
Contact Officer: Matt Thomson **Contact No:** 01475 712256
Subject: Trust Funds Annual Accounts 2017-18

1.0 PURPOSE

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

To adopt the examined Annual Accounts of the Birkmyre Trust and the Watt Institution Trust Fund.

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:

Review and approve the Annual Accounts for the Birkmyre Trust and Watt Institution Trust Fund for the year ended 31 March 2018.

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 (The CODE) on 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 £21,726 was drawn down from the reserves brought forward, £6,010 added to the Usable Revenue Reserve and £27,736 deducted from the Unusable Reserves.
- 4.4 The Usable Revenue Reserves, available to support services at the discretion of Trustees, now stand at £86,536. 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 £1,136,963. 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 (£17,246)
- 4.5 The Accounts of the Watt Institution Trust Fund show that the Trust's expenditure exceeded income during the year and the deficit of £39,134 was deducted from the reserves brought forward. The Trust has a balance of £78,434 on its Revenue Reserve available to provide services in accordance with the objects of the Trust.
- 4.6 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.
- 4.7 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.

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 2017-2018



Year ended 31 March 2018

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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.

Birkmyre Trust

Trustees' Annual Report

For the Year ended 31 March 2018

The trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2018.

Reference and Administrative Information

- Trust Name Birkmyre Trust
- Principal Offices C/o Inverclyde Council, Municipal Buildings,
Clyde Square, Greenock, PA15 1LY

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 Jim MacLeod
- 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 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 (appointment ended 04 May 2017)
- Councillor Math Campbell-Sturgess (appointment ended 04 May 2017)
- Councillor Jim Grieve (appointment ended 04 May 2017)
- Councillor Vaughan Jones (appointment ended 04 May 2017)
- Councillor Terry Loughran (appointment ended 04 May 2017)
- Councillor James McColgan (appointment ended 04 May 2017)
- Councillor Joe McIlwee (appointment ended 04 May 2017)
- Councillor Kenny Shepherd (appointment ended 04 May 2017)

Chair – from 25 May 2017

- Provost Martin Brennan (appointed 25 May 2017)

Chair – to 4 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

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 trust 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 2018.

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 continues to offer a state-of-the-art Fitness Gym with the latest Technogym equipment with the Mywellness system, gym-based Group Fitness classes, Birkmyre Cafe by Nardini and a treatment room which hosts Judi Holmes Remedial and Sports Massage, all set in the lovely Birkmyre Park, Kilmacolm. Judi Holmes is a recent addition to the site having taken over the room from "Free to be Wellbeing" when they opted not to renew their lease. The gym was officially opened to the public in June 2008 and it had a full equipment refurbishment on the 30th of September 2015. The gym has 60+ stations and 21 gym-based classes per week in the facility at Birkmyre. As part of the Inverclyde Leisure membership packages, the IL Fitness+ and IL Group Fitness, gym members and the public also have the option of attending Group Fitness classes at KNCC.

The Technogym equipment with the Mywellness system has been successful and 812 accounts had been verified by year end of 2017/18, with 426 being 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. Staff are able to update programmes and offer advice in text or video form that the members can access through their MyWellness accounts at the gym, or on their mobile phone or laptop/PC wherever they are in the world. This system has and will continue to 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 in turn, seen an increase in club usage. The gym had 26327 (hours) visits to the gym during 2017/18, thus an increase of 4140 hours of usage compared with the 2016/17 figure of 22187. Club Live however decreased from 514 at the start of 2017/18 to 498 members by year end. It should be recognised that during this year, the Birkmyre club live hit a record of 527 members at month end of June 2017.

Birkmyre Park Fitness Gym work in partnership with Birkmyre Rugby Club, St Columbas School, Live Active, Kilmacolm Primary School and local voluntary groups such as the walking group that 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 were also Runner Up in the Highest Health and Safety Audit Score. Inverclyde Leisure and Birkmyre Park Fitness Gym also hosted the annual Kilmacolm Running Festival. The 2017 event was on Sunday 10th 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 2018

The Income and Expenditure Statement on page 10 provides an analysis of the income and expenditure for the twelve months from 1 April 2017 to 31 March 2018.

The trust incurred expenditure of £41,662 (2016/17: £62,564) covering insurance £703 (2016/17: £785), loan interest £3,634 (2016/17: £4,088), governance costs £334 (2016/17: £250), repairs £0 (2016/17: £20,449) and annual depreciation charge £36,991 (2016/17: £36,992). Income of £19,936 (2016/17: £18,020) was received; £19,530 from rents and pitch hires (2016/17: £17,641) and £406 (2016/17: £379) from interest on short-term deposits with Inverclyde Council.

The deficit for the year of £21,726 (2016/17: £44,544) was deducted from the reserves brought forward: £6,010 was added to the Usable Revenue Reserves (2016/17: £16,420 deducted) and £34,719 was taken from the Unusable Revaluation Reserve (2016/17: £29,681) and £6,983 deducted from the Unusable Capital Adjustment Account (2016/17: £1,557 added).

Assets and Liabilities at 31 March 2018

The balance sheet on page 11 provides an analysis for the trust of the assets and liabilities as at 31 March 2018.

The reserves of the trust are £1,206,253 (2016/17: £1,227,979). Usable revenue reserves are £86,536 (2016/17: £80,526), the unusable Revaluation Reserve stands at £1,136,963 (2016/17: £1,171,682) and the unusable Capital Adjustment Account balance is (£17,246) (2016/17: (£24,229)).

The carrying value of the land and buildings held by the trust is £1,211,356 (2016/17: £1,248,347). Inverclyde Council holds cash of £86,536 (2016/17: £80,526) on behalf of the trust. The trust has borrowings for capital investment of £91,639 (2016/17: £100,894) advanced by Inverclyde Council of which £9,660 (2016/17: £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 £86,536 (2016/17: £80,526).

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 £21,726 (2016/17: £44,544) has been deducted from the reserves brought forward.

The trustees look forward with some confidence. The trust has a balance of £86,536 (2016/17: £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.

Approved by the trustees on 29 November 2018 and signed on behalf of all trustees.

Provost Martin Brennan

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 Birkmyre Trust

I report on the accounts of the Trust for the year ended 31 March 2018 which are set out on pages 10 to 17.

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 2017-18 (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 trust 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 2018

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 2016-17 | | Note | Total 2017-18 |
|------------------|--|------|------------------|
| £ | | | £ |
| 785 | Insurance Costs | 3 | 703 |
| 20,449 | Property Repairs | | 0 |
| 250 | Governance Costs | 4 | 334 |
| 36,992 | Annual Depreciation Charge | 5 | 36,991 |
| 58,476 | Gross Expenditure | | 38,028 |
| (2,934) | Hire of Pitches | | (4,823) |
| (2,707) | Rental for Nursery School | | (2,707) |
| (12,000) | Rental for Leisure Centre | 3 | (12,000) |
| (17,641) | Gross Income | | (19,530) |
| 40,835 | Cost of Services | | 18,498 |
| 4,088 | Interest Paid | 3 | 3,634 |
| (379) | Interest Received | 3 | (406) |
| 3,709 | | | 3,228 |
| 44,544 | (Surplus) or Deficit on the Provision of Services | | 21,726 |
| 44,544 | Net (Increase) or Decrease before Transfers | | 21,726 |

Birkmyre Trust

Balance Sheet as at 31 March 2018

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).

| 31 March 2017 | Note | 31 March 2018 |
|---|--|------------------|
| £ | | £ |
| Non-current Assets | | |
| 1,248,347 | Property, Plant and Equipment | 5 |
| | | 1,211,356 |
| Current Assets | | |
| 80,526 | Cash and Cash Equivalents | 6 |
| | | 86,536 |
| Current Liabilities | | |
| (8,496) | Short-term Borrowing | 7 |
| | | (9,660) |
| Long-term Liabilities | | |
| (92,398) | Long-term Borrowing | 7 |
| | | (81,979) |
| 1,227,979 | Net Assets | 1,206,253 |
| Reserves | | |
| 80,526 | Usable Reserves | 86,536 |
| 1,147,453 | Unusable Reserves | 1,119,717 |
| 1,227,979 | Total Reserves | 1,206,253 |
| <p>The notes on pages 12 to 17 form part of the accounts. Approved by the trustees on 29 November 2018 and signed on their behalf by:</p> | | |
| <p>Provost Martin Brennan Chair of the Trustees</p> | <p>Alan Puckrin CPFA Honorary Treasurer</p> | |

Birkmyre Trust

Movement in Reserves Statement

For the Year ended 31 March 2018

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 2018

| | Fund Balance (£) | Revaluation Reserve (£) | Capital Adjustment Account (£) | Total Reserves (£) |
|---|------------------------|----------------------------|--------------------------------------|--------------------------|
| Balance at 1 April | 80,526 | 1,171,682 | (24,229) | 1,227,979 |
| Movement in reserves in the year | | | | |
| Total Comprehensive income and expenditure | (21,726) | 0 | 0 | (21,726) |
| Charges for depreciation of non-current assets | 36,991 | 0 | (36,991) | 0 |
| Statutory provision for the principal repayment of loan charges | (9,255) | 0 | 9,255 | 0 |
| Total adjustments between accounting basis and funding basis under regulations | 27,736 | 0 | (27,736) | 0 |
| Net increase or (decrease) before Transfers to other Statutory Reserves | 6,010 | 0 | (27,736) | (21,726) |
| Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account | 0 | (34,719) | 34,719 | 0 |
| Balance at 31 March carried forward | 86,536 | 1,136,963 | (17,246) | 1,206,253 |

Comparative Figures for 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) |
| Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account | 0 | (29,681) | 29,681 | 0 |
| Balance at 31 March carried forward | 80,526 | 1,171,682 | (24,229) | 1,227,979 |

Birkmyre Trust

Expenditure and Funding Analysis

For the Year ended 31 March 2018

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 2017-18

| | 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 | (18,493) | 36,991 | 18,498 |
| Financing and Investment (income) and Expenditure | 12,483 | (9,255) | 3,228 |
| (Surplus) or Deficit on the Provision of Service | (6,010) | 27,736 | 21,726 |
| Opening Fund Balance at 1 April | 80,526 | | |
| Surplus/(Deficit) on Fund Balance in the year | 6,010 | | |
| Closing Fund Balance at 31 March | 86,536 | | |

Note

| | Adjustments for Capital purposes (£) | Other Differences (£) | Total Adjustments (£) |
|--|--------------------------------------|-----------------------|-----------------------|
| Net Cost of Service – Trust | 36,991 | | 36,991) |
| Financing and Investment (income) and Expenditure | | (9,255) | (9,255) |
| Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service | 36,991 | 9,255 | 27,736 |

Comparative Figures for 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 | 36,992 | | 36,992 |
| 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) | 28,124 |

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 2017-18 (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 2016-17 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 £703 to the trust (2016/17: £785). Interest of £406 was received from, and interest of £3,634 was paid to, Inverclyde Council (2016/17: £379 and £4,088). As at 31 March 2018, Inverclyde Council held £86,536 for the trust (2016/2017: £80,526). The trust owed £91,639 to Inverclyde Council (2016/17: £100,894).

The trust received a rental of £12,000 (2016/17: £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 £334 (2016/17: £250). 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 | | 2017 - 2018 | |
|------------------|--|------------------|--|
| £ | | £ | |
| | Valuation | | |
| 1,285,339 | 01-Apr | 1,285,339 | |
| 0 | Additions in year | 0 | |
| 0 | Disposals in year | 0 | |
| 0 | Revaluations adjustments to Income & Expenditure Statement | 0 | |
| 1,285,339 | At 31 March | 1,285,339 | |
| | Depreciation and Impairment | | |
| 0 | At 1 April | 36,992 | |
| 36,992 | Depreciation charge for the year | 36,991 | |
| 0 | Revaluation adjustments to Income & Expenditure Statement | 0 | |
| 36,992 | At 31 March | 73,983 | |
| 1,248,347 | Balance Sheet as at 31 March 2018 | 1,211,356 | |

Note 6 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 | | 2017 - 2018 | |
|-------------|--|-------------|--|
| £ | | £ | |
| 93,948 | Balance at 1 April 2017 | 80,526 | |
| | Net Cash Inflow from Operating Activities | | |
| (40,835) | Net surplus/(deficit) on the cost of services | (18,498) | |

| | | | |
|---|--|---------|---------------|
| 39,990 | Adjustments for non-cash movements | 36,991 | 18,493 |
| Net Cash Outflow from Investing Activities | | | |
| 0 | Expenditure on property, plant & equipment | 0 | |
| 379 | Interest received | 406 | 406 |
| Net Cash Inflow from Financing Activities | | | |
| 0 | Receipts of long-term borrowing | 0 | |
| (8,868) | Repayment of long-term borrowing | (9,255) | |
| (4,088) | Interest paid on borrowing | (3,634) | (12,889) |
| 80,526 | Balance at 31 March 2018 | | 86,536 |

Note 7 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 | | 2017 - 2018 |
|------------------------------|-----------------------------------|---------------|
| £ | | £ |
| Amounts due within 12 Months | | |
| 8,868 | At 1 April 2017 | 8,496 |
| 0 | New Borrowings | 0 |
| 8,496 | Transfer from Debt over 12 Months | 10,419 |
| (8,868) | Repayments to Inverclyde Council | (9,255) |
| 8,496 | Balance at 31 March 2018 | 9,660 |
| Amounts due over 12 Months | | |
| 100,894 | At 1 April 2017 | 92,398 |
| 0 | New Borrowings | 0 |
| (8,496) | Transfer to Debt under 12 Months | (10,419) |
| 92,398 | Balance at 31 March 2018 | 81,979 |

Note 8 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.



Inverclyde
council

Finance Services, Municipal Buildings, Greenock PA15 1LY
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Watt Institution Trust Fund

Annual Report and Financial Statements 2017-2018



Year ended 31 March 2018

Inverclyde
council

Watt Institution Trust Fund Contents

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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 2018

The trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2018.

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 Jim MacLeod
- 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 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 (appointment ended 04 May 2017)
- Councillor Math Campbell-Sturgess (appointment ended 04 May 2017)
- Councillor Jim Grieve (appointment ended 04 May 2017)
- Councillor Vaughan Jones (appointment ended 04 May 2017)
- Councillor Terry Loughran (appointment ended 04 May 2017)
- Councillor James McColgan (appointment ended 04 May 2017)
- Councillor Joe McIlwee (appointment ended 04 May 2017)
- Councillor Kenny Shepherd (appointment ended 04 May 2017)

Chair – from 25 May 2017

- Provost Martin Brennan (appointed 25 May 2017)

Chair – to 4 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.

Report on Watt Trusts 2017-18

The McLean Museum and Watt Library were closed to the public for the whole of 2017-18 to allow an extensive programme of fabric repairs to take place. The annual lecture programme of the Greenock Philosophical Society was held at the Central Library.

Performance

57,053 web sessions in total were recorded for the McLean Museum and Art Gallery from the Inverclyde Council website pages for Museum collections pages combined with the Collections Online site.

Achievements

The major piece of work for the Museum service in 2017-18 was the decanting and re-storing of the Museum display items in preparation for the replacement of the main Museum roof. Museum staff members contribute to regular Design Team Meetings with the Consultant Architect and colleagues from the Property Department of Inverclyde Council. These meetings are ongoing as the contract progresses. The Museum's intruder and fire alarm systems were upgraded prior to the start of the contract.

The Museum closure has provided staff with an opportunity to focus on back-of-house tasks. Objects have been packed with conservation grade materials and removed to new shelved storage. Selected artworks and ship models were prepared for transport and decanted to an external specialist art store for the duration of the contract. Inventory records were upgraded during the decant process and the collection of wet biological specimens was transferred to Glasgow Museums after review.

Following the decant of the entire Library and Archives collection in early 2017, work began to plan and then open a new service point comprising the Watt Library local history collection, Inverclyde Archives and the social history collection from the McLean Museum. Now known collectively as Inverclyde Heritage Hub it opened to the public in July 2017, utilising these three areas of the collection to tell the story of Inverclyde and providing a single point for visitors, researchers and service users, thus making engagement

and research an easier and more streamlined experience for users.

Work to organise and repack the Archive and Watt Library collection (which has been moved to the external store in Kingston Industrial Estate) is ongoing, with help from volunteers who are box listing items from the collection and re-boxing, examining and listing the Watt Library historical book collection which is being stored there. Additionally the Museum has other volunteers who are continuing with tasks such as transcribing and digitising items from the collection and working on research relating to WW2 in advance of the 80th anniversary of the start of the Second World War in 2019.

Art works were acquired for the Museum through donations, including portraits of the Clapperton family. An oil painting entitled 'An Old Woman Reading' by H.C. Pilsbury was restored and loaned to the Art UK exhibit at the London Art Fair. The bust of Henri Temianka by Miriam Baker was loaned to the Beacon Arts Centre for display. Staff assisted a researcher writing a monograph featuring an important early piano in the collection. The Heritage Hub Several accepted several small scale donations including items from a local underwear factory; Playtex, significant due to its large mostly female workforce and contributing to ongoing research about 'women in the workplace'.

A pilot oral history project was set up by staff from the Museum and Archives to collect reminiscences and add to the Archive collection. It took place offsite at Kilmacolm Library and was very successful over the six weeks, with great feedback received from participants.

The Museum's website pages continue to be expanded with new material and enhanced records and the audience for online information continues to grow. Contributions have been made to Art UK's Sculpture project and the Watercolour

World project, both involving extending online access to the Museum's fine art collections.

The Curator attended meetings of the Events Group supporting Inverclyde tourism and the James Watt 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 Local Heroes project supported by the Royal Society, *James Watt: A New Dimension*, was extended to three Primary Seven classes in Newark Primary School, Port Glasgow. A James Watt display was mounted at the Powerboats event in Greenock in June.

Apart from the initial launch, the Heritage Hub has organised and hosted many events; mostly local history talks from either the Social History Curator or other stakeholders. These events have always been very well attended and have included talks on local shipbuilding, local cinemas, the Sugar Trade, housing, and the history of the Watt Library and McLean Museum. There has also been increased engagement with the public through drop in sessions, family history classes and other ad hoc school and community group visits. Academics from Edinburgh, Abertay and St Andrews Universities are working alongside Hub staff on a new "Sugaropolis" project about the Sugar Trade in Greenock, and another project with Edinburgh University and Historic Environment Scotland on the "Tower block" project relating to social housing in Scotland is coming to a close.

A new 'friends' group called the Inverclyde Heritage Network has been set up by supporters of the Hub and it is hoped members may wish to be involved as volunteers to continue to support the Archive collections by helping with research and digitisation projects in future.

Financial Review

Income and Expenditure for the Year ended 31 March 2018

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 2017 to 31 March 2018.

Running costs in 2017/18 were limited to £39,148 (2016/17: £0) storage charges and £333 (2016/17: £250) on governance costs as the Museum and Library closed in December 2016 for refurbishment. Income of £347 (2016/17: £371) was received from interest on short-term deposits with Inverclyde Council.

The deficit of £39,134 (2016/17: £121 surplus) was deducted from the reserves of £117,568 (2016/17: £117,447) brought forward.

Assets and Liabilities at 31 March 2018

The balance sheet on page 10 provides an analysis for the trust of the assets and liabilities as at 31 March 2018.

The reserves of the trust are £78,434 (2016/17: £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 £78,434 (2016/17: £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 expenditure exceeded income during the reporting period and the deficit of £39,134 (2016/17: £121 surplus) has been deducted from the reserves brought forward. The Watt Institution Trust Fund has a healthy balance of £78,434 (2016/17: £117,568) of Revenue Reserves.

Approved by the trustees on 29 November 2018 and signed on behalf of all trustees.

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 2018 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 2017/18 (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 trust 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 2018
(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 2016-17 | | Note | Usable Reserves: Revenue 2017-18 |
|--|--|------|---|
| £ | | | £ |
| 250 | Expenditure | | 39,481 |
| 0 | Supplies and Services | 5 | 39,148 |
| 250 | Governance Costs | 6 | 333 |
| (0) | Income | | (0) |
| 250 | Cost of Services | | 39,481 |
| (371) | Financing and Investment Income and Expenditure | | (347) |
| 0 | Interest paid | | 0 |
| (371) | Interest received | 2 | (347) |
| (121) | (Surplus) or Deficit on the Provision of Services | | 39,134 |
| 0 | Other Income and Expenditure | | 0 |
| (121) | (Increase) or Decrease in the Year | | 39,134 |
| (117,447) | Balance at 1 April | | (117,568) |
| (117,568) | Balance at 31 March Carried Forward | | (78,434) |
| <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 2018

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 2017 | Notes | 31 March 2018 |
|---|--|---------------|
| £ | | £ |
| | | |
| | Current Assets | |
| 117,568 | Cash and Cash Equivalents | 7 80,095 |
| | Current Liabilities | |
| 0 | Creditors | (1,661) |
| 117,568 | Net Assets | 78,434 |
| | Reserves | |
| 117,568 | Usable Reserves: Revenue | 78,434 |
| 117,568 | Total Reserves | 78,434 |
| <p>The notes on pages 11 to 12 form part of these accounts. Approved by the trustees on 29 November 2018 and signed on their behalf by:</p> | | |
| <p>Provost Martin Brennan Chair of the trustees</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 2017-18 (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 2016-17 are shown as appropriate for purposes of comparison.

Note 2 Related Party Disclosures

Interest of £347 was received from the local authority (2016/17: £371). As at 31 March 2017, Inverclyde Council held £80,095 for the trust (2016/17: £117,568).

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 £4.3 million (2016/17: £3.9 million) for the buildings and £17.8 million (2016/17: £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

Expenditure of £39,148 (2016/17: £0) was incurred to decant and store high value paintings and artefacts while the museum undergoes refurbishment.

Note 6 Governance Costs

Inverclyde Council provides support services to the trust at a fee of £333 (2016/17: £250). 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.

| 2016-17 £ | | 2017-18 £ |
|----------------|---|---------------|
| 117,447 | Balance at 1 April 2017 | 117,568 |
| | Net Cash (Outflow) from Operating Activities | |
| (250) | Net surplus/(deficit) on the cost of services | (39,481) |
| 0 | Adjustments for non-cash movements | 1,661 |
| | Net Cash Inflow from Investing Activities | |
| 371 | Interest Received | 347 |
| 0 | Net Cash Inflow from Financing Activities | 0 |
| 117,568 | Balance at 31 March 2018 | 80,095 |



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