

---

<b>Report To:</b>	<b>Trustees of Council's Charities</b>	<b>Date:</b>	<b>4 October 2012</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/78/12/AP/CM</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Trust Funds Annual Accounts 2011-2012</b>		

---

## 1.0 PURPOSE

- 1.1 The purpose of this report is to ask the Trustees to review and approve the Annual Accounts for two Trust funds that are not registered charities and to seek Trustee approval to charge a nominal Governance Fee to both trusts with effect from 2012/13.

## 2.0 SUMMARY

- 2.1 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 2011/12 (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.
- 2.2 The two Trusts concerned are:
- o Birkmyre Trust
  - o Watt Institution Trust Fund
- 2.3 The independent examination of the accounts of the Trusts has been completed by the Chief Auditor of Argyll and Bute Council and his signed certificate is attached to each set of accounts. In both cases, the certificate confirms that the financial statements present fairly the finances of the Trust for the period.
- 2.4 The financial statements of both Trusts continue to be included within the annual Audited Accounts for Inverclyde Council under the Local Authority Accounts (Scotland) Regulations 1985.
- 2.5 Administration of Trust affairs by the Council incurs officer time and as such it is appropriate that a small recharge to reflect in particular Finance and Legal & Democratic Services support is made. It is proposed that from 2012/13 an annual £500 recharge is made to both Trusts in recognition of this work.

## 3.0 RECOMMENDATION

- 3.1 It is recommended that the Trustees:
- a) Review and approve the Annual Accounts for the two Trust funds for the year ended 31 March 2012.
  - b) Agree that from 2012/13 the Trusts pay £500/year each to reflect the Council officer support and advice they receive.

## 4.0 BACKGROUND

4.1 At the Council meeting of 11 August 2010, the Trustees agreed to the review of the miscellaneous Trust funds and delegated the disposal of the funds of twelve Trusts and their closure to the Chief Financial Officer. Four Trusts now remain. Two of these Trusts, the Birkmyre Trust and the Watt Institution Trust, have the elected members of the Council as Trustees.

4.2 The two other Trust funds are the McLeod Trust and the Endowment for Talented Children and Young People's Fund (ETCYP Fund) and both have officers as Trustees. The Trustees of the McLeod Trust are the Senior Management Team of Port Glasgow High School and the financial statements will be considered at a meeting of the school's Senior Management Team. The Trustees of the ETCYP Fund are the Corporate Director Education, Communities and Organisational Development plus the Corporate Director Environment, Regeneration and Resources and the Chief Financial Officer and the approved accounts will be presented to the Education and Communities Committee.

## 5.0 IMPLICATIONS

### 5.1 Legal

None

### 5.2 Financial

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement from	Other Comments
			None	-	
Finance Services	Income	From 2012/13	(£500)		
Legal Services	Income	From 2012/13	(£500)	-	Payment from Watt Trust and Birkmyre Trust.

### 5.3 Human Resources

None.

### 5.4 Equalities

None.

## 6.0 CONSULTATIONS

6.1 None.

## 7.0 LIST OF BACKGROUND PAPERS

7.1 None.

# Birkmyre Trust

---

## Report and Financial Statements 2011-2012

---



Year ended 31 March 2012

Inverclyde  
council

## Birkmyre Trust Contents

Legal and Administrative Information .....	3
Report by the Chair of the Trustees .....	5-7
Independent Examination .....	8
Movement in Reserves Statement .....	9
Comprehensive Income and Expenditure Statement .....	10
Balance Sheet .....	11
Notes to the Accounts .....	12-14

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 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 surrounds 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**

### **Legal and Administrative Information**

#### **Reference and Administrative Information**

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

#### **Trustees**

The councillors of Inverclyde Council are the trustees, the funds having been left to the parish of Kilmacolm for which Inverclyde Council is the successor organisation. No remuneration or expenses were paid during the year to any Trustee or person connected to a Trustee.

The councillors of Inverclyde Council for the twelve months 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 were:

- Provost Michael McCormick (Chair)
- Councillor Ronnie Ahlfeld
- Councillor Alan Blair
- Councillor Keith Brooks
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Tom Fyfe
- Councillor Jim Grieve
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor Charlie McCallum
- Councillor Joe McIlwee
- Councillor Iain McKenzie
- Councillor Jim MacLeod
- Councillor Robert Moran
- Councillor Innes Nelson
- Councillor Chris Osborne
- Councillor Luciano Rebecchi
- Councillor George White
- Councillor David Wilson

The current councillors of Inverclyde Council are:

- Provost Robert Moran (Chair)
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan

- Councillor Michael McCormick
- Councillor Chris McEleny
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd
- Councillor David Wilson

Provost Robert Moran replaced Councillor Michael McCormick as the Chair of the Trustees on 17<sup>th</sup> May 2012, and both the current and past Chairs have signed the Trustees Annual Report and Balance Sheet.

**Chief Financial Officer**

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 charitable trust and reports to trustees.

- Alan Puckrin CPFA, Chief Financial Officer

**Independent Examiner**

- Ian Nisbet, Chief Internal Auditor, Argyll & Bute Council, Council Headquarters, Kilmory, Lochgilphead, Argyll PA31 8RT

# Birkmyre Trust

## Report by the Chair of the Trustees

### Report by the Trustees

On behalf of the Trustees, I am pleased to present the 2011-2012 Annual Report for the Birkmyre Trust.

This year, costs marginally exceeded incoming resources and the small deficit required to be met from the substantial reserves of the Trust. This is explained further in the following paragraphs.

### Trust Purpose

#### Constitution

The legal name of the charity is Birkmyre Trust. The Trust was established under the trust disposition of Adam Birkmyre granted on 1 November 1987 and recorded in 1908.

Adam Birkmyre conveyed to himself, his wife and the survivor, and to the Parish Council of Kilmacolm, an area of ground known as Birkmyre Park together with four cottages known as the Park Cottages and some related areas of ground and other subjects. Mr. Birkmyre's testamentary trustees conveyed further ground to the Parish Council, as trustees of the Park, by two dispositions recorded in 1908 and 1916 respectively.

#### Objectives

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 2012.

### Achievements and Performance during the Year

In line with policy adopted by the Council and the terms of the trust, the Birkmyre Trust supported the continued operation of the park and its buildings in partnership with the local authority.

### Financial Review of the Year

#### Income and Expenditure for the Year ended 31 March 2012

The Comprehensive Income and Expenditure Account on page 10 provides an analysis for the trust of the income and expenditure for the twelve months from 1 April 2011 to 31 March 2012.

The trust incurred expenditure of £24,595 covering insurance (£1,546), loan interest charges (£5,873) and an annual depreciation charge (£17,176). Income of £23,953 was received; £14,938 from rents, £8,556 from pitch hires and £459 from interest on short-term deposits with Inverclyde Council.

The deficit of £642 was taken from the reserves brought forward: £7,758 was added to the Usable Revenue Reserves and £8,400 taken from the Unusable Revaluation Reserve.

#### Assets and Liabilities at 31 March 2012

The Balance Sheet on page 11 provides an analysis for the trust of the assets and liabilities as at 31 March 2012.

The reserves of the Trust are £90,621. Usable revenue reserves are £82,228 and the unusable revaluation reserve stands at £8,393.

The net book value after depreciation of the land and buildings held by the Trust is £147,678. There are short-term deposits of £84,615 with Inverclyde Council. The trust has borrowings for capital investment of £141,672 owed to Inverclyde Council of which £7,478 is repayable in the next financial year.

### **Governance, Management and Administration**

The Birkmyre Trust is an unincorporated trust governed on the basis of the available evidence of its constitution.

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council.

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 no charge for these services. There are no other costs in connection with governance.

### **Management of the Fund of the Trust**

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 trust 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 Comprehensive Income and Expenditure Account.

### **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 risks.

At a special annual meeting of the Council, 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.

### **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 an official reserves policy.

### **Looking Ahead**

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.

### **Statement of Trustees' Responsibilities**

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Trust and to enable it to ensure that the financial statements comply with the local government regulations.

The Trustees are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and any other irregularities.

Finance Services of Inverclyde Council have taken the steps required by trustees for the financial year 2011-2012. The accounting policies, judgements and policies are disclosed on page 12 of the notes to the financial statements.

In so far as the Trustees are aware

- There is no relevant audit information that the trust's Independent Examiner is unaware, and
- The Trustees have taken all steps that they ought to make themselves aware of any relevant audit information and to establish that the Independent



Examiner is aware of that information.

**Conclusion**

The Trust's expenditure exceeded income during the reporting period and the shortfall of £642 has been met from the reserves brought forward, £8,400 from the Unusable Revaluation Reserve with a contribution of £7,758 to the usable revenue reserves.

The Trustees look forward with some confidence. The Trust has a healthy balance of £82,228 of Usable Revenue Reserves. Funding is in place for the future with income from rents and pitch hires. Most importantly, the buildings have recently been extensively refurbished and now house modern nursery and leisure facilities to serve the local community.

Approved by the Trustees on Fourth October, Two Thousand and Twelve and signed on behalf of all Trustees.

**Provost Robert Moran**

Chair of the Trustees  
Inverclyde Council  
4 October 2012

**Councillor Michael McCormick**

Past Chair of the Trustees  
Inverclyde Council  
4 October 2012

This Trustees' Report is also counter-signed by the Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer of the Council.

**Alan Puckrin CPFA**

Chief Financial Officer  
Inverclyde Council  
4 October 2012

## **Birkmyre Trust Independent Examination**

### **Submission to Independent Examiner**

The financial statements of the trust have been submitted by Inverclyde Council on behalf of the trustees to Argyll & Bute Council for independent examination. The examination has been conducted by the Chief Internal Auditor of the local authority on a personal appointment basis. The Chief Internal Auditor, Ian Nisbet ACMA MBA MSc, is a fully qualified member of an OSCR recognised professional accountancy body and has considerable experience of audit and independent examinations.

The independent examination is on a “no-charge” basis under reciprocal arrangement between the two local authorities for the independent examination of the trusts administered separately by them.

The financial statements of the Birkmyre Trust continue to be included within the audited Annual Accounts for Inverclyde Council under the Local Authority Accounts (Scotland) Regulations 1985.

The independent examination took place in August 2012.

**Birkmyre Trust**  
**Movement in Reserves Statement**  
**for the Year ended 31 March 2012**

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) and Unusable Reserves. The Surplus or Deficit on the Provision of Service shows the cost of providing the services in accordance with accounting practice, more details of which are shown in the Comprehensive Income and Expenditure Account on the next page.

1 April 2010 to 31 March 2011				1 April 2011 to 31 March 2012		
Usable Reserves: Revenue	Unusable Reserves: Revaluation	Total		Usable Reserves: Revenue	Unusable Reserves: Revaluation	Total
£	£	£		£	£	£
<b>58,822</b>	<b>25,202</b>	<b>84,024</b>	<b>Balance at 1 April</b>	<b>74,470</b>	<b>16,793</b>	<b>91,263</b>
			<b>Movement in Reserves during the Year</b>			
7,239	0	7,239	Surplus or Deficit on Provision of Services	(642)	0	(642)
0	0	0	Other Comprehensive Expenditure and Income	0	0	0
7,239	0	7,239	Total Comprehensive Expenditure and Income	(642)		(642)
8,409	(8,409)	0	Transfers between Reserves (note 5)	8,400	(8,400)	0
15,648	(8,409)	7,239	Increase or (Decrease) in the Year	7,758	(8,400)	(642)
<b>74,470</b>	<b>16,793</b>	<b>91,263</b>	<b>Balance at 31 March Carried Forward</b>	<b>82,228</b>	<b>8,393</b>	<b>90,621</b>

**Birkmyre Trust**  
**Comprehensive Income and Expenditure Account**  
**for the Year ended 31 March 2012**

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards.

2010-2011	Note	2011-2012
£		£
<b>9,409</b>		<b>18,722</b>
1,000	3	1,546
0	4	0
8,409	5	17,176
<b>(16,308)</b>		<b>(23,494)</b>
(0)		(8,556)
(4,308)		(2,938)
(12,000)	3	(12,000)
<b>(6,899)</b>		<b>(4,772)</b>
<b>(340)</b>		<b>5,414</b>
0	3	5,873
(340)	3	(459)
<b>(7,239)</b>		<b>642</b>
0		0
<b>(7,239)</b>		<b>642</b>
<p>The Birkmyre 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 12 to 14 form part of these financial statements.</p>		

## Birkmyre Trust

### Balance Sheet as at 31 March 2012

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.

31 March 2011	Notes	31 March 2012
£		£
	<b>Property, Plant and Equipment</b>	
148,394	Land and Buildings	147,678
	<b>Cash and Cash Equivalents</b>	
74,470	Short-term Deposits	84,615
	<b>Current Liabilities</b>	
(6,389)	Borrowing repayable within 12 months	(7,478)
	<b>Long-term Liabilities</b>	
(125,212)	Borrowing repayable over 12 months	(134,194)
<b>91,263</b>	<b>Net Assets</b>	<b>90,621</b>
	<b>Reserves</b>	
74,470	Usable Reserves: Revenue	82,228
16,793	Unusable Reserves: Revaluation	8,393
<b>91,263</b>	<b>Total Reserves</b>	<b>90,621</b>
The notes on pages 12 to 14 form part of these accounts.		
<b>Provost Robert Moran</b> Chair of the Trustees Inverclyde Council 4 October 2012	<b>Councillor Michael McCormick</b> Past Chair of the Trustees Inverclyde Council 4 October 2012	<b>Alan Puckrin CPFA</b> Chief Financial Officer Inverclyde Council 4 October 2012

# 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 2011/12 (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.

#### Incoming Resources

All incoming resources are included in the Comprehensive 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 Comprehensive 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.

#### Borrowing

The amounts presented on the Balance Sheet are the outstanding principal repayable plus any accrued interest. The interest chargeable to the Comprehensive 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.

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.

#### Comparative Figures

Figures for 2010-2011 are shown as appropriate for purposes of comparison.

## 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 £1,546 to the Trust (2010-2011 £1,000). Interest of £459 was received from, and interest of £5,873 was paid to, the local authority (2010-2011 £340 and nil).

As at 31 March 2012, Inverclyde Council owed the Trust £84,615 (2011 £74,470). The Trust owed £141,672 to Inverclyde Council (2011 £131,601).

The Trust received a rental of £12,000 (2010-2011 £12,000) from the local authority leisure company 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 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 5 Analysis of Property Plant and Equipment

The figure in the balance sheet reflects the depreciated existing use value of the parkland, and its buildings – the Pavilion, nursery school, garage and public convenience.

2010-2011		2011-2012		Total £
		Buildings £	Community Assets £	
	£			
<b>Valuation</b>				
90,911	1 April 2011	222,511	1	222,512
131,601	Additions in year	16,460	0	16,460
0	Disposals in year	0	0	0
0	Revaluations adjustments	0	0	0
<b>222,512</b>	<b>At 31 March 2012</b>	<b>238,971</b>	<b>1</b>	<b>238,972</b>
<b>Depreciation and Impairment</b>				
65,709	At 1 April 2011	74,118	0	74,118
8,409	Depreciation charge for the year (see note)	17,176	0	17,176
0	Impairment losses	0	0	0
<b>74,118</b>	<b>At 31 March 2012</b>	<b>91,294</b>	<b>0</b>	<b>91,294</b>
<b>148,394</b>	<b>Balance Sheet as at 31 March 2012</b>	<b>147,677</b>	<b>1</b>	<b>147,678</b>

Note: The element within the annual depreciation charge that relates to unrealised gains from increases in valuation is written out of the Unusable Reserves (Revaluation). This is achieved by a transfer between usable and unusable reserves that is shown on the Movement in Reserves Statement.

### Note 6 Short-term Deposits

The Birkmyre Trust has temporary investments with the Council. The balance is repayable on demand.

2010-2011		2011-2012	
£		£	
58,822	Balance at 1 April 2011		74,470
	<b>Net Cash Inflow from Operating Activities</b>		
6,899	Net surplus/deficit on the cost of services	4,772	
8,409	Adjustments for non-cash movements	17,176	21,948
	<b>Net Cash Outflow from Investing Activities</b>		
(131,601)	Expenditure on property, plant & equipment	(16,460)	
340	Interest received	459	(16,001)
	<b>Net Cash Inflow from Financing Activities</b>		
131,601	Receipts of long-term borrowing	16,460	
0	Repayment of long-term borrowing	(6,389)	
0	Interest paid on borrowing	(5,873)	4,198
<b>74,470</b>	<b>Balance at 31 March 2012</b>		<b>84,615</b>

### Note 7 Borrowing

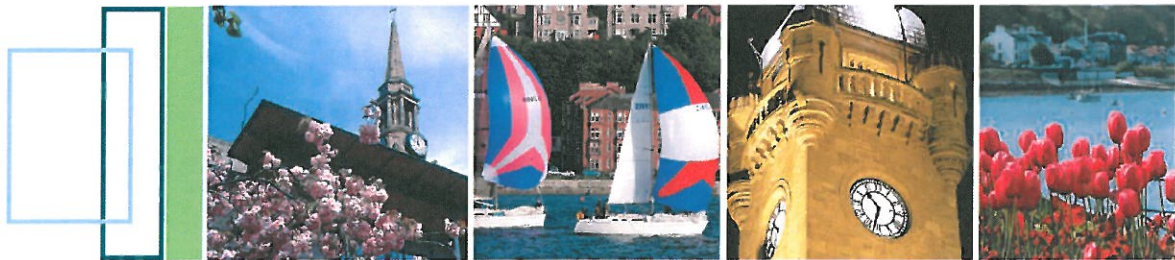
The Trust has secured long-term borrowing to fund capital investment on the buildings. The borrowing undertaken in 2010-2011 and 2011-2012 is repayable over a period of 15 years.

2011		2012	
£		£	
	Amounts due within 12 Months		
0	At 1 April 2011	6,389	
0	New Borrowings		0
6,389	Transfer from Debt over 12 Months		7,478
0	Repayments to Inverclyde Council		(6,389)
<b>6,389</b>	<b>Balance at 31 March 2012</b>		<b>7,478</b>
	Amounts due over 12 Months		
0	At 1 April 2011	125,212	
131,601	New Borrowings	16,460	
(6,389)	Transfer to Debt under 12 Months		(7,478)
0	Repayments to Inverclyde Council		0
<b>125,212</b>	<b>Balance at 31 March 2012</b>		<b>134,194</b>

### Note 8 Payments to Trustees

No Trustees 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)



## **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF BIRKMYRE TRUST**

I report on the accounts of the charity for the year ended 31<sup>st</sup> March 2012 which are set out on pages 1 to 15.

### **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 2011/11 (the 2011/121 Code). The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council's financial affairs and, as part of that responsibility, administers the trusts and reports to trustees. 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.

Ian Nisbet ACMA MBA  
Chief Internal Auditor  
Argyll & Bute Council  
22<sup>nd</sup> August 2012

Signed:

Dated:



# Watt Institution Trust Fund

---

## Report and Financial Statements 2011-2012

---



Year ended 31 March 2012

Inverclyde  
council

## Watt Institution Trust Fund Contents

Legal and Administrative Information .....	3
Report by the Chair of the Trustees .....	5-7
Independent Examination .....	8
Movement in Reserves Statement .....	9
Comprehensive Income and Expenditure Statement .....	10
Balance Sheet .....	11
Notes to the Accounts .....	12-13

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 Legal and Administrative Information

### Reference and Administrative Information

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

### Trustees

The councillors of Inverclyde Council are the trustees, the funds having been left to Greenock Corporation for which Inverclyde Council is the successor organisation. No remuneration or expenses were paid during the year to any Trustee or person connected to a Trustee.

The councillors of Inverclyde Council for the twelve months 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 were:

- Provost Michael McCormick (Chair)
- Councillor Ronnie Ahlfeld
- Councillor Alan Blair
- Councillor Keith Brooks
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Tom Fyfe
- Councillor Jim Grieve
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor Charlie McCallum
- Councillor Joe McIlwee
- Councillor Iain McKenzie
- Councillor Jim MacLeod
- Councillor Robert Moran
- Councillor Innes Nelson
- Councillor Chris Osborne
- Councillor Luciano Rebecchi
- Councillor George White
- Councillor David Wilson

The current councillors of Inverclyde Council are:

- Provost Robert Moran (Chair)
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan

- Councillor Michael McCormick
- Councillor Chris McEleny
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd
- Councillor David Wilson

Provost Robert Moran replaced Councillor Michael McCormick as the Chair of the Trustees on 17<sup>th</sup> May 2012, and both the current and past Chairs have signed the Trustees Annual Report and Balance Sheet.

**Chief Financial Officer**

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 charitable trust and reports to trustees.

- Alan Puckrin CPFA, Chief Financial Officer

**Independent Examiner**

- Ian Nisbet, Chief Internal Auditor, Argyll & Bute Council, Council Headquarters, Kilmory, Lochgilphead, Argyll PA31 8RT



# Watt Institution Trust Fund

## Report by the Chair of the Trustees

### Report by the Trustees

On behalf of the Trustees, I am pleased to present the 2011-2012 Annual Report for the Watt Institution Trust Fund.

Incoming resources exceeded costs during the year and the surplus was added to the substantial reserves of the Scheme. This is explained further in the following paragraphs.

### Trust Purpose

#### Constitution

The name of the trust is the Watt Institution Trust Fund. The trust was established under a Scheme of Administration in July 1984.

#### 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.

The end of the financial year is 31 March 2012.

### Achievements and Performance during the Year

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.

### Financial Review of the Year

#### Income and Expenditure for the Year ended 31 March 2012

The Comprehensive Income and Expenditure Account on page 10 provides an analysis for the trust of the income and expenditure for the twelve months from 1 April 2011 to 31 March 2012.

The trust incurred expenditure of £557 on consumables. Income of £993 was

received from interest on short-term deposits with Inverclyde Council.

The surplus of £436 was added to the reserves of £164,322 brought forward.

#### Assets and Liabilities at 31 March 2012

The Balance Sheet on page 11 provides an analysis for the trust of the assets and liabilities as at 31 March 2012.

The reserves of the trust are £164,758 and are all deposited with Inverclyde Council.

### Governance, Management and Administration

The Watt Institution Trust Fund is an unincorporated trust governed on the basis of the available evidence of its constitution.

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council.

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 no charge for these services. There are no other costs in connection with governance.

### Management of the Fund of the Trust

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 Comprehensive Income and Expenditure Account.

### **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 risks.

At a special annual meeting of the Council, 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.

### **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 an official reserves policy.

### **Looking Ahead**

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.

### **Statement of Trustees' Responsibilities**

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the trust and to enable it to ensure that the financial statements comply with the local government regulations.

The Trustees are also responsible for safeguarding the assets of the trust and

hence for taking reasonable steps for the prevention and detection of fraud and any other irregularities.

Finance Services of Inverclyde Council have taken the steps required by trustees for the financial year 2011-2012. The accounting policies, judgements and policies are disclosed on page 12 of the notes to the financial statements.

In so far as the Trustees are aware

- There is no relevant audit information that the trust's Independent Examiner is unaware, and
- The Trustees have taken all steps that they ought to make themselves aware of any relevant audit information and to establish that the Independent Examiner is aware of that information.

### **Conclusion**

The Trust's income exceeded expenditure during the reporting period and the surplus of £436 has been added to the reserves brought forward.

The Watt Institution Trust Fund has a healthy balance of £164,758 of Revenue Reserves. The buildings are in the process of being extensively refurbished by the local authority and will provide modern facilities for the library, art gallery and museum.

Approved by the Trustees on Fourth October, Two Thousand and Twelve and signed on behalf of all Trustees.

### **Provost Robert Moran**

Chair of the Trustees  
Inverclyde Council  
4 October 2012

**Councillor Michael McCormick**  
Past Chair of the Trustees  
Inverclyde Council  
4 October 2012

This Trustees' Report is also counter-  
signed by the Chief Financial Officer of  
Inverclyde Council in his capacity as the  
Section 95 Officer of the Council.

**Alan Puckrin CPFA**  
Chief Financial Officer  
Inverclyde Council  
4 October 2012

## **Watt Institution Trust Fund Independent Examination**

### **Submission to Independent Examiner**

The financial statements of the Trust have been submitted by Inverclyde Council on behalf of the trustees to Argyll & Bute Council for independent examination. The examination has been conducted by the Chief Internal Auditor of the local authority on a personal appointment basis. The Chief Internal Auditor, Ian Nisbet ACMA MBA MSc, is a fully qualified member of a recognised professional accountancy body and has considerable experience of audit and independent examinations.

The independent examination is on a “no-charge” basis under reciprocal arrangement between the two local authorities for the independent examination of the trusts administered separately by them.

The financial statements of the Watt Institution Trust continue to be included within the audited Annual Accounts for Inverclyde Council under the Local Authority Accounts (Scotland) Regulations 1985.

The independent examination took place in August 2012.

**Watt Institution Trust Fund  
Movement in Reserves Statement  
for the Year ended 31 March 2012**

This statement shows the movement in the year on the reserves held by the trust that can be applied to fund expenditure. The Surplus or Deficit on the Provision of Service shows the cost of providing the services in accordance with accounting practice, more details of which are shown in the Comprehensive Income and Expenditure Account on the next page.

1 April 2010 to 31 March 2011 Usable Reserves: Revenue		1 April 2011 to 31 March 2012 Usable Reserves: Revenue
£		£
176,033	<b>Balance at 1 April</b>	164,322
	<b>Movement in Reserves during the Year</b>	
(11,711)	Surplus or (Deficit) on Provision of Services	436
0	Other Comprehensive Expenditure and Income	0
(11,711)	Increase or (Decrease) for the Year	436
<b>164,322</b>	<b>Balance at 31 March Carried Forward</b>	<b>164,758</b>

**Watt Institution Trust Fund  
Comprehensive Income and Expenditure Account  
for the Year ended 31 March 2012**

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards.

2010-2011		Note	2011-2012
£			£
<b>12,682</b>	<b>Expenditure</b>		<b>557</b>
331	Consumables		557
12,351	Valuation Fees and Removal Costs	5	0
0	Governance Costs	6	0
<b>(0)</b>	<b>Income</b>		<b>(0)</b>
<b>12,682</b>	<b>Cost of Services</b>		<b>557</b>
<b>(971)</b>	<b>Financing and Investment Income and Expenditure</b>		<b>(993)</b>
0	Interest paid		0
(971)	Interest received	2	(993)
<b>11,711</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>(436)</b>
0	Other Comprehensive Income and Expenditure		0
<b>11,711</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>(436)</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 Balance Sheet as at 31 March 2012

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 2011		Notes	31 March 2012
£			£
	<b>Cash and Cash Equivalents</b>		
164,322	Short-term Deposits	7	164,758
<b>164,322</b>	<b>Net Assets</b>		<b>164,758</b>
	<b>Reserves</b>		
164,322	Usable Reserves: Revenue		164,758
<b>164,322</b>	<b>Total Reserves</b>		<b>164,758</b>
The notes on pages 12 to 13 form part of these accounts.			
<b>Provost Robert Moran</b> Chair of the Trustees Inverclyde Council 4 October 2012	<b>Councillor Michael McCormick</b> Past Chair of the Trustees Inverclyde Council 4 October 2012	<b>Alan Puckrin CPFA</b> Chief Financial Officer Inverclyde Council 4 October 2012	

## **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 2011/12 (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.

##### Incoming Resources

All incoming resources are included in the Comprehensive 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 Comprehensive 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 immediately. 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 2010-2011 are shown as appropriate for purposes of comparison.

#### **Note 2 Related Party Disclosures**

Interest of £993 was received from the local authority (2010-2011 £971). As at 31 March 2012, Inverclyde Council owed the trust £164,758 (2011 £164,322).

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 International Financial Reporting Standards and the associated guidance (IFRIC 4 Determining whether an arrangement contains a lease), 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 2011-2012 Annual Accounts is £2.4 million for the Watt Institution and £17.6 million for its collections of heritage assets.

The Watt Institution Trust Fund has a notional investment in the lease-type arrangement, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the assets when the arrangement comes to an end.

The value of the lease debtor and the investment is not considered significant because the arrangements under the Scheme of Administration are expected to remain in place for the foreseeable future.

#### **Note 3 Staff Numbers and Costs**

The Watt Institution Trust Fund has no staff. All support functions are provided by Inverclyde Council.



**Note 4 Payments to Trustees**

No Trustees were remunerated during the year, nor was there any requirement for any expenses to be paid.

**Note 5 Valuation Fees and Removal Costs**

No costs were incurred in 2011-2012. The valuation of the archaeology collection for accounting and insurance purposes was undertaken by the Museum's curators. In the previous year, a payment of £6,426 was made for the valuation of the fine art collection and £5,925 was paid for removal costs.

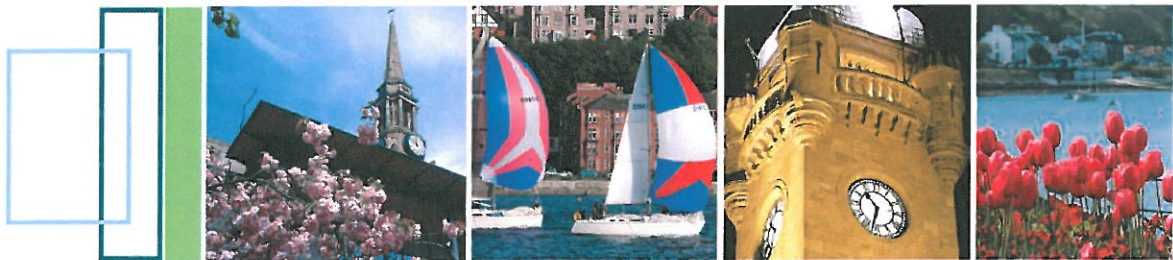
**Note 6 Governance Costs**

Inverclyde Council provides management 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 7 Short-term Deposits**

The Watt Institution Trust Fund has temporary loans with Inverclyde Council. The balance is repayable on demand.

2010-2011		2011-2012	
£		£	£
176,033	Balance at 1 April 2011		164,322
	<b>Net Cash (Outflow) from Operating Activities</b>		
(12,682)	Net surplus/(deficit) on the cost of services	(557)	
0	Adjustments for non-cash movements	0	(557)
	<b>Net Cash Inflow from Investing Activities</b>		
971	Interest Received		993
0	<b>Net Cash Inflow from Financing Activities</b>		0
<b>164,322</b>	<b>Balance at 31 March 2012</b>		<b>164,758</b>



# Inverclyde council

Finance Services, Municipal Buildings, Greenock PA15 1LY  
Tel: 01475 712090 Fax: 01475 712202 [www.inverclyde.gov.uk](http://www.inverclyde.gov.uk)

## **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF WATT INSTITUTION TRUST FUND**

I report on the accounts of the charity for the year ended 31<sup>st</sup> March 2012 which are set out on pages 1 to 14.

### **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 2011/11 (the 2011/121 Code). The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council's financial affairs and, as part of that responsibility, administers the trusts and reports to trustees. 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.

Ian Nisbet ACMA MBA  
Chief Internal Auditor  
Argyll & Bute Council  
22<sup>nd</sup> August 2012

Signed:

Dated: