

Scottish Borders Council  
SBC Charitable Trusts

Charity Registration Number: SC043896

**annual report and  
financial statements**

for the year to 31 March 2017



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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.

In late 2012/13 the charitable status of 76 various funds was formally recognised under a single Charity registration.

Work commenced in 2014/15 to re-organise a number of the other registered Charities managed by Scottish Borders Council into three new Charities covering Welfare, Community Enhancement and Education. The next phase of the work of re-organising the remaining funds held within this fund is planned to be completed in 2017/18 with full consultation and approval of OSCR.

## TRUSTEES' ANNUAL REPORT

The Trustees present their Annual Report and the audited Financial Statements for the year ended 31 March 2017.

### **Structure**

The Charity comprises some 76 varied charitable funds. Their charitable status was regulated at the end of 2012/13 by OSCR.

## Charitable Purpose

- The charitable purpose of this charity is to hold funds for each trust, Endowment or bequest comprising the Charity. Each of these funds have their own purpose related to the general purpose of the prevention or relief of poverty by reason of age, ill-health, disability, financial hardship or other disadvantage.

## Summary of the Main Activities

- A number of the funds have made donations to eligible beneficiaries during the year to 31 March 2017 totalling £8,645 including contributions through area based Education Trusts for Further Education including overseas study and travel as well as music and dance expenses.

## Plans for the Future

- Work to re-organise these funds will continue during 2017/18 to enable the funds to be more easily used for their charitable purposes. It is anticipated that by the end of 2017/18 all 76 trusts and bequests will be amalgated into the Scottish Borders Education, Community Enhancement or Welfare Trusts in conjunction with all stakeholders, including OSCR.

## Governance and Management

### Type of Governing Documents

- a) Since this Charity was formed as a holding charity for some 76 individual funds there is no overall governance document. A review is currently being undertaken into each of the constituent funds and this involves looking for governance and founding documentation.
- b) In terms of the Trustee's governance of the fund, these have been approved by Scottish Borders Council at its meeting on 21<sup>st</sup> May 2015 and have been reflected in its governance codes. The Local Code of Corporate Governance of Scottish Borders Council covers the governance of the Charity and is comprised 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 the Financial Reporting Standard 102 (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 are covered

At 31 March 2017, the reserves of the SBC Charitable Trust Funds amounted to:

Restricted Income Funds - £616,466

### Investments

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

## Reference and Administrative Information

<b>Charity Name</b>	SBC Charitable Trusts
<b>Charity registration number</b>	SC043896
<b>Business Address</b>	Council HQ Newtown St Boswells Melrose Scottish Borders TD6 0SA

### Trustees

The Trustees of this charity for the year to 31 March 2017 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	Willie Archibald	Michelle Ballantyne
Stuart Bell	Catriona Bhatia	Jim Brown
Joan Campbell	Michael J Cook	Keith Cockburn
Alastair Cranston	Vicky M Davidson	Gordon Edgar
James A Fullerton	Graham H T Garvie	Iain Gillespie
John Greenwell	Bill Herd	Gavin Logan
Stuart Marshall	Watson McAteer	John G Mitchell
Donald Moffat	Simon Mountford	Alexander J Nicol
David Parker	David Paterson	Francis Renton
Sandy Scott	Ron Smith	Rory Stewart
Jim Torrance	George Turnbull	Tom Weatherston
Bill White		

Due to Local Government elections on 4 May 2017, the trustees for the year to 31 March 2018 will change.

**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 Charitable Trusts.

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

**Shona Haslam**  
**Trustee**  
**Scottish Borders Council Charitable Trusts**  
**28 September 2017**

## 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 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 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 2017

2015/16 £		2016/17 £	Notes
	<b>Income from:</b>		
178	Donations and legacies	205	1
28,621	Investments	33,244	2
<b>28,799</b>	<b>Total Income</b>	<b>33,449</b>	
	<b>Expenditure on:</b>		
(18,628)	Charitable activities	(8,645)	3,7
<b>(18,628)</b>	<b>Total Expenditure</b>	<b>(8,645)</b>	
(8,262)	(Loss) / gain on investment assets	(2,280)	
<b>1,909</b>	<b>Net Movement in Funds</b>	<b>22,524</b>	
	<b>Reconciliation of Funds</b>		
592,033	Total funds brought forward	593,942	
<b>593,942</b>	<b>Total Funds Carried Forward</b>	<b>616,466</b>	

**BALANCE SHEET as at 31 March 2017**

as at 31 March 2016			as at 31 March 2017		Notes
£	£		£	£	
559,237	<b>559,237</b>	<b>Fixed Assets</b>			
		Investments	555,457		5
34,705	<b>34,705</b>	<b>Current Assets</b>		<b>555,457</b>	6
		Short term Investment in SBC loans fund	61,009		
		<b>Total Current Assets</b>		<b>61,009</b>	
	<b>593,942</b>	<b>Total Net Assets</b>		<b>616,466</b>	
(593,942)		<b>The Funds of the Charity</b>			
		Restricted income funds	(616,466)		7
	<b>(593,942)</b>	<b>Total Charity Funds</b>		<b>(616,466)</b>	

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.

The unaudited accounts were issued on 28 June 2017 and the audited accounts were authorised for issue on 28 September 2017.

David Robertson CPFA  
Chief Financial Officer  
28 September 2017

Shona Haslam  
Trustee  
Scottish Borders Council Charitable Trusts  
28 September 2017

## 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 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 generating 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 Donations and Legacies

Restricted

The voluntary income is from a number of unregistered funds, managed by Scottish Borders Council, which grant their annual income to the Jedburgh Coal Fund.

### 2 Investment Income

2015/16 £		2016/17 £
102	Bank Interest Receivable	127
28,519	Income from Investment Portfolio	33,117
<b>28,621</b>		<b>33,244</b>

### 3 Charitable Activities

The charitable activities during 2016/17 are shown in note 7 by individual fund within the charity. All expenditure incurred was for direct charitable activities.

### 4 Governance Costs

The fee for the external audit of the charity is charged against Scottish Borders Council General Fund. There were no governance costs paid directly by the charity. No Trustee remuneration or other expenses were incurred.

### 5 Investments

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

At 31 March 2017 all investments were with the Newton Real Return Fund.

### 6 Short Term Investments in SBC Loans Fund

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

## 7 Restricted Funds

2015/16 Balance	Fund	Income	Expenditure	2016/17 Balance
£	£	£	£	£
425	Alex Grieves Bequest (1)	11	13	423
291	Alex Grieves Bequest (2)	7	9	289
829	Andrew, Agnes & John Kyle	73	28	874
3,872	Ayton War Memorial Fund	96	98	3,870
6,518	Berwickshire Educational Trust	592	563	6,547
415	Brown Bequest	10	2	423
297	C W Dunnet Award	24	1	320
767	Campbell Calderhead Prize	47	3	811
16,285	Clive Craig-Brown Bequest	390	63	16,612
2,900	Col. Jem Richard Prize Fund	166	10	3,056
872	Coldstream Guards Prize	75	4	943
62	Coldstream War Memorial	2	2	62
1,558	Dalrymple's Mortification	37	6	1,589
1,358	Dr Milne Memorial Fund	75	5	1,428
103,269	Dunlop Bequest	2,473	400	105,342
1,791	Edgar Bequest	43	7	1,827
3,110	Elliot Mortification	75	12	3,173
3,162	Ewan Trust	76	12	3,226
1,100	Ex Provost Mercer's Bequest No1	28	32	1,096
210	Ex Provost Mrs Laidlaw's Benifaction	5	6	209
4,551	F W Dobson VC	344	19	4,876
16,832	Ferguson Dalwhinny Fund	403	65	17,170
2,438	G D Gibson's Bequest	62	72	2,428
15,609	Geoffrey Simpson Bequest	1,587	63	17,133
10,133	George D Gibson's Bequest	243	39	10,337
540	Hans D Langmack Prize Fund	40	2	578
1,885	Henry Laidlaw Trust	48	55	1,878
624	I Wallace Bequest	38	41	621
20,416	J A S Henderson Memorial Scholarship	2,786	58	23,144
2,753	J Purves Bequest	179	11	2,921
992	James Robertson Trust	62	3	1,051
84	James West Brown's Bequest	2	2	84
1,309	Jane Grieve Endowmnt	78	5	1,382
1,719	Jean Kincaird Grieve Endowment	96	6	1,809
10,950	Jedburgh Coal Fund	457	40	11,367
1,505	Jedburgh Public Library Fund	36	6	1,535
1,538	John Herbertson Bequest	39	45	1,532
240	John Hunter's Bequest	6	7	239
631	John Jamieson Prize Fund	34	2	663
96	John Murray's Bequest	2	3	95

**Scottish Borders Council Charitable Trusts**  
**Audited Annual Report and Financial Statements For The Year To 31 March 2017**

<b>243,936</b>	<b><i>Sub-total carried to next page</i></b>	<b>10,847</b>	<b>1,820</b>	<b>252,963</b>
344	Joshua Goodfellow's Bequest	8	1	351
612	Kelso Library Book Fund	15	2	625
592	Kennedy Medal Fund	36	2	626
1,647	Kenneth Cochrane Library Fund	39	6	1,680
26	Lands at Calfward	1	0	27
263	Longformacus Public Park	7	8	262
3,901	Marjoribanks Bequest	95	15	3,981
784	Mary Dickson Prize Fund	58	3	839
545	McKinley Trust	13	2	556
21,794	Miss A T Waldie Trust	744	139	22,399
801	Mr & Mrs W F Johnstone Fund	40	3	838
416	Mrs Adams Bequest	9	1	424
928	Mrs Clelland Memorial Prize	51	3	976
2,778	Mrs Hobkirk's Fund	67	11	2,834
176	Mrs M Cheetham Bequest	4	5	175
2,776	Murray Medal Fund	195	11	2,960
262	Peebles Public Library	7	8	261
21,673	Peeblesshire Educational Trust	2,231	1,239	22,665
25,146	R D Forman's Bequest	603	97	25,652
4,683	Raith's Mortification	114	18	4,779
1,253	Robert Meggit's Bequest	32	37	1,248
53,257	Robert Watson Fund	1,345	1,565	53,037
97,426	Roxburghshire Educational Trust	9,767	4,981	102,212
3,529	Selkirk Library Fund	85	14	3,600
11,400	Selkirkshire Educational Trust	1,227	132	12,495
24,463	Simpson Dalwhinny Fund	1,716	86	26,093
6,372	Sir John Robert's Bequest	152	25	6,499
19,271	Sir Walter Leitch Scholarship	2,786	59	21,998
1,179	Special Air Service Reg. Fund	86	5	1,260
12,073	T J S Roberts Trust	289	47	12,315
2,328	Thomas B Williamson Bequest	56	9	2,375
1,229	Walter Geddes Prize Fund	65	4	1,290
868	Waugh Bequest	22	(173)	1,063
24,445	William Forrester's Bequest	617	718	24,344
464	William Laidlaw Memorial Fund	12	13	463
302	Wm Brown's Bequest	8	9	301
<b>593,942</b>		<b>33,449</b>	<b>10,925</b>	<b>616,466</b>

Income detailed above includes dividends received from the Newton Investment and interest earned on short term investment in SBC loans fund.

Expenditure includes grants paid out but also the net unrealised loss on Newton investment during the year. These balances are required to be included in order to reconcile opening and closing balances. They were included in income last year when there was a net unrealised gain on investment.

## INDEPENDENT AUDITOR'S REPORT

### Independent auditor's report to the trustees of Scottish Borders Council Charitable Trusts and the Accounts Commission

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 approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### Report on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the annual report and financial statements of Scottish Borders Council Charitable Trusts for the year ended 31 March 2017 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, 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 2017 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 Standards for Auditors, 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.

#### 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.

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

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the charity and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

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

The trustees are responsible for the other information in the annual report and financial statements. 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 in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Report on other requirements**

### **Opinion on other prescribed matter**

I am required by the Accounts Commission to express an opinion on the following matter. 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.

Asif A Haseeb OBE  
Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

29 September 2017

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

## ADDITIONAL INFORMATION

### Contact Details

For further information on the SBC Charitable Trusts, please contact:

Kirsty Robb	Telephone: 01835 –825249
Capital & Investment Manager	E-mail: <a href="mailto:krobb@scotborders.gov.uk">krobb@scotborders.gov.uk</a>
Scottish Borders Council	Council Headquarters Newtown St Boswells MELROSE TD6 0SA

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