



**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**SCOTTISH BORDERS COUNCIL
EDUCATION TRUST**

Charity Registration Number: SC044762

FOR THE YEAR TO 31 MARCH 2021

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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.

Working with OSCR, Scottish Borders Council completed the first step of the re-organisation of a number of trusts. This resulted in the establishment of the SBC Education Trust, the “Trust”, in 2014/15. Investigative work commenced in 2015/16 to identify further “Educational” trusts which could be integrated into this Charity. This work has been ongoing throughout the year and a further report will be submitted to Scottish Borders Council during 2021/22 around the possible amalgamation of educational based trusts and bequests into the SBC Education Trust.

TRUSTEES' ANNUAL REPORT

The Trustees present their Annual Report and Financial Statements for the year ended 31 March 2021.

Structure

Following the establishment of the Trust, Scottish Borders Council on 21 May 2015 approved the delegation of authority to the Service Director Young People, Engagement and Inclusion for the following:

1. Make payments to individuals from educational trusts and SBC Education Trust according to set criteria.

Charitable Purpose

- To advance and/or promote cultural exchange by, among other things, the payment of grants and/or loans, the award of bursaries, the award of prizes, payment towards cultural exchanges that further an educational purpose both within Scottish Borders area and further afield (including abroad), to such educational institutions, charities or other organisations or to such individuals deserving of benefit as the Trustees shall, in their sole and unfettered discretion, select as suitable recipients of such benefit, to be applied by such recipients for the charitable purpose of the advancement of education and/or promotion of cultural exchange.

Summary of the Main Activities

- The Charity has taken steps to ensure that the assets of the funds are properly managed and accounted for. As a result of the impact of COVID-19, the charity has not made any donations during the year to 31 March 2021.

Plans for the Future

- The fund will be promoted via Scottish Borders Council web site and continue to grant awards to recipients who may be eligible for disbursement of funds under the eligibility restrictions of the funds.
- The ongoing reorganisation work undertaken by Scottish Borders Council and led by Service Director, Young People & Engagement & Inclusion, including further refinement of existing disbursement criteria, will result in submissions to OSCR for approval to amalgamate other registered and non-registered trusts and bequests into the SBC Education Trust.

Governance and Management

Type of Governing Documents

- a) A Trust Deed has been established and approved by OSCR detailing the purpose and structure of the Charity.
- b) In terms of the Trustees' governance of the fund, these have been approved by Scottish Borders Council at its meeting on 21 May 2015 and have been reflected in its governance codes. The codes covering the governance of the Charity comprise of the following:



- c) When considering any action in connection with the Charity the Trustees have to act in the interest of the Charity Funds.
- 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 FRS102, 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.

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 support and governance costs

At 31 March 2021, the reserves of the SBC Education Trust amounted to:

- Restricted Income Funds - £7,952

Investments

Per the Councils Common Good and Trust Fund investment strategy, the main balance of funds are invested with Aegon Asset Management in a diversified income fund.

Reference and Administrative Information

Charity Name Scottish Borders Council Education Trust

Charity registration number SC044762

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

Trustees

The Trustees of this charity for the year to 31 March 2021 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 | Gordon Edgar | Jim Fullarton |
| John Greenwell | Carol Hamilton | Scott Hamilton |
| Shona Haslam | Euan Jardine | Helen Laing |
| Jenny Linehan (from 12 March 21) | 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

- Tracey Logan (to 27 September 2020)
- David Robertson, Executive Director Finance & Regulatory and Rob Dickson, Executive Director Corporate Improvement & Economy (interim cover from 28 September 2020 to 21 March 2021)
- Netta Meadows (from 22 March 2021)

Auditor Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Professional support

The Council provides the Administrative, Legal and Financial support and advice to the Education Trust. All financial transactions go through the Council's books of account and their Bankers are the Royal Bank of Scotland, Newtown St Boswells.

Shona Haslam
Trustee
Scottish Borders Council Education Trust
29 June 2021

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, 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 2021

| 2019/20 £ | | 2020/21 £ | Notes |
|--------------|---|--------------|----------|
| | Income from: | | |
| 500 | Donations and legacies | 500 | 3 |
| 540 | Investments | 502 | 1 |
| 1,040 | Total Income | 1,002 | |
| | Expenditure on: | | |
| 0 | Raising funds | 0 | |
| 0 | Charitable activities | 0 | 2 |
| (500) | Other : Governance costs | (500) | 3 |
| (500) | Total Expenditure | (500) | |
| (797) | Gain / (loss) on investment assets - unrealised | 802 | |
| (257) | Net Income / (Expenditure) | 1,304 | |
| | Other Recognised Gains / (Losses) | | |
| 0 | Recognition of Investments | 0 | |
| (257) | Net Movement in Funds | 1,304 | |
| | Reconciliation of Funds | | |
| 6,905 | Total funds brought forward | 6,648 | |
| 6,648 | Total Funds Carried Forward | 7,952 | 7 |

BALANCE SHEET as at 31 March 2021

| as at 31 March 2020 | | | as at 31 March 2021 | | Notes |
|---------------------|----------------|--|---------------------|----------------|-------|
| £ | £ | | £ | £ | |
| 4,267 | 4,267 | Fixed Assets | | | |
| | | Investments | 5,074 | | 4 |
| | | | | 5,074 | |
| 20 | 2,381 | Current Assets | | | |
| | | Debtors | 18 | | 5 |
| 2,361 | | Short term investment in SBC loans fund. | 2,860 | | 6 |
| | | Total Current Assets | | 2,878 | |
| | 6,648 | Total Net Assets | | 7,952 | |
| | (6,648) | The Funds of the Charity | | | |
| | | Restricted income funds | | (7,952) | 7 |
| | (6,648) | Total Charity Funds | | (7,952) | |

All income and expenditure transactions derive from continuing activities.

The Accounting Policies on pages 10 and 11 and the Notes on pages 12 to 13 form part of these Financial Statements.

The unaudited accounts were issued on 29 June 2021.

David Robertson CPFA
Executive Director, Finance & Regulatory
29 June 2021

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

Full recognition criteria are:

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

Accruals of Income and Expenditure

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

- Donations and grants are recorded as expenditure when 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.

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.

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 Investment Income

| 2019/20 £ | | 2020/21 £ |
|--------------|----------------------------------|--------------|
| 10 | Bank Interest Receivable | 3 |
| 530 | Income from Investment Portfolio | 499 |
| 540 | | 502 |

2 Charitable Activities

The charity has not provided any grants to eligible beneficiaries during the year to 31 March 2021.

3 Governance Costs

The fee for the external audit of the charity is charged against Scottish Borders Council General Fund and notionally recharged to the SBC Education Trust, recognised under Governance Costs. This fee amounted to £500 in 2020/21. A notional grant from SBC to cover the full cost is recognised under Donations and legacies. No Trustee remuneration or other expenses were incurred.

4 Investments

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

At 31 March 2021 all investments were with the Aegon Asset Management Diversified Monthly Income Fund. Following the prior year impact of COVID-19, global markets across most asset classes have seen an increase, resulting in an unrealised gain for 2020/21.

5 Debtors

| 2019/20 £ | | 2020/21 £ |
|--------------|--------------------------------|--------------|
| 20 | Prepayments and accrued income | 18 |
| 20 | | 18 |

6 Short Term Investments in SBC Loans Fund

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

7 Restricted Income Funds

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

| 2019/20 Balance | Restricted by Area | Income | Expendi- ture | Unrealised Gain/(Loss) | 2020/21 Balance |
|--------------------|--------------------|--------------|------------------|---------------------------|--------------------|
| £ | £ | £ | £ | £ | £ |
| 1,941 | Borders Wide | 360 | (180) | 244 | 2,365 |
| 4,707 | Peeblesshire | 642 | (320) | 558 | 5,587 |
| 6,648 | | 1,002 | (500) | 802 | 7,952 |

8 Related Party Transactions

Due to the nature of the operations and composition of the SBC Education Trust (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 | 3 |

INDEPENDENT AUDITOR'S REPORT

**to the trustees of Scottish Borders Council Education Trust and the
Accounts Commission for Scotland**

ADDITIONAL INFORMATION

Contact Details

For further information on the SBC Education Trust, 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 |

