

# annual report and financial statements

Scottish Borders Council Charitable Trusts

Charity Registration Number: SC043896

For the year to 31 March 2015

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## FOREWORD

The implementation of the audit and reporting requirements of the Office of the Scottish Charity regulator (OSCR) now requires that full audited accounts for this Charity are prepared.

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

Work has now been completed during 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, which the Council. The next phase of the work of re-organising the remaining funds held within this fund will be undertaken during 2015/16 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 2015.

### Reference and Administrative Information

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

### Trustees

The Trustees of this charity are the duly elected members of Scottish Borders Council (the Council), a local authority constituted under the Local Government (Scotland) Act 1994. These are

Sandy Aitchison	Gavin Logan
Willie Archibald	Stuart Marshall
Michelle Ballantyne	Watson McAteer (from May 2014)
Stuart Bell	John G Mitchell
Catriona Bhatia	Donald Moffat
Jim Brown	Simon Mountford
Joan Campbell	Alexander J Nicol
Michael J Cook	David Parker
Keith Cockburn	David Paterson
Alastair Cranston	Frances Renton
Vicky M Davidson	Sandy Scott
Gordon Edgar	Ron Smith
James A Fullerton	Rory Stewart
Graham H T Garvie	Jim Torrance
Iain Gillespie	George Turnbull
John Greenwell	Tom Weatherspoon .
Bill Herd	Bill White

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

**Auditor** KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

### Professional support

The Council provides the Administrative, Legal and Financial support and advice to the Charity.

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

## Structure

The Charity comprises some 76 varied funds previously considered charities by the Inland Revenue. Their Charitable status was regularised at the end of 2012/13 by 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, they have determined that this is in terms of the Corporate Governance of the Council, namely the code as comprises:-
  - Financial Regulations;
  - Code of Corporate Governance;
  - Procedural Standing Orders;
  - Scheme of Administration; and
  - Scheme of Delegation.
- c) When considering any action in connection with the Charity the Trustees have to act in the interest of the Charity Funds.
- d) The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Recruitment and appointment of Trustees

There is no recruitment process. Appointment is by virtue of election to the Council.

## 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.

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.

A number of the funds have made donations to eligible beneficiaries during the year to 31 March 2015 totalling £15,738 including contributions through area based Education Trusts as follows:

- |   |        |
|---|--------|
| • Further Education including overseas study and travel | £7,260 |
| • National Youth Orchestra expenses                     | £810   |
| • Other dance and music study costs                     | £2,170 |
| • Contributions towards Secondary school trips          | £ 306  |

## 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 Financial Statements.

### Funding and reserves

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

**Policy on Reserves** The Council treats the Charities' funds in line with recognised national governance and applicable codes of practice.

## Plans for the Future

Work will be undertaken during 2015/16 to re-organise these funds, in consultation with OSCR to enable the funds to be more easily used for their charitable purposes.

The report was signed on behalf of the Trustees by

**David Parker**  
**Trustee**  
**Scottish Borders Council Charitable Trusts**  
**29 September 2015**

## STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires that the trustees prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (2005);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in its activities.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT OF FINANCIAL ACTIVITIES (Including an Income and Expenditure Account) for the year ended 31 March 2015

2013/14 Restricted Funds £		2014/15 Restricted Funds £	Notes
	<b>Incoming Resources</b>		
	<b>Incoming Resources from Generated Funds</b>		
138	Voluntary Income	209	1
23,787	Interest and Investment Income	30,329	2
537,951	Other Incoming Resources	0	
<b>561,876</b>	<b>Total Incoming Resources</b>	<b>30,538</b>	
	<b>Resources Expended</b>		
(14,022)	Charitable Activities	(15,738)	3
(0)	Governance Costs	(0)	4
<b>(14,022)</b>	<b>Total Resources Expended</b>	<b>(15,738)</b>	
<b>547,854</b>	<b>Net Incoming Resources before Other Recognised Gains and Losses</b>	<b>14,800</b>	
	<b>Other Recognised Gains/(Losses)</b>		
9,833	Gains/(Loss) on Investment Assets	19,546	
<b>557,687</b>	<b>Net Movement in Funds</b>	<b>34,346</b>	
	<b>Reconciliation of Funds</b>		
0	Total Funds Brought Forward	557,687	
<b>557,687</b>	<b>Total Funds Carried Forward</b>	<b>592,033</b>	

## BALANCE SHEET as at 31 March 2015

at 31 March 2014 £		at 31 March 2015 £                      £		Notes
545,903	<b>Fixed Assets</b>			
	Investments	565,449		5
			<b>565,449</b>	
	<b>Current Assets</b>			
	<b>Investments</b>			
11,784	Short Term Investments in SBC Loans fund	26,584		6
<b>11,784</b>	<b>Net Current Assets</b>		<b>26,584</b>	
<b>557,687</b>	<b>Net assets</b>		<b>592,033</b>	
	<b>The Funds of the Charity</b>			
557,687	Restricted Funds	592,033		8
<b>557,687</b>	<b>Total Funds</b>		<b>592,033</b>	

All of the Charity's activities are continuing.

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

The unaudited accounts were issued on 30 June 2015 and the audited accounts were authorised for issue on 29 September 2015.

**David Robertson CPFA**  
**29 September 2015**

## CASH FLOW for the year ended 31 March 2015

2013/14 Restated £		2014/15 £
	<b>Reconciliation of Operating Profit to Net Cash Flow from Operating Activities</b>	
547,854	<b>Net Incoming Resources before Other Recognised Gains and Losses</b>	14,800
(537,951)	Other Incoming Resources	0
<b>9,903</b>	<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>14,800</b>

	<b>Cash Flow Statement</b>	
9,903	<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	14,800
	<b>Investing Activities</b>	
(9,903)	(Deposit)/Withdrawal from Short Term Investments	(14,800)
<b>0</b>	<b>Increase / (Decrease) in Cash in Period</b>	<b>0</b>

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

## ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

### Basis of Preparation

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

### Accruals of Income and Expenditure

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

- Donations and grants are recorded as expenditure when they are approved.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

### Funds

Funds are classified as Restricted Funds, defined as follows:

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

### Voluntary Income

All donations and gifts are included within incoming resources under Restricted Funds. Donations and Gifts in Kind are brought into the financial statements at their market value to the charity.

### Resources Expended

The only resource expended was a grant issued for charitable activities. There were no costs associated with the costs of generating funds and governance costs.

### Investments

Fixed asset investments are stated at market value. Unrealised gains and losses represent the difference between market value at the beginning and the end of the financial year, or if purchases in the year the difference between cost and market value at the end of the financial year. Realised gains and losses represent the difference between the proceeds and cost.

### Cash and short term investments

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand. Short term investments are current asset investments which are disposable without curtailing or disrupting the business and are either convertible into known amounts of cash at or close to their carrying values. Short term investments comprise of call deposits with the Council.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Voluntary Income

#### Restricted

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

### 2 Investment Income

2013/14 £		2014/15 £
2,140	Interest Receivable	50
21,647	Income from Investment Portfolio	30,279
<b>23,787</b>		<b>30,329</b>

### 3 Charitable Activities during 2014/15

The Charitable activities during 2014/15 are shown in note 8 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.

### 5 Investments

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

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

### 6 Short term Investments in SBC Loans Fund

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

### 7 Creditors: Amounts Falling Due Within One Year

There were no Creditors at 31 March 2015.

## 8 Restricted Funds

	Balance at 31 March 2014 £	Income £	Expenditure £	Balance at 31 March 2015 £
Waugh Bequest	851	55	25	881
Dalrymple's Mortification	1,459	89		1,548
Raith's Mortification	4,381	271		4,652
William Forrester's Bequest	23,952	1,483	627	24,808
Robert Watson Fund	52,183	3,231	1,367	54,047
Kenneth Cochrane Library Fund	1,542	94		1,636
Ex Provost Mercer's Bequest No1	1,077	67	28	1,116
G D Gibson's Bequest	2,390	148	63	2,475
Clive Craig-Brown Bequest	15,245	930		16,175
Thomas B Williamson Bequest	2,180	133		2,313
George D Gibson's Bequest	9,486	579		10,065
T J S Roberts Trust	11,303	689		11,992
Sir John Robert's Bequest	5,961	364		6,325
Mrs Adams Bequest	360	53		413
Joshua Goodfellow's Bequest	321	21		342
Mrs Hobkirk's Fund	2,600	159		2,759
Wm Brown's Bequest	296	18	8	306
Alex Grieves Bequest (1)	417	26	11	432
Alex Grieves Bequest (2)	285	18	7	296
John Hunter's Bequest	235	15	6	244
John Murray's Bequest	94	6	2	98
Ex Provost Mrs Laidlaw's Benifaction	205	13	5	213
Robert Meggit's Bequest	1,228	76	32	1,272
James West Brown's Bequest	82	5	2	85
Henry Laidlaw Trust	1,847	114	48	1,913
John Herbetson Bequest	1,507	93	39	1,561
Mrs M Cheetham Bequest	171	11	4	178
Jedburgh Coal Fund	9,895	805		10,700
Edgar Bequest	1,677	102		1,779
Elliot Mortification	2,911	178		3,089
McKinley Trust	511	31		542
R D Forman's Bequest	23,539	1,437		24,976
Ewan Trust	2,959	181		3,140
William Laidlaw Memorial Fund	454	28		482
Longformacus Public Park	258	16	7	267
Coldstream War Memorial	61	4	2	63
Lands at Calfward	24	1		25
Dunlop Bequest	96,669	5,901		102,570
Ayton War Memorial Fund	5,265	322	136	5,451
I Wallace Bequest	612	49	27	634
Marjoribanks Bequest	3,645	229		3,874
Peebles Public Library	257	16	7	266
Brown Bequest	388	24		412
Berwickshire Educational Trust	5,549	731	224	6,056
C W Dunnet Award	290	32	18	304
Jane Grieve Endowmwnt	1,144	110		1,254
Jean Kincaird Grieve Endowment	1,514	140		1,654
<b>Sub-total carried to next page</b>	<b>299,280</b>	<b>19,099</b>	<b>2695</b>	<b>315,683</b>

**Restricted Funds (continued)**

	Balance at 31 March 2014	Income	Expenditure	Balance at 31 March 2015
	£	£	£	£
<b><i>Sub-total brought forward from next page</i></b>				
J Purves Bequest	2,706	258	133	<b>2,831</b>
Hans D Langmack Prize Fund	530	55	30	<b>555</b>
Coldstream Guards Prize	853	99	58	<b>894</b>
Special Air Service Reg. Fund	1,155	120	64	<b>1,211</b>
F W Dobson VC	4,457	473	258	<b>4,672</b>
Roxburghshire Educational Trust	93,840	12,155	7,647	<b>98,348</b>
Andrew, Agnes & John Kyle	786	93	30	<b>849</b>
Miss A T Waldie Trust	20,818	1,447	495	<b>21,770</b>
J A S Henderson Memorial Scholarship	15,877	2,845		<b>18,722</b>
Sir Walter Leitch Scholarship	14,737	2,844		<b>17,581</b>
Mrs Clelland Memorial Prize	820	74		<b>894</b>
Peeblesshire Educational Trust	21,037	2,770	1,691	<b>22,116</b>
Mr & Mrs W F Johnstone Fund	714	61		<b>775</b>
Col. Jem Richard Prize Fund	2,547	239		<b>2,786</b>
Dr Milne Memorial Fund	1,197	110		<b>1,307</b>
James Robertson Trust	849	56		<b>905</b>
John Jamieson Prize Fund	558	50		<b>608</b>
Walter Geddes Prize Fund	1,089	97		<b>1,186</b>
Geoffrey Simpson Bequest	15,225	1,976	1,237	<b>15,964</b>
Selkirkshire Educational Trust	11,323	1,510	1,210	<b>11,623</b>
Mary Dickson Prize Fund	770	79	44	<b>805</b>
Murray Medal Fund	2,726	271	146	<b>2,851</b>
Campbell Calderhead Prize	669	65		<b>734</b>
Kennedy Medal Fund	515	51		<b>566</b>
Simpson Dalwhinny Fund	21,567	1,904		<b>23,471</b>
Ferguson Dalwhinny Fund	15,757	961		<b>16,718</b>
Jedburgh Public Library Fund	1,409	86		<b>1,495</b>
Kelso Library Book Fund	573	35		<b>608</b>
Selkirk Library Fund	3,303	202		<b>3,505</b>
<b>Total</b>	<b>557,687</b>	<b>50,084</b>	<b>15,738</b>	<b>592,033</b>

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Trustees of Scottish Borders Council Charitable Trusts and the Accounts Commission for Scotland**

We certify that we have audited the financial statements of Scottish Borders Council Charitable Trusts for the year ended 31 March 2015 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 the financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts or 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 charity's circumstances 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. In addition, we read all the financial and non-financial information in the annual 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 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.

## **Independent auditor's report to the trustees of Scottish Borders Council Charitable Trusts and the Accounts Commission for Scotland (continued)**

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

In our opinion 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.

### **Matters on which we are required to report by exception**

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

**Hugh Harvie,  
for and on behalf of KPMG LLP, Statutory Auditor**

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

**30 September 2015**

## ADDITIONAL INFORMATION

### Contact Details

For further information on the Scottish Borders Council Charitable Trusts, please contact

Lynn Mirley	Telephone: 01835 – 825016
Corporate Finance Manager	E-mail: <a href="mailto:lmirley@scotborders.gov.uk">lmirley@scotborders.gov.uk</a>
Scottish Borders Council	Council Headquarters Newtown St Boswells MELROSE TD6 0SA