

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2005



Company Registration No. SC014761

Charity No. SCO00242

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

LEGAL AND ADMINISTRATIVE INFORMATION

COUNCIL OF MANAGEMENT

D.J. Harris
 N.O. Chalmers
 P.J.F. Henderson
 J.G. Mucklow
 A.D.W. Allan
 A MacInnes (Resigned 2 July 2004)
 R.F Speedie

New members of the Council are appointed by the Council of Management.

HONORARY TREASURER

D.J. Harris C.A. (Resigned 27 June 2005)
 A C Wylie C.A. (Appointed 27 June 2005)

SECRETARY

M.J. Beveridge (Resigned 2 July 2004)
 A C Wylie (Appointed 27 June 2005)

REGISTERED OFFICE

J. & J. Denholm Ltd.,
 18 Woodside Crescent,
 GLASGOW
 G3 7UL

AUDITORS

Alexander Sloan,
 Chartered Accountants,
 144 West George Street,
 GLASGOW
 G2 2HG

BANKERS

Clydesdale Bank plc,
 Govanhill Branch,
 621 Cathcart Road,
 GLASGOW
 G42

INVESTMENT ADVISERS

Speirs & Jeffrey Ltd.,
 36 Renfield Street,
 GLASGOW
 G2 1NA

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

COUNCIL OF MANAGEMENT'S REPORT

The Sailors' Orphan Society is a company limited by guarantee and is a registered charity governed by its Memorandum and Articles of Association. Charity Number SCO00242. Company Number SCO14761.

Objects

To feed, clothe, educate, or otherwise provide for necessitous orphans or fatherless children of seafaring men throughout Scotland.

If a parent is alive and in all respects in a suitable position to bring up the family well, a yearly grant may be made for one or more of the children.

The Society is managed by a small council who will decide all cases and who will seek to have the children brought up in the knowledge and love of God

A volunteer Almoner has been appointed to strengthen our link with the children and the parents.

RECORD OF 116th YEAR'S WORK

The number of cases arising during the year from the deaths of seamen was an increase on the previous twelve months.

In some cases the fathers died from natural causes, sometimes as an indirect result of their calling as merchant seaman or fisherman. The admission of children during the year from all causes totalled 10 (2004 - 8).

Because of family circumstances improving, children leaving school to take up employment or receiving educational grants to go to University, the re-marrying of the mother, etc. 13 (2004 - 22) children were deemed to require no further assistance from the Society.

At present there are 79 (2004 - 82) children, who received grants of £700 each per year, which are paid to the parent or guardian monthly. This annual amount has been increased to £910, for the current year. Since 1889, when the Society was founded, 8282 children have been assisted in this manner.

Finance: Income from investments during the year totalled £48,032, an increase of £709 on the previous year, which included tax recovery of £1,250 no longer available this year.

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

COUNCIL OF MANAGEMENT'S REPORT (Contd.)

Reserves Policy

It is the policy of the Society to maintain unrestricted funds, which are the free reserves of the charity, at a level to provide sufficient funds to cover management, administration and support costs.

Investment Policy

The Council of Management has the power to invest in such stocks, shares, investments and property in the U.K. as they see fit. The Council engaged Speirs & Jeffrey as investment managers. The policy is to adopt a medium risk investment strategy based on maximising income. During the current year, the market value of the portfolio increased by 8.4% to £1,051,492 (2003 - £970,430).

Risk Management

The Council of Management have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate our exposure to major risks.

Grants Paid

Grants are paid each month to the children of fathers who have served at sea and since died. In addition, the Inverclyde Bequest Fund provides grants to the widows of deceased seamen.

Auditors

A resolution to re-appoint Alexander Sloan, Chartered Accountants, as Auditors will be put to the members at the Annual General Meeting.

Small Company Exemption

This Report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Council of Management



D.J. HARRIS

Chairman

GLASGOW, 27 June 2005

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND**YEAR ENDED 31st MARCH 2005****STATEMENT OF COUNCIL OF MANAGEMENT'S RESPONSIBILITIES**

Company law requires the Council of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Society and of the surplus or deficit of the Society for that period. In preparing those Financial Statements, the Council are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Society will continue in existence.

The Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council confirms that the Financial Statements comply with the above requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

We have audited the financial statements of The Sailors' Orphan Society of Scotland for the year ended 31st March 2005 on pages 6 to 11. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Society's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditors' 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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Council of Management and Auditors

As described on page 4, the Council of Management are responsible for the preparation of the 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 United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the Report of the Council of Management is not consistent with the financial statements, if the Society 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 Society is not disclosed.

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

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society'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 Society's affairs as at 31st March 2005 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ALEXANDER SLOAN

Chartered Accountants

Registered Auditors

GLASGOW, 27 June 2005

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account & Statement of Recognised Gains & Losses)

FOR THE YEAR ENDED 31st MARCH 2005

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2005 £	Total Funds 2004 £
Incoming Resources					
Donations and Gifts		132	-	132	-
Grants		-	5,204	5,204	4,400
Investment Income		48,032	-	48,032	46,073
Bank Interest Received		1,650	1	1,651	870
Income Tax Recovered		-	-	-	1,250
		<hr/>	<hr/>	<hr/>	<hr/>
Total Incoming Resources		<u>49,814</u>	<u>5,205</u>	<u>55,019</u>	<u>52,593</u>
Resources Expended					
Direct Charitable Expenditure	4(a)	57,161	4,664	61,825	56,914
Management and Administration Expenditure	4(b)	1,735	-	1,735	3,226
		<hr/>	<hr/>	<hr/>	<hr/>
Total Resources Expended		<u>58,896</u>	<u>4,664</u>	<u>63,560</u>	<u>60,140</u>
Net Resources Expended for the year					
Realised (Losses) on Disposal of Investments		(9,082)	541	(8,541)	(7,547)
		<hr/>	<hr/>	<hr/>	<hr/>
		(1619)	-	(1619)	(8,646)
		<hr/>	<hr/>	<hr/>	<hr/>
Net (Expenditure)/Income for the year		(10,701)	541	(10,160)	(16,193)
Unrealised Gains/(Losses) on Investments					
		<hr/>	<hr/>	<hr/>	<hr/>
		107,757	-	107,757	90,236
		<hr/>	<hr/>	<hr/>	<hr/>
Net Movement in Funds for the year		97,056	541	97,597	74,043
Total Funds at 1st April 2004		1,004,352	2,333	1,006,685	932,642
		<hr/>	<hr/>	<hr/>	<hr/>
Total Funds at 31st March 2005		<u>1,101,408</u>	<u>2,874</u>	<u>1,104,282</u>	<u>1,006,685</u>

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

REVENUE ACCOUNT - THE INVERCLYDE BEQUEST FUND

FOR THE YEAR ENDED 31st MARCH 2005

	£	2005 £	£	2004 £
INCOME				
Grants Received				
Merchants House	2,800		2,900	
King George's Fund for Sailors	1,904		1500	
Clyde Shipping Charitable Trust	500		-	
	<hr/>		<hr/>	
		5,204		4,400
Bank Deposit Interest		1		4
		<hr/>		<hr/>
		5,205		4,404
DIRECT CHARITABLE EXPENDITURE				
Grants to Widows	3,992		4,039	
Christmas Gifts	336		336	
Holiday Gifts	336		336	
	<hr/>		<hr/>	
		4,664		4,711
		<hr/>		<hr/>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>541</u>		<u>(307)</u>

THE SAILOR'S ORPHAN SOCIETY OF SCOTLAND

BALANCE SHEET

AS AT 31st MARCH 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Investments	3	1,051,492	970,430
CURRENT ASSETS			
Sundry Debtors	1,400	1,904	
Cash at Bank	52,449	35,396	
		<hr/>	<hr/>
		53,849	37,300
CREDITORS - Amounts falling due within one year			
Other Creditors and Accruals	1,059	1,045	
		<hr/>	<hr/>
		52,790	36,255
		<hr/>	<hr/>
NET ASSETS		<u>1,104,282</u>	<u>1,006,685</u>
FUNDS - UNRESTRICTED			
General Fund		1,101,408	1,004,352
FUNDS - RESTRICTED			
Inverclyde Bequest Fund		2,874	2,333
		<hr/>	<hr/>
		<u>1,104,282</u>	<u>1,006,685</u>

These Accounts have been prepared in accordance with the special provisions within Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective June 2002).

Approved by the Council on 27 June 2005



D.J. HARRIS
Chairman



N.O. CHALMERS
Council Member

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2005

1. ACCOUNTING POLICIES

- (a) The Financial Statements are prepared under the historical cost convention and in accordance with applicable accounting standards, the Companies Act 1985 and the Statement of Recommended Practice, Accounting and Reporting by Charities issued in October 2000 and the Financial Reporting Standards for Smaller Entities (effective June 2002).
- (b) Income is credited in the Accounts on the date of receipt. Credit is taken for Income Tax recoverable but not received and for interest accruing at the Balance Sheet date.
- (c) Investments have been included at market value in accordance with Statement of Recommended Practice, Accounting by Charities.
- (d) Grants payable are of a revenue nature and are debited to the Income and Expenditure Account in the year to which they relate.
- (e) All expenditure is charged to the Income and Expenditure Account on an accruals basis, inclusive of Value Added Tax. All items of expenditure are allocated between charitable expenditure and management and administration costs on a direct basis.

2. FUNDS

Inverclyde Bequest Fund - Funds are held to support widows of certificated merchant seamen.

3. INVESTMENTS

	£
Market Value	
At 1st April 2004	970,430
Additions	24,538
Disposals	(51,233)
Net Unrealised Investment Gains	107,757
	<hr/>
At 31st March 2005	<u>1,051,492</u>
Historical Cost	
At 31st March 2005	<u>769,140</u>
At 31 st March 2004	<u>824,342</u>

The investments comprise listed investments and are dealt with on a recognised Stock Exchange.

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

NOTES TO THE ACCOUNTS (Contd.)

FOR THE YEAR ENDED 31st MARCH 2005

3. INVESTMENTS (Contd.)

	Cost At 31.03.05		Market Value At 31.03.05	
	£	£	£	£
Gilt Edged Stocks				
£20,000 Treasury 8.5% 2005	19,893		21,059	
£24,000 Treasury 5.75% 2009	25,603		25,518	
£31,000 Treasury 8% 2009	33,683		35,170	
£100,000 Treasury 5.5% 2008/12	104,416		102,589	
£43,500 Treasury 5% 2012	45,364		44,457	
		228,959		228,793
Fixed Interest Securities				
£20,000 Balfour Beatty 10.75% Cum. Red. Pref.	18,120		31,300	
		18,120		31,300
Equities				
2,000 Alliance Trust	46,944		54,880	
18,150 Edinburgh Investment Co.	6,377		59,850	
16,000 Witan Investment Co.	48,371		56,040	
56,000 Securities Trust of Scotland	23,190		60,760	
6,500 Scottish & Newcastle	23,325		29,933	
4,500 H.S.B.C.	21,549		37,665	
5,666 Marks & Spencer	20,033		19,604	
2,000 B.O.C. Group	1,141		20,380	
13,500 Shell Transport & Trading	1,605		64,125	
2,000 Prudential Corporation	5,903		10,120	
4,300 Glaxo Smithkline	54,394		52,159	
6,000 Scottish & Southern Energy	35,621		52,890	
10,000 Lloyds TSB Group	28,906		47,800	
8,950 British Telecom	24,298		18,392	
6,696 Unilever	42,868		35,020	
17,000 Vodaphone Group	20,335		23,885	
3,685 Aviva	32,206		23,400	
40,000 Legal & General	35,123		45,300	
9,000 Scottish Power	32,649		36,810	
2,520 Reckitt Benckiser	17,223		42,386	
		522,061		791,399
		<u>769,140</u>		<u>1,051,492</u>

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

NOTES TO THE ACCOUNTS (Contd.)

FOR THE YEAR ENDED 31st MARCH 2005

	2005 £	2004 £
4. (a) Direct Charitable Expenditure		
Maintenance of Orphans	51,842	44,932
Christmas Gifts	4,136	4,079
Holiday Gifts	4,436	3,864
Grants to Widows	1,411	4,039
	<hr/>	<hr/>
	<u>61,825</u>	<u>56,914</u>
 (b) Management and Administration Expenses		
Audit Fee	1,038	2,050
Administration Expenses	697	1,176
	<hr/>	<hr/>
	<u>1,735</u>	<u>3,226</u>

No staff were employed by the Charity.

5. No member of the Council of Management received any remuneration, however one member received £499 as reimbursement of traveling and postage expenses incurred on behalf of the Charity.