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<b>Report To:</b>	<b>Trustees of Council's Charities</b>	<b>Date:</b>	<b>10 October 2013</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/78/13/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 2012-2013</b>		

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## 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. The accounts of the McLeod Trust that is administered by Port Glasgow High School are also included for information.

## 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 2012/13 (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 Head of Strategic Finance 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 The accounts of the McLeod Trust are also included for trustees' information. The independently examined financial statements for 2012-2013 have been approved at a meeting of the school's Senior Management Team (which was also the AGM of the trustees) and are attached for information.

## 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 2013.
  - b) Note the accounts of the McLeod Trust for the year ended 31 March 2013.

Alan Puckrin  
Chief Financial Officer

#### 4.0 BACKGROUND

- 4.1 The Council has four miscellaneous trust funds. Two of these trusts, the Birkmyre Trust and the Watt Institution Trust, have the elected members of the Council as trustees. The two other trust funds are the McLeod Trust and the Endowment for Talented Children and Young Peoples Fund (ETCYP Fund) and both have officers as trustees.
- 4.2 The trustees of the McLeod Trust are the Senior Management Team of Port Glasgow High School. The independently examined financial statements for 2012-2013 were approved at a meeting of the school's Senior Management Team (which was also the AGM) and are attached for information.
- 4.3 The trustees of the ETCYP Fund are the Corporate Director Education, Communities & Organisational Development plus the Corporate Director Environment, Regeneration & Resources and the Chief Financial Officer and the approved accounts were presented to the Education and Communities Committee of 10 September 2013.

#### 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	-	None

##### 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

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## Report and Financial Statements 2012-2013

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Year ended 31 March 2013

Inverclyde  
council

## Birkmyre Trust Contents

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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 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**  
**Trustees' Annual Report**  
For the Year ended 31 March 2013

The Trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2013.

**Reference and Administrative Information**

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

**Current Trustees**

- Provost Robert Moran, Chair
- Councillor Michael McCormick
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan (elected 3 May 2012)
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess (elected 3 May 2012)
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones (elected 3 May 2012)
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan (elected 3 May 2012)
- Councillor Chris McEleny (elected 3 May 2012)
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd (elected 3 May 2012)
- Councillor David Wilson

**Other Trustees who served during the Year**

- Councillor Alan Blair (retired 2 May 2012)
- Councilor Tom Fyfe (retired 2 May 2012)
- Councilor Charlie McCallum (retired 3 May 2012)
- Councillor Iain McKenzie (retired 2 May 2012)
- Councillor Chris Osborne (retired 3 May 2012)
- Councilor George White (retired 3 May 2012)

**Honorary Secretary**

- Inverclyde Council Legal Services

**Honorary Treasurer**

- Alan Puckrin CPFA, Chief Financial Officer Inverclyde Council

**Independent Examiner**

- Bruce West FCCA, Head of Strategic Finance, Argyll & Bute Council, Council Headquarters, Kilmory, Lochgilphead, Argyll PA31 8RT.

## **Structure, Governance and Management**

### Governing Document

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

### 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 following a decision at the Council meeting of 4<sup>th</sup> October 2012. There are no other costs in connection with governance.

### Related Parties

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

### Risk Management

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

### Management of Funds and Investment Policy

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

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

## **Objectives and Activities**

### 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 2013.

#### 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**

##### Performance

The leisure centre operated by Inverclyde Leisure in the refurbished pavilion has proved to be extremely popular and it has now has 469 memberships.

Annual attendance figures are averaging 34,000 each year (excluding café), and have increased each year. This equates to over 650 visits per week.

##### Achievements

A substantial investment has been made in the fitness gym on a number of fronts. The SMART system on fitness equipment has been upgraded. SMART records members’ progress by recording times and fitness output, as well as electronic programming of equipment, eliminating the need to manually input data each time members start a machine.

Recently, seven new “Spin” bikes were added and the centre offers 11 Spin classes per week. This is in addition to the existing 12 fitness classes per week.

Other new additions are “kettlebell” classes, 50+ class, abdominal sessions, circuits and boot camp, plus a jogging group.

The Kilmacolm Running Festival, an annual event held in September each year, is now well established and attracts well over 700 participants each year. The

day consists of a Toddle Waddle for children, then 3k, 10k and Half marathon events all starting together.

Another annual event related to Birkmyre is the Social Evening, which moved to the New Kilmacolm Community Centre in 2011. This event attracts over 100 members and guests.

Charity fundraising has been very successful within Birkmyre, and the gym members raised over £1,600 in 2012 for Children in Need, when members took part in a sponsored 15-hour indoor bike run. In March 2013, Birkmyre hosted the registration/start line for the Super Hero run which was in aid of Comic Relief.

The facilities in the Park host other sports and activities such as a Birkmyre Rugby Club, cricket and cross-country events.

The leisure trust runs various other leisure activities in the Park on behalf of the local authority such as the new MUGA (Multi Use Games Area) for football, tennis and basketball, and the putting green.

In September 2012, the Bistro Café changed operators, with Alessia Nardini taking over the operation. The new management have increased the quality within the café, and it is proving to be a very popular and successful venture.

#### **Financial Review**

##### Income and Expenditure for the Year ended 31 March 2013

The Comprehensive 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 2012 to 31 March 2013.

The trust incurred expenditure of £62,843 covering insurance (£1,500), loan interest charges (£5,513), governance costs (£500) and an annual depreciation charge (£55,330). Income of

£17,987 was received; £14,350 from rents, £3,207 from pitch hires and £430 from interest on short-term deposits with Inverclyde Council.

The Trust also recorded an unrealised gain of £1,058,121 from the revaluation of the parkland and its buildings – the Pavilion, nursery school, garage and public convenience. The valuation was completed in March 2013 by a firm of professional valuers, James Barr, as part of Inverclyde Council's five-yearly programme of land and buildings valuation.

The aggregate surplus of £1,013,265 was added to the reserves brought forward: £10,474 was added to the Usable Revenue Reserves and £1,002,791 was added to the Unusable Revaluation Reserve.

#### Assets and Liabilities at 31 March 2013

The Balance Sheet on page 11 provides an analysis for the trust of the assets and liabilities as at 31 March 2013.

The reserves of the Trust are £1,103,886. Usable revenue reserves are £92,702 and the unusable revaluation reserve stands at £1,011,184.

The net book value after depreciation of the land and buildings held by the Trust is £1,150,469. There are short-term deposits of £87,616 with Inverclyde Council. The trust has borrowings for capital investment of £134,199 owed to Inverclyde Council of which £0,000 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 £92,702.

#### **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 surplus of £1,013,265 has been added to the reserves brought forward, £1,002,791 to the Unusable Revaluation Reserve plus £10,474 to the usable revenue reserves.

The Trustees look forward with some confidence. The Trust has a healthy balance of £92,702 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 Tenth October, Two Thousand and Thirteen and signed on behalf of all Trustees.

#### **Provost Robert Moran**

Chair of the Trustees  
Inverclyde Council  
10 October 2013

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  
10 October 2013



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

I report on the accounts of the charity for the year ended 31<sup>st</sup> March 2013 which are set out on pages 8 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 (IFRS) as adopted by the European Union, and interpreted and adopted by the Code of Practice on local authority accounting in the United Kingdom 2012/13 (The Code). The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council's financial affairs and, as part of that responsibility, administers the trusts and reports to trustees. 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.

Bruce West FCCA  
Head of Strategic Finance  
Argyll & Bute Council  
10<sup>th</sup> October 2013

Signed:

**Birkmyre Trust**  
**Movement in Reserves Statement**  
**for the Year ended 31 March 2013**

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 2011 to 31 March 2012				1 April 2012 to 31 March 2013		
Usable Reserves: Revenue	Unusable Reserves: Revaluation	Total		Usable Reserves: Revenue	Unusable Reserves: Revaluation	Total
£	£	£		£	£	£
<b>74,470</b>	<b>16,793</b>	<b>91,263</b>	<b>Balance at 1 April</b>	<b>82,228</b>	<b>8,393</b>	<b>90,621</b>
			<b>Movement in Reserves during the Year</b>			
(642)	0	(642)	Surplus or Deficit on Provision of Services	(44,856)	0	(44,856)
0	0	0	Other Comprehensive Expenditure and Income	0	1,058,121	1,058,121
(642)	0	(642)	Total Comprehensive Expenditure and Income	(44,856)	1,058,121	1,013,265
8,400	(8,400)	0	Transfers between Reserves (note 5)	55,330	(55,330)	0
7,758	(8,400)	(642)	Increase or (Decrease) in the Year	10,474	1,002,791	1,013,265
<b>82,228</b>	<b>8,393</b>	<b>90,621</b>	<b>Balance at 31 March Carried Forward</b>	<b>92,702</b>	<b>1,011,184</b>	<b>1,103,886</b>

**Birkmyre Trust**  
**Comprehensive Income and Expenditure Statement**  
**for the Year ended 31 March 2013**

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

2011-2012		Note	2012-2013
£			£
<b>18,722</b>	<b>Expenditure</b>		<b>57,329</b>
1,546	Insurance Costs	3	1,500
0	Governance Costs	4	500
17,176	Annual Depreciation Charge	5	55,330
<b>(23,494)</b>	<b>Income</b>		<b>(17,557)</b>
(8,556)	Hire of Pitches		(3,207)
(2,938)	Rental for Nursery School		(2,350)
(12,000)	Rental for Leisure Centre	3	(12,000)
<b>(4,772)</b>	<b>Cost of Services</b>		<b>39,772</b>
<b>5,414</b>	<b>Financing and Investment Income and Expenditure</b>		<b>5,084</b>
5,873	Interest paid	3	5,514
(459)	Interest received	3	(430)
<b>642</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>44,856</b>
0	Other Comprehensive Income and Expenditure	5	(1,058,121)
<b>642</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>1,013,265</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 11 to 13 form part of these financial statements.</p>			



# 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 2012/13 (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 2011-2012 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 £1,500 to the Trust (2011-2012 £1,546). Interest of £430 was received from, and interest of £5,514 was paid to, the local authority (2010-2011 £459 and £5,873).

As at 31 March 2013, Inverclyde Council owed the Trust £87,616 (2012 £84,615). The Trust owed £134,199 to Inverclyde Council (2011 £141,672).

The Trust received a rental of £12,000 (2011-2012 £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 £500 (2011-2012 Nil). 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.

2011-2012		Buildings	2012-2013	Total
£		£	Community Assets £	£
<b>Valuation</b>				
222,512	1 April 2012	90,908	148,064	238,972
16,460	Additions in year	0	0	0
0	Disposals in year	0	0	0
0	Revaluations adjustments	39,977	1,018,144	1,058,121
<b>238,972</b>	<b>At 31 March 2013</b>	<b>130,885</b>	<b>1,166,208</b>	<b>1,297,093</b>
<b>Depreciation and Impairment</b>				
74,118	At 1 April 2012	82,508	8,786	91,294
17,176	Depreciation charge for the year (see note)	48,377	6,953	55,330
0	Impairment losses	0	0	0
<b>91,294</b>	<b>At 31 March 2013</b>	<b>130,885</b>	<b>15,739</b>	<b>146,624</b>
<b>147,678</b>	<b>Balance Sheet as at 31 March 2013</b>	<b>0</b>	<b>1,150,469</b>	<b>1,150,469</b>

Note: The annual depreciation charge relates entirely to unrealised gains from increases in valuation and 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.

2011-2012		2012-2013
£		£
74,470	Balance at 1 April 2012	84,615
	<b>Net Cash Inflow from Operating Activities</b>	
4,772	Net surplus/(deficit) on the cost of services	(39,772)
17,176	Adjustments for non-cash movements	55,330
	<b>Net Cash Outflow from Investing Activities</b>	
(16,460)	Expenditure on property, plant & equipment	(0)
459	Interest received	430
	<b>Net Cash Inflow from Financing Activities</b>	
16,460	Receipts of long-term borrowing	0
(6,389)	Repayment of long-term borrowing	(7,473)
(5,873)	Interest paid on borrowing	(5,514)
		(12,987)
<b>84,615</b>	<b>Balance at 31 March 2013</b>	<b>87,616</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.

2012		2013
£		£
	Amounts due within 12 Months	
6,389	At 1 April 2012	7,478
0	New Borrowings	0
7,478	Transfer from Debt over 12 Months	7,795
(6,389)	Repayments to Inverclyde Council	(7,473)
<b>7,478</b>	<b>Balance at 31 March 2013</b>	<b>7,800</b>
	Amounts due over 12 Months	
125,212	At 1 April 2012	134,194
16,460	New Borrowings	0
(7,478)	Transfer to Debt under 12 Months	(7,795)
0	Repayments to Inverclyde Council	0
<b>134,194</b>	<b>Balance at 31 March 2013</b>	<b>126,399</b>

### Note 8 Payments to Trustees

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



Inverclyde  
council

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



# Watt Institution Trust Fund

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## Report and Financial Statements 2012-2013

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Year ended 31 March 2013

Inverclyde  
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# Watt Institution Trust Fund Contents

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

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

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

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

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

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

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

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

**Watt Institution Trust Fund**  
**Trustees' Annual Report**  
For the Year ended 31 March 2013

The Trustees present their report together with the financial statements and the Independent Examiner's report for the year ended 31 March 2013.

**Reference and Administrative Information**

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

**Current Trustees**

- Provost Robert Moran, Chair
- Councillor Michael McCormick
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan (elected 3 May 2012)
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess (elected 3 May 2012)
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones (elected 3 May 2012)
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan (elected 3 May 2012)
- Councillor Chris McEleny (elected 3 May 2012)
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd (elected 3 May 2012)
- Councillor David Wilson

**Other Trustees who served during the Year**

- Councillor Alan Blair (retired 2 May 2012)
- Councillor Tom Fyfe (retired 2 May 2012)
- Councillor Charlie McCallum (retired 3 May 2012)
- Councillor Iain McKenzie (retired 2 May 2012)
- Councillor Chris Osborne (retired 3 May 2012)
- Councillor George White (retired 3 May 2012)

**Honorary Secretary**

- Inverclyde Council Legal Services

**Honorary Treasurer**

- Alan Puckrin CPFA, Chief Financial Officer Inverclyde Council

**Independent Examiner**

- Bruce West FCCA, Head of Strategic Finance, Argyll & Bute Council, Council Headquarters, Kilmory, Lochgilphead, Argyll PA31 8RT.

## **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 was established under a Scheme of Administration 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 following a decision at the Council meeting of 4<sup>th</sup> October 2012. There are no other costs in connection with governance.

### Related Parties

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

### Risk Management

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

### Management of Funds and Investment Policy

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

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

## **Objectives and Activities**

### Objectives

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

### Activities

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

## **Performance and Achievements**

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

### Performance

During the year there were:

- 38,530 visitors in person to the McLean Museum and Art Gallery;
- 57,122 visitors to/usages of the McLean Museum and Art Gallery, including web sessions; and
- 1,224 people attended meetings in the Watt Hall.

### Achievements

Six exhibitions were mounted in the Watt Hall as follows. *James Duncan Exhibition* (Royal Botanic Garden) 29 March to 29 June; *The Force and Form of Memory* (Compass Gallery) 7 July to 8 September; *The Greenock Art Club* annual exhibition, 26 September to 8 October; *Nurture and Nature – Young People in Art*, 13 October 2012 to 16 February 2013; *Inverclyde Schools Showcase- Art and Design*, 23 Feb to 9 March and *The 232 Textile Group* 23 March to 4 May.

Three temporary exhibitions derived from the McLean's collections were displayed in the Art Gallery. *Vanishing Views – Old Inverclyde*, 23 June to 8 September; *The Comet Bicentenary*, 23 June to 8 September and *Americana*, 19<sup>th</sup> and early 20<sup>th</sup> Century works from America, on show from December.

A series of consultations with users of the McLean Museum and Art Gallery and the Watt Library has been undertaken and approximately 1,035 people have been consulted with regard to presenting their views of the current services provided and offering suggestions for future development. This research has been undertaken to inform plans for the renovation of the building complex and the improvement of the service. A bid to the Heritage Lottery Fund for support in this major project is under preparation.

The McLean Museum and Art Gallery is collaborating with the National Museums of Scotland and three other local authority partners on a two-year project for young people aged 16 to 24 years

called *Scotland Creates! – A Sense of Place*. The project involves the creation of an exhibition and events programme in Greenock in late summer 2013 and events and a display in Edinburgh in 2014. The funding assistance of the Esmée Fairbairn Foundation and Creative Scotland for this project is gratefully acknowledged.

The Museum has been awarded a grant of £5,000 from the Museums Galleries Scotland Capital Fund for the re-storage of its important Ancient Egyptian collections.

A website featuring a selection of over 5,000 items in the McLean's collections has been prepared with financial assistance from Museums Galleries Scotland, which is gratefully acknowledged. The website will be launched in early summer, 2013. A *Facebook* page for the Museum was also set up.

The Museum's oil paintings, 429 in number, are now featured on the illustrated *Your Paintings* section of the BBC website courtesy of the Public Catalogue Foundation (PCF). Curator Valerie Boa spoke at a PCF networking event at the National Gallery in London in April, 2012.

A painting from the Caird Collection entitled *Still Life* by the Scottish Colourist S.J. Peploe was loaned to the National Gallery of Scotland for a major retrospective exhibition in the Scottish National Gallery of Modern Art Two, Edinburgh.

Neil Dickson, the Council Archivist, uncovered an unknown literary treasure trove of rare books in the Watt Library, including a 1538 edition of letters by Roman philosopher Cicero and an 1827 illustrated edition of John Milton's *Paradise Lost*, one of only 50 copies.

A local history event was held in the Watt Hall on 28 July in collaboration with the

BBC, entitled *The Great British Story* and nearly 1,000 people attended.

Two leaflets in the series of Famous People of Inverclyde were produced; one for 'Birdie' Bowers, the Antarctic explorer and one for sculptor George Wyllie.

Ten loans of handling boxes were made to Inverclyde schools and care homes including three loans of the *Fascinating Mummies* Ancient Egypt Handling box supplied on loan to the Museum by the National Museums of Scotland.

The Museum retained its four star visitor attraction rating awarded by Visit Scotland. The Museum also participated in *Doors Open Day* for Inverclyde. Annabel Goldie, MSP visited the McLean Museum and Art Gallery as part of a tour of cultural facilities in Inverclyde.

Meetings held in the Watt Hall included the annual lecture programmes of the Greenock Philosophical Society and the National Trust for Scotland. The Hall was a Polling Station for local government elections and was also utilised for Education meetings and Equalities training. Other organisations using the Hall included The Ripe Bunch, and CVS Inverclyde. A *Routes of Empathy* project session for babies was also held.

### **Financial Review**

#### Income and Expenditure for the Year ended 31 March 2013

The Comprehensive Income and Expenditure Statement on page 9 provides an analysis for the trust of the income and expenditure for the twelve months from 1 April 2012 to 31 March 2013.

The trust incurred expenditure of £11,654 on the employment of a part-time archivist, £4,598 on preservation equipment, a projector lens and training costs and £500 on governance costs. Income of £848 was received from

interest on short-term deposits with Inverclyde Council.

The deficit of £15,904 was deducted from the reserves of £164,758 brought forward.

#### Assets and Liabilities at 31 March 2013

The Balance Sheet on page 10 provides an analysis for the trust of the assets and liabilities as at 31 March 2013.

The reserves of the trust are £148,854 and are all deposited with 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 £148,854.

#### **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 £15,904 has been drawn down from the reserves brought forward.

The Watt Institution Trust Fund has a healthy balance of £148,854 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 Tenth  
October, Two Thousand and Thirteen and  
signed on behalf of all Trustees.

**Provost Robert Moran**  
Chair of the Trustees  
Inverclyde Council  
10 October 2013

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  
10 October 2013

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

I report on the accounts of the charity for the year ended 31<sup>st</sup> March 2013 which are set out on pages 9 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 2012/13 (The Code). The Chief Financial Officer of Inverclyde Council in his capacity as the Section 95 Officer is responsible for making arrangements for the proper administration of the Council's financial affairs and, as part of that responsibility, administers the trusts and reports to trustees. 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.

Bruce West FCCA  
Head of Strategic Finance  
Argyll & Bute Council  
10<sup>th</sup> October 2013

Signed:



**Watt Institution Trust Fund  
Movement in Reserves Statement  
for the Year ended 31 March 2013**

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 2011 to 31 March 2012 Usable Reserves: Revenue		1 April 2012 to 31 March 2013 Usable Reserves: Revenue
£		£
<b>164,322</b>	<b>Balance at 1 April</b>	<b>164,758</b>
	<b>Movement in Reserves during the Year</b>	
436	Surplus or (Deficit) on Provision of Services	(15,904)
0	Other Comprehensive Expenditure and Income	0
436	Increase or (Decrease) for the Year	(15,904)
<b>164,758</b>	<b>Balance at 31 March Carried Forward</b>	<b>148,854</b>

**Watt Institution Trust Fund**  
**Comprehensive Income and Expenditure Statement**  
**for the Year ended 31 March 2013**

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

2011-2012	Note	2012-2013
£		£
<b>557</b>	<b>Expenditure</b>	<b>16,752</b>
0	Employee Costs	11,654
557	Consumables	4,598
0	Valuation Fees and Removal Costs	0
0	Governance Costs	500
<b>(0)</b>	<b>Income</b>	<b>(0)</b>
<b>557</b>	<b>Cost of Services</b>	<b>16,752</b>
<b>(993)</b>	<b>Financing and Investment Income and Expenditure</b>	<b>(848)</b>
0	Interest paid	0
(993)	Interest received	(848)
<b>(436)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(15,904)</b>
0	Other Comprehensive Income and Expenditure	0
<b>(436)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(15,904)</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 2013

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 2012		Notes	31 March 2013
£			£
	<b>Cash and Cash Equivalents</b>		
164,758	Short-term Deposits	7	148,854
<b>164,758</b>	<b>Net Assets</b>		<b>148,854</b>
	<b>Reserves</b>		
164,758	Usable Reserves: Revenue		148,854
<b>164,758</b>	<b>Total Reserves</b>		<b>148,854</b>
The notes on pages 12 to 13 form part of these accounts.			
<b>Provost Robert Moran</b> Chair of the Trustees Inverclyde Council 10 October 2013		<b>Alan Puckrin CPFA</b> Chief Financial Officer Inverclyde Council 10 October 2013	

## **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 2012/13 (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 2011-2012 are shown as appropriate for purposes of comparison.

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

Interest of £848 was received from the local authority (2011-2012 £993). As at 31 March 2013, Inverclyde Council owed the trust £148,854 (2012 £164,758).

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 2012-2013 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 trust employed one part-time worker during the year. The costs are as disclosed in the Income and Expenditure Account.

**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 Valuation Fees and Removal Costs**

No costs were incurred in 2012-2013. 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 a fee of £500 (2011-2012 Nil). 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.

2011-2012		2012-2013	
£		£	
164,322	Balance at 1 April 2012		164,758
	<b>Net Cash (Outflow) from Operating Activities</b>		
(557)	Net surplus/(deficit) on the cost of services	(16,752)	
0	Adjustments for non-cash movements	0	(16,752)
	<b>Net Cash Inflow from Investing Activities</b>		
993	Interest Received		848
0	<b>Net Cash Inflow from Financing Activities</b>		0
<b>164,758</b>	<b>Balance at 31 March 2013</b>		<b>148,854</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)

# McLeod Trust

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## Report and Financial Statements 2012-2013

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Year ended 31 March 2013



Inverclyde  
council

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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 higher education.

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

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

Normally, four or five awards are made each year. Awards were made to five people in September 2012.

The Trustees are the Head and Depute Head Teacher and the Finance Officer of the school plus a chaplain of the school.

If you wish to apply for financial assistance, or you are aware of a person who may wish to apply for financial assistance, then application forms can be obtained by contacting the Head Teacher at McLeod Trust, Port Glasgow High School, Southfield Avenue, Port Glasgow PA14 6PR, Tel: 01475-715200 or e-mail: [information@portglasgow.inverclyde.sch.uk](mailto:information@portglasgow.inverclyde.sch.uk).



Inverclyde  
council





## McLeod Trust

### Trustees' Annual Report: Other Sections



On behalf of the Trustees, I am pleased to present the 2012-2013 Annual Report for the McLeod Trust.

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

#### **Structure, Governance and Management** Governing Document

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

#### Appointment of Trustees

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

#### Organisational Structure

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

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

#### Related Parties

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

#### Risk Management

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

#### Management of Funds and Investment Policy

The Trustees have appointed a firm of external stockbrokers and investment managers to manage the capital funds of the trust. These funds are invested in gilts and shares. Under International Financial Reporting 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 November 2012, 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 revaluation gain on the assets in the financial year is shown in the Comprehensive 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. The deposits with

Inverclyde Council 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.

Cash deposits with the stockbrokers receive interest and this is included in the figure for dividends and interest shown in the Comprehensive Income and Expenditure Account.

### **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, 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 philosophy, law, primary education, chemistry and English literature and language.

### **Financial Review**

#### Income and Expenditure for the Year ended 31 March 2013

The Comprehensive Income and Expenditure Statement on page 9 provides an analysis for the trust of the income and expenditure for the twelve months from 1 April 2012 to 31 March 2013.

The trust made awards totalling £3,100 and incurred investment management fees of £150. On the income side, the trust received £2,535 of investment income from interest and dividends plus £13 from interest on short-term deposits with Inverclyde Council.

The shortfall of £702 was taken from the revenue reserves of £3,754 brought forward.

A revaluation gain of £8,804 on the investments of the trust was added to the capital reserve brought forward of £64,259.

#### Assets and Liabilities at 31 March 2013

The Balance Sheet on page 10 provides an analysis for the trust of the assets and liabilities as at 31 March 2013.

The total reserves of the trust are £76,115; £3,052 held in Revenue

Reserves that are available for the payment of awards at the discretion of the Trustees; and £73,063 in Capital Reserves that are to be retained for capital growth and to provide for the income of the trust.

The Capital Reserves are invested in gilts 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 been in existence for some considerable time and the Trustees consider that its reserves are sufficient.

The Trust has no explicit reserves policy, but the “capital” of the fund is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves.

The Trust has always maintained a healthy balance of Capital and 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 £3,052.

#### **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 while protecting our reserves to safeguard funding for the future.

The awards made exceeded incoming resources during the reporting period and the shortfall of £702 has been taken from the revenue reserves brought forward to give a balance of £3,052 at the year-end.

The trust has a healthy balance of £73,063 of Capital Reserves for the future benefit of students of Port Glasgow High School.

Approved by the Trustees on Twenty Seventh September, Two Thousand and Thirteen and signed on behalf of all Trustees.

**Alan Dick**  
Head Teacher  
Chair of the Trustees  
Port Glasgow High School  
27 September 2013

## **Independent Examiner's Report to the Trustees of McLeod Trust**

I report on the accounts of the charity for the year ended 31<sup>st</sup> March 2013 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 2012/13 (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. 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.

Bruce West FCCA  
Head of Strategic Finance  
Argyll & Bute Council  
27<sup>th</sup> September 2013

Signed:

**McLeod Trust**  
**Movement in Reserves Statement**  
**for the Year ended 31 March 2013**

This statement shows the movement in the year on the two reserves held by the Trust; the Revenue Reserves that can be applied to fund awards and the Capital Reserves that are for capital growth and to provide for income. The Surplus or Deficit on the Provision of Service shows the cost of the operations of the Trust in accordance with accounting practice, more details of which are shown in the Comprehensive Income and Expenditure Account on the next page.

1 April 2011 to 31 March 2012			1 April 2012 to 31 March 2013			
Reserves Revenue	Capital Reserves	Total Usable Reserves		Reserves Revenue	Capital Reserves	Total Usable Reserves
£	£	£		£	£	£
4,466	58,959	63,425	<b>Balance at 1 April</b>	3,754	64,259	68,013
			<b>Movement in Reserves during the Year</b>			
(712)	0	(712)	Surplus or deficit on provision of services	(702)	0	(702)
0	5,300	5,300	Other comprehensive expenditure and income	0	8,804	8,804
(712)	5,300	4,588	Increase or (decrease) in the year	(702)	8,804	8,102
<b>3,754</b>	<b>64,259</b>	<b>68,013</b>	<b>Balance at 31 March carried forward</b>	<b>3,052</b>	<b>73,063</b>	<b>76,115</b>

**McLeod Trust**  
**Comprehensive Income and Expenditure Statement**  
**for the Year ended 31 March 2013**

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

2011-2012		Note	2012-2013
£			£
<b>2,700</b>	<b>Expenditure</b>		<b>3,100</b>
2,700	Awards	4	3,100
0	Governance costs	5	0
<b>(0)</b>	<b>Income</b>		<b>(0)</b>
<b>2,700</b>	<b>Cost of services</b>		<b>3,100</b>
<b>(1,988)</b>	<b>Financing and investment income and expenditure</b>		<b>(2,398)</b>
(15)	Interest received	6	(13)
(2,120)	Dividends received		(2,535)
147	Investment management fee		150
<b>712</b>	<b>Deficit on the provision of services</b>		<b>702</b>
	<b>Other comprehensive income and expenditure</b>		
(5,300)	Surplus on revaluation of financial assets	7	(8,804)
<b>(4,588)</b>	<b>Total comprehensive income and expenditure</b>		<b>(8,102)</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 11 to 12 form part of these financial statements.</p>			

## McLeod Trust Balance Sheet as at 31 March 2013

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 awards or for capital growth.

31 March 2012		Notes	31 March 2013
£			£
	<b>Current assets</b>		
64,259	Long-term investments	7	73,063
3,754	Cash and cash equivalents	8	3,052
<b>68,013</b>	<b>Net assets</b>		<b>76,115</b>
	<b>Usable reserves</b>		
3,754	Revenue reserves		3,052
64,259	Capital reserves		73,063
<b>68,013</b>	<b>Total reserves</b>		<b>76,115</b>
The notes on pages 11 to 12 form part of these accounts.			
<p><b>Alan Dick</b>            Head Teacher            Chair of the Trustees            Port Glasgow High School            27 September 2013</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 2012/13 (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.

##### 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. Dividends and Interest are 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.

##### Investments

Stocks and shares held by the trust are measured and carried at fair value i.e. quoted market price. The capital cash balances held by the Stockbrokers are for capital growth and are classified as part of long-term investments.

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

##### Cash and Cash Equivalents

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

##### Reserves

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

##### Comparative Figures

Figures for 2011-2012 are shown as appropriate for purposes of comparison.

#### **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 £13 was received from the local authority (2011-2012 £15). As at 31 March 2013, Inverclyde Council owed the Trust £1,062 (2012 £2,059). The School Funds held £5 (2012 £74).

### Note 7 Long-term Investments

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

2012 £		2013 £	2013 %
	<b>Portfolio</b>		
17,869	UK Government Bonds	9,911	13.6
32,333	UK Equities	37,371	51.1
12,827	Global Equities	24,442	33.5
1,230	Capital Cash Balance with Stockbrokers	1,339	1.8
<b>64,259</b>	<b>Balance at 31 March 2013</b>	<b>73,063</b>	<b>100.0</b>
<b>5,300</b>	<b>Surplus on Revaluation</b>	<b>8,804</b>	

### 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:

2011-2012 £		2012-2013 £	2012-2013 £
<b>5,696</b>	<b>Balance at 1 April 2012</b>		<b>3,754</b>
2,744	Short-term Deposits with Inverclyde Council	2,059	
1,461	Income Cash Balances with Stockbrokers	1,621	
261	Earmarked Balances in School Funds	74	
<b>(2,700)</b>	<b>Net Cash (Outflow) from Operating Activities</b>		<b>(3,100)</b>
(2,700)	Cost of Services	(3,100)	
<b>1,988</b>	<b>Net Cash Inflow from Investing Activities</b>		<b>2,398</b>
2,135	Interest and Dividends Received	2,548	
(147)	Investment Managers Fees	(150)	
<b>0</b>	<b>Net Cash Inflow from Financing Activities</b>		<b>0</b>
<b>4,984</b>	<b>Balance at 31 March 2013</b>		<b>3,052</b>
2,059	Short-term Deposits with Inverclyde Council	1,062	
1,621	Income Cash Balances with Investment Managers	1,985	
74	Earmarked Balances in School Funds	5	



# Inverclyde council

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