

Public Document Pack

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry



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22 November 2022

SUPPLEMENTARY PACK 1

**ARGYLL AND BUTE COUNCIL - ON A HYBRID BASIS IN THE COUNCIL CHAMBER,
KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS on THURSDAY, 24 NOVEMBER
2022 at 10:30 AM**

I enclose herewith Briefing Note in relation to **item 12 (2021-22 AUDITED ANNUAL ACCOUNTS - Report by Section 95 Officer)** which was not included on the Agenda for the above meeting.

Douglas Hendry
Executive Director

ADDITIONAL ITEM

12. 2021-22 AUDITED ANNUAL ACCOUNTS

Briefing Note (Pages 3 - 26)

Argyll and Bute Council

Contact: Hazel MacInnes Tel: 01546 604269

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ARGYLL AND BUTE COUNCIL**COUNCIL****FINANCIAL SERVICES****24 NOVEMBER 2022**

ADJUSTMENTS TO 2021-22 AUDITED ANNUAL ACCOUNTS

1. INTRODUCTION

- 1.1 The following briefing note highlights changes to the Annual Accounts that were made after the agenda papers were issued for this meeting.

2. DETAIL**2.1 *Statement of Movement in Reserves (SMIR) and Group Statement of Movement in Reserves***

Audit Scotland required us to move £3.746m previously included in the "Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historical cost" line down to the bottom of the SMIR statement in a new line called "Adjustments permitted by Accounting Standards for depreciation that is related to the revaluation balance rather than historical cost".

This was required because the adjustment for depreciation relating to a revalued amount rather than the historic cost is to be treated as Other Transfers because it is permitted by Accounting Standards and not a Statutory Adjustment.

This is a presentational issue and in no way impacts the bottom line figures therefore did not seem necessary to re-issue the Financial Statements.

2.2 *Oban Common Good*

Audit Scotland requested that Simmers & Co, who prepare the Oban Common Good accounts, make an adjustment in relation to the Cash and Cash Equivalents figure. The balance sheet had incorrectly included the bank overdraft figure of £163 in the creditors line when it should have been included within the cash and cash equivalents line. This also impacted the presentation of notes 18, 20 and 21. There were also some small changes made to narrative throughout the accounts.

The updated accounts for Oban Common Good are included in Appendix 1.

3. CONCLUSION

- 3.1 This briefing note advises members on subsequent changes to the Financial Statements since the agenda pack was issued that will be included within the signed version of the Annual Accounts.

Kirsty Flanagan
Executive Director/Section 95 Officer
22 November 2022

Appendix 1 – Updated Financial Statements for Oban Common Good

For further information contact Anne Blue, Head of Financial Services
Anne.Blue@argyll-bute.gov.uk

Oban Common Good Fund

**Trustees' Report and Financial Statements
for the year ended 31 March 2022**

Charity number SC021328



Simmers & Co
Chartered Accountants
OBAN

Oban Common Good Fund

Financial Statements

Year ended 31 March 2022

	Page
Trustees' annual report	1
Independent auditor's report to the trustees of the Oban Common Good Fund and Accounts Commission	5
Statement of financial activities	8
Balance Sheet	9
Statement of cash flows	10
Notes to the financial statements	11

Oban Common Good Fund

Trustees' Annual Report

Year ended 31 March 2022

The trustees present their report and the financial statements of the charity for the year ended 31 March 2022.

Reference and administrative details

Registered charity name Oban Common Good Fund

Charity registration number SC021328

Principal office Argyll & Bute Council Area office
Kilmory
Lochgilphead
PA31 8RT

The trustees

Councillor E Robertson	(Retired 5 May 2022)
Councillor Sir J McGrigor	(Retired 5 May 2022)
Councillor J Lynch	
Councillor K Green	
Councillor A Kain	(Appointed 19 May 2022)
Councillor L Martin	(Appointed 19 May 2022)

Charity secretary Ms Kirsty Flanagan FCCA CPFA ACIBS

Auditor Kyle McAulay CA
Audit Scotland
8 Nelson Mandela Place
Glasgow

Bankers The Royal Bank of Scotland
26 George Street
Oban
Argyll
PA34 5SB

Oban Common Good Fund

Trustees' Annual Report (continued)

Year ended 31 March 2022

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 three councillors who represent the two wards of Oban plus one further councillor.

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 and reappointed in 2018 and 2021 following competitive tender processes 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 2022

Achievements and performance

The Fund agreed to the distribution of 15 grants totalling £48,560 (2021 8 grants totalling £20,604) as detailed in Note 3 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, management of the funds is delegated to CCLA Investment Management for Charities (CCLA) to increase the ethical approach to investment whilst maintaining a positive return.

Financial review

The funds result for the year was a surplus on unrestricted funds of £1,291,598 (2021 – deficit £18,399 - restated) and a surplus on restricted funds of £129,928 (2021 - £257,824 restated). Surpluses are generated from the growth in value of the investment and, in 2022, the revaluation the property asset fund.

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.

At the year end, the restricted funds amounted to £1,635,417 (2021 - £1,505,489 restated) and the unrestricted funds amounted to £6,347,694 (2021 - £5,056,096 restated). Included within capital funds is property with a net book value of £5,858,000 (2021 - £4,598,000).

Following a review of Statement of Recommended Practice 2019, the trustees concluded that the disclosure of the revaluation reserve arising from the revaluation of the Atlantis Swimming Pool building in 2019 was more appropriately classed as unrestricted funds. As this change resulted in a material adjustment to the accounts, the previous years accounts were restated. A further valuation was carried out on 31 March 2022 and reflected in these accounts.

Plans for future periods

The trustees recognise that the current pandemic is having serious impacts on the town of Oban and will look to assist where possible to mitigate the effects whilst carefully monitoring the fund's investment performance to ensure its long-term sustainability.

Trustees' responsibilities statement

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law 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.

Oban Common Good Fund

Trustees' Annual Report (continued)

Year ended 31 March 2022

In preparing these 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 accounting estimates on a reasonable basis;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustees Investments (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006, and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' annual report was approved on 24 November 2022 and signed on behalf of the board of trustees by:

Councillor A Kain
Trustee

Ms Kirsty Flanagan FCCA CPFA ACIBS
Charity Secretary

**Independent Auditor's Report to the Trustees of Oban Common Good Fund and the
Accounts Commission**

Year ended 31 March 2022

Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of the Oban Common Good Fund for the year ended 31 March 2022 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2022 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; and
- 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK)(ISAs(UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework. And for such internal control as the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Independent Auditor's Report to the Trustees of Oban Common Good Fund and the
Accounts Commission (continued)**

Year ended 31 March 2022

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees intend to discontinue the charity's operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website <https://www.frc.org.uk>. This description forms part of my auditor's report.

Reporting on other requirements

Other information

The trustees are responsible for other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

**Independent Auditor's Report to the Trustees of Oban Common Good Fund and the
Accounts Commission (continued)**

Year ended 31 March 2022

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinion prescribed by the Accounts Commission on the Trustees' Annual Report

In my opinion, based on the work undertaken in the course of the audit, 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 and that report has been prepared in accordance with the Charities SORP (FRS 102).

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.

Use of my report

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 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Kyle McAulay CA
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT**

24 November 2022

Kyle McAulay 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 2022

		Unrestricted funds	2022 Restricted funds	Total funds	2021 Total funds (restated)
	Note	£	£	£	£
Income and endowments					
Donations and legacies	4	3,572	–	3,572	3,281
Investment income	5	55,051	–	55,051	53,662
Total income		<u>58,623</u>	<u>–</u>	<u>58,623</u>	<u>56,943</u>
Expenditure					
Expenditure on charitable activities	6,7	160,046	-	160,046	131,936
Total expenditure		<u>160,046</u>	<u>-</u>	<u>160,046</u>	<u>131,936</u>
Net gains on investments	8	(28,521)	(129,928)	(158,449)	(314,418)
Net income and net movement in funds		<u>(72,902)</u>	<u>129,928</u>	<u>57,026</u>	<u>239,425</u>
Other recognised gains and losses					
Gains from revaluation of fixed assets		1,364,500	-	1,364,500	-
New movement in funds		<u>1,291,598</u>	<u>129,928</u>	<u>1,421,526</u>	<u>-</u>
Reconciliation of funds					
Total funds brought forward		5,056,096	1,505,489	6,561,585	6,322,160
Total funds carried forward		<u>6,347,694</u>	<u>1,635,417</u>	<u>7,983,111</u>	<u>6,561,585</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 11 to 21 form part of these financial statements.

Oban Common Good Fund

Balance Sheet

31 March 2022

	Note	2022 £	£	2021 (Restated) £
Fixed assets				
Tangible fixed assets	14		5,858,000	4,598,000
Investments	15		2,014,410	1,855,961
			<u>7,872,410</u>	<u>6,453,961</u>
Current assets				
Debtors	16	13,847		13,509
Cash at bank and in hand		138,870		103,395
		<u>152,717</u>		<u>116,904</u>
Creditors: amounts falling due within one year	18	42,016		9,280
			<u>110,701</u>	<u>107,624</u>
Net current assets			<u>7,983,111</u>	<u>6,561,585</u>
Total assets less current liabilities			<u>7,983,111</u>	<u>6,561,585</u>
Net assets			<u>7,983,111</u>	<u>6,561,585</u>
Funds of the charity				
Restricted funds			1,635,417	1,505,489
Unrestricted funds				
Revaluation reserve		5,193,931		3,981,154
Other unrestricted income funds		1,153,763		1,074,942
			<u>6,347,694</u>	<u>5,056,096</u>
Total unrestricted funds			<u>6,347,694</u>	<u>5,056,096</u>
Total charity funds	19		<u>7,983,111</u>	<u>6,561,585</u>

These financial statements were approved by the board of trustees and authorised for issue on 24 November 2022, and are signed on behalf of the board by:

Councillor A Kain
Trustee

The notes on pages 11 to 21 form part of these financial statements.

Oban Common Good Fund

Statement of Cash Flows

Year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net income		57,026	239,425
<i>Adjustments for:</i>			
Depreciation of tangible fixed assets		104,500	104,500
Net gains on investments		(158,449)	(314,418)
Dividends, interest and rents from investments		(55,039)	(53,626)
Other interest receivable and similar income		(12)	(36)
Accrued expenses/(income)		32,736	(3,958)
<i>Changes in:</i>			
Trade and other debtors		(338)	–
Cash generated from operations		<u>(19,576)</u>	<u>(28,113)</u>
Interest received		12	36
Net cash used in operating activities		<u><u>(19,564)</u></u>	<u><u>(28,077)</u></u>
Cash flows from investing activities			
Dividends, interest and rents from investments		55,039	53,626
Net cash from investing activities		<u><u>55,039</u></u>	<u><u>53,626</u></u>
Net increase in cash and cash equivalents		35,475	25,549
Cash and cash equivalents at beginning of year		103,395	77,846
Cash and cash equivalents at end of year	17	<u><u>138,870</u></u>	<u><u>103,395</u></u>

The notes on pages 11 to 21 form part of these financial statements.

Oban Common Good Fund

Notes to the Financial Statements

Year ended 31 March 2022

1. General information

The charity is a public benefit entity and a registered charity in Scotland and is unincorporated. The address of the principal office is Argyll & Bute Council, Kilmory, Lochgilphead, PA31 8RT.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended).

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

3. Accounting policies (continued)

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Oban Common Good Fund

Notes to the Financial Statements (*continued*)

Year ended 31 March 2022

3. Accounting policies (*continued*)**Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

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

Freehold property - Straight line over 40 years

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value taken through income or expenditure. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Oban Common Good Fund**Notes to the Financial Statements (continued)****Year ended 31 March 2022****3. Accounting policies (continued)**

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value taken through income or expenditure. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

3. Accounting policies (continued)

Financial Policies (continued)

payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Donations				
Donations	3,572	3,572	3,281	3,281

5. Investment income

	Unrestricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Total Funds 2021 £
Income from listed investments	55,039	55,039	53,626	53,626
Bank interest receivable	12	12	36	36
	55,051	55,051	53,662	53,662

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

6. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Grant awards	48,560	-	48,560
Support costs	111,486	-	111,486
	<u>160,046</u>	<u>-</u>	<u>160,046</u>
	Unrestricted Funds (Restated) £	Restricted Funds (Restated) £	Total Funds 2021 (Restated) £
Grant awards	20,605	-	20,605
Support costs	111,331	-	111,331
	<u>131,936</u>	<u>-</u>	<u>131,936</u>

7. Expenditure on charitable activities by activity type

	Grant funding of activities £	Support costs £	Total funds 2022 £	Total fund 2021 £
Grant awards	48,560	-	48,560	20,605
Governance costs	97,312	14,174	111,486	111,331
	<u>145,872</u>	<u>14,174</u>	<u>160,046</u>	<u>131,936</u>

Grants awarded

	£
Friends of Oban Community Play Park	560
Community equipment	350
Oban Community Council – Xmas Lights	5,000
Camanchd Association	3,000
Oban Winter Festival	2,000
Argyllshire Gathering Trust	500
Adventure Oban	5,000
Oban Celtic	5,000
Oban and Ganavan Heritage ~Society	3,456
Oban High School Parent Council	15,400
Oban Sailing Club	995
Lorn Drama Club	1,000
Hebridean Outdoor Pursuits	2,925
Oban Gaelic Choir	1,250
Oban FM	6,000
Grant award reductions and refunds	(3,876)
Total	48,560

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

8. Net gains on investments

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Gains/(losses) on other investment assets	28,521	129,928	158,449

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Gains/(losses) on other investment assets	56,594	257,824	314,418

9. Net income

Net income is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	104,500	104,500

10. Auditors remuneration

	2022 £	2021 £
Fees payable for the audit of the financial statements	3,572	3,281

11. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2022 £	2021 £
	Nil	Nil

The average head count of employees during the year was Nil (2021: Nil).

No employee received employee benefits of more than £60,000 during the year (2021: Nil).

12. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees (2021 - none).

13. Transfers between funds

There were no fund transfers in the year (2021 – none).

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

14. Tangible fixed assets

	Land and buildings £
Cost	
At 1 April 2021	4,950,000
Revaluations	908,000
	<u>5,858,000</u>
At 31 March 2022	<u>5,858,000</u>
Depreciation	
At 1 April 2021	352,000
Charge for the year	104,500
Revaluations	(456,500)
	<u>-</u>
At 31 March 2022	<u>-</u>
Carrying amount	
At 31 March 2022	<u>5,858,000</u>
At 31 March 2021	<u>4,598,000</u>

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, (£515,323 excluding VAT – 2021/22, £488,688 (2020/21)), towards the running costs of the facility.
- At expiry of the lease in 2037, the facility will revert back to the Oban Common Good Fund.

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 subject to full revaluation by Argyll and Bute Council on 31 March 2019 on a Depreciation Replacement Costs basis.

The asset was subject to desktop revaluation on 31 March 2022 at £5,858,000 with an estimated useful life of 40 years.

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

15. Investments

	Other investments £
Cost or valuation	
At 1 April 2021	1,855,961
Additions	-
Other movements	158,449
At 31 March 2022	<u>2,014,410</u>
Impairment	
At 1 April 2021 and 31 March 2022	<u>-</u>
Carrying amount	
At 31 March 2022	<u>2,014,410</u>
At 31 March 2021	<u>1,855,961</u>

All investments shown above are held at valuation.

16. Debtors

	2022 £	2021 £
Other debtors	<u>13,847</u>	<u>13,509</u>

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2022 £	2021 £
Cash at bank and in hand	139,033	103,395
Bank overdrafts	(163)	-
	<u>138,870</u>	<u>103,395</u>

18. Creditors: amounts falling due within one year

	2022 £	2021 £
Accruals and deferred income	42,016	9,280
	<u>42,016</u>	<u>9,280</u>

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

19. Analysis of charitable funds

Unrestricted funds

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 March 2022 £
General funds	1,074,942	58,623	(160,046)	90,480	89,764	1,153,763
Oban swimming pool	3,891,154	-	-	(90,480)	1,303,257	5,193,931
	<u>5,056,096</u>	<u>58,623</u>	<u>(160,046)</u>	<u>-</u>	<u>1,393,021</u>	<u>6,347,694</u>

	At 1 April 2020 (restated) £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 March 2021 (Restated) £
General funds	1,002,861	56,943	(131,936)	90,480	56,594	1,074,942
Oban swimming pool	4,071,634	-	-	(90,480)	-	3,981,154
	<u>5,074,495</u>	<u>56,943</u>	<u>(131,936)</u>	<u>-</u>	<u>56,594</u>	<u>5,056,096</u>

Restricted funds

	At 1 April 2021 £	Income £	Expenditure £	Gains and losses £	At 31 March 2022 £
Investment funds	1,505,489	-	-	129,928	1,635,417
	<u>1,505,489</u>	<u>-</u>	<u>-</u>	<u>129,928</u>	<u>1,635,417</u>

	At 1 April 2020 (Restated) £	Income £	Expenditure £	Gains and losses £	At 31 March 2021 (restated) £
Investment funds	1,247,665	-	-	257,824	1,505,489
	<u>1,247,665</u>	<u>-</u>	<u>-</u>	<u>257,824</u>	<u>1,505,489</u>

Following a review of the Statement of Recommended Practice 2019, the charity changed the disclosure of the revaluation reserve in 2021 relating to the full revaluation of the Oban Swimming Pool in 2019. As the amount was material it was appropriate to restate the balances for restricted, and unrestricted funds. A further desktop revaluation exercise was undertaken at 31 March 2022 and is reflected in these accounts.

Oban Common Good Fund

Notes to the Financial Statements (continued)

Year ended 31 March 2022

20. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Tangible fixed assets	5,858,000	-	5,858,000
Investments	378,993	1,635,417	2,014,410
Current assets	152,717	-	152,717
Creditors less than 1 year	(42,016)	-	(42,016)
Net assets	6,347,694	1,635,417	7,983,111

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 (restated) £
Tangible fixed assets	4,598,000	-	4,598,000
Investments	280,868	1,575,093	1,855,961
Current assets	116,904	-	116,904
Creditors less than 1 year	(9,280)	-	(9,280)
Net assets	5,056,096	1,575,093	6,561,585

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2022 £	2021 £
Financial assets measured at fair value through income and expenditure		
Financial assets measured at fair value through income and expenditure	8,025,127	6,570,865
Financial liabilities measured at fair value through income and expenditure		
Financial liabilities measured at fair value through income and expenditure	42,016	9,280

22. Analysis of changes in net debt

	At 1 Apr 2021 £	Cash flows £	At 31 Mar 2022 £
Cash at bank and in hand	103,395	35,638	139,033
Bank overdrafts	-	(163)	(163)
	103,395	35,475	138,870