

Scottish Borders Council SBC Charitable Trusts

Charity Registration Number: SC043896

annual report and financial statements

for the year to 31 March 2016



Contents

	Page
Foreword	3
Trustee's Annual Report	3
Statement of Trustees' Responsibilities for the Annual Report and Financial Statements	7
Financial Statements	
Statement of Financial Activities	8
Balance Sheet	9
Accounting Policies	10
Notes to the Financial Statements	12
Independent Auditor's Report	15
Additional Information	17

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 was started in 2015/16 and is planned to be completed in 2016/17 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 2016.

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 2016 totalling £18,628 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 will continue to re-organise these funds during 2016/17, in consultation with OSC to enable the funds to be more easily used for their charitable purposes.

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 21st 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 for Smaller Entities (FRSSE), 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 2016, the reserves of the SBC Charitable Trust Funds amounted to:

Restricted Income Funds - £593,942

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

Charity Name	SBC Charitable Trusts
Charity registration number	SC043896
Business Address	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	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 (from May 2014)	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 Weatherspoon
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 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.

The report was signed on behalf of the Trustees by

David Parker
Trustee
Scottish Borders Council Charitable Trusts
29 September 2016

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 FRSSE *The Financial Reporting Standard for Smaller Entities applicable in the UK and Republic of Ireland*.

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 2016

2014/15 £		2015/16 £	Notes
	Income from:		
209	Donations and legacies	178	1
30,329	Investments	28,620	2
30,538	Total Income	28,799	
	Expenditure on:		
(15,738)	Charitable activities	(18,628)	3
(15,738)	Total Expenditure	(18,628)	
14,800	Net Income / (Expenditure)	10,171	
	Other Recognised Gains and Losses		
19,546	(Loss) / gain on investment assets	(8,262)	
34,346	Net Movement in Funds	1,909	
	Reconciliation of Funds		
557,687	Total funds brought forward	592,033	
592,033	Total Funds Carried Forward	593,942	

BALANCE SHEET as at 31 March 2016

as at 31 March 2015			as at 31 March 2016		Notes
£	£		£	£	
565,449	565,449	Fixed Assets	559,237	559,237	5
		Investments			
26,584	26,584	Current Assets	34,705	34,705	6
		Short term Investment in SBC loans fund			
		Total Current Assets			
	592,033	Total Net Assets		593,942	
(592,033)		The Funds of the Charity	(593,942)		7
		Restricted income funds			
	(592,033)	Total Charity Funds		(593,942)	

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 30 June 2016 and the audited accounts were authorised for issue on 29 September 2016.

David Robertson CPFA
Chief Financial Officer
29 September 2016

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 Financial Reporting Standard for Smaller entities (FRSSE), 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 FRSSE, 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 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 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

2014/15		2015/16	
£		£	
50	Bank Interest Receivable	102	
30,279	Income from Investment Portfolio	28,518	
30,329		28,620	

3 Charitable Activities

The charitable activities during 2015/16 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.

5 Investments

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

At 31 March 2016 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

2014/15 Balance	Fund	Income	Expenditure	2015/16 Balance
£	£	£	£	£
881	Waugh Bequest	121	134	868
1,548	Dalrymple's Mortification	32	22	1,558
4,652	Raith's Mortification	98	67	4,683
24,808	William Forrester's Bequest	536	899	24,445
54,047	Robert Watson Fund	1,167	1,957	53,257
1,636	Kenneth Cochrane Library Fund	34	23	1,647
1,116	Ex Provost Mercer's Bequest No1	24	40	1,100
2,475	G D Gibson's Bequest	53	90	2,438
16,175	Clive Craig-Brown Bequest	338	228	16,285
2,313	Thomas B Williamson Bequest	48	33	2,328
10,065	George D Gibson's Bequest	210	142	10,133
11,992	T J S Roberts Trust	250	169	12,073
6,325	Sir John Robert's Bequest	136	89	6,372
413	Mrs Adams Bequest	8	5	416
342	Joshua Goodfellow's Bequest	7	5	344
2,759	Mrs Hobkirk's Fund	58	39	2,778
306	Wm Brown's Bequest	7	11	302
432	Alex Grieves Bequest (1)	9	16	425
296	Alex Grieves Bequest (2)	6	11	291
244	John Hunter's Bequest	5	9	240
98	John Murray's Bequest	2	4	96
213	Ex Provost Mrs Laidlaw's Benifaction	5	8	210
1,272	Robert Meggit's Bequest	27	46	1,253
85	James West Brown's Bequest	2	3	84
1,913	Henry Laidlaw Trust	41	69	1,885
1,561	John Herbertson Bequest	34	57	1,538
178	Mrs M Cheetham Bequest	4	6	176
10,700	Jedburgh Coal Fund	396	146	10,950
1,779	Edgar Bequest	37	25	1,791
3,089	Elliot Mortification	65	44	3,110
542	McKinley Trust	11	8	545
24,976	R D Forman's Bequest	522	352	25,146
3,140	Ewan Trust	66	44	3,162
482	William Laidlaw Memorial Fund	10	28	464
267	Longformacus Public Park	6	10	263
63	Coldstream War Memorial	1	2	62
25	Lands at Calfward	1	0	26
102,570	Dunlop Bequest	2,144	1,445	103,269
5,451	Ayton War Memorial Fund	116	1695	3,872
634	I Wallace Bequest	36	46	624
301,863	Sub-total carried to next page	6,673	8,027	300,509

Scottish Borders Council Charitable Trusts
Annual Report and Financial Statements For The Year To 31 March 2016

3,874	Marjoribanks Bequest	83	56	3,901
266	Peebles Public Library	6	10	262
412	Brown Bequest	9	6	415
6,056	Berwickshire Educational Trust	545	83	6,518
304	C W Dunnet Award	22	29	297
1,254	Jane Grieve Endowmnt	71	16	1,309
1,654	Jean Kincaird Grieve Endowment	87	22	1,719
2,831	J Purves Bequest	163	241	2,753
555	Hans D Langmack Prize Fund	36	51	540
894	Coldstream Guards Prize	69	91	872
1,211	Special Air Service Reg. Fund	78	110	1,179
4,672	F W Dobson VC	314	435	4,551
98,348	Roxburghshire Educational Trust	8,961	9,883	97,426
849	Andrew, Agnes & John Kyle	67	87	829
21,770	Miss A T Waldie Trust	659	635	21,794
18,722	J A S Henderson Memorial Scholarship	1,903	209	20,416
17,581	Sir Walter Leitch Scholarship	1,900	210	19,271
894	Mrs Clelland Memorial Prize	46	12	928
22,116	Peeblesshire Educational Trust	2,047	2,490	21,673
775	Mr & Mrs W F Johnstone Fund	36	10	801
2,786	Col. Jem Richard Prize Fund	151	37	2,900
1,307	Dr Milne Memorial Fund	68	17	1,358
905	James Robertson Trust	54	(33)	992
608	John Jamieson Prize Fund	31	8	631
1,186	Walter Geddes Prize Fund	59	16	1,229
15,964	Geoffrey Simpson Bequest	1,457	1,812	15,609
11,623	Selkirkshire Educational Trust	1,127	1,350	11,400
805	Mary Dickson Prize Fund	53	74	784
2,851	Murray Medal Fund	178	253	2,776
734	Campbell Calderhead Prize	43	10	767
566	Kennedy Medal Fund	33	7	592
23,471	Simpson Dalwhinny Fund	1,304	312	24,463
16,718	Ferguson Dalwhinny Fund	349	235	16,832
1,495	Jedburgh Public Library Fund	31	21	1,505
608	Kelso Library Book Fund	13	9	612
3,505	Selkirk Library Fund	73	49	3,529
592,033		28,799	26,890	593,942

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

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 the Scottish Borders Council Charitable Trusts for the year ended 31 March 2016 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 of the statement of the financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (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 2016 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.

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

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

29 September 2016

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

ADDITIONAL INFORMATION

Contact Details

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

Lynn Mirley	Telephone: 01835 – 825016
Corporate Finance Manager	E-mail: lmirley@scotborders.gov.uk
Scottish Borders Council	Council Headquarters Newtown St Boswells MELROSE TD6 0SA

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Contact us at Lynn Mirley, Corporate Finance Manager, Corporate Finance, Council Headquarters, Newtown St Boswells Melrose TD6 0SA

Tel: 01835 825019 Fax: 01835 825011 or email: lmirley@scotborders.gov.uk

