

**Scottish Charity Number
SC024589**

**CRICHTON FOUNDATION
FINANCIAL STATEMENTS
for the year ended 31 March 2007**

CRICHTON FOUNDATION

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CRICHTON FOUNDATION

TRUSTEES

Dame Barbara Kelly, CBE, DL, LLD, Convenor
Professor Paul Ignatieff, Depute Convenor
Cathy Bell
Councillor Michael Dickie
Colin Endacott OBE, Honorary Treasurer
Councillor John Forteach
Robert Fraser
Hilary Grieve OBE, Honorary Secretary
Evelyn Hastings OBE
Simon Ingall FCA
Arthur Jardine
Mike Keggans
William Kirkpatrick OBE
Sir David Landale KCVO, DL, LLD (resigned September 2006)
Professor Seamus McDaid (resigned May 2006)
Councillor Neil McKay
John Moorhouse
Brian Powlesland
Fraser Sanderson
Ian Wilson
Dr Mary-Ann Smyth (appointed September 2006)
William Farrell (appointed September 2006)
Dr Morven Easton (appointed May 2006)

Foundation Staff

Tom Hydes, Foundation Secretary
Lynn White, Events Manager and Administrator
Gillian Godfrey, Administrative Assistant
Lili Graham, Administrative Assistant (resigned June 2006)

AUDITORS

Armstrong Watson
Chartered Accountants and Registered Auditor,
51 Rae Street, Dumfries

CRICHTON FOUNDATION

INVESTMENT ADVISERS

Bell Lawrie
43 Buccleuch Street, Dumfries

BANKERS

Clydesdale Bank Plc.,
84 / 86 High Street, Dumfries.

The Royal Bank of Scotland
68 Whitesands, Dumfries.

SOLICITORS

Grieve, Grierson, Moodie and Walker
14 Castle Street, Dumfries.

McGrigor,
Pacific House,
70 Wellington Street, Glasgow.

PRINCIPAL OFFICE

Browne House, Crichton University Campus, Dumfries

CRICHTON FOUNDATION

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Foundation was originally established by trust deed on 27 March 1996 as The Crichton Endowment Trust and was granted charitable status for the purpose of Section 505, Income and Corporations Taxes Act 1988. It is entitled to describe itself as a Scottish Charity, having Scottish Charity Number SC024589.

The name of the Trust was changed to the Crichton Foundation in 2001 by a Supplemental Deed of Trust

Organisation Structure

The Trustees of the Foundation met four times during the year to agree strategies and policies and to monitor activities and finance.

At an Annual General Meeting on 29 September 2006 Office Bearers and Committee members were appointed, reappointed or confirmed.

Dame Barbara Kelly continued as Convenor of the Foundation.

The day to day business is conducted by the Executive Committee chaired by Professor Paul Ignatieff.

The induction process for newly appointed Trustees which was reviewed and updated in 2006 comprises of a discussion between new Trustee and Convenor on the roles and responsibilities of becoming a Trustee.

The representative Trustee then receives an induction pack which includes a welcome letter from the Foundation Secretary covering details of the date, time and venue of the next Board meeting. Enclosures include a leaflet on the work of the Foundation, a copy of the previous and latest annual report, a copy of the latest accounts, a list of trustees and a conflict of interest form.

The Board keeps the skill requirements of Trustees under review and when recruiting new Trustees it carefully considers the skills of applicants to ensure they complement or add value to the skills of current Trustees.

An Audit Sub Committee was set up in 2006 and is chaired by Simon Ingall. Its remit is to provide an independent oversight of financial reporting and internal controls.

It is responsible for monitoring and reviewing the annual Financial Statements and the Risk Management Policy.

CRICHTON FOUNDATION

METHOD OF APPOINTMENT OF TRUSTEES

Trustees are nominated to the Crichton Foundation by stakeholders and their appointment approved by the Board of Trustees. Nominations come from:-

Dumfries and Galloway Council- 3 Trustees
University of Glasgow (Employees)- 2 Trustees
University of Paisley- 1 Trustee
Dumfries and Galloway College (Employees)- 1 Trustee
Bell College- 1 Trustee
Scottish Enterprise Dumfries and Galloway- 1 Trustee
Dumfries and Galloway Chamber of Trade- 1 Trustee
The Crichton Trust- 2 Trustees
Dumfries and Galloway Council (Independents)- 2 Trustees
The Academic Institutions- 2 Trustees
Co-opted- Up to 8 Trustees

As at 31 March 2007 there were 3 vacancies,
- 3 nominees from Co-opted

Trustees nominated by Stakeholders are not time bound. Co-opted Trustees on the other hand serve an initial three years with the opportunity of continuing for a further three years.

The Crichton Foundation's principal office is at Browne House, Crichton University Campus, Dumfries, DG1 4ZZ.

Telephone Number 01387 702047 Fax Number 01387 702052

Email: l.white@crichtonfoundation.com

Website: www.crichtonfoundation.org

The Crichton Foundation elected officers are:-

Dame Barbara Kelly CBE, DL, LLD, Convenor, Chair of Library Fundraising Group, Chair of Fundraising Committee and Chair of Celebrating Gardens Committee
- Convenor – appointed 20 September 2002. Chair of Library Fundraising Group – appointed 1 May 2004. Chair of Fundraising Committee – appointed 1 April 2003.
Chair of Celebrating Gardens Committee – 3 September 2004.

Professor Ignatieff, Depute Convenor and Chair of Executive Committee
– Depute Convenor - re-appointed 29 September 2006. Chair of Executive Committee – appointed 15 September 2000.

Hilary Grieve OBE, Honorary Secretary
- Re-appointed 29 September 2006.

Colin Endacott OBE, Honorary Treasurer
- Re-appointed May 2004.

Ian Wilson, Chair of Awards and Grants Committee
- Appointed May 2004

CRICHTON FOUNDATION

COMMITTEE MEMBERSHIP 2006/2007

Executive

Professor Paul Ignatieff (Chair), Colin Endacott, Hilary Grieve, Simon Ingall, Dame Barbara Kelly, William Kirkpatrick and Ian Wilson.

Audit Sub Committee

Simon Ingall, Professor Paul Ignatieff and William Kirkpatrick.

Fundraising

Dame Barbara Kelly (Chair), Hilary Grieve, Elizabeth Griggs, Professor Paul Ignatieff, Vicky Jardine-Paterson, William Kirkpatrick and Sir David Landale.

Awards and Grants

Ian Wilson (Chair), Margaret Dobie, William Farrell, Hilary Grieve, Professor Paul Ignatieff, Mairi Telford-Jammeh, Arthur Jardine, Dame Barbara Kelly, Jane McQuater and Fraser Sanderson.

Event Committees

Ball

Judy Syme (Chair), Sue Barbour, Jane Harrison, Jane Howe, Dame Barbara Kelly, Fiona Kerr, Valerie McElroy, Maureen McKerrow, Tina Walker, Diana Wilson and Jeannie Wilson.

Women of Dumfries and Galloway Lunch

Vicky Jardine-Paterson (Chair), Emma Biggar, Elisabeth Findlay, Jane Harrison, Dame Barbara Kelly, Lady Landale, Jean Tulloch and Noel Whamond.

Celebrating Gardens

Dame Barbara Kelly (Chair), Richard Baines, Mimi Craig, Alison Graham, Janet Hannay, Katharine Ignatieff, Trevor Jones, Sir David Landale, Jane Murray-Flutter, Allen Paterson and Angus Robertson.

Library Fundraising Group

Dame Barbara Kelly (Chair), Sir David Landale, Professor Russel Griggs, Professor Paul Ignatieff, Simon Ingall, John Moorhouse, Colin Endacott, Peter Harrison, William Kirkpatrick, Gordon Mann, Kate Denholm, Christopher Craig, Tom Hydes and Professor Ted Cowan.

CRICHTON FOUNDATION

TRUSTEES' REPORT

The Trustees submit their report and accounts for the year ended 31 March 2007.

The objects of the Crichton Foundation

The principal objectives of the Crichton Foundation are as follows:-

1. To develop a network of corporate, charitable and individual supporters committed to our mission;
2. To generate and apply funds for the development of the academic programme of the educational institutions on the Crichton University Campus;
3. To apply funds to assist widening access to higher education from the local community;
4. To improve the academic and related facilities on site;
5. To provide funds to conserve, protect, manage and develop the historical and architectural heritage of the Crichton Site and its grounds;

In addition the Foundation runs a series of awareness raising events to keep the public abreast of developments on the Campus.

The Foundation holds funds endowed to it by Dumfries and Galloway Council. These take the form of investments managed by Bell Lawrie, a division of Brewin Dolphin Securities who are members of the London Stock Exchange and regulated by The Financial Services Authority. The investment income generated from this fund is utilised in the furtherance of the Foundation's principal objectives.

GRANT MAKING POLICY

All grant applications being considered for funding must clearly demonstrate they fit one or more of the five key objectives of the Foundation which are detailed above.

Grant applications fall within three main headings:

- Financial support for students
- Capital funding contributions towards regeneration projects
- Revenue support for specific projects

All grant applications are dealt with by the Awards and Grants Committee which meets four times per annum.

CRICHTON FOUNDATION

Achievements and Performance

Key Areas of Activity

1. Raising Income and Awarding Grants

A total of £225,773 was received in donations and £62,461 was generated by fundraising during 2006/2007 bringing the total raised since the Foundation's inception in 2000 to £1,100,452. This included income from private donors, businesses and Trusts and from the many fund raising events organised by the Foundation. After costs have been deducted the net sum of £241,310 was available for the work of the Foundation.

The Crichton Ball, Elizabeth Crichton Founder's Day Lunch and Lecture and the Women of Dumfries and Galloway Lunch are now firmly established as major events in the Campus calendar.

Target for raising income

2006/2007	Target	Actual
	£75,285	£95,490

2. Significant Achievements

There were three significant achievements in 2006/2007 as follows:

- Two and a half years ago the Higher Educational Institutions (HEIs) on the campus asked the Foundation to manage a funding appeal for a new combined campus library. In the 2006 Trustees Report the Foundation reported it had raised £1m in donations and pledges for the project. With the decision of Dumfries and Galloway College (D & GC) to move to a site adjacent to the campus, the original library proposals had to be modified to respond to the new agenda.

The Scottish Funding Council (SFC) has advocated the location of services for all campus students in the new college build and funding for a joint library service has been approved.

The SFC agreed in discussions with the Foundation, HEIs and D & GC that the basic facilities they were funding could be substantially enhanced by the additional funds raised by the Foundation being utilised to fund a bridge building between the campus and the college. The building will house a reading room and research centre costing £1.5m.

All of the organisations and individuals who pledged funds agreed their contributions could be transferred to the bridge building.

The building project is scheduled to start in October 2007 and will be built within the same timescale as the new college build, resulting in substantial cost savings.

- The Crichton University Scholarship Agreement (CUSA) continues to play an important part in financially supporting local school leavers who chose to study on the Campus rather than leaving the area. 30 new bursaries were awarded in 2006/07 bringing the total number paid in the year to 61.

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- Additional funding of £6,000 was awarded to the Andy Goldsworthy collection in July 2006 to help conclude this exciting project. In May 2007 the Digital Catalogue at the Crichton Campus was unveiled.

The facility is designed in two parts, firstly an internet website which will include some 300 images of the artist's work and secondly a DVD collating some 3000 images and commentary about the first ten years of Goldsworthy output from 1976 to the mid 1980's.

3. Awareness Raising Activities

During the year, the Foundation has organised a number of awareness raising events. An Open Meeting was held in October. The meeting, to which Friends of the Crichton and other interested parties were invited, reported on the work of the Foundation. Other events included the highly successful Spring and Autumn series of the Crichton Conversations and the Elizabeth Crichton Founder's Day Lunch and Lecture in May. The Crichton Conversations in 2006 attracted 723 people.

Breakdown of Income Received

	Actual Income 2005/2006	Actual Income 2006/2007	% Difference
Income raised from events:	£67,828.05	£62,460.58	(7.9)
Income raised from Friends Scheme	£10,795.81	£6,250.88	(42.1)

Income raised for Awards and Bursaries

General Education Fund	£69,372.02	£80,681.40	16.3
Hardship Fund	£7,500.00	£5,000.00	(33.3)
Carson Bursaries	£7,692.30	£7,692.30	0
CUSA	£10,692.31	£10,692.31	0

It has been a successful year in terms of the number and variety of bursaries and grants awarded to both students and local organisations which were similar in number to last year.

General Education

6 grants awarded in 2005/2006 and 15 grants awarded in 2006/2007

Carson Bursaries

11 bursaries awarded in 2005/2006 and 7 bursaries awarded in 2006/2007

Mature Students Hardship Fund

19 bursaries awarded in 2005/2006 and 25 bursaries awarded in 2006/2007

- Forward Strategy

No significant change is envisaged in the Foundation's Strategy of increasing fund-raising activity and fostering links with the wider community. However, the Foundation will continue to play an active role in the development of the Crichton Campus Stakeholder's Strategy and the implementation of the new Academic Strategy for the campus.

- Volunteer Recognition

The Foundation is grateful for the support of the Friends of the Crichton and for the sterling efforts of the many volunteers who support the fund-raising events.

CRICHTON FOUNDATION

- Management Costs

The Foundation's activities are divided between fund-raising and awareness-raising. The total spent on administration for 2006/07 was **£62,656** (2005/06 £62,829).

Financial Activities

The results for the year are set out in the statement of financial activities on page 14. The surplus for the year amounted to **£136,334** (2006 – £287,164). This was largely due to the improvement in the market value of the equities held in the Foundation's portfolio.

The investment income is used to cover administration costs. All monies raised through the Foundation's activities are applied in furtherance of our aims. The Trustees accept, however, that where large projects are identified a percentage management fee will be built into bids seeking funding.

The Fund-raising Committee, chaired by Dame Barbara Kelly met regularly and has power to set up sub committees for specific events. All events must have a budget approved by the Executive Committee. The Committee may co-opt non Foundation members.

The Awards and Grants Committee, chaired by Ian Wilson met four times during the year on dates which reflect the academic calendar. The funds available for distribution are determined by the Executive Committee and any recommendations of grants or awards over £5,000 must be referred to the Executive Committee for approval.

A Library Fund-raising Committee, chaired by Dame Barbara Kelly met on three occasions. The sum of £1,200,000 was pledged or donated at March 2007.

Related Parties

The Foundation has a close relationship with the many Stakeholders on the Crichton Site. It has participated in regular meetings of Stakeholders to monitor progress of the Stakeholders Strategy and to discuss key issues such as Glasgow University's plans to leave the campus and the new Academic Strategy.

Stakeholders include: Dumfries and Galloway Council, The University of Glasgow, The University of Paisley, The Bell College of Nursing, The Barony College, The Dumfries and Galloway College, The Scottish Funding Council, The Scottish Agricultural College, The Crichton Trust, The Crichton Development Company, The Open University, Scottish Enterprise Dumfries and Galloway, The Scottish Parliament, and The Crichton University Campus Advisory Board.

Reserves Policy

The Foundation's financial reserves comprise the funds invested in equities, securities, gilts and cash held on their behalf of Bell Lawrie. Following the advice of Bell Lawrie in the medium term no major change is envisaged to our present investment policy of maintaining a balanced portfolio of equities and gilts to achieve a realistic return of revenue and capital growth.

Risk Management Review

The Foundation has in place procedures to assess major risks to which it is exposed and is satisfied that by continuous monitoring of all aspects of its activities and by assessing opinion and recommendations from advisers any such risks will be promptly identified and addressed. The Audit Sub Committee appointed in 2006 oversees risk management policies and procedures.

CRICHTON FOUNDATION

Trustees

The Trustees for the purpose of charity law, who served during the year and up to date of this report are set out on the Legal Administrative Information pages.

There are no restrictions imposed by the governing document other than those normally imposed within the framework of trust law.

Given the prevailing investment conditions the Trustees are satisfied with the investment strategies throughout the year.

The Trustees receive no remuneration for their services but they may claim incidental expenses.

Auditors

Armstrong Watson are the Foundation's auditors and have a contract until 31st March 2009.

This report was approved by the Trustees on _____ and signed on its behalf by

Dame Barbara Kelly CBE, DL, LLD (Trustee)

CRICHTON FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Charity law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the income and expenditure of the charity for that year. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the trust will continue in business.

The Trustees are required to act within the framework of trust law. They are responsible for keeping proper accounting records which 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 Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice "Accounting and Reporting by Charities". They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are Trustees at the time when the report of the Trustees is approved:

- So far as the Trustees are aware, there is no relevant audit information (information needed by the charity's auditors in connection with preparing their report) of which the charity's auditors are unaware, and
- each Trustee has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Signed on behalf of the Board of Trustees

Dame Barbara Kelly (Trustee)

CRICHTON FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CRICHTON FOUNDATION

This report is issued in respect of an audit carried out under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of The Crichton Foundation for the year ended 31 March 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial statements have been prepared under the historical cost convention, modified to include investments at market value and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the Trustees Report is consistent with the financial statements. In addition we report to you if, in our opinion the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2007 and of its incoming resources and application of resources for the year then ended;

CRICHTON FOUNDATION

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CRICHTON FOUNDATION
contd.**

- have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and UK Generally Accepted Accounting Practice; and
- the information given in the Trustee's Report is consistent with the financial statements.

**Armstrong Watson,
Chartered Accountants and Registered Auditor.**

CRICHTON FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 March 2007

	Notes	Restricted Funds £	Endowment Funds £	Total Funds 2007 £	Total Funds 2006 £
Incoming resources from generated funds:					
Voluntary income:					
Donations	2	225,773	-	225,773	160,250
Activities for generating funds:					
Fundraising	3	62,461	-	62,461	67,828
Investment income	4	91,711	-	91,711	76,703
Total incoming resources		<u>379,945</u>	<u>-</u>	<u>379,945</u>	<u>304,781</u>
Resources expended					
5					
Costs of generating funds:					
- Costs of generating voluntary income		68,876	-	68,876	66,086
- Investment management costs		<u>1,617</u>	<u>-</u>	<u>1,617</u>	<u>1,128</u>
		70,493	-	70,493	67,214
Charitable activities		253,101	-	253,101	129,614
Governance costs		4,403	-	4,403	3,025
		<u>(327,997)</u>	<u>-</u>	<u>(327,997)</u>	<u>(199,853)</u>
Net incoming resources before transfers		<u>51,948</u>	<u>-</u>	<u>51,948</u>	<u>104,928</u>
Gross transfers between funds	14	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
Net incoming resources before revaluations and investment asset disposals		301,948	(250,000)	51,948	(870,645)
Gains and losses on investment assets		-	79,796	79,796	161,236
Net actuarial gains/losses on defined benefit pension schemes	19	<u>4,590</u>	<u>-</u>	<u>4,590</u>	<u>21,000</u>
Net movement in funds		<u>306,538</u>	<u>(170,204)</u>	<u>136,334</u>	<u>287,164</u>
Total funds at 1 April 2006		769,192	1,347,660	2,116,852	1,829,688
Total funds at 31 March 2007	14	<u>1,075,730</u>	<u>1,177,456</u>	<u>2,253,186</u>	<u>2,116,852</u>

The notes on pages 17 to 30 form part of these financial statements.

CRICHTON FOUNDATION

BALANCE SHEET

as at 31 March 2007

		Restricted	Endowment		
	Notes	Funds	Funds	Total	2006
		£	£	£	£
Fixed Assets					
Tangible assets	8	27,253	-	27,253	32,384
Investments	9	448,405	979,645	1,428,050	1,324,976
		<u>475,658</u>	<u>979,645</u>	<u>1,455,303</u>	<u>1,357,360</u>
Current Assets					
Debtors	10	13,728	-	13,728	12,872
Short term deposits	11	807,012	197,811	1,004,823	818,442
Cash in hand		152	-	152	141
		<u>820,892</u>	<u>197,811</u>	<u>1,018,703</u>	<u>831,455</u>
CREDITORS: amounts falling due within one year	12	(215,220)	-	(215,220)	(67,013)
Net Current Assets		<u>605,672</u>	<u>197,811</u>	<u>803,483</u>	<u>764,442</u>
Total assets less current liabilities		1,081,330	1,177,456	2,258,786	2,121,802
CREDITORS: amounts falling due after more than one year	13	(24,600)	-	(24,600)	(15,950)
Net Assets excluding pension asset		<u>1,056,730</u>	<u>1,177,456</u>	<u>2,234,186</u>	<u>2,105,852</u>
Defined benefit pension scheme asset/(liabilities)	19	19,000	-	19,000	11,000
Net Assets including pension asset		<u>1,075,730</u>	<u>1,177,456</u>	<u>2,253,186</u>	<u>2,116,852</u>
Restricted Funds	14	1,056,730	-	1,056,730	758,192
Endowment funds	14	-	1,177,456	1,177,456	1,347,660
Pension reserve	14	19,000	-	19,000	11,000
Total Funds		<u>1,075,730</u>	<u>1,177,456</u>	<u>2,253,186</u>	<u>2,116,852</u>

The notes on pages 17 to 30 form part of these financial statements.

CRICHTON FOUNDATION

BALANCE SHEET contd.

The financial statements were approved by the Board of Trustees on
on its behalf by

and signed

Dame Barbara Kelly (Trustee)
Chairperson

The notes on pages 17 to 30 form part of these financial statements.

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention, modified to include investments at market value, and in accordance with applicable accounting standards and the Statement of Recommended Practice 2005, "Accounting and Reporting by Charities".

1.2. Fund Accounting

The Endowment Fund represents the capital appreciation remaining after the repayment of the initial capital sum of £8m back to Dumfries and Galloway Council. Any purchases or sales of investments together with gains and losses arising are movements on the Endowment Fund.

Restricted Funds represent accumulated surplus from investment income after running costs, plus donations which have been received for the purposes set out in note 14. The application of these donations is restricted to the specific purposes laid down by the donors.

1.3. Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or residual value, less estimated residual value of each asset evenly over its expected useful life, as follows:

Tenants improvements	-	Straight line over 14 years
Office furniture	-	20% straight line
Computer Equipment	-	25% straightline

1.4. Donations, Legacies and Similar Incoming Resources

Donations receivable and similar incoming resources are included in the income in the year in which they are receivable, except as follows:

- when donors specify that donations and similar incoming resources given to the charity must be used in future accounting periods, the income is deferred until those periods;
- when donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

Incoming resources are not recognised until the charity has assurance that the income will be received. The charity must be satisfied over their entitlement, be certain that the income will be received and that the monetary value can be measured with sufficient reliability.

Gifts in Kind

Gifts in kind are converted into cash and are used for the furtherance of the Foundations objectives, and are included within "Activities to generate Funds" when the gift in kind is sold. The basis of valuation is what is actually received for the gift in kind. At the year end there were no undistributed assets.

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

1.5. Investment Income

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable.

1.6. Resources Expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. The Foundation is not registered for Value Added Tax and accordingly expenditure is shown gross of irrecoverable Value Added Tax.

Costs of generating funds comprise those costs directly attributable to fund raising from all the possible sources of incoming resources, and investment management costs.

Charitable activities costs comprise costs in raising the profile of the Foundation, costs of grants payable and an apportionment of support costs. Grants payable are charged in the year when the offer is conveyed to the recipient. Where there are no conditions or the conditions attached to the grant are outwith the charities control the full grant payable is provided for. Grants offered subject to conditions which are within the charities control but have not been met in the year, are noted as a commitment, but not accrued as expenditure.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs may include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

1.7. Investments

In line with the Statement of Recommended Practice 2005 "Accounting and Reporting by Charities", investments are stated at market value at the year end, the unrealised gains being transferred to reserves or the unrealised loss being charged against reserves.

1.8. Pension Commitments

Eligible employees of the Crichton Foundation have been admitted to the Dumfries & Galloway Council Pension Scheme. The Pension Scheme is a funded defined benefit scheme with employee contributions fixed by statute. There are no material changes in the pension arrangements which are anticipated to affect future costs.

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

2. Donations

	Restricted Endowment Fund	Endowment Fund	Total 2007	Total 2006
	£	£	£	£
Educational Donations (General)	3,394	-	3,394	22,407
Friends of Crichton Foundation	6,251	-	6,251	10,796
Hardship fund	5,000	-	5,000	7,500
Carson Bursary fund	7,692	-	7,692	7,692
CUSA fund	10,692	-	10,692	10,692
CUSSAG fund	-	-	-	300
	<u>33,029</u>	<u>-</u>	<u>33,029</u>	<u>59,387</u>
Library fund	192,744	-	192,744	100,863
	<u>225,773</u>	<u>-</u>	<u>225,773</u>	<u>160,250</u>

3. Fundraising

	Restricted Endowment Fund	Endowment Fund	Total 2007	Total 2006
	£	£	£	£
Fund raising	52,592	-	52,592	45,440
Profile raising	9,869	-	9,869	22,388
	<u>62,461</u>	<u>-</u>	<u>62,461</u>	<u>67,828</u>

4. Investment Income

	Restricted Endowment Fund	Endowment Fund	Total 2007	Total 2006
	£	£	£	£
Dividend income	60,474	-	60,474	40,073
Interest on short term deposits	20,207	-	20,207	29,300
Bank interest	11,030	-	11,030	7,330
	<u>91,711</u>	<u>-</u>	<u>91,711</u>	<u>76,703</u>

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

5. Resources expended

	Cost of				Total	Total
	Generating	Profile	Awards and	Governance	2007	2006
	Funds	Raising	Grants	Costs	£	£
	£	£	£	£		
Costs directly allocated to activities						
Charitable donations Note 6	-	-	212,397	-	212,397	85,316
New library expenses	16,886	-	-	-	16,886	15,908
General fundraising expenses	20,660	-	-	-	20,660	18,761
Profile raising event expenses	-	9,378	-	-	9,378	12,886
Audit fees	-	-	-	4,403	4,403	3,025
Stockbroker fees	1,617	-	-	-	1,617	1,128
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total costs directly allocated to activities	39,163	9,378	212,397	4,403	265,341	137,024
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Support costs allocated to activities						
Salaries and national insurance	16,104	9,662	6,442	-	32,208	34,080
Pension service costs	1,263	758	505	-	2,526	1,510
Net return on pension assets	(482)	(289)	(193)	-	(964)	609
Staff training	191	115	76	-	382	87
Rent, rates and insurance	1,793	1,076	717	-	3,586	3,498
Stationery and postage	900	540	360	-	1,800	2,597
Publicity and advertising	871	522	348	-	1,741	2,344
Telephone	659	395	263	-	1,317	1,174
I.T. expenses	842	505	337	-	1,684	1,732
Travelling and subsistence	129	77	52	-	258	256
Legal and professional fees	2,011	1,206	804	-	4,021	3,984
Foundation secretary's fees	3,732	2,239	1,493	-	7,464	3,616
Bank charges	382	229	153	-	764	756
General expenses	368	221	147	-	736	1,136
Depreciation - tenants improvements	1,429	857	571	-	2,857	2,857
Depreciation - office furniture	373	224	149	-	746	1,051
Depreciation - computers	765	459	306	-	1,530	1,542
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total support costs allocated to activities	31,330	18,796	12,530	-	62,656	62,829
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total outgoing resources	70,493	28,174	224,927	4,403	327,997	199,853
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Support costs have been apportioned based on the management time devoted to that activity.

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

6. Grants

Purpose	No of Grants Awarded	2007 £	2006 £
Individual Grants			
- Carson Bursaries	7	3,500	4,700
- CUSA	30	23,900	13,700
- Hardship	25	5,920	7,300
- Heritage and Environmental	1	6,000	-
- General	8	26,350	3,316
Institutional Grants			
Scottish Agricultural College	1	6,424	-
Reading Room and Research Centre	1	127,408	-
Summer School	1	6,000	6,000
University of Glasgow - CUCSA salary	1	6,000	-
Crichton Honours Group	1	395	-
Post Graduate Conference Group	1	500	300
Easterbrook Hall	1	-	50,000
		<u>212,397</u>	<u>85,316</u>

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

7. Staff Costs

	2007	2006
	£	£
Staff costs during the year amounted to:		
Wages and salaries	30,435	32,316
Social security costs	1,773	1,764
	<hr/>	<hr/>
	32,208	34,080
Pension costs	4,973	4,119
	<hr/>	<hr/>
	<u>37,181</u>	<u>38,199</u>

Number of employees

The average monthly numbers of employees (including the Trustees) during the year were:

	2007	2006
	Number	Number
Trustees	21	22
Fundraising	1	1
Administration and support	2	1
	<hr/>	<hr/>
	<u>24</u>	<u>24</u>

No employee received emoluments of more than £60,000. The Trustees receive no remuneration for their services. However the Trustees can claim travel and subsistence expenses. The following amounts were paid during the year:

£
NIL

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

8. Tangible Fixed Assets

	Tenants improvements	Computer Equipment	Office Furniture	Total
	£	£	£	£
Cost				
At 1 April 2006 and 31 March 2007	40,000	16,486	6,119	62,605
Depreciation				
At 1 April 2006	11,428	13,619	5,174	30,221
Charge for the year	2,857	1,529	745	5,131
At 31 March 2007	14,285	15,148	5,919	35,352
Net book values				
At 31 March 2007	25,715	1,338	200	27,253
At 31 March 2006	28,572	2,867	945	32,384

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

9. Fixed Asset Investments - UK Equities and Fixed Interest

	Market Value	Book Cost
	£	£
Cost		
At 1 April 2006	1,324,976	1,158,782
Additions	79,707	79,708
Disposals	(34,776)	(34,776)
Revaluations	58,143	-
At 31 March 2007	<u>1,428,050</u>	<u>1,203,714</u>
Net book values		
At 31 March 2007	<u>1,428,050</u>	<u>1,203,714</u>
At 31 March 2006	<u>1,324,976</u>	<u>1,158,782</u>

10. Debtors

Amounts due within one year:

	2007	2006
	£	£
Accrued interest receivable	7,550	5,752
Accrued dividends receivable	5,952	4,608
Accrued gift aid reclaimable	-	1,860
Prepayments and other accrued income	226	652
	<u>13,728</u>	<u>12,872</u>

11. Short Term Deposits

	2007	2006
	£	£
Held by stockbrokers	447,811	466,250
Friends accounts	17,725	12,110
Cashflow account	33,959	26,651
Educational fund account	110,718	129,119
Heritage and Environment Fund account	2,873	2,839
Ian Grant Award account	3,141	3,108
Library account	388,596	178,365
	<u>1,004,823</u>	<u>818,442</u>

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

12. Creditors

Amounts falling due within one year:

	2007	2006
	£	£
Net obligations under finance leases and hire purchase contracts	-	588
Awards and donations committed but unpaid	202,883	60,800
Other creditors	-	1,712
Accruals	12,337	3,913
	<u>215,220</u>	<u>67,013</u>

13. Creditors

Amounts falling due after more than one year:

	2007	2006
	£	£
Awards and donations committed but unpaid	<u>24,600</u>	<u>15,950</u>

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

14. Funds

	At 1 April 2006 £	Incoming Resources £	Outgoing Resources £	Gains/(losses) on Investments Realised Unrealised £ £		Transfers Between Funds	At 31 March 2007 £
<u>Endowment Funds</u>	1,347,660	-	-	21,653	58,143	(250,000)	1,177,456
<u>Restricted Funds</u>							
- General	476,629	80,681	(72,086)	-	-	(25,000)	460,224
- Friends of Crichton Foundation	12,792	6,453	-	-	-	-	19,245
- Library Fund	179,609	200,180	(144,294)	-	-	275,000	510,495
- Education Fund	89,162	92,631	(115,027)	-	-	-	66,766
	<u>758,192</u>	<u>379,945</u>	<u>(331,407)</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>1,056,730</u>
- Pension Reserve	11,000	-	3,410	4,590	-	-	19,000
Total Restricted Funds	<u>769,192</u>	<u>379,945</u>	<u>(327,997)</u>	<u>4,590</u>	<u>-</u>	<u>250,000</u>	<u>1,075,730</u>

The Endowment Fund was established by the Third Supplementary Deed of Trust dated 12 June 2001. The funds and assets of the Endowment Fund, together with the income generated from them, may be applied towards any of the purposes of the Trust, at the discretion of the trustees.

The Restricted Funds are split into a General Fund, Education Fund and Library Fund. Friends of Crichton Foundation are also known as a Restricted Fund. The General Fund and Friends of Crichton Foundation represents free funds of the Foundation, which may be used towards any of the purposes of the Foundation as the Trustees in their absolute discretion shall determine. The Education Fund consists of various funds derived from projects undertaken by the Foundation for the purposes as set out in the objects of the Foundation. These include the Andy Goldsworthy Archive, Writing Centre, Hardship, Carson Bursaries, CUSA and a General Education Fund. Included in the General Education Fund are funds received, totalling £5,400, from the Ian Grant Memorial Fund.

The Library Fund represents specific funds raised to date, including £250,000 committed by the Foundation, to be used for the cost of the new library building. At 31 March 2007, a further £539,500 had been pledged. No pledges have been recognised in the financial statements (see note 18).

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

15. Financial Commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows:

	Other 2007 £
Expiry date:	
Within one year	<u>85</u>

16. Trust Deed

The trust deed consists of three parts, the Endowed Part, the General Part and the Education Part.

17. Related Party Transactions

Under the direction of Financial Reporting Standard No. 8, the charity is required to disclose all material transactions undertaken with parties related to the charity. Transactions are deemed to be material when their disclosure might reasonably be expected to influence decisions made by the users of financial statements.

During the year ended 31 March 2003, £40,000 was paid to provide office space for the Foundation in Browne House and this amount is included in Tenants Improvements. The lease expires on 25 June 2016, and a "peppercorn" rent of £1 is payable per annum.

There were no other material related party transactions at the year end date.

18. Contingent Liabilities

The Foundation has been in discussions with Dumfries and Galloway College regarding funding for a Reading Room and Research Centre at the Crichton campus. At the balance sheet date the Foundation had committed to award the College £127,408 and this has been reflected in the financial statements. The total funding commitment by the Foundation has not yet been finalised but it is likely that a further £1.37 million will be required (see note 14).

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

19. Pension Costs

Two employees are members of the Dumfries and Galloway Council Pension Scheme, which is a multi-employer defined benefit scheme in the United Kingdom. The scheme is funded and contracted out of the State Earnings Related Pension Scheme. The latest formal valuation of the Fund for the purpose of setting employer's actual contributions was at 31 March 2007, which was carried out by a professionally qualified actuary using the projected unit credit method, with the next formal valuation due as at 31 March 2008.

The amounts included in note 7 represent the amounts paid by the Foundation for the year.

The Crichton Foundation, as employer contributed 17.4% of the gross salary to the Scheme in the year to 31 March 2007. These contributions have increased to 18.6 % for the year to 31 March 2008.

The financial assumptions used by the actuary were as follows:

	2007	2006	2005
	% p.a	% p.a	% p.a
Price increases	3.2	3.1	2.9
Salary increases	4.7	4.6	4.4
Pension increases	3.2	3.1	2.9
Discount rate	5.4	4.9	5.4

The assets in the whole of the Dumfries and Galloway Pension Fund were;

Long Term Return (% per annum)

	2007	2006	2005
Equities	7.8	7.4	7.7
Bonds	4.9	4.6	4.8
Property	5.8	5.5	5.7
Cash	4.9	4.6	4.8

Fund Value at 31 March (£000)

	2007	2006	2005
Equities	301,770	265,237	218,719
Bonds	101,100	104,446	83,296
Property	25,800	21,911	18,645
Cash	16,100	12,443	6,571

Expected Annual Return (£000)

	2007	2006	2005
Equities	23,538	19,628	16,841
Bonds	4,954	4,805	3,998
Property	1,496	1,205	1,063
Cash	789	572	315

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

19. Pension Costs continued...

Analysis of the amount charged to the Statement of Financial Activities

	2007	2006
	£	£
Current service cost	<u>4,036</u>	<u>1,510</u>

Analysis of the amount credited to the Statement of Financial Activities

	2007	2006
Expected return on pension scheme assets	3,000	2,000
Interest on pension scheme liabilities	<u>(2,037)</u>	<u>(2,609)</u>
Net return	<u>963</u>	<u>(609)</u>

Analysis of amount recognised in Statement of Financial Activities

	2007	2006
	£	£
Actual return less expected return on pension scheme assets	-	5,000
Experience gains and losses arising on the scheme liabilities	-	23,000
Changes in assumption underlying the present value of the scheme liabilities	<u>4,590</u>	<u>(7,000)</u>
Actuarial gain recognised in the Statement of Financial Activities	<u>4,590</u>	<u>21,000</u>

Movement in surplus during the year

	2007	2006
	£	£
Surplus/(Deficit) at beginning of the year	11,000	(12,000)
Movement in year:		
Current service cost	(4,036)	(1,510)
Employer contributions	4,973	4,119
Past service costs	1,510	-
Net return on assets	963	(609)
Actuarial gain	<u>4,590</u>	<u>21,000</u>
Surplus/(Deficit) in scheme at end of year	<u>19,000</u>	<u>11,000</u>

CRICHTON FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

19. Pension Costs continued...

History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets:					
- amount	-	5,000	1,000	3,000	(5,000)
- value of assets	53,000	43,000	38,000	29,000	16,000
- percentage of assets	(0.2%)	11.9%	3.5%	9.1%	(31.3%)
Experience gains and losses on scheme liabilities:					
- amount	-	23,000	-	1,000	(3,000)
- total present value of liabilities	34,000	32,000	50,000	37,000	24,000
- percentage of the present value of scheme liabilities	-	71.9%	-	2.7%	(12.5%)
Total amount recognized in the Statement of Financial Activities					
- amount	5,000	21,000	-	1,000	(9,000)
- total present value of liabilities	34,000	32,000	50,000	37,000	24,000
- percentage of the present value of scheme liabilities	14.7%	65.6%	-	2.7%	(37.5%)