



UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS

**SCOTTISH BORDERS COUNCIL
COMMON GOOD FUNDS**

Charity Registration Number: SC031538

FOR THE YEAR TO 31 MARCH 2015

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FOREWORD

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 eight Common Good Funds within Scottish Borders Council. Each holding property which it is responsible for maintain and distribution 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 2015.

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

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

Auditor KPMG LLP
191 West George Street
Glasgow
G2 2LJ

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.

Structure

- a) The Charity comprises a number of separate funds for the former Burghs of:
 - Duns
 - Galashiels
 - Hawick
 - Jedburgh
 - Kelso
 - Lauder
 - Peebles, and
 - Selkirk
- b) Each fund is administered by a Sub-Committee of Elected Members representing the Council wards in which each Burgh is situated.

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.
- b) 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:-
 - Financial Regulations
 - Code of Corporate Governance
 - Procedural Standing Orders
 - Scheme of Administration, and
 - Scheme of Delegation
- c) When considering any action in connection with the Common Good Funds the Trustees have in the interest of the Common Good Fund and 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 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, ie those wards covering former Burgh areas and in terms of the Council's Code of Governance.

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, 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 12.

Most of the Funds have made donations to eligible beneficiaries in their Burghs.

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.

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 can be 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.

The report was signed on behalf of the Trustees by

David Parker
Leader
Scottish Borders Council
XX September 2015

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 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 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 March 2015

2013/14 £'000		2014/15 £'000	Notes
	Incoming Resources		
	Incoming Resources from Generated Funds		
25	Voluntary Income	58	1
55	Investment Income	60	2
236	Rental Income	225	
314	Total Incoming Resources	343	
	Resources Expended		
(326)	Costs of Generating Funds: Property Costs	(458)	
(154)	Charitable Activities	(85)	3
(56)	Governance Costs	(50)	5
(536)	Total Resources Expended	(593)	
(222)	Net Incoming / (Outgoing) Resources Before Other Recognised Gains And Losses	(250)	
	Other Recognised Gains And Losses		
7	Property Sale	0	
19	Donated Heritage Property	324	
0	Surplus/(Deficit) on Revaluation of Non-Current Assets	3,497	
60	Net Realised Investment Gains/(Losses)	0	
86	Total Other Recognised Gains And Losses	3,821	
(136)	Net Income/(Expenditure) for the Year	3,571	
30	Net Unrealised Investment Gains/(Losses)	79	
(106)	Net Movement in Funds	3,650	
	Reconciliation of Funds		
9,848	Balance Brought Forward at 1 April	9,742	
9,742	Balance Carried Forward at 31 March	13,392	

BALANCE SHEET as at 31 March 2015

as at 31 March 2014 Restated			as at 31 March 2015		Notes
£'000	£'000		£'000	£'000	
		Fixed Assets			
7,092		Tangible Fixed Assets	10,622		7
2,177		Investments	2,350		8
	9,269			12,972	
	102	Long Term Loan to Third Party		77	
		Current Assets			
0		Stock	0		
3		Debtors	20		9
488		Short Term Investment in SBC Loans Fund.	389		
	491			409	
	(120)	Current Liabilities			
		Creditors: Amounts falling due within 1 year		(66)	10
	9,742	Total Assets Less Current Liabilities		13,392	
		Funds			
(2,841)		Restricted Funds		(2,962)	11
(6,901)		Revaluation Reserve		(10,430)	
(9,742)		Total Funds		(13,392)	

All of the charity's activities are continuing.

The Accounting Policies on pages 10 and 11 and the Notes on pages 12 to 14 form part of these Financial Statements.

David Robertson CPFA
Chief Financial Officer
Scottish Borders Council
XX June 2015

CASH FLOW for the year ended 31 March 2015

2013/14 Restated £'000		2014/15 £'000
	Reconciliation of Operating Profit to Net Cash Flow from Operating Activities	
(222)	Net Incoming/(Outgoing) Resources Before Other Recognised Gains and Losses	(250)
171	Adjustment for Depreciation Charges which are non-cash movements	291
80	Decrease/(Increase) in Debtors	(17)
51	Increase/(Decrease) in Creditors due within 1 year	(54)
60	Realised Gains/(Losses) on Investments	0
140	Net Cash Inflow/(Outflow) from Operating Activities	(30)

2013/14 Restated £'000		2014/15 £'000
	Cash Flow Statement	
140	Net Cash Inflow/(Outflow) from Operating Activities	(30)
	Financial Investing Activities	
(66)	(Advances)/Repayments on Long Term Loans	25
(1,108)	(Purchase)/Disposal of Long Term Investments	(94)
1,034	(Deposit)/Withdrawal from Short Term Investments	99
0	Increase / (Decrease) in Cash in Period	0

Reconciliation of Net Cash Flow to Movement in Net Funds			
	As at 1 April 2014 £'000	Movement £'000	As at 31 March 2015 £'000
Cash at Bank and In Hand	0	0	0
	0	0	0

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

The financial statements have been prepared in accordance with applicable accounting standards and under historic cost accounting rules modified for the revaluation of certain fixed assets and in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) regulations 2006 (as amended) and the Statement of Recommended Practice: Accounting and reporting by Charities issued in February 2006, except for the non-recognition of donated assets (see donations and gifts below).

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.
- 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

Funds are classified as Restricted Funds, defined as follows:

Restricted funds are funds subject to specific conditions, which may be declared by the donors or with their authority or created through legal processes, but still within the objects of the charity.

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

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 next 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

Fixed asset investments are stated at market value. 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

2013/14 £000		2014/15 £'000
1	Duns	1
1	Galashiels	6
6	Hawick	30
1	Jedburgh	1
1	Kelso	1
6	Lauder	6
3	Peebles	3
4	Selkirk	10
23		58

2 Investment Income

2013/14 £000		2014/15 £'000
7	Bank Interest Receivable	3
48	Income from Investment Portfolio	57
55		60

3 Charitable Activities

2013/14 Total £'000		Activities Undertaken Directly £'000	Support Costs (Note 4) £'000	2014/15 Total £'000
5	Duns	0	26	26
2	Galashiels	0	14	14
167	Hawick	12	186	198
24	Jedburgh	34	15	49
33	Kelso	1	44	45
129	Lauder	1	32	33
61	Peebles	21	66	87
115	Selkirk	16	125	141
536		85	508	593

4 Support Costs

2013/14 £'000		2014/15 £'000
155	Property	169
56	Other support	50
171	Depreciation	291
382		508

5 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.

6 Trustees and Employees

There are no employees and nothing was paid by the charity to its trustees for any expenses or remuneration in either the current or previous year.

7 Tangible Fixed Assets

As at 31 March 2014		as at 31 March 2015		
		Land & Buildings at Net Book Value	Heritage Assets	Total
		£'000	£'000	£'000
4	Duns	3	0	3
0	Galashiels	313		313
2,532	Hawick	3,675	3	3,678
414	Jedburgh	488		488
669	Kelso	864	19	883
691	Lauder	1,028		1,028
678	Peebles	914	2	916
2,104	Selkirk	3,312	1	3,313
7,092		10,597	25	10,622

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

	£'000
Opening Balance at 1 April 2014	7,092
Depreciation for year	(291)
Donated Heritage Property	324
Surplus on Revaluation	3,497
Closing Balance at 31 March 2015	10,622

The Donated Heritage Property is primarily related to the transfer of assets from the Council's asset register to Galashiels Common Good following investigative work undertaken and approved during 2014/15.

8 Investments

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

At 31 March 2015 all investments were with the Newton Real Return Fund.

9 Debtors

2013/14 £'000		2014/15 £'000
3	Trade Debtors and Accruals	20
102	Loans to Third Parties	77
479	Due from Scottish Borders Council	389
584		486

10 Creditors: Amounts Falling Due Within One Year

2013/14 £'000		2014/15 £'000
120	Trade Creditors and Accruals	66

11 Restricted Funds

Balance at 31 March 2015 £'000		Balance at 31 March 2015 £'000
22	Duns	22
25	Galashiels	31
595	Hawick	614
1,018	Jedburgh	1,039
284	Kelso	298
237	Lauder	243
455	Peebles	493
205	Selkirk	222
2,841		2,962

12 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 be inserted]

CONTACT INFORMATION

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