

Public Document Pack

Argyll and Bute Council Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry



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19 September 2016

SUPPLEMENTARY PACK 1

AUDIT COMMITTEE - COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD on FRIDAY, 23 SEPTEMBER 2016 at 11:15 AM

I enclose herewith **OBAN COMMON GOOD STATEMENTS 2015/16** which were not included in **Appendix 3 – Charities Accounts 2015/16 of item 10 (AUDITED FINANCIAL ACCOUNTS)**, for the above meeting.

Douglas Hendry
Executive Director of Customer Services

ADDITIONAL APPENDIX

- 10. AUDITED FINANCIAL ACCOUNTS** (Pages 1 - 16)
Report by Head of Strategic Finance

Audit Committee

Martin Caldwell (Chair)
Councillor Iain MacLean
Sheila Hill (Vice-Chair)

Councillor Michael Breslin
Councillor Richard Trail

Contact: Adele Price-Williams Tel. No. 01546 604408

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Oban Common Good Fund

AUDITED

Annual Report and Financial Statements 2015-2016

For the Year ended 31 March 2016

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OBAN COMMON GOOD FUND
ACCOUNTS
YEAR ENDED 31 MARCH 2016

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OBAN COMMON GOOD FUND

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 MARCH 2016

The trustees present their report and the accounts of the charity for the year ended 31 March 2016.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name Oban Common Good Fund

Charity registration number SC021328

Principal office Strategic Finance
Argyll & Bute Council
Kilmory
Lochgilphead
Argyll & Bute
PA31 8RT

The trustees

The trustees who served the charity during the period were as follows:

Councillor Elaine Robertson
Councillor Iain MacDonald Resigned 11 March 2016
Councillor Alistair MacDougall
Councillor Neil MacIntyre
Councillor Kieron Green Appointed 25 August 2016

Auditor David Jamieson
Audit Scotland
8 Nelson Mandela Place
Glasgow

Bankers Royal Bank of Scotland
George Street
Oban

OBAN COMMON GOOD FUND

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal and Administrative Status

The Oban Common Good Fund is regulated by the Local Government Scotland Act 1973. It is registered as a charity in Scotland, and is recognised as a charity for taxation purposes by H M Revenue & Customs

Recruitment and Appointment of Management Committee

The management committee consisted of four councillors who represent the two wards of Oban.

The councillors are charity trustees for the purposes of charity law and are replaced by their successors during each local government election.

Trustee Induction and Training

Most councillors are already familiar with the work of the charity and attend an introductory meeting with those councillors who continue as trustees to introduce the most recent work of the charity and to introduce current objectives and plans.

Organisational structure

The trustees meet on a quarterly basis to review grant applications and monitor the fund's financial position. The trustees use an agreed distribution policy in order to determine the approval and level of grant assistance made available to the applicant. Approval for grants over £5,000 requires the agreement of all trustees.

The trustees delegate day to day responsibility for the running of the fund to the secretary and fund administrators. The fund administrators were appointed in 2015 following a competitive tender process and are currently Simmers & Co, Chartered Accountants.

Risk Management

The trustees have assessed the major risks to which the charity is exposed, and in particular those related to the finance of the fund, and are satisfied that systems are in place to mitigate exposure to the major risks.

OBJECTIVES AND ACTIVITIES

The fund consists of a Revenue Account and a Capital Account, with the Capital Account being held in perpetuity with no distribution permitted therefrom without the prior consent of Argyll & Bute Council as parent body.

The Revenue Account represents income available for distribution and the Capital invested in perpetuity derives an annual investment income which is available for distribution annually once associated fund costs have been accounted for.

The objectives are to administer the fund having regard to the interests of the inhabitants of the town of Oban. A comprehensive distribution policy provides a framework for grant distributions.

OBAN COMMON GOOD FUND

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

ACHIEVEMENTS AND PERFORMANCE

The Fund agreed to the distribution of £21,366 in grants as detailed in Note 4 on page 10 of the financial statements. Projects support covered a wide spectrum of community activity in Oban arts, sports, economic development and cultural heritage. In the current climate of severe financial constraints, the Trustees recognise that there will continue to be substantial pressures placed on the Fund in terms of the number of applications, which must be balanced against the income to the Fund, which is subject to the vagaries of the stock market. In terms of this latter issue, during the year the trustees transferred the investment funds from the management of Barclays Wealth to CCLA for Charities to increase the ethical approach to investment whilst maintaining a positive return.

FINANCIAL REVIEW

During the year, in line with an agreed policy for all similar funds managed by Argyll & Bute Council, the management of the portfolio of investments was transferred from Barclays Wealth to CCLA for Charities.

Reserves policy

The Oban Common Good Fund invests the capital account in perpetuity in order to generate investment income to distribute annually, the balance of undistributed funds in any year is maintained in a revenue account. This can be used to increase the capital account where the return from the capital account investments shows signs of diminishing in real terms value due to the economic climate.

Stated including the revaluation reserve, the restricted (Investment and Capital) Funds amounted to £4,768,039 and the unrestricted (Income/ Revenue) funds amounted to £282,253 at 31 March 2016. Included within capital funds is property with a net book value of £3,739,680.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Annual Report and the accounts in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

OBAN COMMON GOOD FUND
TRUSTEES' ANNUAL REPORT *(continued)*
YEAR ENDED 31 MARCH 2016

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Audit Scotland have been re-appointed as auditor for the ensuing year.

Approved by the trustees on 23rd September 2016 and signed on their behalf by:

Councillor Elaine Robertson
Trustee

Ms. Kirsty Flanagan FCCA CPFA ACIBS
Honorary Treasurer

23 September 2016

OBAN COMMON GOOD FUND

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF OBAN
COMMON GOOD FUND**

YEAR ENDED 31 MARCH 2016

Independent auditor's report to the trustees of Oban Common Good Fund the Accounts Commission for Scotland

I certify that I have audited the financial statements of Oban Common Good Fund for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

OBAN COMMON GOOD FUND

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF OBAN
COMMON GOOD FUND**

YEAR ENDED 31 MARCH 2016

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In my opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

David Jamieson
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

23 September 2016

David Jamieson is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

OBAN COMMON GOOD FUND
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Investment income	2	44,149	–	44,149	48,336
TOTAL INCOMING RESOURCES		44,149	–	44,149	48,336
RESOURCES EXPENDED					
Costs of generating funds:					
Investment management costs	3	(2,933)	–	(2,933)	(5,451)
Charitable activities	4	(21,366)	–	(21,366)	(34,296)
Governance costs	5	(5,809)	(133,560)	(139,369)	(137,780)
TOTAL RESOURCES EXPENDED		(30,108)	(133,560)	(163,668)	(177,527)
NET OUTGOING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES					
OTHER RECOGNISED GAINS AND LOSSES (Losses)/gains on investment assets	6	14,041	(133,560)	(119,519)	(129,191)
NET MOVEMENT IN FUNDS RECONCILIATION OF FUNDS		(68,025)	(133,560)	(201,585)	(84,577)
Total funds brought forward		350,278	4,901,599	5,251,877	5,336,454
TOTAL FUNDS CARRIED FORWARD		282,253	4,768,039	5,050,292	5,251,877

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 9 to 13 form part of these accounts.

OBAN COMMON GOOD FUND

BALANCE SHEET

31 MARCH 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	9	3,739,680	3,873,240
Investments	10	1,262,385	1,347,384
		<u>5,002,065</u>	<u>5,220,624</u>
CURRENT ASSETS			
Debtors	11	13,703	–
Cash at bank		37,482	31,253
		<u>51,185</u>	<u>31,253</u>
CREDITORS: Amounts falling due within one year			
	12	(2,958)	–
		<u>–</u>	<u>–</u>
NET CURRENT ASSETS		48,227	31,253
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,050,292</u>	<u>5,251,877</u>
NET ASSETS		<u>5,050,292</u>	<u>5,251,877</u>
FUNDS			
Restricted income funds	13	4,768,039	4,901,599
Unrestricted income funds	14	282,253	350,278
TOTAL FUNDS		<u>5,050,292</u>	<u>5,251,877</u>

These accounts were approved by the members of the committee and authorised for issue on 23 September 2016 and are signed on their behalf by:

Councillor Elaine Robertson
Trustee

Ms. Kirsty Flanagan FCCA CPFA ACIBS
Honorary Treasurer

The notes on pages 9 to 13 form part of these accounts.

OBAN COMMON GOOD FUND

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, except for investments which are included at market value and the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' effective January 2015 (SORP 2015).

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property - Straight line over 30 years

2. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Income from UK listed investments	44,130	44,130	48,179
Bank interest receivable	19	19	157
	<u>44,149</u>	<u>44,149</u>	<u>48,336</u>

3. INVESTMENT MANAGEMENT COSTS

	Unrestricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Investment management fees	2,933	2,933	5,451
	<u>2,933</u>	<u>2,933</u>	<u>5,451</u>

Following a change in investment managers the costs of fund management are no longer charged to the charity but paid centrally by Argyll & Bute Council.

OBAN COMMON GOOD FUND

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Grants awarded	21,366	21,366	34,296

Analysis of grants awarded

	£
Grab Trust – support for equipment	3,000
Decade Events – support for concert	3,000
Hope Kitchen – equipment grant	3,000
Winter Festival – grant for event	2,000
MOD – grant for running costs	500
Oban Tennis Club – replacement of courts	2,500
Soroba Young Families – physical activity	3,366
Oban Gaelic Choir – trip to Italy	3,000
MacQueen Charitable Trust – street party	500
Oban Cruise Group – marketing materials	500
	21,366

5. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Accountancy Fees	5,799	-	5,799	4,210
Other financial costs	10	-	10	10
Depreciation	-	133,560	133,560	133,560
	5,809	133,560	139,369	137,780

6. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

	2016 £	2015 £
Depreciation	133,560	133,560
Auditors' remuneration: - audit of the financial statements	-	-

7. FUND TRANSFERS

There were no fund transfers in the year.

OBAN COMMON GOOD FUND

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

8. STAFF COSTS AND EMOLUMENTS

No salaries or wages have been paid to employees, including the members of the committee, during the year.

9. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1 April 2015 and 31 March 2016	4,006,800
DEPRECIATION	
At 1 April 2015	133,560
Charge for the year	133,560
At 31 March 2016	267,120
NET BOOK VALUE	
At 31 March 2016	3,739,680
At 31 March 2015	3,873,240

Oban Common Good Fund have leased the Oban Swimming Pool to Oban and Lorn Community Enterprise Ltd (OLCE) for a peppercorn rent. The Oban Common Good Fund has classified this as an operating lease recognising the totality of the arrangement with OLCE :-

- OLCE have since 1994, fundraised and built a multi-purpose sports facility to compliment the original swimming pool.
- Argyll and Bute Council provide an annual operating subsidy, (£438k plus VAT 2015/16), towards the running costs of the facility.
- At expiry of the lease in 2037, the facility will revert back to the Oban Common Good.

The Oban Swimming Pool was transferred to the Oban Common Good Fund in 1995 but only recognised in the 2013 accounts with an effective transfer date of 1 April 2012. At that date, the building was transferred at a historic cost of £1,088,392 and accumulated depreciation of £424,323. The building was subsequently revalued by Argyll and Bute Council on 31 March 2014 on a Depreciation Replacement Costs basis.

OBAN COMMON GOOD FUND

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

10. INVESTMENTS

Movement in market value

	2016 £	2015 £
Market value at 1 April 2015	1,347,384	1,303,845
Acquisitions at cost	1,246,606	67,357
Disposals at opening book value	(1,327,384)	(65,809)
Net (loss) gains on revaluations in the year ended 31 March 2016	(4,221)	41,991
	<u>1,262,385</u>	<u>1,347,384</u>
Market value at 31 March 2016	<u>1,262,385</u>	<u>1,347,384</u>
Historical cost at 31 March 2016	<u>1,266,606</u>	<u>863,028</u>

Analysis of investments at 31 March 2016 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Listed investments				
Narrower range investments - b/f	-	-	-	227,579
Other investments				
Other UK Investments	234,026	1,028,359	1,262,385	971,809
UK Cash held as part of Portfolio	-	-	-	147,996
	<u>234,026</u>	<u>1,028,359</u>	<u>1,262,385</u>	<u>1,347,384</u>

11. DEBTORS

	2016 £	2015 £
Other debtors	13,703	-
	<u>13,703</u>	<u>-</u>

12. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Accruals	2,958	-
	<u>2,958</u>	<u>-</u>

13. RESTRICTED INCOME FUNDS

	Balance at 1 Apr 2015 £	Outgoing resources £	Transfers £	Balance at 31 Mar 2016 £
Investment Funds	1,028,359	-	-	1,028,359
Oban Swimming Pool	3,873,240	(133,560)	-	3,739,680
	<u>4,901,599</u>	<u>(133,560)</u>	<u>-</u>	<u>4,768,039</u>

OBAN COMMON GOOD FUND

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

13. RESTRICTED INCOME FUNDS (cont.)

Purposes of restricted funds

The Oban swimming pool asset was transferred to the Oban Common Good Fund in 1995, but was only recognised in the 2013 accounts with an effective transfer date of 1 April 2012. In the year to 31 March 2014, the entire Atlantis Leisure facility was recognised in the Balance Sheet.

14. UNRESTRICTED INCOME FUNDS

	Balance at 1 Apr 2015	Incoming resources	Outgoing resources	Gains and losses	Balance at 31 Mar 2016
	£	£	£	£	£
General Funds	350,278	44,149	(29,450)	(82,724)	282,253

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investment s	Net current assets	Total
	£	£	£	£
Restricted Fund	3,739,680	1,028,359	-	4,768,039
Unrestricted Funds	-	234,026	48,227	282,253
Total Funds	3,739,680	1,262,385	48,227	5,050,292

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