

UNAUDITED

ANNUAL REPORT AND

ACCOUNTS

SCOTTISH BORDERS COUNCIL

COMMON GOOD FUNDS

Charity Registration Number: SC031538

FOR THE YEAR TO 31 MARCH 2016

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FOREWARD

The implementation of the audit and reporting requirements of the Office of the Scottish Charity regulator (OSCR) now 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 and distribution grants to local causes which are eligible within its charitable purpose.

Innerleithen Common Good is recognised in 2015-16 with the inclusion of the Innerleithen Memorial Hall in the Common Good Property Register.

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.

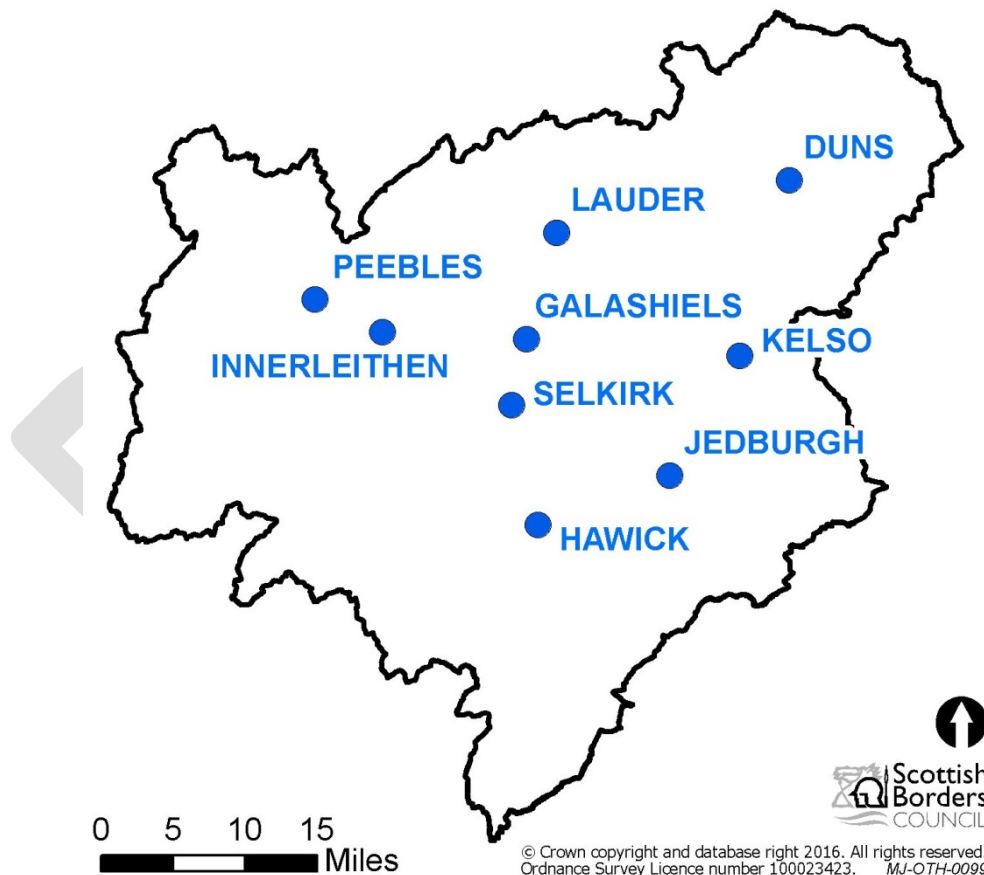
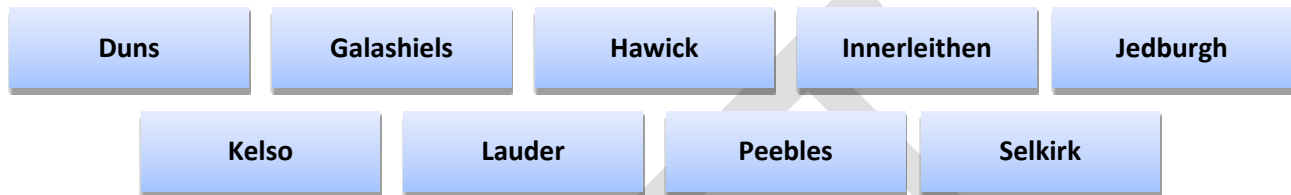
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TRUSTEES' ANNUAL REPORT

The Trustees present their Annual Report and the audited Financial Statements for the year ended 31 March 2016.

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 purpose of the Common Good Funds are that, subject to their legal responsibilities in terms of any assets held by the Trust, 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 (Duns, Hawick, Innerleithen, Jedburgh, Kelso, Lauder, Peebles and Selkirk), 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.

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 etc. 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 the case law governing the treatment of Common Goods.
- c) In terms of the Trustee's governance of the fund, they have determined that this is in terms of the Corporate Governance of the Council, namely the code as comprises:-



- 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.

Funding and Reserves

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

Policy on Reserves The Council treats the Charities' funds in line with recognised national governance and applicable codes of practice.

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

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 KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Professional support

The Council provides the Administrative, Legal and Financial support and advice to the Common Good Funds.

All financial transactions go through the Council's books of account and their Bankers are the Bank of Scotland, Newtown St Boswells, Melrose.

The report was signed on behalf of the Trustees by

David Parker
Trustee
Scottish Borders Council Common Good Funds
xxxxx

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

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).

Charity law requires that the trustees prepare financial statements for each financial 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, including the income and expenditure, of the charity for that period. 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 Financial Reporting Standard for Smaller Entities (FRSSE);**
- **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 charitable company will continue in its activities.**

The Trustees are responsible for keeping proper accounting records that 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 the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

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

STATEMENT OF FINANCIAL ACTIVITIES

(Including an Income and Expenditure Account for the year ended 31

2014/15 £'000		2015/16 £'000	Notes
	Incoming Resources		
	Incoming Resources from Generated Funds		
58	Voluntary Income	105	1
60	Investment Income	54	2
225	Rental Income	237	
343	Total Incoming Resources	396	
	Resources Expended		
(460)	Costs of Generating Funds: Property Costs	(396)	3
(85)	Charitable Activities	(89)	3
(48)	Governance Costs	(48)	3&4
(593)	Total Resources Expended	(533)	
(250)	Net Incoming Resources before Transfers	(137)	
324	Gross Transfers between Funds	570	5
74	Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses	433	
	Other Recognised Gains and Losses		
3,497	Gains on Revaluation Of Fixed Assets	103	
3,497	Total Other Recognised Gains and Losses	103	
3,571	Net Income/(Expenditure) for the Year	536	
79	Net Unrealised Investment Gains/(Losses)	(33)	
3,650	Net Movement in Funds	503	
	Reconciliation of Funds		
9,742	Total Funds Brought Forward	13,392	
13,392	Total Funds Carried Forward	13,895	

BALANCE SHEET as at 31 March 2016

as at 31 March 2015			as at 31 March 2016		Notes
£'000	£'000		£'000	£'000	
		Fixed Assets			
10,622		Tangible Assets	11,022		5
2,350		Investments	2,361		6
	12,972			13,383	
	77	Long Term Loan to Third Party		60	
		Current Assets			
20		Debtors	21		7
389		Short Term Investment in SBC Loans Fund.	476		
	409			497	
		Current Liabilities			
	(66)	Creditors: Amounts falling due within 1 year		(45)	8
	13,392	Total Assets		13,895	
		The Funds of the Charity			
	(2,962)	Restricted Income Funds		(3,353)	9
	(10,430)	Revaluation Reserve		(10,542)	
	(13,392)	Total Funds		(13,895)	

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 xx xxxx xx and the audited accounts were authorised for issue on xx xxxx xx

David Robertson CPFA
Chief Financial Officer
 Xx xxxx xx

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.

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 they are approved or if approved in principle only, when final confirmation of amount is received by the applying body.

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.

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.

Voluntary Income

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 purchases 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, for the purposes of the cash flow statement, 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 Voluntary Income

Restricted

2014/15 £000		2015/16 £'000
1	Duns	1
6	Galashiels	4
30	Hawick	16
0	Innerleithen	0
1	Jedburgh	14
1	Kelso	1
6	Lauder	56
3	Peebles	8
10	Selkirk	5
58		105

2 Investment Income

2014/15 £000		2015/16 £'000
3	Bank Interest Receivable	3
57	Income from Investment Portfolio	51
60		54

3 Resources Expended

2014/15 Total £'000		Activities Undertaken Directly £'000	Governance Costs £'000	Property Cost & Depreciation £'000	2015/16 Total £'000
26	Duns	0	2	2	4
14	Galashiels	1	2	36	39
198	Hawick	17	11	114	142
0	Innerleithen	0	0	17	17
49	Jedburgh	11	4	12	27
45	Kelso	8	1	43	52
33	Lauder	0	10	21	31
87	Peebles	37	8	52	97
141	Selkirk	15	10	99	124
593		89	48	396	533

4 Governance Costs

The fee for the external audit of the charity was included as part of the support costs charged by the Scottish Borders Council.

5 Tangible Fixed Assets

As at 31 March 2015		as at 31 March 2016		
Total		Land & Buildings at Net Book Value	Heritage Assets	Total
£'000		£'000	£'000	£'000
3	Duns	3	0	3
313	Galashiels	625	0	625
3,678	Hawick	3,635	3	3,638
0	Innerleithen	307	0	307
488	Jedburgh	477		477
883	Kelso	822	19	841
1,028	Lauder	1,016	0	1,016
916	Peebles	876	2	878
3,313	Selkirk	3,235	2	3,237
10,622		10,996	26	11,022

The movement in the value of Tangible Fixed Assets has been driven by the following movements:

	£'000
Opening Balance at 1 April 2015	10,622
Depreciation for year	(272)
Donated Heritage Property	570
Surplus on Revaluation	103
Closing Balance at 31 March 2016	11,022

The Donated Heritage Property is primarily related to the reclassification of Council assets to the Common Good, specifically the Innerleithen Memorial Hall and Old Gala House following investigative work undertaken and approved during 2015/16.

6 Investments

All investments are through regulated funds or are traded on a recognised investment exchange.

At 31 March 2016 all investments were with the Newton Real Return Fund.

7 Debtors

2014/15 £'000		2015/16 £'000
20	Trade Debtors and Accruals	21
77	Loans to Third Parties	60
389	Due from Scottish Borders Council	476
486		557

8 Creditors: Amounts Falling Due Within One Year

2014/15 £'000		2015/16 £'000
66	Trade Creditors and Accruals	45

9 Restricted Funds

Balance at 31 March 2015 £'000		Balance at 31 March 2016 £'000
22	Duns	17
31	Galashiels	186
614	Hawick	636
0	Innerleithen	135
1,039	Jedburgh	1,047
298	Kelso	291
243	Lauder	291
493	Peebles	499
222	Selkirk	251
2,962		3,353

10 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.

11 Reserves Policy

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:

- any and all applications for grants
- all financial obligations in respect of properties owned by the charity, where relevant, and

- all support and governance costs are covered.

At 31 March 2016, the reserves of the Common Good Funds amounted to:

Restricted Income Funds - £3,353m

Revaluation Reserves - £10,542m

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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:

Lynn Mirley	Telephone: 01835 – 825016
Corporate Finance Manager	E-mail: lmirley@scotborders.gov.uk
Scottish Borders Council	Council Headquarters Newtown St Boswells MELROSE TD6 0SA

