



UNAUDITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**SCOTTISH BORDERS COUNCIL
COMMON GOOD FUNDS**

Charity Registration Number: SC031538

FOR THE YEAR TO 31 MARCH 2019

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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 twelve 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.

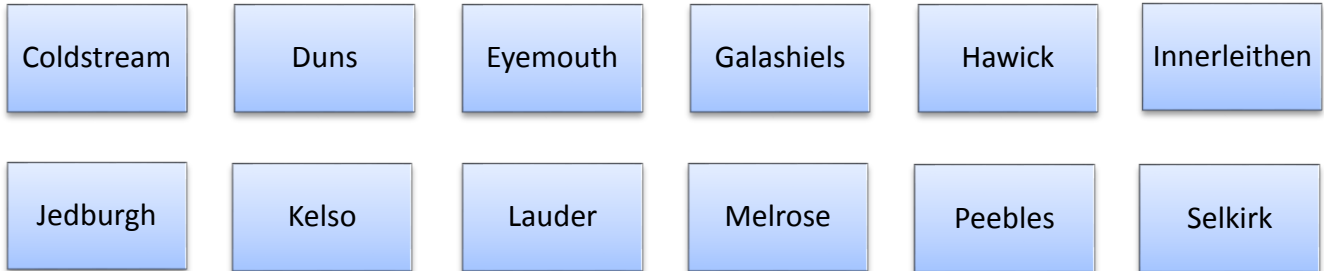
Each Common Good Fund within the charity has financial investments and / or property assets; the operational management of which is overseen by individual Sub-Committees of Elected Members from the relevant ward(s), supported by officers from the Council.

TRUSTEES' ANNUAL REPORT

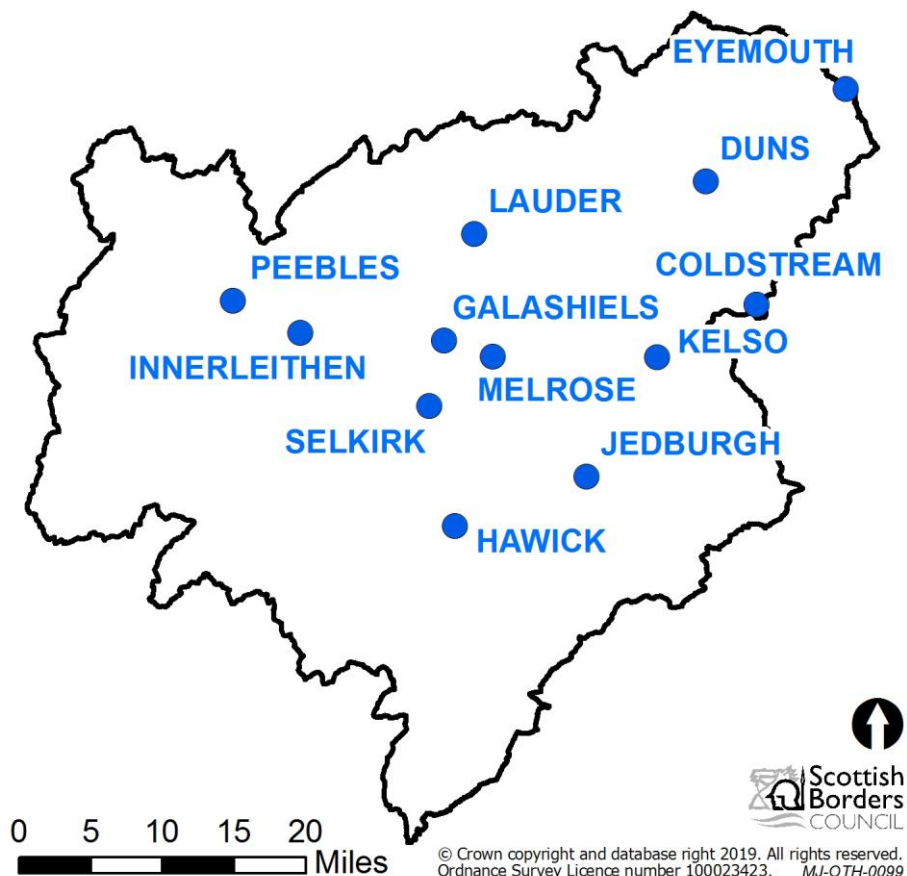
The Trustees present their Annual Report and the Financial Statements for the year ended 31 March 2019.

Structure

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



In 2018/19 assets were recognised as Common Good Assets in both Coldstream and Eyemouth, thereby creating the Coldstream Common Good Fund and the Eyemouth Common Good Fund.



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 15.
- Most of the individual funds have made donations to eligible beneficiaries in their Burghs with a total of £100,902 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:

Financial
Regulations

Code of
Corporate
Governance

Procedural
Standing
Orders

Scheme of
Administration

Scheme of
Delegation

- 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 Financial Reporting Standard 102 (FRS 102), 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 2019, the reserves of the Common Good Funds amounted to:

- Restricted Income Funds - £3,807k
- Revaluation Reserves - £9,726k

Investments

Per the Council's Common Good and Trust Fund investment strategy the main balance of funds are invested in the Kames Capital Diversified Income 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 for the year to 31 March 2019 were the duly elected members of Scottish Borders Council (the Council), a local authority constituted under the Local Government (Scotland) Act 1994, at that time. These were:

Sandy Aitchison	Andy Anderson	Heather Anderson
Stuart Bell	Jim Brown	Kris Chapman
Kevin Drum	Gordon Edgar	Jim Fullarton
John Greenwell	Carol Hamilton	Scott Hamilton
Shona Haslam	Euan Jardine	Helen Laing
Stuart Marshall	Watson McAteer	Tom Miers
Donald Moffat	Simon Mountford	David Parker
Caroline Penman	David Paterson	Clair Ramage
Neil Richards	Euan Robson	Mark Rowley
Harry Scott	Sandy Scott	Eric Small
Robin Tatler	Elaine Thornton-Nicol	George Turnbull
Tom Weatherston		

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, Galashiels.

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 FRS102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 2019

2017/18 £'000 RESTATED		2018/19 £'000	Notes
	Income from:		
39	Donations and legacies	4	1
75	Investments	154	2
216	Charitable activities	243	3
330	Total Income	401	
	Expenditure on:		
(504)	Raising funds	(431)	
(85)	Charitable activities	(101)	
(60)	Other: governance costs	(48)	5
(649)	Total Expenditure	(580)	4
(8)	(Losses) / gains on investment assets – unrealised	28	12
(327)	Net Income / (Expenditure)	(151)	
	Other Recognised Gains / (Losses)		
0	Recognition of Investments	1	
38	Recognition of Fixed Assets	227	6
(289)	Net Movement in Funds	77	
	Reconciliation of Funds		
13,745	Total funds brought forward	13,456	
13,456	Total Funds Carried Forward	13,533	

BALANCE SHEET as at 31 March 2019

as at 31 March 2018 RESTATED			as at 31 March 2019		Notes
£'000	£'000		£'000	£'000	
		Long Term Assets			
10,538		Tangible fixed assets	10,490		6
2,659		Investments	2,780		7
35		Long term loan to third party	24		8
	13,232	Total Long Term Assets		13,294	
		Current Assets			
54		Debtors	99		9
259		Short term investment in SBC loans fund	155		10
	313	Total Current Assets		254	
		Current Liabilities			
		Creditors:			
	(89)	Amounts falling due within 1 year		(15)	11
	224	Net Current Assets		239	
	13,456	Total Net Assets		13,533	
		The Funds of the Charity			
	(3,454)	Restricted income funds		(3,792)	12
	(10,002)	Revaluation reserve		(9,741)	13
	(13,456)	Total Charity Funds		(13,533)	

CASH FLOW STATEMENT as at 31 March 2019

The Cash Flow Statement shows how the Common Good Funds generate and use cash as classified into operating, investing and financing activities. The amount of cash held by Common Good Funds at the year-end is always nil, as all surplus cash is invested in the short term, in the SBC Loans Fund.

as at 31 March 2018			as at 31 March 2019		Notes
£'000	£'000		£'000	£'000	
		Cash Flows from Operating Activities			
	33	Net cash provided by / (used in) operating activities (see reconciliation table below)		51	14
		Cash flows from Investing Activities			
75		Dividends and Interest	154		
(48)		(Purchase) of tangible fixed assets	(227)		
(67)		(Purchase) of investments	(93)		
(5)		Movement in short term investments	104		
	(45)	Net Cash Flows from Investing Activities		(62)	
		Cash flows from Financing Activities			
12		Cash Received from Loans	11		
	12	Net Cash Flows from Financing Activities		11	
	0	Net Movement in Cash		0	

All income and expenditure transactions derive from continuing activities.

The Accounting Policies on pages 12 and 13 and the Notes on pages 14 to 18 form part of these Financial Statements.

The unaudited accounts were issued on 25 June 2019.

David Robertson CPFA
Chief Financial Officer
25 June 2019

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 FRS102, 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 FRS102, income is recognised when its 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 raising 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 £5,000, 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.

Short Term Investments

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

2017/18 £'000 RESTATED		2018/19 £'000
0	Coldstream	0
1	Duns	0
0	Eyemouth	0
1	Galashiels	0
7	Hawick	1
0	Innerleithen	0
1	Jedburgh	1
1	Kelso	1
7	Lauder	0
0	Melrose	0
3	Peebles	0
18	Selkirk	1
39		4

2 Income from Investments

2017/18 £000		2018/19 £'000
2	Bank Interest Receivable from SBC Loans Fund	3
73	Income from Investment Portfolio	151
75		154

3 Analysis of Charitable Income

Charitable income is comprised of rental income for properties which are owned by Common Good Funds and let commercially.

2017/18 £'000		2018/19 £'000
0	Coldstream	0
0	Duns	0
0	Eyemouth	0
0	Galashiels	0
106	Hawick	115
0	Innerleithen	0
0	Jedburgh	0
0	Kelso	0
11	Lauder	11
0	Melrose	0
42	Peebles	56
57	Selkirk	61
216		243

4 Analysis of Charitable Expenditure

2017/18 Total		Activities Undertaken Directly	Support and Governance Costs	Property Cost & Depreciation	2018/19 Total
£'000		£'000	£'000	£'000	£'000
0	Coldstream	0	0	9	9
3	Duns	0	0	0	0
0	Eyemouth	0	0	0	0
45	Galashiels	3	2	34	39
196	Hawick	42	11	98	151
17	Innerleithen	0	0	17	17
66	Jedburgh	15	4	12	31
56	Kelso	2	2	43	47
45	Lauder	2	10	15	27
3	Melrose	0	0	3	3
100	Peebles	19	8	46	73
118	Selkirk	18	11	154	183
649		101	48	431	580

5 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. The fee for the external audit of the charity is charged against Scottish Borders Council General Fund and recharged to the Common Good Funds, recognised under Governance Costs. This fee amounted to £3,500 in 2018/19. A grant from SBC to cover the full cost is recognised under Donations and legacies. No Trustee remuneration or other expenses were incurred.

6 Tangible Fixed Assets

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

As at 31 March 2018		as at 31 March 2019		
		Asset Additions	Depreciation	Total
Total		£'000	£'000	£'000
£'000		£'000	£'000	£'000
0	Coldstream	225	9	216
0	Duns	0	0	0
0	Eyemouth	2	0	2
552	Galashiels	0	34	518
3,558	Hawick	0	40	3,518
273	Innerleithen	0	17	256
454	Jedburgh	0	12	442
755	Kelso	0	42	713
995	Lauder	0	12	983
35	Melrose	0	3	32
803	Peebles	0	37	766
3,113	Selkirk	0	69	3,044
10,538		227	275	10,490

Asset additions include £225k for the recognition of the Museum in Coldstream as a Common Good Fund asset and £2k being the recognition of the Toilet in Eyemouth as a Common Good Fund asset.

Tangible fixed assets are broken down between Land & buildings and Heritage assets as follows:

As at 31 March 2018		as at 31 March 2019		
Total		Land & Buildings at Net Book Value	Heritage Assets	Total Long Term Assets
£'000		£'000	£'000	£'000
0	Coldstream	216	0	216
0	Duns	0	0	0
0	Eyemouth	2	0	2
552	Galashiels	518	0	518
3,558	Hawick	3,515	3	3,518
273	Innerleithen	256	0	256
454	Jedburgh	442	0	442
755	Kelso	694	19	713
995	Lauder	983	0	983
35	Melrose	32	0	32
803	Peebles	764	2	766
3,113	Selkirk	3,043	1	3,044
10,538		10,465	25	10,490

7 Investments

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

At 31 March 2019 all investments were with the Kames Capital plc Diversified Monthly Income Fund. Investment amounts and unrealised gains on these investments at 31 March 2019, per Common Good Fund are detailed below:

As at 31 March 2018		as at 31 March 2019		
Total Investment		Additional Investments	Kames Unrealised Gain	Total Investment
£'000		£'000	£'000	£'000
0	Coldstream	0	0	0
17	Duns	0	0	17
0	Eyemouth	0	0	0
149	Galashiels	10	1	160
455	Hawick	0	5	460
0	Innerleithen	0	0	0
900	Jedburgh	0	10	910
243	Kelso	22	2	267
246	Lauder	1	3	250
0	Melrose	0	0	0
418	Peebles	25	4	447
231	Selkirk	35	3	269
2,659		93	28	2,780

8 Long Term Loan to Third Party

Balance at 31 March 2018 £'000		Repayments received £'000	Balance at 31 March 2019 £'000
29	Jedburgh	8	21
6	Lauder	3	3
35		11	24

9 Debtors

2017/18 £		2018/19 £
40	Trade debtors	30
12	Prepayments and accrued income	67
2	Other debtors	2
54		99

10 Short Term Investments in SBC Loans Fund

All surplus cash invested on behalf of the charity with Scottish Borders Council

11 Creditors: amounts falling due within 1 year

2017/18 £		2018/19 £
0	Grants payable	0
89	Accruals and deferred income	15
89		15

12 Restricted Income Funds

Balance at 31 March 2018 £'000 RESTATED		SOFA Surplus / (loss)	Unrealised movement on investment assets	Balance at 31 March 2019 £'000
0	Coldstream	216	0	216
17	Duns	1	0	18
0	Eyemouth	2	0	2
314	Galashiels	7	(1)	320
605	Hawick	38	(5)	638
135	Innerleithen	0	0	135
960	Jedburgh	52	(10)	1,002
284	Kelso	15	(2)	297
289	Lauder	16	(3)	302
35	Melrose	(3)	0	32
513	Peebles	53	(4)	562
302	Selkirk	(31)	(3)	268
3,454		366	(28)	3,792

13 Revaluation Reserve

Balance at 31 March 2018 £'000		SOFA Surplus / (loss)	Balance at 31 March 2019 £'000
0	Coldstream	0	0
0	Duns	0	0
0	Eyemouth	0	0
399	Galashiels	(34)	365
3,422	Hawick	(42)	3,384
138	Innerleithen	(17)	121
451	Jedburgh	(12)	439
756	Kelso	(43)	713
991	Lauder	(11)	980
0	Melrose	0	0
753	Peebles	(37)	716
3,092	Selkirk	(69)	3,023
10,002		(261)	9,741

14 Reconciliation of net income/(expenditure) to net cash flow from Operating Activities

2017/18 £'000		2018/19 £'000
(289)	Net income/(expenditure) for the year ended 31 March	77
	<i>Adjustments for:</i>	
267	Depreciation charges	275
108	(Gains) / losses on Investments	(28)
(75)	Dividends and interest	(154)
(34)	(Increase) / decrease in debtors	(45)
66	Increase / (decrease) in creditors	(74)
(10)	Other non-cash item	0
33	Net cash provided by / (used in) operating activities	51

15 Restatement of 2017/18 closing balances

	2017/18 published accounts £'000	2017/18 restated balances £'000
Statement of Financial Activities		
Donations and legacies	77	39
Recognition of fixed assets	0	38
	77	77
Balance Sheet		
Restricted income funds	(3,464)	(3,454)
Revaluation reserve	(9,992)	(10,002)
	(13,456)	(13,456)

16 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
the Accounts Commission for Scotland**

ADDITIONAL INFORMATION

Contact Details

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

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