

Scottish Borders Council

Common Good Funds

Charity Registration Number: SC031538

# annual report and financial statements

for the year to 31 March 2020



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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.

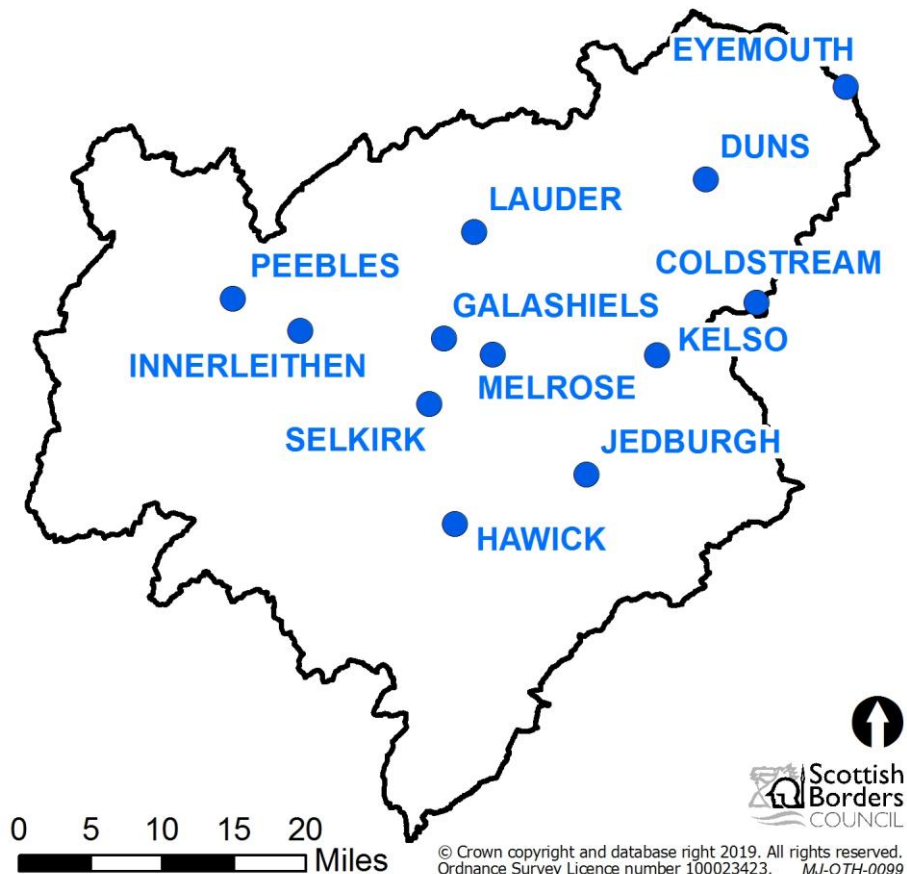
## TRUSTEES' ANNUAL REPORT

The Trustees present their Annual Report and the Financial Statements for the year ended 31 March 2020.

### Structure

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

Coldstream	Duns	Eyemouth	Galashiels	Hawick	Innerleithen
Jedburgh	Kelso	Lauder	Melrose	Peebles	Selkirk



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 £171,220 being paid out in the year.
- In line with the Accounting Policy-Tangible Fixed Assets and Depreciation, all Common Good assets were revalued as at 1 April 2019 with a net gain of £3,481k showing in the Statement of Financial Activities.

## 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 Trustees 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 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 2020, the reserves of the Common Good Funds amounted to:

- Restricted Income Funds - £3,442k
- Revaluation Reserves - £12,820k

### 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 2020 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
Caroline Cochrane	Kevin Drum (to 7 March 2020)	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	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** During the period of these financial statements, the Chief Executive of Scottish Borders Council was Tracey Logan; at the date the audited accounts are authorised for issue, the Executive Director Finance & Regulatory, David Robertson, and the Executive Director Corporate Improvement & Economy, Rob Dickson, are covering the duties undertaken by the Chief Executive.

**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.

**Shona Haslam**  
**Trustee**  
**Scottish Borders Council Common Good Funds**

## 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 information/section on the Scottish Borders Council 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 2020

2018/19 £'000		2019/20 £'000	Notes
	<b>Income from:</b>		
4	Donations and legacies	5	1
154	Investments	172	2
243	Charitable activities	396	3
<b>401</b>	<b>Total Income</b>	<b>573</b>	
	<b>Expenditure on:</b>		
(431)	Raising funds	(684)	
(101)	Charitable activities	(171)	
(48)	Other: governance costs	(52)	5
<b>(580)</b>	<b>Total Expenditure</b>	<b>(907)</b>	4
28	Gains / (losses) on investment assets – unrealised	(435)	7, 12
<b>(151)</b>	<b>Net Income / (Expenditure)</b>	<b>(769)</b>	
	<b>Other Recognised Gains / (Losses)</b>		
0	Gains on Revaluation of Fixed Assets	3,481	6
1	Recognition of Investments	17	
<b>(150)</b>	<b>Net Movement in Funds</b>	<b>2,729</b>	
	<b>Reconciliation of Funds</b>		
13,683	Total funds brought forward	13,533	
<b>13,533</b>	<b>Total Funds Carried Forward</b>	<b>16,262</b>	12, 13

## BALANCE SHEET as at 31 March 2020

as at 31 March 2019			as at 31 March 2020		Notes
£'000	£'000		£'000	£'000	
		<b>Long Term Assets</b>			
		Tangible fixed assets:			6
10,465		- Land & buildings	13,435		
25		- Heritage assets	25		
2,780		Investments	2,335		7
24		Long term loan to third party	55		8
	<b>13,294</b>	<b>Total Long Term Assets</b>		<b>15,850</b>	
		<b>Current Assets</b>			
99		Debtors	58		9
155		Short term investment in SBC loans fund	401		10
	<b>254</b>	<b>Total Current Assets</b>		<b>459</b>	
		<b>Current Liabilities</b>			
		Creditors:			
	(15)	Amounts falling due within 1 year		(47)	11
	<b>239</b>	<b>Net Current Assets</b>		<b>412</b>	
	<b>13,533</b>	<b>Total Net Assets</b>		<b>16,262</b>	
		<b>The Funds of the Charity</b>			
	(3,683)	Restricted income funds		(3,442)	12
	(9,850)	Revaluation reserve		(12,820)	13
	<b>(13,533)</b>	<b>Total Charity Funds</b>		<b>(16,262)</b>	

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 23 June 2020 and the audited accounts were authorised for issue on 5 November 2020.

David Robertson CPFA  
Executive Director, Finance & Regulatory

Shona Haslam  
Trustee  
Scottish Borders Council Common Good Funds

## CASH FLOW STATEMENT as at 31 March 2020

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 2019			as at 31 March 2020		Notes
£'000	£'000		£'000	£'000	
	(176)	<b>Cash Flows from Operating Activities</b>			14
		<b>Net cash provided by / (used in) operating activities</b>		95	
		<b>Cash flows from Investing Activities</b>			
154		Dividends and Interest	172		
0		(Purchase) of tangible fixed assets	0		
(93)		(Purchase)/Disposal of investments	10		
104		Movement in short term investments	(246)		
	165	<b>Net Cash Flows from Investing Activities</b>		(64)	
		<b>Cash flows from Financing Activities</b>			
11		Cash Received from Loans	(31)		
	11	<b>Net Cash Flows from Financing Activities</b>		(31)	
	0	<b>Net Movement in Cash</b>		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 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, comprising land & buildings and heritage 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.

Where purchased, Heritage assets are held at acquisition cost, and for donations the initial valuation is used as the deemed cost, removing the need for subsequent valuations. These Heritage assets are deemed to have indeterminable lives and accordingly depreciation is not charged.

Land is held at current valuation and is not depreciated. All land and buildings are subject to revaluation every five years, with the last revaluation being undertaken in 2019/20. Depreciation is charged on all tangible fixed assets other than land and heritage assets 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

2018/19 £'000		2019/20 £'000
0	Coldstream	0
0	Duns	0
0	Eyemouth	0
0	Galashiels	0
1	Hawick	1
0	Innerleithen	0
1	Jedburgh	1
1	Kelso	1
0	Lauder	1
0	Melrose	0
0	Peebles	0
1	Selkirk	1
<b>4</b>		<b>5</b>

### 2 Income from Investments

2018/19 £000		2019/20 £'000
2	Bank Interest Receivable from SBC Loans Fund	2
152	Income from Investment Portfolio	170
<b>154</b>		<b>172</b>

### 3 Analysis of Charitable Income

Charitable income is comprised of rental income for properties which are owned by Common Good Funds and let commercially; as well as income from the sale of trees from the Burgh Woodlands in Hawick of £164k causing a large increase from the prior year.

2018/19 £'000		2019/20 £'000
0	Coldstream	0
0	Duns	0
0	Eyemouth	0
0	Galashiels	0
115	Hawick	268
0	Innerleithen	0
0	Jedburgh	0
0	Kelso	0
11	Lauder	12
0	Melrose	0
56	Peebles	55
61	Selkirk	61
<b>243</b>		<b>396</b>



## 4 Analysis of Charitable Expenditure

2018/19 Total £'000		Activities Undertaken Directly £'000	Support and Governance Costs £'000	Property Cost & Depreciation £'000	2019/20 Total £'000
9	Coldstream	0	0	10	10
0	Duns	0	1	0	1
0	Eyemouth	0	0	0	0
39	Galashiels	0	2	55	57
151	Hawick	63	13	201	277
17	Innerleithen	0	0	31	31
31	Jedburgh	37	4	12	53
47	Kelso	2	2	59	63
27	Lauder	15	10	34	59
3	Melrose	0	0	4	4
73	Peebles	26	9	113	148
183	Selkirk	28	11	165	204
<b>580</b>		<b>171</b>	<b>52</b>	<b>684</b>	<b>907</b>

## 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 notionally recharged to the Common Good Funds, recognised under Governance Costs. This fee amounted to £3,500 in 2019/20. A notional 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 2019 Total £'000		As at 31 March 2020		
		Surplus/(Loss) on Revaluation £'000	Depreciation £'000	Total £'000
216	Coldstream	70	10	276
0	Duns	0	0	0
2	Eyemouth	0	0	2
518	Galashiels	218	54	682
3,518	Hawick	1,005	93	4,430
256	Innerleithen	289	31	514
442	Jedburgh	110	11	541
713	Kelso	283	59	937
983	Lauder	338	26	1,295
32	Melrose	0	4	28
766	Peebles	169	83	852
3,044	Selkirk	999	140	3,903
<b>10,490</b>		<b>3,481</b>	<b>511</b>	<b>13,460</b>

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

As at 31 March 2019		As at 31 March 2020		
		Land & Buildings at Net Book Value £'000	Heritage Assets £'000	Total Long Term Assets £'000
Total				
£'000				
216	Coldstream	276	0	276
0	Duns	0	0	0
2	Eyemouth	2	0	2
518	Galashiels	682	0	682
3,518	Hawick	4,427	3	4,430
256	Innerleithen	514	0	514
442	Jedburgh	541	0	541
713	Kelso	918	19	937
983	Lauder	1,295	0	1,295
32	Melrose	28	0	28
766	Peebles	850	2	852
3,044	Selkirk	3,902	1	3,903
<b>10,490</b>		<b>13,435</b>	<b>25</b>	<b>13,460</b>

## 7 Investments

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

At 31 March 2020 all investments were with the Kames Capital plc Diversified Monthly Income Fund. As a result of the COVID-19, global markets across most asset classes have seen a drop, resulting in an unrealised loss for 2019/20. Investment amounts and unrealised losses on these investments at 31 March 2020, per Common Good Fund are detailed below:

As at 31 March 2019		As at 31 March 2020		
		Additional Investments / (Disinvestment) £'000	Kames Unrealised Loss £'000	Total Investment £'000
Total Investment				
£'000				
0	Coldstream	0	0	0
17	Duns	0	(2)	15
0	Eyemouth	0	0	0
160	Galashiels	0	(25)	135
460	Hawick	0	(73)	387
0	Innerleithen	0	0	0
910	Jedburgh	0	(143)	767
267	Kelso	0	(42)	225
250	Lauder	0	(39)	211
0	Melrose	10	(2)	8
447	Peebles	20	(74)	393
269	Selkirk	(40)	(35)	194
<b>2,780</b>		<b>(10)</b>	<b>(435)</b>	<b>2,335</b>

## 8 Long Term Loan to Third Party

Balance at 31 March 2019 £'000		Advances paid out £'000	Repayments received £'000	Balance at 31 March 2020 £'000
21	Jedburgh	0	6	15
3	Lauder	0	3	0
0	Peebles	40	0	40
<b>24</b>		<b>40</b>	<b>9</b>	<b>55</b>

## 9 Debtors

2018/19 £'000		2019/20 £'000
30	Trade debtors	35
67	Prepayments and accrued income	11
2	Other debtors	12
<b>99</b>		<b>58</b>

## 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

2018/19 £'000		2019/20 £'000
0	Grants payable	30
15	Accruals and deferred income	17
<b>15</b>		<b>47</b>

## 12 Restricted Income Funds

The funds held with the Charity are restricted by area, purpose or both.

Balance at 31 March 2019 £'000		SOFA Surplus / (Loss)	Unrealised movement on investment assets	Balance at 31 March 2020 £'000
122	Coldstream	0	0	122
18	Duns	0	(2)	16
1	Eyemouth	0	0	1
320	Galashiels	5	(25)	300
638	Hawick	108	(73)	673
135	Innerleithen	0	0	135
1,002	Jedburgh	5	(143)	864
297	Kelso	10	(42)	265
302	Lauder	(7)	(39)	256
18	Melrose	18	(2)	34
562	Peebles	13	(74)	501
268	Selkirk	42	(35)	275
<b>3,683</b>		<b>194</b>	<b>(435)</b>	<b>3,442</b>

## 13 Revaluation Reserve

Balance at 31 March 2019 £'000		Gain on Revaluation of Fixed Assets £'000	SOFA Surplus / (Loss) £'000	Balance at 31 March 2020 £'000
94	Coldstream	70	(10)	154
0	Duns	0	0	0
1	Eyemouth	0	0	1
365	Galashiels	218	(54)	529
3,384	Hawick	1,005	(93)	4,296
121	Innerleithen	289	(31)	379
439	Jedburgh	110	(11)	538
713	Kelso	283	(59)	937
980	Lauder	338	(26)	1,292
14	Melrose	0	(4)	10
716	Peebles	169	(83)	802
3,023	Selkirk	999	(140)	3,882
<b>9,850</b>		<b>3,481</b>	<b>(511)</b>	<b>12,820</b>

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

2018/19 £'000		2019/20 £'000
<b>(150)</b>	<b>Net income/(expenditure) for the year ended 31 March</b>	<b>2,729</b>
	<i>Adjustments for:</i>	
275	Depreciation charges	511
(28)	(Gains) / losses on Investments	435
(154)	Dividends and interest	(172)
(45)	(Increase) / decrease in debtors	41
(74)	Increase / (decrease) in creditors	32
0	Other non-cash item (revaluation of fixed assets)	(3,481)
<b>(176)</b>	<b>Net cash provided by / (used in) operating activities</b>	<b>95</b>

## 15 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.

## 16 Related Party Transactions

Due to the nature of the operations and composition of the Common Good Funds (Trustees are comprised of Elected Council Members of Scottish Borders Council), Scottish Borders Council is registered as a related party. Transactions with Scottish Borders Council for the year under review are listed below:

	£
Interest received on funds invested in SBC Loans Fund	2,094
Service Charge paid for central administrative support	(48,832)

## **17 Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty**

The impact of the current Coronavirus pandemic is not fully known and as a result there continues to be uncertainty surrounding the position of the property market. As a result, less weight can be placed upon previous market evidence for comparison purposes, to inform opinions of value, which therefore gives rise to increased uncertainty over the valuations of the current year of the Council's 5 year rolling valuation programme. It should be noted that the Council's Surveyors did not deem this uncertainty great enough to require the valuations to be issued on the basis of 'material valuation uncertainty' but have since agreed that it would be prudent to note that less certainty can be attached to the valuation than may otherwise be the case.

## INDEPENDENT AUDITOR'S REPORT

### to the trustees of Scottish Borders Council Common Good Funds and the Accounts Commission for Scotland

#### Report on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the statement of accounts of Scottish Borders Council Common Good Funds for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, Accounting Policies and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of Matter – Asset valuation

I draw attention to Note 17 'Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty' in the notes to the accounts, which describes that less certainty can be attached to valuations, due to the Coronavirus pandemic, declared by the valuer for property valuations. My opinion is not modified in respect of this matter.

##### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or



- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ability of the charity to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the trustees for the financial statements**

As explained more fully in the Statement of Responsibilities, the trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other information in the statement of accounts**

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Report on other requirements**

#### **Opinion on matter prescribed by the Accounts Commission**

In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

### **Matters on which I am required to report by exception**

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Asif A Haseeb OBE  
4th Floor  
102 West Port Edinburgh  
EH3 9DN

Asif A Haseeb OBE is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

## ADDITIONAL INFORMATION

### Contact Details

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

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