



# **UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS**

## **SCOTTISH BORDERS COUNCIL COMMUNITY ENHANCEMENT TRUST**

Charity Registration Number: SC044764

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 Community Enhancement Trust, the "Trust", which was established from 10 funds held by Scottish Borders Council. The purpose of the trust is as follows:

- a) The advancement of community development;
- b) The advancement of the arts, heritage, culture or science, including the upkeep of heritage assets;
- c) The provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended; or
- d) The advancement of environmental protection or improvement.

During 2017/18 further work on the reorganisation of charity funds continued and on 21<sup>st</sup> December 2017, Scottish Borders Council approved the reorganisation, in consultation with OSCR, for a number of funds to be amalgamated into this Trust on 1<sup>st</sup> April 2018.

This fund is now administered by the Communities & Partnership Team, and features on the Scottish Borders Council website in order to raise awareness of the fund, and to support openness, transparency and equality regarding funding that is available to communities.

## TRUSTEES' ANNUAL REPORT

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

### Structure

Scottish Borders Council has delegated authority to the Services Director of Customer and Communities for the following:

1. Approve applications for funding up to the value of £500 from the SBC Community Enhancement Trust and SBC Welfare Trust;
2. Approve applications for grants from £501 to £2,500 to the SBC Welfare Trust, subject to the agreement of at least 50% of the Members in the relevant Wards; and
3. Approve applications for grants from £501 to £5,000 to the SBC Community Enhancement Trust, subject to the agreement of at least 50% of the Members in the relevant Wards.

Grants over £5,000 require approval by the Executive Committee of Scottish Borders Council.

## Charitable Purpose

- The advancement of Community Development;
- The advancement of the arts, heritage, culture or science, including the upkeep of heritage assets;
- The provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended; or
- The advancement of environmental protection or improvement.

## 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 COVID-19, all funding dispersion was suspended until October 2020 as staff were deployed to response teams. The charity has not made any donations during the financial year to 31 March 2021.

## Plans for the Future

- This fund is administered by the Communities & Partnership Team, and features on the SBC website in order to raise awareness of the fund, and to support openness, transparency and equality regarding funding that is available to our communities:  
[https://www.scotborders.gov.uk/info/20076/community\\_grants\\_and\\_funding](https://www.scotborders.gov.uk/info/20076/community_grants_and_funding)
- The Fund is also promoted at each of the 5 Area Partnerships held quarterly across the Scottish Borders.

## 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 Community Enhancement Trust.
- 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:

Financial  
Regulations

Code of  
Corporate  
Governance

Procedural  
Standing  
Orders

Scheme of  
Administration

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 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 2021, the reserves of the SBC Community Enhancement Trust amounted to:

- Restricted Income Funds - £207,213.

### 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 Community Enhancement Trust

**Charity registration number** SC044764

**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 Community Enhancement 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 Community Enhancement 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
	<b>Income from:</b>		
500	Donations and legacies	500	3
8,910	Investments	7,619	1
30	Charitable activities	20	
<b>9,440</b>	<b>Total Income</b>	<b>8,139</b>	
	<b>Expenditure on:</b>		
0	Raising funds	0	
(2,357)	Charitable activities	(579)	2
(500)	Other : Governance Costs	(500)	3
<b>(2,857)</b>	<b>Total Expenditure</b>	<b>(1,079)</b>	
(27,969)	Gain / (loss) on investment assets - unrealised	28,142	
<b>(21,386)</b>	<b>Net Income / (Expenditure)</b>	<b>35,202</b>	
	<b>Other Recognised Gains / (Losses)</b>		
0	Recognition of Investments	0	
<b>(21,386)</b>	<b>Net Movement in Funds</b>	<b>35,202</b>	
	<b>Reconciliation of Funds</b>		
193,397	Total funds brought forward	172,011	
<b>172,011</b>	<b>Total Funds Carried Forward</b>	<b>207,213</b>	7



## BALANCE SHEET as at 31 March 2021

as at 31 March 2020			as at 31 March 2021		Notes
£	£		£	£	
149,703	149,703	<b>Fixed Assets</b>	178,011	178,011	4
		Investments			
693	22,308	<b>Current Assets</b>	640	29,202	5 6
21,615		Debtors	28,562		
		Short term investment in SBC loans fund			
	22,308			29,202	
	172,011	<b>Total Net Assets</b>		207,213	
(172,011)		<b>The Funds of the Charity</b>	207,213		7
		Restricted income funds			
	(172,011)	<b>Total Charity Funds</b>		207,213	

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

## 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.

### 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.

### 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

## **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 £
80	Bank Interest Receivable	23
8,829	Income from Investment Portfolio	7,596
<b>8,909</b>		<b>7,619</b>

### 2 Charitable Activities

The charitable activities during 2020/21 are included in note 8 by individual fund within the charity. All expenditure incurred was for direct charitable activities.

### 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 Community Enhancement 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 £
693	Prepayments and accrued income	640
<b>693</b>		<b>640</b>

### 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. Income includes the unrealised gain on the Aegon Asset Management investment during the year.

The restrictions for each are shown in the table below. The purpose of these funds are:

- a) Advancement of Community Development

- b) The advancement of the arts, heritage, culture or science, including the upkeep of heritage assets
- c) The provision of recreational facilities, or the organisation of recreational activities are primarily intended, or
- d) Advancement of environmental protection or improvement

2019/20 Balance	Restricted by Area	Restricted by Purpose	Income	Expendi- ture	Unrealised Gain / (Loss)	2020/21 Balance
£			£	£	£	£
1,552	Cheviot	Allerley Well Park	66	(4)	229	1,843
1,448	Borders Wide	b	89	(5)	213	1,745
19,140	Hawick, Denholm & Hermitage	b	829	(51)	2,898	22,816
30,496	Mid & East Berwickshire	b	1,608	(99)	5,648	37,653
6,614	Hawick, Denholm & Hermitage	b&d	282	(18)	987	7,865
13,967	Berwickshire	Unrestricted	596	(37)	2,084	16,610
498	Berwickshire	Henderson Park & War Memorial	24	(2)	86	606
1,407	Selkirk	Unrestricted	70	(4)	244	1,717
16,019	Earlston	Unrestricted	684	(621)	2,392	18,474
960	Earlston	b	68	(4)	154	1,178
6,930	Galashiels & District	b	332	(20)	1,165	8,407
401	Hawick, Denholm & Hermitage	c	19	(1)	65	484
19,486	Hawick, Denholm & Hermitage	Unrestricted	964	(59)	3,265	23,656
211	Hawick Denholm	b	10	(1)	35	255
376	Hawick & Hermitage	b	18	(1)	63	456
1,580	Jedburgh & District	b	70	(4)	246	1,892
773	Kelso & District	b	37	(3)	129	936
1,368	Melrose	b	65	(4)	228	1,657
9,774	Selkirk & District	b	468	(28)	1,642	11,856
3,197	Selkirkshire	b	62	(4)	134	3,389
5,867	Tweeddale	b	265	(16)	927	7,043
320	Berwickshire	c	15	(1)	52	386
29,627	Lauder & District	b	1,498	(92)	5,256	36,289
<b>172,011</b>			<b>8,139</b>	<b>(1,079)</b>	<b>28,142</b>	<b>207,213</b>

## 8 Related Party Transactions

Due to the nature of the operations and composition of the SBC Community Enhancement 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	23

## **INDEPENDENT AUDITOR'S REPORT**

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

## ADDITIONAL INFORMATION

### Contact Details

For further information on the SBC Community Enhancement Trust, please contact:

Kirsty Robb	Telephone: 01835 825249
Pension & 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