

COMPANY NUMBER SC 241125
CHARITY NUMBER SC 033882

THE K.O.S.B. ASSOCIATION FUNDS
DIRECTORS' AND TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

GREAVES WEST AND AYRE
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
BERWICK UPON TWEED



THE K.O.S.B. ASSOCIATION FUNDS

COMPANY INFORMATION

Directors and Trustees	Brigadier A C Jackson Major General J Cooper D S O , M B E Brigadier F A L Alstead C B E , D L , M Phil The Earl of Dalkeith K B E , D L Retired 1st August 2006 The Rt Hon Lord Sanderson of Bowden D L Sir William Purves C B E , D S O Retired 1st August 2006 Colonel C B Fairweather C B E Retired 1st August 2006 Lieutenant Colonel R Jeffries Retired 1st August 2006 The Rt Hon Lord Steel of Aikwood K T , K B E , P C , D L Retired 1st August 2006 Brigadier A D Mackay O B E Appointed 1st August 2006
Secretary	Major D P Sturrock T D , W S
Company Number	SC 241125
Charity Number	SC 033882
Registered Office	26 High Street Jedburgh TD8 6AE
Auditors	Greaves West and Ayre Chartered Accountants & Registered Auditors 1/3 Sandgate Berwick upon Tweed TD15 1EW
Bankers	Barclays Bank plc Hide Hill Berwick upon Tweed
Solicitors	Turnbull, Simson and Sturrock W S 26 High Street Jedburgh TD8 6AE
Investment Advisors	Bell, Lawrie White 7 Drumsheugh Gardens Edinburgh

THE K.O.S.B. ASSOCIATION FUNDS

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THE K.O.S.B. ASSOCIATION FUNDS
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006

The directors and trustees present their report and the financial statements for the year ended 31st December 2006, which comply with current statutory requirements, with the charitable company's governing documents and with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities published March 2005

Directors' and Trustees' Responsibilities

Company law requires the directors and trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the surplus or deficit of the charitable company for that year. In preparing these the directors and trustees are required to

select suitable accounting policies and apply them consistently,
make judgements and estimates that are reasonable and prudent,
prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors and trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Constitution and Governing Body

The K O S B Association Funds were incorporated on 13th December 2002, as a charitable company limited by guarantee. It is governed by its Memorandum and Articles of Association.

The members of the company are the current directors. Every member has one vote, at general meetings of the company which may be given either personally or by proxy.

The business of the company is managed by the directors, who may exercise all the powers of the company.

The directors were appointed after incorporation, being the previous Regimental Trustees. The maximum number of directors is fifteen, and the minimum number is four. The directors may appoint at any time a director to fill a vacancy or as an additional director. One third of directors are due to retire from office at the annual general meeting, but are eligible for re-election.

At the AGM Brigadier A C Jackson, The Rt Hon Lord Sanderson of Bowden D L and Brigadier A D Mackay O B E are due to retire by rotation, but are eligible for re-election.

THE K.O.S.B. ASSOCIATION FUNDS
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006

Aims and Objects

The company's objects are

to relieve suffering, hardship and distress and promote the relief of need among men or women who have at any time served with the King's Own Scottish Borderers, and their families and dependants, by making grants of money, loans or guarantees

to act as administrators of the "King's Own Scottish Borderers War Memorial and War Relief Funds"

to make contributions to or otherwise support charitable or benevolent bodies and to make donations for any public purpose connected with the activities of the charitable company or with the furtherance of its objects

Directors and Trustees and their Interests

The directors and trustees who served during the year and their interests in the company are as stated below

Brigadier A C Jackson

Major General J Cooper D S O , M B E

Brigadier F A L Alstead C B E , D L , M Phil

The Earl of Dalkeith K B E , D L Retired 1st August 2006

The Rt Hon Lord Sanderson of Bowden D L

Sir William Purves C B E , D S O Retired 1st August 2006

Colonel C B Fairweather C B E Retired 1st August 2006

Lieutenant Colonel R Jeffries Retired 1st August 2006

The Rt Hon Lord Steel of Aikwood K T , K B E , P C , D L Retired 1st August 2006

Brigadier A D Mackay O B E Appointed 1st August 2006

As a company limited by guarantee, the company does not have a share capital The liability of each member is limited to £1

Review of Activities

The performance of the investments of the company has been satisfactory and there is a healthy position in the General Fund, which allows the Company to continue to meet the present and future calls on the funds An important source of funds for the year under review was the contributions from the one day pay scheme

THE K.O.S.B. ASSOCIATION FUNDS
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006

Review of Activities Continued

The balance of donations comprises several smaller donations, each gratefully acknowledged, and income tax reclaimed wherever possible on donations under the Gift Aid Scheme

I would like to express my gratitude to my fellow directors, the Regimental Secretary and his staff at H H Q , the Branch and Re union Secretaries and the many others who help with the work of the Association I am conscious of the work carried out by all of them to ensure the smooth running of the Association

Financial Position

The accounts from page 6 onwards set out the full financial position for the year ended 31st December 2006

Income

Total income for the year was £82,504 (2005 £91,369) a decrease of £8,865

Expenditure

Total expenditure for the year was £63,303 (2005 £72,755) a decrease of £9,452

The total net cost of benevolence was £23,090 (2005 £26,794) a decrease of £3,704

Financial assistance was given in cases of hardship in addition to assisting in a number of cases where no financial assistance was required In some cases outside financial assistance was obtained from sources such as The Army Benevolent Fund

Donations to other organisations and charities amounted to £8,485 (2005 £9,945)

The cost of publishing and distributing the Borderers' Chronicle, £7,752 (2005 £7,758) was covered by income received

The revenue surplus for the year was £19,201 (2005 £18,614)

Balance Sheet

The net assets of the Association General Funds at 31st December 2006 were £585,019 (2005 £508,164) The increase is attributable to the increase in the market value of quoted investments and the surplus in the year

The market value of the investments at 31st December 2006 was £521,830 (2005 £457,550)

THE K.O.S.B. ASSOCIATION FUNDS
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2006

Grant Making Policy

Grants are made in accordance with the company's objects, as set out on page 2, to relieve suffering, hardship and distress among men or women who have served at any time with the Regiment of The King's Own Scottish Borderers and their families and dependants. Each application is considered on its merits.

Reserves and Investment Policy

The directors have reviewed the reserves of the charitable company in relation to current and future requirements, and are mindful that those who are contributing under the "one day pay" scheme do so on the basis that they may need to rely on the fund at some future time in their life. However the directors are also mindful that any income from this scheme is now re directed to the Royal Regiment of Scotland.

They consider that the reserves are adequate to allow the company to continue to carry out its objects, and to meet its long term commitments.

The governing documents allow the directors to invest funds in any investment they think fit, at their absolute discretion.

Investments are professionally managed by Bell Lawrie White, who provide advice to and act on the instructions of the company directors. The investment objectives are to achieve a balance of income and capital growth with an emphasis on income, assuming a medium risk profile.

Risk Review

The directors have conducted a review of the major risks to which the charitable company is exposed including the effects of the recent formation of the Royal Regiment of Scotland, and have established systems to mitigate the risks identified by putting the funds into their present corporate structure. The position in relation to administration is kept under review.

Exemptions

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

This report was approved by the Board on 19 APRIL 2007

And signed on its behalf by



The Rt Hon Lord Sanderson of Bowden D L
Director

ACCOUNTANTS' REPORT TO THE MEMBERS ON THE
UNAUDITED FINANCIAL STATEMENTS OF
THE K.O.S B. ASSOCIATION FUNDS

We report on the financial statements for the year ended 31st December 2006 set out on pages 6 to 15

Respective responsibilities of directors and trustees and reporting accountants

As described on page 1 the company's directors and trustees are responsible for the preparation of financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

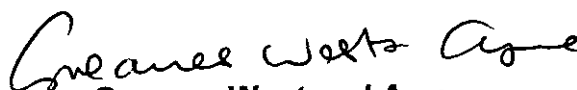
In our opinion

(a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985,

(b) having regard only to, and on the basis of, the information contained in those accounting records

(i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act, and

(ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(5) of the Act and did not, at any time within that, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1)



Greaves West and Ayre
Chartered Accountants and
Reporting Accountants
1/3 Sandgate
Berwick upon Tweed

DATE: 19 APRIL 2007

THE K.O.S.B. ASSOCIATION FUNDS
BALANCE SHEET AS AT 31ST DECEMBER 2006

<u>2005</u>	<u>Notes</u>	<u>2006</u>
£		£
	Fixed Assets	
457,550	Investments 2	521,830
	Current Assets	
6,280	Stocks	6,507
6,892	Debtors 3	10,766
40,346	Cash at bank and in hand	54,987
<u>53,518</u>		<u>72,260</u>
	Creditors : Amounts falling	
(2,904)	due within one year 4	<u>(9,071)</u>
<u>50,614</u>	Net Current Assets	<u>63,189</u>
<u>508,164</u>	Total Assets Less Current Liabilities	<u>585,019</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

THE K.O.S.B. ASSOCIATION FUNDS
BALANCE SHEET AS AT 31ST DECEMBER 2006

<u>2005</u>	<u>Notes</u>	<u>2006</u>
£		£
	Funds	
508,164	Unrestricted General Fund	585,019
<u>508,164</u>	Total Funds	<u>585,019</u>

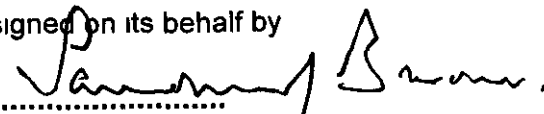
In the directors opinion the company was entitled under section 249A(2) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 31st December 2006 No member of the company has deposited a notice under section 249B(2) requiring an audit of these accounts

The directors are responsible for ensuring the company keeps accounting records which comply with section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial year and its profit or loss for each year in accordance with the requirements of section 226 of the Act and which otherwise comply with its requirements, so far as applicable to the company

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the Board on 19 APRIL 2007

And signed on its behalf by



The Rt. Hon. Lord Sanderson of Bowden D.L., Director

The notes on pages 10 to 15 form an integral part of these financial statements.

THE K.O.S.B. ASSOCIATION FUNDS
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST DECEMBER 2006

<u>2005</u>		<u>Notes</u>	<u>Unrestricted</u> <u>General</u> <u>Funds</u>	<u>Restricted</u> <u>Benevolence</u> <u>Funds</u>	<u>Total</u> <u>Funds</u>
<u>£</u>				<u>£</u>	<u>£</u>
	Incoming Resources				
	Incoming Resources from Generated Funds				
	Voluntary income				
16,800	Donations and legacies		3,000		3,000
12,362	A B F benevolence grants			13,038	13,038
1,261	Other benevolence grants			1,800	1,800
30,906	Subscriptions and chronicle		27,500		27,500
	Activities for generating funds				
2,209	Sale of cards etc		2,746		2,746
	Investment income				
18,512	Investment income	7	25,256		25,256
	Other Incoming Resources				
9,319	Income tax repayments		9,164		9,164
<u>91,369</u>	Total Incoming Resources		<u>67,666</u>	<u>14,838</u>	<u>82,504</u>
	Resources Expended				
	Cost of Generating Funds				
	Cost of goods sold and other costs				
2,011	Items for resale		1,970		1,970
	Investment management costs				
98	Investment management fees		98		98
	Charitable Activities				
37,928	Benevolence grants paid	9	23,090	14,838	37,928
9,945	Charitable donations	10	8,485		8,485
17,581	Direct charitable expenditure	11	9,068		9,068
1,311	Overhead expenses	12	1,039		1,039
1,942	Management and administration	13	2,717		2,717
	Governance Costs				
1,939	Accountancy		1,998		1,998
<u>72,755</u>	Total Resources Expended		<u>48,465</u>	<u>14,838</u>	<u>63,303</u>
	Net Incoming/(Outgoing) Resources				
18,614	Before Transfers Carried Forward		19,201		19,201

The notes on pages 10 to 15 form an integral part of these financial statements.

THE K.O.S.B. ASSOCIATION FUNDS
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST DECEMBER 2006

<u>2005</u>		<u>Notes</u>	<u>Unrestricted</u> <u>General</u> <u>Funds</u>	<u>Restricted</u> <u>Benevolence</u> <u>Funds</u>	<u>Total</u> <u>Funds</u>
<u>£</u>				<u>£</u>	<u>£</u>
	Net Incoming/(Outgoing) Resources				
18,614	Before Transfers Brought Forward		19,201		19,201
	Gain/(Loss) on Investments				
9,953	Realised gains on investments		50,430		50,430
51,648	Unrealised gains on investments		7,224		7,224
80,215	Net Movement in Funds for the Year		76,855		76,855
427,949	Total Funds Brought Forward		508,164		508,164
508,164	Total Funds Carried Forward		585,019		585,019

All of the above results are derived from continuing activities

All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net incoming resources for the year plus realised profits on investments and was £69,631 (2005 £28,567)

The notes on pages 10 to 15 form an integral part of these financial statements.

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of fixed asset investments to market value, and in accordance with the Companies Act 1985, the Financial Reporting Standard for Smaller Entities (effective January 2005) and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities published March 2005

1.2. Turnover

Turnover represents the total value of all income receivable in the year, inclusive of value added tax

1.3. Fund accounting

The general fund is an unrestricted fund, which is available for use at the discretion of the directors in furtherance of the objectives of the company

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors

1.4. Investments

Fixed asset investments are stated at market value at the balance sheet date. Changes in market value are recognised in the Statement of Financial Activities, and are taken to the Revaluation Reserve

1.5. Stock

Stock is valued at the lower of cost and net realisable value

1.6. Incoming resources

All incoming resources are included at the point when the charitable company is legally entitled to the income and the amount can be quantified with reasonable accuracy

Grants and donations, including those received from other organisations to be paid over to beneficiaries, are recognised in full when received. Where they have been received for specified purposes or beneficiaries, these grants and donations are shown as restricted funds

Membership subscriptions are recognised in the year in which they are received

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

1.7. Resources expended

All expenditure is accounted for on an accruals basis. Costs are allocated to appropriate headings, based on the activities to which they are attributable.

Costs of generating funds are the costs of Christmas cards and regimental items sold in the year.

Management and administration costs are those incurred in connection with the administration of the charitable company and compliance with constitutional and statutory requirements.

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

2. Fixed asset investments

	<u>UK Listed</u> <u>Investments</u> £
Market value	
At 1st January 2006	457,551
Additions	174,858
Disposals	(168,234)
Revaluations	57,655
At 31st December 2006	<u>521,830</u>
Cost	
At 31st December 2006	<u>350,692</u>
At 31st December 2005	<u>293,638</u>

The cost value of investments represents the market value of the investments on the date that the investments were transferred to the charitable company from the original trust, adjusted for any additions or disposals during the subsequent period

Investments are professionally managed and valued by Bell Lawrie White. The investment objectives are to achieve a balance of income and capital growth with an emphasis on income, assuming a medium risk profile

The unrealised gain on revaluation is taken to the revaluation reserve

Holdings over 5% of the portfolio at market value comprise

	%	£
M & G Securities Limited Charfund	13.59	70,893
Kelda Group plc	6.65	34,725
Scottish Southern Energy Plc	5.96	31,080
GE Capital UK Funding	5.31	27,688
European Investment Bank	5.11	26,644
Severn Trent Water Utilities	5.10	26,613
Anglo American Capital	5.08	26,514
Diageo Plc	5.05	26,356

3. Debtors

	<u>2006</u> £	<u>2005</u> £
Trade debtors	<u>10,766</u>	<u>6,892</u>

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

4. Creditors : Amounts falling due within one year	<u>2006</u>	<u>2005</u>
	£	£
Other creditors	7,071	904
Accruals and deferred income	2,000	2,000
	<u>9,071</u>	<u>2,904</u>

5. Funds	<u>Income and Expenditure</u>	<u>Revaluation Reserve</u>	<u>General Fund Total</u>
	£	£	£
At 1st January 2006	404,670	103,494	508,164
Operating surplus for the year	19,201		19,201
Gain on disposal of investments	50,430		50,430
Revaluation of investments		7,224	7,224
At 31st December 2006	<u>474,301</u>	<u>110,718</u>	<u>585,019</u>

6. Company limited by guarantee

Every ordinary member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he is a member or within one year after he ceases to be a member, for such an amount as may be required not exceeding £1

7. Income from investments	<u>2006</u>	<u>2005</u>
	£	£
Income from investments	24,180	17,967
Deposit account interest	851	441
Other interest	225	104
	<u>25,256</u>	<u>18,512</u>

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

8. Operating surplus

	<u>2006</u>	<u>2005</u>
	£	£
Operating surplus is stated after		
Reporting examiners fees	570	570
Accountancy	1,428	1,369
	<u>1,998</u>	<u>1,939</u>

9. Benevolence grants

Grants are made in accordance with the company's objects, as set out on page 2, to relieve suffering, hardship and distress among men or women who have served at any time with the King's Own Scottish Borderers and their families and dependants. Each application is considered on its merits.

During the year 97 grants totalling £37,928 were made to individuals (2005 90 grants totalling £37,928)

10. Charitable donations

This includes a donation of £5,000 to the Army Benevolent Fund

11. Direct charitable expenditure

	<u>2006</u>	<u>2005</u>
	£	£
Borderers Chronicle	7,752	7,758
Remembrance wreaths and flowers	726	539
Advertising and promotions	185	8,550
Minden Day roses and buffet	300	651
Other direct expenses	105	83
	<u>9,068</u>	<u>17,581</u>

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

12. Overhead expenses

	<u>2006</u>	<u>2005</u>
	£	£
Insurances	618	533
Travel expenses and entertaining	421	778
	<u>1,039</u>	<u>1,311</u>

13. Management and administration

	<u>2006</u>	<u>2005</u>
	£	£
Printing, stationery and office expenses	819	1,181
A G M expenses and lunches	627	206
General administration	249	555
Farewell events	783	
Cruickshank dinner	239	
	<u>2,717</u>	<u>1,942</u>

14. Trustees/directors remuneration

No remuneration was paid or payable in the year to any director or to any person connected with them

No expenses were reimbursed to any directors in the year