

**The Highland Council**

**Nairnshire Committee  
7 December 2016**

Agenda Item	<b>7 i</b>
Report No	<b>N/27/16</b>

**Nairn Common Good Fund – Audited Accounts, Annual Report 2015/16 and Quarter 2 Monitoring**

**Report by the Director of Finance and the Inverness City Area Manager**

**Summary**

This report presents the audited accounts and annual report for financial year 2015/16 and the position of the Nairn Common Good Fund as shown in the Quarter 2 monitoring statement.

**1. Annual Report**

1.1 **Appendix 1** of this report shows the Income and Expenditure Account and Balance Sheet in respect of the NCGF for Financial Year 2015/16.

**1.2 Expenditure**

1.2.1 Key points to note in relation to Expenditure are:

1.2.2 Property costs are lower than projected. This is due to the annual charge for Grounds Maintenance not being applied at the time that the accounts were prepared and audited. This was not included in the 2015/16 accounts in error, thereby overstating the Reserves position at 31.3.16. This will be adjusted in 2016/17.

1.2.3 The costs associated with Sandown relate to management fee costs and a one off cost for upkeep to gates and fencing.

**1.3 Income**

1.3.1 Key points to note in relation to Income are:

1.3.2 Income from rents slightly exceeded budget. This is due to further rental of property at the Links.

1.3.3 Miscellaneous income largely relates to income from the Nairn Highland Games and lettings.

1.4 The position of the NCGF has moved from annual deficit to annual surplus. This is largely due to proactive management of the property estate and assets.

1.5 Overall this is an improving picture for the NCGF. Work to further improve governance and administration is ongoing to continue to ensure that the Fund is accruing income from assets and to ensure that all invoices and charges are levied timeously.

## 1.6 Balance Sheet

- 1.6.1 The underlying concept of the Balance Sheet is that each category of asset in the top half of the balance sheet has an equivalent reserve in the bottom half of the balance sheet.

The movement in the Investment Properties relates to a revaluation of Common Good Fund Land and Buildings, as at 31<sup>st</sup> March 2016.

The movement in investments reflects the redemption of all Government War Stock.

## 2. Revenue Monitoring Report

- 2.1 A monitoring statement showing transactions against budget to the end of September 2016 is attached as **appendix 2**.

### 2.2 Expenditure:

Expenditure to date relates to property maintenance, electricity charges and under Rent, Rates and Insurance, the Nairn River Fishing fees. Water charges are showing slightly above spend and this is due to issues with the Paddling Pool which have now been rectified.

As stated at para 1.2.2 the Current Year Accounts will be adjusted in respect of the charge for Grounds Maintenance that was not applied prior to completion and audit of the 2015/16 accounts. Over the two financial years there is no net change in the overall position of the NCGF which, as stated above, continues to grow and represents an improved financial position.

### 2.3 Income:

Income relates principally to property and rentals and is on target. Miscellaneous income shows a slight variance which relates to increased revenue for Nairn Highland Games and lettings for the Links.

With regard to the Lochloy Holiday Park extension, negotiations are reaching conclusion and it is anticipated that additional income will be received that is not currently reflected in the expected outturn position for this year

## 3. Investment Strategy

- 3.1 A separate report is being presented to committee for Members consideration. This report will outline options for investment of the NCGF revenue funds.

- 3.2 Nairnshire Committee Members will be able to attend the Investment Subcommittee.

#### **4. Asset Management**

- 4.1 Work is ongoing on standardisation of Common Asset Registers for Common Good funds. A draft Asset Register will be presented to the next Nairnshire Committee for its consideration.

This is in line with work ongoing to ensure consistency of approach for the management of Common Good Funds across Highland.

#### **5. Implications**

- 5.1 With the exception of the adjustment for Ground Maintenance charges, the expenditure to date is within budget and there are no Resource or Financial Implications. There are no known Equalities, Climate Change/Carbon Clever, Legal, Risk, Gaelic or Rural Implications.
- 5.2 There are no other implications to be highlighted in the report

#### **Recommendation**

The Committee is invited to note:

- i. the Nairn Common Good Fund Annual Report for 2015/16;
- ii. the position of the Nairn Common Good Fund and outturn as shown in the Quarter 2 Monitoring Statement against budget; and
- iii. that a draft Asset Register will be brought to the next meeting of the Committee.

Designation: Director of Finance  
Inverness City Area Manager

Date: 28 November 2016

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Appendix 1 Audited Accounts

Appendix 2 Quarter 2 Monitoring Report

## STATEMENT OF ACCOUNTS 2015-16

### Nairn Common Good Fund

#### Income and Expenditure Account

	2015/16 £	2014/15 £
<u>Expenditure</u>		
Property maintenance	5,526	15,348
Rent, rates and insurance	9,623	18,200
Legal expenses	277	88
Contribution to Nairn Games	2,902	3,085
Sandown costs	3,035	152
Administration charges	1,035	894
Total expenditure	<u>22,399</u>	<u>37,767</u>
<u>Income</u>		
Rents	80,548	285,506
Miscellaneous income	14,878	15,377
Interest and investment income	1,504	18,947
Total income	<u>96,930</u>	<u>319,830</u>
<b>Surplus/(deficit) for the year</b>	<b><u>74,532</u></b>	<b><u>282,063</u></b>
Revaluation gains/(losses)	397,907	2,000
Total comprehensive income and expenditure	<u><u>472,439</u></u>	<u><u>284,063</u></u>

#### Balance Sheet

	31/03/16	31/03/15
<u>Non current assets</u>		
Investment properties	6,879,000	6,475,089
Investments	-	6,004
Heritage	60,000	60,000
	<u>6,939,000</u>	<u>6,541,093</u>
<u>Current assets</u>		
Loans fund deposits	429,374	350,485
Sundry Debtors	60	-
	<u>429,434</u>	<u>350,485</u>
<u>Long term liabilities</u>		
Sundry creditors	(4,417)	-
	<u>(4,417)</u>	<u>-</u>
<b>Total assets</b>	<b><u><u>7,364,017</u></u></b>	<b><u><u>6,891,578</u></u></b>
<b>Usable reserves</b>		
Revenue funds	413,206	356,489
<b>Unusable reserves</b>		
Revaluation reserve	60,000	60,000
Capital adjustment account	6,890,811	6,475,089
	<u>6,950,811</u>	<u>6,535,089</u>
<b>Total reserves</b>	<b><u><u>7,364,017</u></u></b>	<b><u><u>6,891,578</u></u></b>

**Nairn Common Good - Quarterly Monitoring  
Period to 30 September 2016**

	<b>Actual to date £</b>	<b>Annual Budget £</b>	<b>Expected Outturn £</b>	<b>Variance £</b>
<b>INCOME</b>				
Rents	69,530	85,000	85,000	0
Interest and investment income	0	500	500	0
Miscellaneous Income	15,639	15,000	15,000	0
	<u>85,169</u>	<u>100,500</u>	<u>100,500</u>	<u>0</u>
<b>TOTAL INCOME</b>	<u><u>85,169</u></u>	<u><u>100,500</u></u>	<u><u>100,500</u></u>	<u><u>0</u></u>
<b>EXPENDITURE</b>				
Property maintenance	251	50,000	88,000	38,000
Electricity	139	1,000	1,000	0
Water charges	1,669	1,000	1,000	0
Rents, Rates and Insurance	9,305	10,000	10,000	0
Special Grants	0	3,000	3,000	0
Central support	(0)	2,000	2,000	0
Advertising	290	1,000	1,000	0
Contribution to Nairn Games		0	0	0
Legal Expenses	10	1,000	1,000	0
<b>TOTAL EXPENDITURE</b>	<u>11,664</u>	<u>69,000</u>	<u>107,000</u>	<u>38,000</u>
<b>Income less Expenditure</b>	<u><u>73,505</u></u>	<u><u>31,500</u></u>	<u><u>(6,500)</u></u>	<u><u>(38,000)</u></u>