

**Charity number: SC021328**

**Oban Common Good Fund**  
**Trustees' report and financial statements**  
**for the year ended 31 March 2014**

## **Oban Common Good Fund**

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## **Oban Common Good Fund**

### **Report of the trustees for the year ended 31 March 2014**

The trustees present their report and the financial statements for the year ended 31 March 2014. The trustees who served during the year and up to the date of this report are set out on page 1.

#### **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 HM Revenue & Customs.

##### *Recruitment and appointment of Management Committee*

The management committee now consists 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 are appointed following a tendering process and the current administrators are R A Clement Associates, 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.

#### **Achievements and performance**

The Fund agreed the distribution of £26,330 in grants as detailed at Note 3 on page 8 of the financial statements. Projects supported covered a wide spectrum of community activity in Oban arts, sports, economic development and cultural heritage. In the current climate of severe public finance constraints the Trustees recognise that there will 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 the Trustees would wish to express their gratitude to the Fund's Investment Brokers for their diligence.

## **Oban Common Good Fund**

### **Legal and administrative information**

<b>Charity number</b>	SC021328
<b>Business address</b>	Argyll & Bute Council Area Office Lorn House Albany Street Oban PA34 4AW
<b>Trustees</b>	Councillor Elaine Robertson Councillor Iain MacDonald Councillor Fred Hall Councillor Alistair MacDougall
<b>Secretary</b>	Shirley MacLeod, Area Governance Manager
<b>Auditors</b>	Audit Scotland  8 Nelson Mandela Place Glasgow G2 1BT
<b>Investment Advisors</b>	Barclays Wealth Aurora Building 120 Bothwell Street Glasgow G2 7JT

## **Oban Common Good Fund**

### **Report of the trustees for the year ended 31 March 2014**

#### **Financial review**

##### *Investment policy*

An independent stockbroker, Barclays Wealth, manages the portfolio of invested revenue and capital funds. Any excess funds in the commercial current account are invested on a regular basis using a mirrored deposit account.

##### *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 value where the return from the capital account investments shows signs of diminishing in real term value due to the economic climate.

Stated including the revaluation reserve, the restricted (Investment/Capital) Funds amount to £5,004,727 and the unrestricted (Income/Revenue) Funds amount to £331,727 at 31 March 2014. Included within capital funds in property with a Net Book Value of £555,230.

In conjunction with Barclays Wealth, the portfolio has been split between Capital and Revenue and furthermore by narrower and wider investments from 31st March 2010.

The investments were shown at market value at 31st March 2009, though the Revenue Account balance was effectively stated at original cost and the balance shown as Capital until such time that the portfolio could be further allocated.

The basis of the allocation has been as follows. All narrower range investments are held in the Capital Fund; the wider range of investments were allocated pro-rata based on the original cost figures at 31 March 2002 of the Revenue and Capital funds after first taking account of the capital narrower range investments.

#### **Statement as to disclosure of information to auditors**

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## **Oban Common Good Fund**

### **Report of the trustees for the year ended 31 March 2014**

#### **Statement of trustees' responsibilities**

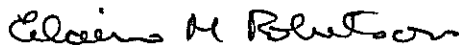
The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of charity and of the incoming resources and application of resources of the charity for that year. 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 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which 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 Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and the Local Government Scotland Act 1973. 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.

Approved and authorised for issue by the trustees on 25th September 2014 and signed on their behalf by:



**Elaine Robertson**  
Trustee



**Bruce West**  
Honorary Treasurer

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

I have audited the financial statements of the Oban Common Good for the year ended 31 March 2014 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 the financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2014 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.

**Other matter - unaudited comparative amounts**

The financial statements for the year ended 31 March 2013 were not audited. The comparative amounts in the financial statements for the year ended 31 March 2014 are therefore unaudited.

**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.



Fiona Mitchell-Knight  
 Assistant Director, Audit Services  
 Audit Scotland  
 4th Floor, The Athenaeum Building  
 8 Nelson Mandela Place, Glasgow, G2 1BT

30 September 2014

Fiona Mitchell-Knight 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

For the year ended 31 March 2014

	Notes	Revenue funds £	Capital funds £	2014 Total £	2013 Total £
<b>Incoming resources</b>					
Incoming resources from generating funds:					
Investment income	2	50,331	-	50,331	50,897
<b>Total incoming resources</b>		<u>50,331</u>	<u>-</u>	<u>50,331</u>	<u>50,897</u>
<b>Resources expended</b>					
Costs of generating funds:					
Investment management costs		2,588	-	2,588	4,039
Charitable activities		31,010	108,839	139,849	159,578
Governance costs	4	23	-	23	8
<b>Total resources expended</b>		<u>33,621</u>	<u>108,839</u>	<u>142,460</u>	<u>163,625</u>
<b>Net incoming/(outgoing) resources before transfers</b>		16,710	(108,839)	(92,129)	(112,728)
Transfer between funds		(20,323)	20,323	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		(3,613)	(88,516)	(92,129)	(112,728)
<b>Other recognised gains and losses</b>					
Movement on Revaluation of assets - Capital	6	-	3,476,792	3,476,792	96,361
Realised Gains on investment assets		4,666	11,422	16,088	9,867
Movement on Revaluation of investment assets - Revenue fund		12,418	-	12,418	32,850
<b>Net movement in funds</b>		<u>13,471</u>	<u>3,399,698</u>	<u>3,413,169</u>	<u>26,350</u>
Total funds brought forward		318,256	1,605,029	1,923,285	1,126,858
Prior year adjustment		-	-	-	770,077
Restated total funds brought forward		<u>318,256</u>	<u>1,605,029</u>	<u>1,923,285</u>	<u>1,896,935</u>
<b>Total funds carried forward</b>		<u>331,727</u>	<u>5,004,727</u>	<u>5,336,454</u>	<u>1,923,285</u>

The notes on pages 9 to 14 form an integral part of these financial statements.

## Oban Common Good Fund

### Balance sheet as at 31 March 2014

	Notes	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		4,006,800		664,069
Investments - wider & narrower range	7		1,283,845		1,230,450
Oban Livestock preference shares			20,000		20,000
			<u>5,310,645</u>		<u>1,914,519</u>
<b>Current assets</b>					
Debtors	8	324		324	
Cash at bank and in hand		26,045		9,002	
		<u>26,369</u>		<u>9,326</u>	
<b>Creditors: amounts falling due within one year</b>					
	9	(560)		(560)	
<b>Net current assets</b>					
			<u>25,809</u>		<u>8,766</u>
<b>Net assets</b>					
			<u>5,336,454</u>		<u>1,923,285</u>
<b>Funds</b>					
	10				
Capital funds			5,004,727		1,605,029
Unrestricted revenue funds			331,727		318,256
<b>Total funds</b>					
			<u>5,336,454</u>		<u>1,923,285</u>

Approved and authorised for issue by the trustees on 25th September 2014 and signed on their behalf by:

**Elaine Robertson**  
Trustee

**Bruce West**  
Honorary Treasurer

The notes on pages 9 to 14 form an integral part of these financial statements.

## Oban Common Good Fund

### Notes to financial statements for the year ended 31 March 2014

#### 1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

##### 1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and the Charities and Trustee Investment (Scotland) Act 2005.

##### 1.2. Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Income from investments is included in the year in which it is receivable.

##### 1.3. Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

##### 1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties                      -     Straight line over the life of the lease

##### 1.5. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

A firm of investment managers advise on the investment of the charity's portfolio.

## Oban Common Good Fund

### Notes to financial statements for the year ended 31 March 2014

#### 2. Investment income

	Unrestricted funds £	2014 Total £	2013 Total £
Income from UK listed investments	50,255	50,255	50,873
Bank interest receivable	76	76	24
	<u>50,331</u>	<u>50,331</u>	<u>50,897</u>

#### 3. Costs of charitable activities - by activity

	Activities undertaken directly £	Grant funding activities £	Support costs £	2014 Total £	2013 Total £
Grants Awarded	-	26,330	4,680	31,010	53,570
Depreciation of building	108,839	-	-	108,839	106,008
	<u>108,839</u>	<u>26,330</u>	<u>4,680</u>	<u>139,849</u>	<u>159,578</u>

Oban Phoenix Cinema - digital projector	4,500
Highlands & Islands Music & Dance festival	1,150
Lorn Highland Games - trophies	650
Oban Camanachd Club - helmets	1,000
Oban Community Council - Kells Town council visit	500
West Highland Tennis championships - support for tournament	1,000
3rd Oban Guides - International Camp trips	750
Durty Events - Tropies & portable toilets for triathlon	817
Hogmanay for Oban - stage, lights, generator, acts and security	3,000
Oban War & Peace Museum - to pay off loan	2,500
Home Start Lorn - for events celebrating their 25th anniversary	555
Oban Fireworks Group - for Oban Fireworks	1,393
Oban Winter Festival - to support event	2,500
Oban High School Parent Council - toward purchase of two minibuses	2,000
Oban Hospice - toward replacing Christmas lighting	1,515
Lorn Group Scottish Womens' Rural Institutes	500
Oban FM - toward backup transmitter	1,000
Hope to Oban - developing walled garden	4,000
<b>less grants accrued last year - funding not required</b>	
Scottish Chamber Orchestra - for venue	(1,000)
Town Centre Traders - for Christmas lights	(2,000)
	<u>26,330</u>

## Oban Common Good Fund

### Notes to financial statements for the year ended 31 March 2014

#### 4. Governance costs

	Unrestricted funds £	2014 Total £	2013 Total £
Other charges	23	23	8
	<u>23</u>	<u>23</u>	<u>8</u>

#### 5. Employees

##### Employment costs

No salaries or wages have been paid to employees, including the trustees, during the year.

No trustee received any remuneration, benefits in kind or reimbursement of expenses during the year.

#### 6. Tangible fixed assets

	Long leasehold property £	Total £
<b>Cost or valuation</b>		
At 1 April 2013	1,088,392	1,088,392
Revaluation	2,918,408	2,918,408
At 31 March 2014	<u>4,006,800</u>	<u>4,006,800</u>
<b>Depreciation</b>		
At 1 April 2013	424,323	424,323
Charge for the year	108,839	108,839
On disposals	(533,162)	(533,162)
At 31 March 2014	-	-
<b>Net book values</b>		
At 31 March 2014	<u>4,006,800</u>	<u>4,006,800</u>
At 31 March 2013	<u>664,069</u>	<u>664,069</u>

Oban Common Good lease the Oban Swimming Pool to Oban and Lorn Community Enterprise Ltd for a peppercorn rent. Oban and Lorn Community Enterprise Ltd some 21 years ago fundraised and built a multi purpose sports and leisure facility to complement the original swimming pool. The Common Good Fund has classified this as an operating lease recognising the totality of the arrangement with Oban and Lorn Community Business. Argyll and Bute Council contributed £424k in 2013-14 towards the running costs of the facility and at the expiry of the lease the facility will revert in whole to Oban Common Good. The building at Atlantis Leisure Centre, Oban, included under Long Leasehold property, was revalued on 31 March 2014 by Argyll & Bute Council on a Depreciated Replacement Cost basis.

**Oban Common Good Fund**

**Notes to financial statements  
for the year ended 31 March 2014**

	Narrow range investments		Cash held as part of investment portfolio		Wider range & other investments		Total
	£	£	£	£	£	£	£
<b>7. Fixed asset investments</b>							
<b>Valuation</b>							
At 1 April 2013	298,658	25,767		926,025		1,250,450	
Additions	-	106,733		9,931		116,664	
Disposals	-	(50,656)		(50,253)		(100,909)	
Revaluations	(5,181)	-		42,821		37,640	
At 31 March 2014	293,477	81,844		928,524		1,303,845	
Historical cost as at 31 March 2014	281,521	81,844		498,085		861,450	

All fixed asset investments are held within the United Kingdom.

## Oban Common Good Fund

### Notes to financial statements for the year ended 31 March 2014

#### 8. Debtors

	2014	2013
	£	£
Other debtors	<u>324</u>	<u>324</u>

#### 9. Creditors: amounts falling due within one year

	2014	2013
	£	£
Accruals and deferred income	<u>560</u>	<u>560</u>

#### 10. Analysis of net assets between funds

	Revenue Unrestricted funds £	Capital Restricted funds £	Total funds £
Fund balances at 31 March 2014 as represented by:			
Tangible fixed assets	-	4,006,800	4,006,800
Investment assets	305,918	997,927	1,303,845
Current assets	26,369	-	26,369
Current liabilities	(560)	-	(560)
	<u>331,727</u>	<u>5,004,727</u>	<u>5,336,454</u>

#### 11. Unrestricted funds

	At 1 April 2013 £	Incoming resources £	Outgoing resources £	Gains and losses £	At 31 March 2014 £
Revenue Funds	<u>297,933</u>	<u>50,331</u>	<u>(33,621)</u>	<u>17,084</u>	<u>331,727</u>

## Oban Common Good Fund

### Notes to financial statements for the year ended 31 March 2014

12. Restricted funds	At		Outgoing resources	Gains and losses	At	
	1 April 2013	Prior year adjustment			31 March 2014	
	£		£	£	£	
Investment Funds	961,283		-	36,644	997,927	
Oban Swimming Pool	664,069		(108,839)	3,451,570	4,006,800	
	<u>1,625,352</u>	<u>-</u>	<u>(108,839)</u>	<u>3,488,214</u>	<u>5,004,727</u>	

#### Purposes of restricted funds

The Oban Swimming Pool asset was transferred to the Common Good Fund in 1995, but was only recognised in the 2013 accounts with an effective transfer date of 1 April 2012. In the current year the building was revalued by Argyll and Bute Council and the entire facility was recognised in the Balance Sheet. Previously the original swimming pool and squash courts were recognised while the rest of the facility was shown as a contingent asset.

#### 13. Contingent assets

A contingent asset existed at 31 March 2013 relating to the Oban and Lorn Community Enterprise. The asset relates to the Atlantis Leisure facility, which at the end of its lease could be gifted to the Oban Common Good Fund. Previously, ownership of the original building, comprising swimming pool and squash courts, was recognised but the remaining facility was recognised as a contingent asset. In the current year the full value of the Atlantis Leisure facility has been recognised in the accounts of Oban Common Good Fund.