

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2003

Company Registration No. SC014761

Charity No. SCO00242



THE SAILORS' ORPHAN SOCIETY OF SCOTLAND**LEGAL AND ADMINISTRATIVE INFORMATION****COUNCIL OF MANAGEMENT**

N.O. Chalmers

I.V.R. Harrison (Resigned : 4th November 2002)

P.J.F. Henderson

J.G. Mucklow

A.J. Struthers

D.J. Harris

A.D.W. Allan

A MacInness (Appointed : 4th November 2002)

R.F. Speedie (Appointed : 4th November 2002)

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

HONORARY TREASURER

D.J. Harris

SECRETARY

M.J. Beveridge

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. The local representatives look after the children in their district and report regarding them.

RECORD OF 114th YEAR'S WORK

The number of cases arising during the year from the deaths of seamen was a decrease 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 5 (2002 - 12).

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. 14 (2002- 15) children were deemed to require no further assistance from the Society.

At present there are 96 (2002 - 105) children receiving grants of £574 each per year which are paid to the parent or guardian monthly. Since 1889, when the Society was founded, 8,264 children have been assisted in this manner.

Finance: Income from investments and tax recovered during the year totalled £50,868, a decrease of £101 on the previous year.

Appreciation: The Council once again wish to extend their warmest thanks to all our Honorary Local Representatives for their continued interest in the work of the Society and for visiting the families and administering the grants. A list of the Honorary Local Representatives is included at the end of the Accounts.

The personal contacts of our Local Representatives throughout Scotland have always been greatly appreciated by the recipients of the grants and the Representatives' concern for the well-being of the children under their care is of the greatest value.

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 have 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 fell by 22.5% to £889,778 (2002 - £1,148,026).

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
Honorary Treasurer

28th October 2003

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND**YEAR ENDED 31st MARCH 2003****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 2003 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 2003 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ALEXANDER SLOAN

Chartered Accountants

Registered Auditors

GLASGOW, 28th October 2003

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 2003

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2003 £	Total Funds 2002 £
Incoming Resources					
Grants		-	4,455	4,455	5,865
Investment Income		48,496	-	48,496	47,355
Bank Interest Received		1,272	3	1,275	2,190
Donations		-	-	-	100
Income Tax Recovered		2,372	-	2,372	3,614
		<hr/>	<hr/>	<hr/>	<hr/>
Total Incoming Resources		<u>52,140</u>	<u>4,458</u>	<u>56,598</u>	<u>59,124</u>
Resources Expended					
Direct Charitable Expenditure	4(a)	56,704	4,592	61,296	63,284
Management and Administration Expenditure	4(b)	1,233	-	1,233	1,122
		<hr/>	<hr/>	<hr/>	<hr/>
Total Resources Expended		<u>57,937</u>	<u>4,592</u>	<u>62,529</u>	<u>64,406</u>
Net Resources Expended for the year					
Realised (Losses)/Gains on Disposal of Investments		(5,797)	(134)	(5,931)	(5,282)
		(10,675)	-	(10,675)	2,512
		<hr/>	<hr/>	<hr/>	<hr/>
Net (Expenditure) for the year		(16,472)	(134)	(16,606)	(2,770)
Unrealised Losses on Investments					
		(255,376)	-	(255,376)	(37,009)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Movement in Funds for the year		(271,848)	(134)	(271,982)	(39,779)
Total Funds at 1st April 2002		1,201,850	2,774	1,204,624	1,244,403
		<hr/>	<hr/>	<hr/>	<hr/>
Total Funds at 31st March 2003		<u>930,002</u>	<u>2,640</u>	<u>932,642</u>	<u>1,204,624</u>

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

REVENUE ACCOUNT - THE INVERCLYDE BEQUEST FUND

FOR THE YEAR ENDED 31st MARCH 2003

	£	2003 £	£	2002 £
INCOME				
Grants Received				
Merchants House	2,955		4,365	
King George's Fund for Sailors	1,500		1,500	
	<hr/>		<hr/>	
		4,455		5,865
Bank Deposit Interest		3		3
		<hr/>		<hr/>
		4,458		5,868
DIRECT CHARITABLE EXPENDITURE				
Grants to Widows	3,977		3,802	
Christmas Gifts	287		320	
Holiday Gifts	328		320	
	<hr/>		<hr/>	
		4,592		4,442
		<hr/>		<hr/>
(DEFICIT)/SURPLUS FOR THE YEAR		<u>(134)</u>		<u>1,426</u>

THE SAILOR'S ORPHAN SOCIETY OF SCOTLAND

BALANCE SHEET

AS AT 31st MARCH 2003

	Notes	2003	2002
		£	£
FIXED ASSETS			
Investments	3	889,778	1,148,026
CURRENT ASSETS			
Sundry Debtors	2,296	2,378	
Cash at Bank	59,674	54,220	
		<hr/>	<hr/>
	61,970	56,598	
CREDITORS - Amounts falling due within one year			
Other Creditors and Accruals	19,106	-	
		<hr/>	<hr/>
		42,864	56,598
NET ASSETS		<u>932,642</u>	<u>1,204,624</u>
FUNDS - UNRESTRICTED			
General Fund		930,002	1,201,850
FUNDS - RESTRICTED			
Inverclyde Bequest Fund		2,640	2,774
		<hr/>	<hr/>
		<u>932,642</u>	<u>1,204,624</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 28th October 2003.


D.J. HARRIS
 Honorary Treasurer


N.O. CHALMERS
 Council Member

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2003

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 2002	1,148,026
Additions	118,011
Disposals	(117,595)
Net Unrealised Investment Losses	(258,664)
	<hr/>
At 31st March 2003	<u>889,778</u>
Historical Cost	
At 31st March 2003	<u>833,925</u>
At 31 st March 2002	<u>836,799</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 2003

3. INVESTMENTS (Contd.)

	Cost At 31.03.03		Market Value At 31.03.03	
	£	£	£	£
Gilt Edged Stocks				
£45,000 Treasury 5% 2004	45,312		45,787	
£20,000 Treasury 8.5% 2005	19,892		22,450	
£24,000 Treasury 5.75% 2009	25,603		26,220	
£31,000 Treasury 8% 2009	33,683		37,742	
£100,000 Treasury 5.5% 2008/12	104,416		107,000	
£43,500 Treasury 5% 2012	45,365		45,783	
		274,271		284,982
Fixed Interest Securities				
37,500 Slough Estates	61,015		50,343	
£20,000 Balfour Beatty 10.75% Cum. Red. Pref.	18,120		27,200	
12,500 Reckitt & Colman	17,223		26,937	
		96,358		104,480
Equities				
2,000 Alliance Trust	46,944		44,100	
18,150 Edinburgh Investment Co.	6,377		41,926	
16,000 Witan Investment Co.	48,371		38,400	
56,000 Securities Trust of Scotland	23,190		41,580	
6,500 Scottish & Newcastle	23,325		22,018	
4,500 H.S.B.C.	21,549		29,205	
5,666 Marks & Spencer	20,033		15,978	
2,000 B.O.C. Group	1,141		15,140	
13,500 Shell Transport & Trading	1,605		51,637	
2,000 Prudential Corporation	5,903		6,170	
4,300 Glaxo Smithkline	54,394		47,859	
6,000 Scottish & Southern Energy	35,621		38,160	
6,760 Lloyds TSB Group	13,763		21,767	
6,650 British Telecom	20,095		10,440	
6,696 Unilever	42,868		39,238	
4,200 Cable & Wireless	34,428		2,898	
3,685 CGNU	32,206		12,971	
7,812 Legal & General	11,214		5,429	
7,000 J. Sainsbury	20,269		15,400	
		463,296		500,316
		833,925		889,778

THE SAILORS' ORPHAN SOCIETY OF SCOTLAND

NOTES TO THE ACCOUNTS (Contd.)

FOR THE YEAR ENDED 31st MARCH 2003

	2003	2002
	£	£
4. (a) Direct Charitable Expenditure		
Maintenance of Orphans	48,709	50,362
Christmas Gifts	4,182	4,520
Holiday Gifts	4,428	4,600
Grants to Widows	3,977	3,802
	<hr/>	<hr/>
	<u>61,296</u>	<u>63,284</u>
 (b) Management and Administration Expenses		
Audit Fee	987	949
Administration Expenses	246	173
	<hr/>	<hr/>
	<u>1,233</u>	<u>1,122</u>