

**Report To:** Trustees of Council's Charities      **Date:** 5 December 2019  
**Report By:** Honorary Treasurer      **Report No:** FIN/111/19/AP/MT  
**Contact Officer:** Matt Thomson      **Contact No:** 01475 712256  
**Subject:** Trust Funds Annual Accounts 2018-19

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## **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 2019.
- b) Note the accounts of the McLeod Trust for the year ended 31 March 2019.

**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"), 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

## **5.0 2018/19 ACCOUNTS**

- 5.1 The Accounts of the Birkmyre Trust show that the trust's expenditure exceeded income during the year and a deficit of £22,036 was drawn down from the reserves brought forward. £5,295 was added to the Usable Revenue Reserve and £27,331 deducted from the Unusable Reserves.
- 5.2 As at 31<sup>st</sup> March 2019, the Usable Revenue Reserves, available to support services at the discretion of Trustees, now stands at £91,831. 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 £1,430,166. 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 (£9,857).
- 5.3 The Accounts of the Watt Institution Trust Fund show that the Trust's expenditure exceeded income during the year and the deficit of £37,781 was deducted from the reserves brought forward. As at 31<sup>st</sup> March 2019, the Trust has a balance of £40,653 on its Revenue Reserve available to provide services in accordance with the objects of the Trust.
- 5.4 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.
- 5.5 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.
- 5.6 The accounts of the McLeod Trust are also included for trustees' information. The independently examined financial statements for 2018-19 have been approved at a meeting of Port Glasgow High School Senior Management Team (which was also the AGM of the trustees) and are attached for information.

## **6.0 IMPLICATIONS**

### **6.1 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					

## 6.2 Legal

There are no legal implications arising from this report.

## 6.3 Human Resources

There are no human resources implications arising from this report.

## 6.4 Equalities

### Equalities

(a) Has an Equality Impact Assessment been carried out?

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

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

YES	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

YES	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

## **6.5 Repopulation**

There are no repopulation implications arising from this report.

## **7.0 CONSULTATIONS**

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

## **8.0 LIST OF BACKGROUND PAPERS**

8.1 None.

# Birkmyre Trust

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## Annual Report and Financial Statements 2018-19

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Year ended 31 March 2019

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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.





**Chair**

- Provost Martin Brennan

**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 2019.

### 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 was a great addition to the site last year and has continued her lease for 2019/20. The gym was officially opened to the public in June 2008 and it had a full equipment refurbishment on the 30th of September 2015. As such, Birkmyre Fitness Gym celebrated its 10 year Birthday Party at Kilmacolm Golf Club, where over 100 of our members attended.

The gym has 60+ gym 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, our members and the public also have the option of attending Group Fitness classes at KNCC.

On site, the gym has 3 external personal trainers. Two have been at the site for a number of years, and one is a new addition for the coming year having joined late 2018/19.

The Technogym equipment with the Mywellness system has been successful and 931 accounts had been verified by year end of 2018/19. 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.

During the year of 2018/19, Birkmyre Gym saw an increase in members hitting a peak of 559 which was a site record. As such, staff now have more active engagement with the members and in turn can support them every step of the journey, and with the increased gym members saw another increase in gym usage hours. The gym had 26,327 (hours) visits to the gym during 2017/18, this was increased by 339 hours to 26,666 (hours) in 2018/19. This does show a steady progression at the site as it previously increased from 2016/17 figure of 22,187 in the year prior.

Birkmyre Park Fitness Gym works 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. During the last year we also started working closely with Kilmacolm Golf Club and now sponsor the 2nd Hole.

Inverclyde Leisure host the annual Inverclyde Leisure Excellence Awards and Birkmyre Gym was the proud winner of the Highest Average Quality Award and Highest Health and Safety Audit Award. Birkmyre Fitness Gym also won an external award from The Retention People. Birkmyre Fitness Gym was the 2018 winner for Best Customer Experience. This is a highly prestigious award and we beat off competition from over 500 sites around the UK, Ireland, Australia, USA and Canada.

Inverclyde Leisure and Birkmyre Park Fitness Gym also hosted the annual Kilmacolm Running Festival. The 2018 event was on Sunday 9th 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. There was quite a bit of all weathers on the day, however, this didn't dampen any spirits.

The BBQ provided by The Birkmyre Cafe by Nardini was a big hit with racers and spectators. 2018 was the first year that Scottish Athletics kindly officially measured the event, and is now an affiliated race.

## **Financial Review**

### Income and Expenditure for the Year ended 31 March 2019

The Income and Expenditure Statement on page 10 provides an analysis of the income and expenditure for the twelve months from 1 April 2018 to 31 March 2019.

The trust incurred expenditure of £41,418 (2017/18: £41,662) covering insurance £744 (2017/18: £703), loan interest £3,349 (2017/18: £3,634), governance costs £334 (2017/18: £334) and annual depreciation charge £36,991 (2017/18: £36,991). Income of £19,382 (2017/18: £19,936) was received; £18,762 from rents and pitch hires (2017/18: £19,530) and £620 (2017/18: £406) from interest on short-term deposits with Inverclyde Council.

The deficit for the year of £22,036 (2017/18: £21,726) was deducted from the reserves brought forward: £5,295 was added to the Usable Revenue Reserves (2017/18: £6,010 deducted) £27,331 was deducted from the Unusable Reserves (2017/18: £27,736 deducted). In 2018/19 the Council donated assets valued at £327,922 to the Trust relating to pitch improvements, the value of which have been added to the Revaluation Reserve.

### Assets and Liabilities at 31 March 2019

The balance sheet on page 11 provides an analysis for the trust of the assets and liabilities as at 31 March 2019.

The reserves of the trust are £1,512,139 (2017/18: £1,206,253). Usable revenue reserves are £91,831 (2017/18: £86,536), the unusable Revaluation Reserve stands at

£1,430,166 (2017/18: £1,136,963) and the unusable Capital Adjustment Account balance is (£9,858) (2017/18: (£17,246)).

The carrying value of the land and buildings held by the trust is £1,502,287 (2017/18: £1,211,356). Within the year, £327,922 of additions were added to the land and buildings held (2017/18: £0). Inverclyde Council holds cash of £91,831 (2017/18: £86,536) on behalf of the trust. The trust has borrowings for capital investment of £81,979 (2017/18: £91,639) advanced by Inverclyde Council of which £10,082 (2017/18: £9,660) 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 £91,831 (2017/18: £86,536).

### **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 £22,036 (2017/18: £21,726) has been deducted from the reserves brought forward.

The trustees look forward with some confidence. The trust has a balance of £91,831 (2017/18: £86,536) 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 5<sup>th</sup> December 2019 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 2019 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 2018-19 (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



## Birkmyre Trust

### Income and Expenditure Statement for the Year ended 31 March 2019

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 2017-18		Note	Total 2018-19
£			£
703	Insurance Costs	3	744
0	Property Repairs		0
334	Governance Costs	4	334
36,991	Annual Depreciation Charge	5	36,991
<b>38,028</b>	<b>Gross Expenditure</b>		<b>38,069</b>
(4,823)	Hire of Pitches		(4,055)
(2,707)	Rental for Nursery School		(2,707)
(12,000)	Rental for Leisure Centre	3	(12,000)
<b>(19,530)</b>	<b>Gross Income</b>		<b>(18,762)</b>
<b>18,498</b>	<b>Cost of Services</b>		<b>19,307</b>
3,634	Interest Paid	3	3,349
(406)	Interest Received	3	(620)
<b>3,228</b>			<b>2,729</b>
<b>21,726</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>22,036</b>
<b>21,726</b>	<b>Net (Increase) or Decrease before Transfers</b>		<b>22,036</b>

## Birkmyre Trust

### Balance Sheet as at 31 March 2019

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 2018	Note	31 March 2019
£		£
<b>Non-current Assets</b>		
1,211,356	Property, Plant and Equipment	5
		1,502,287
<b>Current Assets</b>		
86,536	Cash and Cash Equivalents	6
		91,831
<b>Current Liabilities</b>		
(9,660)	Short-term Borrowing	7
		(10,082)
<b>Long-term Liabilities</b>		
(81,979)	Long-term Borrowing	7
		(71,897)
<b>1,206,253</b>	<b>Net Assets</b>	<b>1,512,139</b>
<b>Reserves</b>		
86,536	Usable Reserves	91,831
1,119,717	Unusable Reserves	1,420,308
<b>1,206,253</b>	<b>Total Reserves</b>	<b>1,512,139</b>
<p>The notes on pages 13 to 17 form part of the accounts. Approved by the trustees on 5<sup>th</sup> December 2019 and signed on their behalf by:</p>		
<p><b>Provost Martin Brennan</b> Chair of the Trustees</p>	<p><b>Alan Puckrin CPFA</b> Honorary Treasurer</p>	



## Birkmyre Trust

### Movement in Reserves Statement

### For the Year ended 31 March 2019

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 2019**

	Fund Balance (£)	Revaluation Reserve (£)	Capital Adjustment Account (£)	Total Reserves (£)
Balance at 1 April	86,536	1,136,963	(17,246)	1,206,253
<b>Movement in reserves in the year</b>				
<b>Total Comprehensive income and expenditure</b>	<b>(22,036)</b>	<b>0</b>	<b>0</b>	<b>(22,036)</b>
Charges for depreciation of non-current assets	36,991	0	(36,991)	0
Addition/Enhancement to Fixed Assets	0	327,922		327,922
Statutory provision for the principal repayment of loan charges	(9,660)	0	9,660	0
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>27,331</b>	<b>327,922</b>	<b>(27,331)</b>	<b>327,922</b>
<b>Net increase or (decrease) before Transfers to other Statutory Reserves</b>	<b>5,295</b>	<b>327,922</b>	<b>(27,331)</b>	<b>305,886</b>
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	0	(34,719)	34,719	0
<b>Balance at 31 March carried forward</b>	<b>91,831</b>	<b>1,430,166</b>	<b>(9,858)</b>	<b>1,512,139</b>

#### **Comparative Figures for 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
<b>Movement in reserves in the year</b>				
<b>Total Comprehensive income and expenditure</b>	<b>(21,726)</b>	<b>0</b>	<b>0</b>	<b>(21,726)</b>
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
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>27,736</b>	<b>0</b>	<b>(27,736)</b>	<b>0</b>
<b>Net increase or (decrease) before Transfers to other Statutory Reserves</b>	<b>6,010</b>	<b>0</b>	<b>(27,736)</b>	<b>(21,726)</b>
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	0	(34,719)	34,719	0
<b>Balance at 31 March carried forward</b>	<b>86,536</b>	<b>1,136,963</b>	<b>(17,246)</b>	<b>1,206,253</b>

## Birkmyre Trust

### Expenditure and Funding Analysis For the Year ended 31 March 2019

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 2018-19**

	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	(19,307)	36,991	19,307
Financing and Investment (income) and Expenditure	12,389	(9,660)	2,729
(Surplus) or Deficit on the Provision of Service	(5,295)	27,331	22,036
Opening Fund Balance at 1 April	86,536		
Surplus/(Deficit) on Fund Balance in the year	5,295		
<b>Closing Fund Balance at 31 March</b>	<b>91,831</b>		

#### **Note**

	Adjustments for Capital purposes (£)	Other Differences (£)	Total Adjustments (£)
Net Cost of Service – Trust	36,991		36,991
Financing and Investment (income) and Expenditure		(9,660)	(9,660)
Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service	36,991	(9,660)	27,331

**Comparative Figures for 2017-18**

	<b>Expenditure chargeable to the Fund balance (£)</b>	<b>Adjustment between the Funding and Accounting Basis (£)</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement (£)</b>
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		
<b>Closing Fund Balance at 31 March</b>	<b>86,536</b>		

**Note**

	<b>Adjustments for Capital purposes (£)</b>	<b>Other Differences (£)</b>	<b>Total Adjustments (£)</b>
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

# 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 2018-19 (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 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, including donated 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. 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 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 or enhancement of those assets under statutory provisions.

#### Comparative Figures and Taxation

Figures for 2017-18 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 £744 to the trust (2017/18: £703). Interest of £620 was received from, and interest of £3,349 was paid to, Inverclyde Council (2017/18: £406 and £3,634). As at 31 March 2019, Inverclyde Council held £91,831 for the trust (2017/18: £86,536). The trust owed £81,979 to Inverclyde Council (2017/18: £91,639).

The trust received a rental of £12,000 (2017/18: £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 (2017/18: £334). 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.

In 2018-19 additions included £327,922 of pitch improvements donated to the Trust by the Council.

2017 - 2018		2018 - 2019
£		£
	<b>Valuation</b>	
1,285,339	01-Apr	1,285,339
0	Additions in year	327,922
0	Disposals in year	0
0	Other Adjustments/Transfers	(337)
<b>1,285,339</b>	<b>At 31 March</b>	<b>1,612,924</b>
	<b>Depreciation and Impairment</b>	
36,992	At 1 April	73,983
36,991	Depreciation charge for the year	36,991
0	Other Adjustments/Transfers	(377)
<b>73,983</b>	<b>At 31 March</b>	<b>110,637</b>
<b>1,211,356</b>	<b>Balance Sheet as at 31 March 2019</b>	<b>1,502,287</b>

### **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.

2017 - 2018		2018 - 2019	
£		£	
80,526	Balance at 1 April 2018		86,536
<b>Net Cash Inflow from Operating Activities</b>			
(18,498)	Net surplus/(deficit) on the cost of services	(19,307)	
36,991	Adjustments for non-cash movements	36,991	17,684
<b>Net Cash Outflow from Investing Activities</b>			
0	Expenditure on property, plant & equipment	0	
406	Interest received	620	620
<b>Net Cash Inflow from Financing Activities</b>			
0	Receipts of long-term borrowing	0	
(9,255)	Repayment of long-term borrowing	(9,660)	
(3,634)	Interest paid on borrowing	(3,349)	(13,009)
<b>86,536</b>	<b>Balance at 31 March 2019</b>		<b>91,831</b>

#### **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.

2017-18		2018-19	
£		£	
<b>Amounts due within 12 Months</b>			
8,496	At 1 April 2018		9,660
0	New Borrowings		0
10,419	Transfer from Debt over 12 Months		10,082
(9,255)	Repayments to Inverclyde Council		(9,660)
<b>9,660</b>	<b>Balance at 31 March 2019</b>		<b>10,082</b>
<b>Amounts due over 12 Months</b>			
92,398	At 1 April 2018		81,979
0	New Borrowings		0
(10,419)	Transfer to Debt under 12 Months		(10,082)
<b>81,979</b>	<b>Balance at 31 March 2019</b>		<b>71,897</b>

#### **Note 8 Payments to Trustees**

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



Inverclyde  
council

Finance Services, Municipal Buildings, Greenock PA15 1LY

**Tel: 01475 712090 Fax: 01475 712202 [www.inverclyde.gov.uk](http://www.inverclyde.gov.uk)**



# Watt Institution Trust Fund

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## Annual Report and Financial Statements 2018-2019

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Year ended 31 March 2019

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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 2019

The trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2019.

**Trustees**

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

**Chair**

- Provost Martin Brennan

**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.

The McLean Museum and Watt Library were closed to the public for the whole of 2018-19 to allow an extensive programme of fabric repairs to the building complex to continue. The annual lecture programme of the Greenock Philosophical Society was held at the Central Library.

### Museum Performance

57,076 web sessions in total were recorded for the McLean Museum and Art Gallery from the Museum collections pages on the Inverclyde Council website, combined with the Collections Online site and the Museum's art collection records on the Art UK website.

### Museum Achievements

The main work of the Museum service in 2018-19 has been to facilitate the major repair works in the Watt Institution, now concluded, and provide curatorial assistance to commercial removers tasked with moving exhibits and cases at different stages of the contract. Museum staff members contributed to regular meetings with

the Consultant Architect, the contractor and colleagues from the Property Department of Inverclyde Council. The artworks and ship models which had been decanted to an external specialist art store were returned at the end of the contract and Museum staff members have started to refresh and reinstate the displays.

Overhead lights in the art galleries were upgraded to modern LED lighting by the Property Department of the Council.

The Council webpages have been updated with a listing of the addresses, derived from the street directories, for 'Artists living and working in Inverclyde from 1836 until ca. 1911' and 'A Lexicon of Inverclyde Artists 1800-1939' has been posted online. Out of date documents on the Museum's network drive have been deleted and administration folders migrated to a new server.

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 Curator gave a presentation about James Watt to the whole of Kilmacolm Primary School in November to tie in with the school's involvement with the World of Walking website's James Watt Walk launch, supported by the Great Place Scheme. A newsroom style presentation about Watt featuring selected primary 7 pupils from Kilmacolm Primary was filmed by students at West College Scotland for the website and the film was projected on to the Municipal Buildings in January to mark the date of Watt's birth.

New acquisitions were catalogued and digitised including Clyde Pottery wares and an Italian watercolour painting of a Scotts' steam yacht, and a stained glass window designed and constructed by the artist Alec Galloway commemorating Inverclyde's involvement in the Dardanelles campaign of WW1 was installed in the upper bay window in the Museum, presented by the Greenock Dardanelles Memorial Fund.

Owing to the quality of its collections the McLean Museum is a significant partner in the National Museums of Scotland's current Ancient Egypt and East Asia Programme. The Curator was filmed in December for a National Museums of Scotland presentation aimed at adult learners relating to the Museum's excellent Ancient Egyptian collection.

A selection of images of works in the McLean's sculpture collection has been transferred to the database for Art UK's national sculpture project and an extension to the loan of the Museum's bust of Robert Thom to the Clyde Muirshiel Regional Park has been agreed.

A painting from the Caird Art Collection, Still Life with Pomegranates by Mary Armour, was loaned to Kirkudbright Galleries for the Stars of Scotland Exhibition.

The Curator collated a leaflet with text by David Nowell Smith to commemorate the centenary of the Greenock-born poet WS Graham in November, 2018 as part of the Famous People of Inverclyde Series.

### **Archives and Heritage**

Following from last year's update about the Inverclyde Heritage Hub which opened in August 2017, this temporary service continued until the end of 2018 by allowing a single point of access for service users allowing for a more streamlined experience and access to local history book collections, archives and social history collections. Following the closure, a temporary service has been set up at Central Library to allow visitors to access the collections prior to the reopening of the Watt Institution at which point a public service will resume there.

Senior staff participated in a working group responsible for implementing the new GDPR legislation, contributed to an update on Archive and Transfer arrangements to the Keeper of the Records of Scotland, organised files to comply with required legislation for the new Business Classification System and were heavily involved in responding to two Section 21 notices which

required access and research of information held in the Archive collection. The second S21 request resulted in a large scale transfer of records from within Inverclyde Council from the Social Work Department to Inverclyde Archives consisting of 100 boxes of records relating to the former Balrossie Residential School in Kilmacolm. This collection has now been catalogued to fonds level but remains restricted due to the sensitive nature of the material contained within.

A number of smaller scale donations were received over the last year, with two notable larger donations of records from the former Inverclyde Academy and a collection of glass plate slides of images taken by Mr Kennedy, a local photographer who sadly passed away. The Inverclyde Academy collection included (amongst other things) a number of physical photographs and images, which the depositor kindly digitised and passed on the copyright of the digital objects along with the physical objects to the collection. The Kennedy collection of photographic slides have now been digitised by one of the current Archive Volunteers, and are a wonderful record of Greenock in the 1970's. Both of these accessions are sure to provide a great deal of local interest and engagement. The Archivist has aimed to obtain local material through getting in touch with organisations which are closing or renovating local buildings in an attempt to save and preserve archive material which may otherwise be lost or destroyed. Following from a visit to the Greenock Arts Guild, unfortunately there was no material which could be saved, but photographs were taken to document the building as it is due to be demolished. Similarly, two plaques were saved from the former Ravenscraig hospital which is also due to suffer the same fate. A visit to the Mansion House on Ardgowan Square was more fruitful; the former Ardgowan Estate Offices are being refurbished and the Archivist was able to save some records found languishing in a basement room after successful contact with the current owners.

Many events took place at the Heritage Hub over the last year including the launch of Inverclyde Tourist Group's "Historic Quarter" publication which aims to highlight the importance of historical sites within Greenock's town centre

and use this to increase tourism and boost the economy of the area. Additionally, the Heritage Hub hosted a week long exhibition on local social housing called "tower blocks" which consisted of material loaned from researchers at Edinburgh University. This exhibition included a couple of drop-in events to collect information from locals with memories of living or working in social housing and to collect photographs to be added to the archive collections with an afternoon of talks from researchers at Edinburgh University, Historic Environment Scotland and Hub senior staff. The "Sugaropolis" project which is an ongoing collaboration between Inverclyde Council's heritage services, Abertay University, Edinburgh University and St Andrew's University continues with researchers from these three organisations making regular research trips to access and study the collections in Inverclyde. Two workshops took place during the summer of 2018 where the public were invited to attend a drop in event to share reminiscences and taste sugary treats based on historic recipes. Additionally there was a local history talk focusing on the wives of local men involved in the Sugar Trade organised to coincide with one of the week long research visits. Further workshops are being planned for later in 2019.

11th June saw the 150th anniversary of the "Greenock Stowaways" which was reported on the STV news programme and on the BBC news website. Seven local boys stowed away on a cargo ship called the Arran bound for Quebec and were subjected to horrendous abuse and mistreatment, subsequently being left to the elements of Newfoundland. The Heritage Hub staff organised a get together for the descendants of some of the boys from the fateful voyage and to commemorate the event to coincide with a visit from a descendant who now lives in Australia facilitating a meeting between people who were related and had never met one another before.

Work continued on the ongoing Wikipedia Editathon project where volunteers were invited to come along and update Wikipedia pages along with support from the Wikimedian in Residence. The volunteers were paired up with one having historical and research knowledge and the other

being more digitally literate, which proved to be very successful. The aim of Wikipedia is to benefit readers by providing a reliable source of encyclopaedic knowledge which is freely available, and this is done by crowdsourcing with individuals contributing to create online content.

The 'friends' group Inverclyde Heritage Network which has been set up to support Inverclyde Council's heritage services was formally constituted and is now in early days of operating. The IHN helped to run a drop in event on 18th June 2018 at the Heritage Hub to help encourage interested parties to volunteer and engage with the Archive and Heritage departments. The Archive service already has 12 volunteers who regularly work on various tasks such as research, transcribing and digitising the collections. The drop-in event proved popular with 9 additional expressions of interest; however due to factors such as the impending closure of the Heritage Hub and lack of space to accommodate volunteers, this had to be put in abeyance for the time being. Some of the current Archives volunteers worked on a local history project called "Matron, Medicine and Mayhem" which consisted of collecting oral and written testimonies from those who previously worked in healthcare in Inverclyde. The project participants were thanked with afternoon tea to coincide with and celebrate the 70th anniversary of the NHS. In addition to this, NHS70 was celebrated by staff and volunteers who were invited to have a display at Orchard View in the grounds of Inverclyde Royal Hospital during their garden party on 5th July 2018. Photos and information about the project were displayed and prompted many memories for attendees.

The Heritage Hub also hosted an event where a memorial plaque from the gravestone of Captain Brotchie was presented to the collections. This was reported in the local and national press. The funerary plaque was stolen and recovered by local Police and was repaired having been dreadfully damaged. It is now being safeguarded in the custody of the collections.

## **Financial Review**

### Income and Expenditure for the Year ended 31 March 2019

The Income and Expenditure Statement on page 10 provides an analysis for the Trust of the income and expenditure for the twelve months from 1 April 2018 to 31 March 2019.

Running costs in 2018/19 were limited to £37,881 (2017/18: £39,148) storage charges and £333 (2017/18: £333) on governance costs. Income of £433 (2017/18: £347) was received from interest on short-term deposits with Inverclyde Council.

The deficit of £37,781 (2017/18: £39,134) was deducted from the reserves of £78,434 to give a carry forward balance of £40,653.

### Assets and Liabilities at 31 March 2019

The balance sheet on page 11 provides an analysis for the Trust of the assets and liabilities as at 31 March 2019.

The reserves of the Trust are £40,653 (2017/18: £78,434) 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 £40,653 (2017/18: £78,434).

### **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 £37,781 (2017/18: £39,134) has been deducted from the reserves brought forward. The Watt Institution Trust Fund has a healthy balance of £40,653 (2017/18: £78,434) of Revenue Reserves.

Approved by the trustees on 5<sup>th</sup> December 2019  
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 2019 which are set out on pages 10 to 13.

### **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 2018/19 (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

A black rectangular redaction box covering the signature area.

**Watt Institution Trust Fund  
Income and Expenditure Statement  
for the Year ended 31 March 2019**

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 2017-18	Note	Usable Reserves: Revenue 2018-19
£		£
	<b>Expenditure</b>	
39,148	Supplies and Services 5	37,881
333	Governance Costs 6	333
<b>(0)</b>	<b>Income</b>	<b>(0)</b>
<b>39,481</b>	<b>Cost of Services</b>	<b>38,214</b>
	<b>Financing and Investment Income and Expenditure</b>	
0	Interest paid	0
(347)	Interest received 2	(433)
<b>39,134</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>37,781</b>
0	Other Income and Expenditure	0
<b>39,134</b>	<b>(Increase) or Decrease in the Year</b>	<b>37,781</b>
<b>(117,568)</b>	<b>Balance at 1 April</b>	<b>(78,434)</b>
<b>(78,434)</b>	<b>Balance at 31 March Carried Forward</b>	<b>(40,653)</b>
<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 12 to 13 form part of these financial statements.</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 2018-19 (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 2017-18 are shown as appropriate for purposes of comparison.

#### Taxation

Watt Institution Trust Fund 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 Related Party Disclosures**

Interest of £433 was received from the local authority (2017/18: £347). As at 31 March 2019, Inverclyde Council held £40,653 for the trust (31 March 2018: £78,434).

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 £4.4 million (2017/18: £4.3 million) for the buildings and £17.8 million (2017/18: £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 £37,881 (2017/18: £39,148) was incurred to store high value paintings and artefacts while the museum undergoes refurbishment and decant them back to the museum.

**Note 6 Governance Costs**

Inverclyde Council provides support services to the trust at a fee of £333 (2017/18: £333). 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.

2017-18 £		2018-19 £
117,568	Balance at 1 April 2018	80,095
	<b>Net Cash (Outflow) from Operating Activities</b>	
(39,481)	Net surplus/(deficit) on the cost of services	(38,214)
1,661	Adjustments for non-cash movements	18,127
	<b>Net Cash Inflow from Investing Activities</b>	
347	Interest Received	433
0	<b>Net Cash Inflow from Financing Activities</b>	0
<b>80,095</b>	<b>Balance at 31 March 2019</b>	<b>60,441</b>

**Note 8 Creditors**

An accrual has been made for £19,788 (2017/18: 1,661) which is removal services to move the collection back to the museum relating to 2018/19.



Inverclyde  
council

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# McLeod Trust

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## Annual Report and Financial Statements 2018-19

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Year ended 31 March 2019



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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](mailto:information@portglasgow.inverclyde.sch.uk).

The trust fund was established under a Deed of Trust on 18 September 2003. The trust provides for financial and other assistance and support to assist with the costs of further education.

The trust funds are invested in global and UK equity funds and in strategic and investment grade bonds, 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 two new students in September 2018.

The Trustees are: the Head Teacher; two Depute Head Teachers; the School Business Officer 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 2019 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 18 September 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

Four 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 its meeting in 17<sup>th</sup> September 2018 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 Medicine, Chemistry, Journalism, Languages and Psychology.

Two awards were in respect of new applicants to assist with their first year of Languages and Psychology at University. The other three 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 2018/19 academic year.

### **Financial Review**

#### Income and Expenditure for the Year ended 31 March 2019

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 2018 to 31 March 2019.

Revenue Reserves: The Trust made awards totalling £3,500 (2017/18: £3,500) and incurred investment management fees of £480 (2017/18: £564). On the income side, the Trust received £2,897 (2017/18: £2,806) from interest and dividends, and £2 income in interest from Inverclyde Council (2017/18 £2).

A transfer of £2,000 was made between the Investment Capital Account held with Speirs & Jeffrey Ltd and the Revenue Reserve.

The deficit of £1,081 (2017/18: £1,256) was deducted from the revenue reserves of giving a balance of £1,291 carried forward (2017/18: £2,547).

Capital Reserves: A decrease of £891 (2017/18: £2,671 decrease) in the value of investments at 31 March 2019 was recorded, and a withdrawal from the investment capital account of £2,000 (2017/18: £0) was made during the year. As such, £2,891 has been deducted from the capital reserves giving a balance of £67,111 carried forward (2017/18: £69,782).

#### Assets and Liabilities at 31 March 2019

The Balance Sheet on page 9 provides an analysis for the trust of the assets and liabilities as at 31 March 2019.

The total reserves of the trust are £66,430 (2017/18: £68,402); £2,210 (2017/18: £1,291) held in Revenue Reserves and £64,220 (2017/18: £67,111) 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 outgoing resources exceeded income during the reporting period and the deficit of £1,972 (2017/18: £3,927 deficit) has been deducted from the reserves brought forward.

The trust has a healthy reserve balance of £66,430 (2017/18: £68,402) for the future benefit of students of Port Glasgow High School.

Approved by the Trustees on 21 October 2019 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 2019 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 2018/19 (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



**McLeod Trust**  
**Income and Expenditure Statement**  
**for the Year ended 31 March 2019**  
**(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 2017/18		Note	Revenue Reserves	Capital Reserves	Total 2018/19
£			£	£	£
3,500	Awards	4	3,500	0	3,500
3,500	Gross expenditure		3,500	0	3,500
0	Gross income		0	0	0
<b>3,500</b>	<b>Cost of services</b>		<b>3,500</b>	<b>0</b>	<b>3,500</b>
	Financing and investment income and expenditure				
(1,045)	Interest received		(1,120)	0	(1,120)
(1,763)	Dividends received		(1,779)	0	(1,779)
564	Investment management fees		480	0	480
(2,244)			(2,419)	0	(2,419)
<b>1,256</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>1,081</b>	<b>0</b>	<b>1,081</b>
0	Transfers between reserves		(2,000)	2,000	0
2,671	Other income and expenditure (Gains) and losses on investments	7	0	891	891
<b>3,927</b>	<b>(Increase) or decrease in the year</b>		<b>(919)</b>	<b>2,891</b>	<b>1,972</b>
<b>(72,329)</b>	<b>Balance at 1 April</b>		<b>(1,291)</b>	<b>(67,111)</b>	<b>(68,402)</b>
<b>(68,402)</b>	<b>Balance at 31 March carried forward</b>		<b>(2,210)</b>	<b>(64,220)</b>	<b>(66,430)</b>
<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 2018/19 (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 should be as it is expected capital and revenue reserves to be.

#### 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 5<sup>th</sup> April 2019, but is not materially different from the value at 31 March 2019. 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 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 2017/18 are shown as appropriate for purposes of comparison. Irrecoverable tax is included in the income or expense to which it relates.



### Contingent Assets and Liabilities

A contingent asset or liability arises where an event has taken place that gives the Trust a possible benefit or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Trust. Contingent assets or liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable an inflow/outflow of resources will be required or the amount of the benefit/obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised on the Balance Sheet but disclosed as a Note to the Accounts where they are deemed material.

### **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 £0 was received from Inverclyde Council (2017/18: £2). As at 31 March 2019, Inverclyde Council held £2 for the Trust (2017/18: £2). The School Funds held £227 (2017/18: £8).

### **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 investment and strategic bond funds and in UK and global equity funds. The market values at the year-end were as follows:

2017/18		2018/19	
£		£	%
	<b>Portfolio</b>		
0	UK Equities	0	0.0
34,329	Equity Funds, UK and Global	33,605	52.3
0	UK Government Bonds	0	0.0
16,485	Investment Grade Bond Funds	16,464	25.6
15,697	Strategic Bond	7,618	11.9
600	Capital Cash Balance with Stockbrokers	862	1.3
0	High Yield Bond Trust	5,671	8.9
<b>67,111</b>	<b>Balance at 31 March</b>	<b>64,220</b>	<b>100.0</b>
<b>(2,671)</b>	<b>Gains and (losses) on investments</b>	<b>(891)</b>	

The portfolio was reviewed in November 2017 by the investment managers. Holdings in direct equity and short-dated gilts were sold and the funds reinvested in high yield corporate bonds and equity funds. It is anticipated that this will provide an income boost and reduce the stock-specific risk within the portfolio. Some rebalancing of the portfolio was carried out during the year, with stock being sold to provide income for awards.

#### 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:

2017/18 £		2018/19 £
<b>2,547</b>	<b>Balance at 1 April 2018</b>	<b>1,291</b>
927	Short-term Deposits with Inverclyde Council	2
1,608	Income Cash Balances with Stockbrokers	1,281
12	Earmarked Balances in School Funds	8
<b>(3,500)</b>	<b>Net Cash (Outflow) from Operating Activities</b>	<b>(3,500)</b>
(3,500)	Cost of Services	(3,500)
<b>2,244</b>	<b>Net Cash Inflow from Investing Activities</b>	<b>4,419</b>
2,808	Interest and Dividends Received	2,899
(564)	Investment Managers Fees	(480)
0	Withdrawal from Capital Account	2,000
<b>0</b>	<b>Net Cash Inflow from Financing Activities</b>	<b>0</b>
<b>1,291</b>	<b>Balance at 31 March 2019</b>	<b>2,210</b>
2	Short-term Deposits with Inverclyde Council	2
1,281	Income Cash Balances with Investment Managers	1,981
8	Earmarked Balances in School Funds	227

#### Note 9 Contingent Liabilities

The Trust has a potential tax liability for income tax due on dividend and interest income received.



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