



UNAUDITED

ANNUAL REPORT AND ACCOUNTS

SCOTTISH BORDERS COUNCIL
COMMON GOOD FUNDS

Charity Registration Number: SC031538

FOR THE YEAR TO 31 MARCH 2017

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FOREWORD

The implementation of the audit and reporting requirements of the Office of the Scottish Charity Regulator (OSCR) requires that full audited accounts for this Charity are prepared.

The Charity comprises of the nine Common Good Funds within Scottish Borders Council, each holding property which it is responsible for maintaining, with many distributing grants to local causes which are eligible within its charitable purpose.

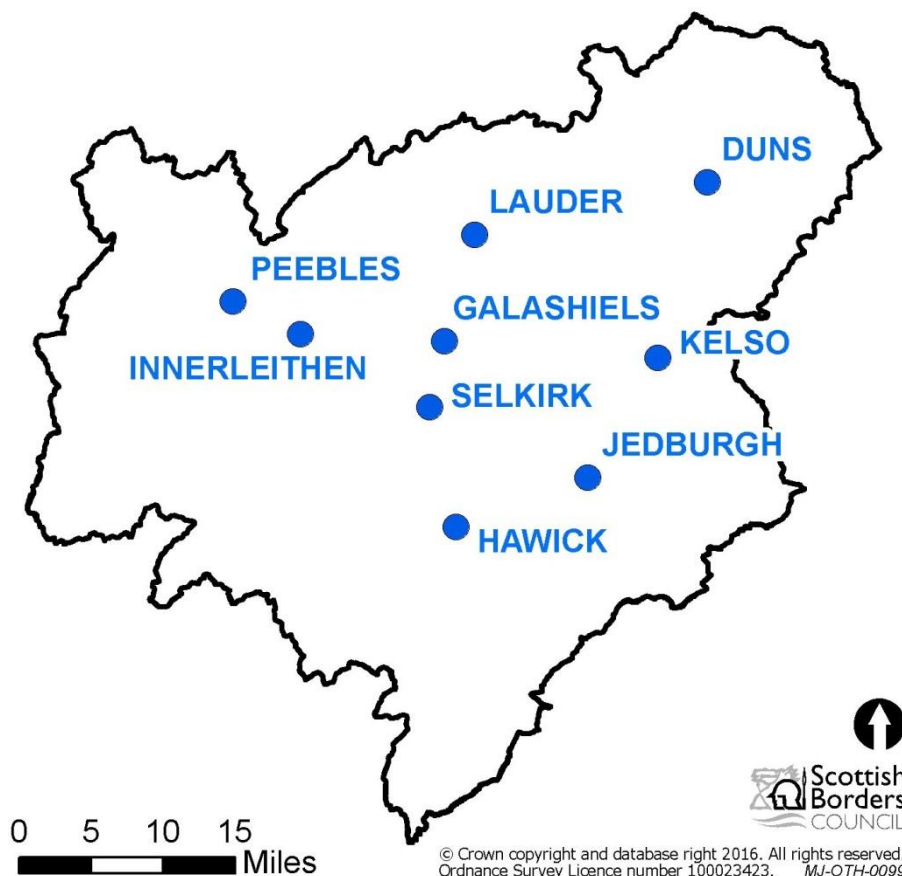
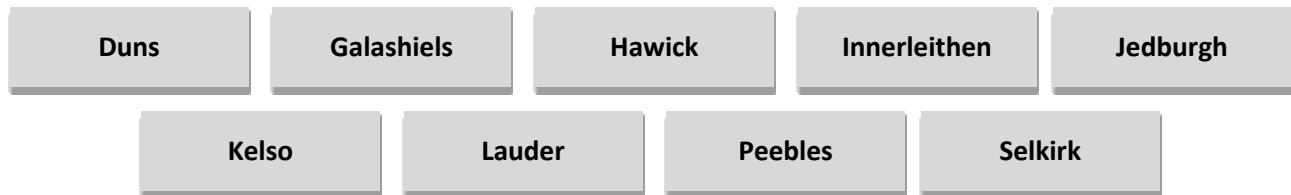
Each Common Good Fund within the charity has financial investments and / or property assets; the operational management of which is overseen by individual Sub-Committees of Elected Members from the relevant ward(s), supported by officers from the Council.

TRUSTEES' ANNUAL REPORT

The Trustees present their Annual Report and the audited Financial Statements for the year ended 31 March 2017.

Structure

a) The Charity comprises a number of separate funds for the former Burghs of:



b) Each fund is administered by a Sub-Committee of Elected Members representing the Council wards in which each Burgh is situated.

Charitable Purpose

The charitable purposes of the Common Good Funds are that, subject to their legal responsibilities in terms of any assets held by the charities, the **funds are operated for the common good of the residents** of the aforesaid former Burghs and may be used to **provide advancement of citizenship or community development**.

In respect of those funds which have land and property, the Trustees recognise their obligations to ensure that these assets are maintained.

Summary of the Main Activities

The Charity has taken steps to ensure that the **assets of the Funds are properly managed and accounted for**. Quarterly budget monitoring reports have been prepared for consideration by the Trustees forming the Working Group for each individual Burgh and the minutes of these meetings reported to the full Council in terms of the Code of Governance.

Maintenance work has been approved and carried out on fixed assets and responses made to applications for financial assistance as detailed in the Notes to the Financial Statements on page 13.

Most of the funds have made donations to eligible beneficiaries in their Burghs with a total of £171,022 being paid out in the year.

Plans for the Future

The Common Good Funds will continue to **maintain their heritable assets and will look to maximise their income** from any of these assets which are let commercially. Where assets are used by third parties towards the Common Good of the Burgh then rental levels may reflect this aspect of the tenants' activity.

Where funds permit, the Common Good Funds will look to make grants to organisations in their Burghs which will provide benefit to the Burgh residents, as approved by the individual Common Good Committees.

Governance and Management

Type of Governing Documents

- a) The overarching governance of the Charity is the principle of statute and common law. The statutory framework is the successive Acts from the Common Good Act 1491 through to the Local Government Scotland Act 1994, with the Local Government (Scotland) Act 1973 provisions still in force, and the Local Government in Scotland Act 2003. Cognisance is also to be taken of the various judicial opinions in case law governing the treatment of Common Goods.
- b) The funds are governed by Trustee's in line with the Local Code of Corporate Governance of Scottish Borders Council, consideration being given to:



- c) When considering any action in connection with the Common Good Funds the Trustees have regard to the interests of the inhabitants of the area to which the Common Good formerly related.
- d) The financial statements comply with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Recruitment and Appointment of Trustees

There is no recruitment process. Appointment is by virtue of election to the Council and the relevant ward, i.e. those wards covering former Burgh areas and in terms of the Council's Code of Governance.

Financial Review

These financial statements have been prepared in accordance with current statutory requirements and the charity's governing document.

The applications of the Funds' are detailed in the Notes to the Accounts.

Reserves

The charity has considered the reserves required and have taken into account its current and future liabilities, ensuring reserves will be maintained at a level sufficient to respond to:

- all approved applications for grants
- all financial obligations in respect of properties owned by the charity, where relevant, and
- all support and governance costs.

At 31 March 2017, the reserves of the Common Good Funds amounted to:

- Restricted Income Funds - £3,478k
- Revaluation Reserves - £10,268k

Investments Per the Councils Common Good and Trust Fund investment strategy the main balance of funds are invested in the Newton Real Return Fund.

Reference and Administrative Information

Charity Name Scottish Borders Council Common Good Funds

Charity registration number SC031538

Business Address Council HQ
Newtown St Boswells
Melrose
Scottish Borders
TD6 0SA

Trustees

The Trustees of this charity are the duly elected members of Scottish Borders Council (the Council), a local authority constituted under the Local Government (Scotland) Act 1994. These are:

Sandy Aitchison	Willie Archibald	Michelle Ballantyne
Stuart Bell	Catriona Bhatia	Jim Brown
Joan Campbell	Michael J Cook	Keith Cockburn
Alastair Cranston	Vicky M Davidson	Gordon Edgar
James A Fullerton	Graham H T Garvie	Iain Gillespie
John Greenwell	Bill Herd	Gavin Logan
Stuart Marshall	Watson McAteer (from May 2014)	John G Mitchell
Donald Moffat	Simon Mountford	Alexander J Nicol
David Parker	David Paterson	Francis Renton
Sandy Scott	Ron Smith	Rory Stewart
Jim Torrance	George Turnbull	Tom Weatherspoon
Bill White		

Chief Executive The Chief Executive of Scottish Borders Council is Tracey Logan.

Auditor Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Professional support

The Council provides the Administrative, Legal and Financial support and advice to the Common Good Funds which is recognised within *Other: governance costs* in the financial statements. All financial transactions go through the Council's books of account and their Bankers are the Bank of Scotland, Newtown St Boswells, Melrose.

Shona Haslam
Trustee
Scottish Borders Council Common Good Funds
28 June 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with FRSSE *The Financial Reporting Standard for Smaller Entities applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- **Select suitable accounting policies and then apply them consistently;**
- **Make judgements and estimates that are reasonable and prudent;**
- **State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;**
- **State where applicable, whether the financial statements comply with the trust deeds and rules, 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 business.**

The trustees are required to act in accordance with the rules of the charity and within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under that Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March

2015/16 £'000		2016/17 £'000	Notes
	Income from:		
105	Donations and legacies	28	1
54	Investments	69	2
237	Charitable activities	238	
570	Other: donations	128	7
966	Total Income	462	
	Expenditure on:		
(396)	Raising funds	(383)	
(89)	Charitable activities	(171)	
(48)	Other: governance costs	(48)	
(533)	Total Expenditure	(602)	3
433	Net Income / (Expenditure)	(139)	
	Other Recognised Gains / (Losses)		
103	Gains on revaluation of fixed assets	0	
(33)	(Losses) / gains on investment assets - unrealised	(8)	
0	Impairment of Fixed Asset	(3)	5
503	Net Movement in Funds	(149)	
	Reconciliation of Funds		
13,392	Total funds brought forward	13,895	
13,895	Total Funds Carried Forward	13,746	

BALANCE SHEET as at 31 March 2017

as at 31 March 2016			as at 31 March 2017		Notes
£'000	£'000		£'000	£'000	
		Long Term Assets			
11,022		Tangible assets	10,747		5
2,361		Investments	2,700		6
60		Long term loan to third party	48		
	13,443	Total Long Term Assets		13,495	
		Current Assets			
21		Debtors	20		
476		Short term investment in SBC loans fund	254		
	497	Total Current Assets		275	
		Current Liabilities			
	(45)	Creditors: Amounts falling due within 1 year		(23)	
	452	Net Current Assets		252	
	13,895	Total Net Assets		13,746	
		The Funds of the Charity			
	(3,353)	Restricted income funds		(3,478)	7
	(10,542)	Revaluation reserve		(10,268)	
	(13,895)	Total Charity Funds		(13,746)	

All of the charity's activities are continuing.

The Accounting Policies on pages 11 and 12 and the Notes on pages 13 to 15 form part of these Financial Statements.

The unaudited accounts were issued on 28 June 2017.

David Robertson CPFA
Chief Financial Officer
28 June 2017

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of Preparation and Assessment of Going Concern

The accounts (financial statements) have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

Funds Structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include the designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed.

Income Recognition

Under FRSSE, income is recognised when it is receipt is “probable”, rather than “virtually certain”, which was the case under the previous Charities SORP 2005.

Full recognition criteria are:

- Entitlement – control over the rights or other access to the economic benefit has passed to the charity
- Probable – it is more likely than not that the economic benefits will flow to the charity
- Measurement – the monetary value or amount of the income and the costs to complete the transactions can be measured reliably

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Donations and grants are recorded as expenditure when the activity they relate to takes place, regardless of when applications are approved.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

Donations & Legacies

All donations and gifts are included within incoming resources under Restricted Funds. Donations and Gifts in Kind are brought into the financial statements at their market value to the charity.

Resources Expended

Resources expended are analysed between charitable activities, costs of generating funds and governance costs. Charitable activities include all direct costs and other support costs.

Tangible Fixed Assets and Depreciation

Tangible fixed assets, with a value greater than £1,000, having a value to the business greater than one year, other than those acquired for the purpose of specific projects, are capitalised.

Land is held at current valuation and is not depreciated. All tangible fixed assets are subject to revaluation every five years, with the last revaluation being undertaken in 2014/15. Depreciation is charged on all tangible fixed assets other than land at a rate which will reduce the current value of the asset to its residual value over the remaining effective life of the asset.

Investments

Investments are initially recognised at their transaction value and subsequently measured at their market value as at the balance sheet date using closing quoted market price.

Unrealised gains and losses represent the difference between market value at the beginning and the end of the financial year, or if purchased in the year, the difference between cost and market value at the end of the financial year. Realised gains and losses represent the difference between the proceeds and cost.

Cash and Short Term Investments

Cash comprises cash in hand and deposits repayable on demand. Short Term Investments are current asset investments which are disposable without curtailing or disrupting the business and are either convertible into known amounts of cash at or close to their carrying values. Short Term Investments comprise of call deposits with the Council.

NOTES TO THE FINANCIAL STATEMENTS

1 Donations and Legacies

2015/16 £000		2016/17 £'000
1	Duns	2
4	Galashiels	1
16	Hawick	6
0	Innerleithen	0
14	Jedburgh	1
1	Kelso	1
56	Lauder	6
8	Peebles	5
5	Selkirk	5
105		28

2 Income from Investments

2015/16 £000		2016/17 £'000
3	Bank Interest Receivable from SBC Loans Fund	3
51	Income from Investment Portfolio	66
54		69

3 Analysis of Charitable Expenditure

2015/16 Total £'000		Activities Undertaken Directly £'000	Support and Governance Costs £'000	Property Cost & Depreciation £'000	2016/17 Total £'000
4	Duns	0	2	(1)	1
39	Galashiels	0	2	36	38
142	Hawick	37	11	112	160
17	Innerleithen	0	0	17	17
27	Jedburgh	77	4	12	93
52	Kelso	5	2	43	49
31	Lauder	2	10	17	29
97	Peebles	24	8	48	81
124	Selkirk	27	10	98	134
533		171	48	383	602

4 Governance Costs

Governance costs are comprised of a recharge from SBC and reflect the cost of the proportionate administration, finance, and legal time spent on Common Good funds.

5 Tangible Assets

The change in the value of tangible assets has been driven by the following movements:

As at 31 March 2016		as at 31 March 2017		
Total		Asset Impairment	Depreciation	Total
£'000		£'000	£'000	£'000
3	Duns	(3)	0	0
625	Galashiels	0	(36)	588
3,638	Hawick	0	(40)	3,599
307	Innerleithen	0	(17)	290
476	Jedburgh	0	(12)	465
840	Kelso	0	(43)	798
1,017	Lauder	0	(11)	1,005
879	Peebles	0	(37)	841
3,237	Selkirk	0	(76)	3,161
11,022		(3)	(272)	10,747

The asset disposal in Duns relates to No. 10 South Street, Duns, **which was transferred at nil consideration to the Queen's & Lord Treasurer's Remembrancer, following investigations relating to legal title of the property.**

Long term assets are broken down between Land & buildings and Heritage assets as follows:

As at 31 March 2016		as at 31 March 2017		
Total		Land & Buildings at Net Book Value	Heritage Assets	Total Long Term Assets
£'000		£'000	£'000	£'000
3	Duns	0	0	0
625	Galashiels	588	0	588
3,638	Hawick	3,596	3	3,599
307	Innerleithen	290	0	290
477	Jedburgh	465	0	465
841	Kelso	779	19	798
1,016	Lauder	1,005	0	1,005
878	Peebles	839	2	841
3,237	Selkirk	3,159	2	3,161
11,022		10,721	26	10,747

6 Investments

All investments are through a recognised investment exchange, as at 31 March 2017 all investments were with the Newton Real Return Fund. Investment amounts and unrealised gains on these investments at 31 March 2017, per Common Good Fund are detailed below:

As at 31 March 2016		as at 31 March 2017		
Total Investment		Newton Investment	Unrealised Gain	Total Investment
£'000		£'000	£'000	£'000
0	Duns	0	0	0
25	Galashiels	149	5	154
372	Hawick	459	14	473
0	Innerleithen	0	0	0
941	Jedburgh	915	22	937
255	Kelso	246	8	254
249	Lauder	250	8	258
384	Peebles	422	13	435
135	Selkirk	185	4	189
2,361		2,626	74	2,700

7 Restricted Income Funds

Balance at 31 March 2016 £'000		Unrealised movement on investment assets	Other income: donations	SOFA Surplus	Balance at 31 March 2017 £'000
20	Duns	0	0	1	18
186	Galashiels	(1)	128	3	317
635	Hawick	1	0	3	640
135	Innerleithen	0	0	0	135
1,047	Jedburgh	(4)	0	(53)	989
291	Kelso	(1)	0	1	291
291	Lauder	(1)	0	6	297
497	Peebles	(1)	0	22	520
251	Selkirk	(1)	0	22	271
3,353		(8)	128	5	3,478

The total donation of £128k above represents the capital transfer of Newton investment held by the Ladhope Estate trust into the Galashiels Common Good Fund.

8 Contingent Assets

The charity granted a secured grant to Jedburgh Golf Club in 2004 to purchase land. The grant is to be written down over 20 years. If during this period the land is sold the balance of the remaining funds are to be returned to the charity.

INDEPENDENT AUDITOR'S REPORT

to the trustees of Scottish Borders Council Common Good Funds and

ADDITIONAL INFORMATION

Contact Details

For further information on the Common Good Funds, please contact:

Kirsty Robb	Telephone: 01835 – 825249
Capital & Investment Manager	E-mail: krobb@scotborders.gov.uk
Scottish Borders Council	Council Headquarters Newtown St Boswells MELROSE TD6 0SA