

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 2008

GREAVES WEST AND AYRE

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS

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THE K.O.S.B. ASSOCIATION FUNDS

COMPANY INFORMATION

Directors and Trustees Brigadier A.C. Jackson
Lieutenant General J. Cooper D.S.O., M.B.E.
Brigadier F.A.L. Alstead C.B.E., D.L., M.Phil
The Rt. Hon. Lord Sanderson of Bowden D.L.
Brigadier A.D. Mackay C.B.E.

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

Independent Examiners 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
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 2008

The directors and trustees present their report and the financial statements for the year ended 31st December 2008, 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 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 and The Rt. Hon. Lord Sanderson of Bowden D.L. 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 2008

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

The directors and trustees who served during the year are as stated below :

Brigadier A.C. Jackson
Lieutenant General J. Cooper D.S.O., M.B.E.
Brigadier F.A.L. Alstead C.B.E., D.L., M.Phil
The Rt. Hon. Lord Sanderson of Bowden D.L.
Brigadier A.D. Mackay C.B.E.

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 and Future Plans

During the year the fund has continued to support former members of the King's Own Scottish Borderers and their families and dependants in accordance with the aims and objectives set out above. It is anticipated that these activities will continue for the foreseeable future.

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.

Several donations were received during the year, each gratefully acknowledged. Income tax is reclaimed wherever possible on donations under the Gift Aid Scheme.

During the year, £92,056 was received from the K.O.S.B. Central Fund. For further details please refer to note 16.

Finally 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.

THE K.O.S.B. ASSOCIATION FUNDS
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2008

Financial Position

The accounts from page 6 onwards set out the full financial position for the year ended 31st December 2008.

Income

Total income for the year was £151,616 (2007 £88,855) an increase of £62,761.

Expenditure

Total expenditure for the year was £59,489 (2007 £70,382) a decrease of £10,893.

The total net cost of benevolence was £18,521 (2007 £26,384) a decrease of £7,863.

Financial assistance was given in 81 cases of hardship. In some cases outside financial assistance was obtained from sources such as The Army Benevolent Fund. In addition advice was given in a number of cases where no financial assistance was required.

Donations to other organisations and charities amounted to £7,210 (2007 £6,820).

The cost of publishing and distributing the Borderers' Chronicle, £5,312 (2007 £7,431) was covered by income received.

The revenue surplus for the year was £92,127 (2007 £18,473).

Balance Sheet

The net assets of the Association General Funds at 31st December 2008 were £572,278 (2007 £593,037). The decrease this year is directly attributable to the decrease in market values of investments.

The market value of the investments at 31st December 2008 was £478,846 (2007 £510,935).

THE K.O.S.B. ASSOCIATION FUNDS
DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2008

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 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, 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

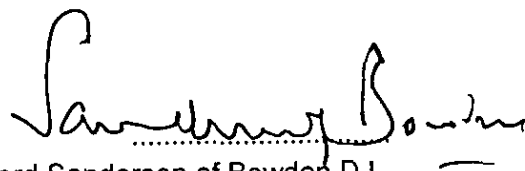
The directors have conducted a review of the major risks to which the charitable company is exposed including the long term effect of the formation of the Royal Regiment of Scotland, and have established systems to mitigate the risks identified by putting the funds into their present corporate structure. 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

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 2008 set out on pages 6 - 7 to 16.

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 :

THE K.O.S.B. ASSOCIATION FUNDS
BALANCE SHEET AS AT 31ST DECEMBER 2008

<u>2007</u>	<u>Notes</u>	<u>2008</u>
£		£
	Fixed Assets	
510,935	Investments 2	478,846
	Current Assets	
6,088	Stocks	5,497
11,075	Debtors 3	26,387
71,607	Cash at bank and in hand 4	66,968
<u>88,770</u>		<u>98,852</u>
(6,668)	Creditors : Amounts falling due within one year 5	<u>(5,420)</u>
<u>82,102</u>	Net Current Assets	<u>93,432</u>
<u><u>593,037</u></u>	Total Assets Less Current Liabilities	<u><u>572,278</u></u>

The notes on pages 10 to 16 form an integral part of these financial statements.

THE K.O.S.B. ASSOCIATION FUNDS
BALANCE SHEET AS AT 31ST DECEMBER 2008

<u>2007</u>	<u>Notes</u>	<u>2008</u>
£		£
	Funds	
593,037	Unrestricted General Fund	572,278
<u>593,037</u>	Total Funds	<u>572,278</u>

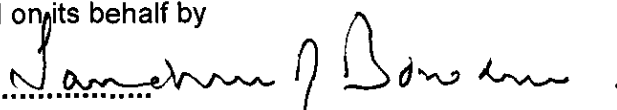
In the directors opinion the company was entitled under section 249A(2) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 31st December 2008. No member of the company has deposited a notice under section 249B(2) requiring an audit of these accounts.

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 2007).

The financial statements were approved by the Board on

And signed on its behalf by

.....

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

The notes on pages 10 to 16 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 2008

<u>2007</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>
£				£	£
	Incoming Resources				
	Incoming Resources from Generated Funds				
	Voluntary income				
33,355	Donations and legacies		92,754	-	92,754
15,992	A.B.F. benevolence grants		-	12,091	12,091
2,289	Other benevolence grants		-	2,343	2,343
6,327	Subscriptions and chronicle		6,539	-	6,539
	Activities for generating funds				
2,451	Sale of cards etc.		2,835	-	2,835
	Investment income				
23,327	Investment income	8	33,645	-	33,645
	Other Incoming Resources				
5,114	Income tax repayments		1,409	-	1,409
88,855	Total Incoming Resources		137,182	14,434	151,616
	Resources Expended				
	Cost of Generating Funds				
	Cost of goods sold and other costs				
1,826	Items for resale		1,285	-	1,285
	Investment management costs				
98	Investment management fees		386	-	386
	Charitable Activities				
44,665	Benevolence grants paid	10	18,521	14,434	32,955
6,820	Charitable donations	11	7,210	-	7,210
13,022	Direct charitable expenditure	12	10,478	-	10,478
773	Overhead expenses	13	836	-	836
1,063	Management and administration	14	4,165	-	4,165
	Governance Costs				
2,115	Accountancy		2,174	-	2,174
70,382	Total Resources Expended		45,055	14,434	59,489
	Net Incoming Resources				
18,473	Before Transfers Carried Forward		92,127	-	92,127

The notes on pages 10 to 16 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 2008

<u>2007</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 Resources				
18,473	Before Transfers Brought Forward		92,127	-	92,127
	(Loss)/Gain on Investments				
33,430	Realised (losses)/gains on investments		(55,752)	-	(55,752)
(43,885)	Unrealised (losses) on investments		(57,134)	-	(57,134)
<u>8,018</u>	Net Movement in Funds for the Year		<u>(20,759)</u>	<u>-</u>	<u>(20,759)</u>
585,019	Total Funds Brought Forward		593,037	-	593,037
<u>593,037</u>	Total Funds Carried Forward		<u>572,278</u>	<u>-</u>	<u>572,278</u>

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 (losses)/gains on investments and was £36,375 (2007 : £51,903).

The notes on pages 10 to 16 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 2008

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 2007) 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 2008

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 2008

2. Fixed asset investments

	<u>UK Listed</u> <u>Investments</u> £
Market value	
At 1st January 2008	510,935
Additions	116,748
Disposals	(35,951)
Revaluations	(112,886)
At 31st December 2008	<u>478,846</u>
Cost	
At 31st December 2008	<u>404,403</u>
At 31st December 2007	<u>383,494</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. 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 Charifund	12.34	59,082
European Investment Bank	7.78	37,243
Royal Dutch Shell Plc	6.01	28,772
Severn Trent Water Utilities	5.73	27,430
British American Tobacco Plc	5.64	27,000
Anglo American Capital	5.62	26,916
GE Capital UK Funding	5.53	26,472
Diageo Plc	5.28	25,265

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

3. Debtors

	<u>2008</u>	<u>2007</u>
	£	£
Trade debtors	10,549	11,075
Other debtors	15,838	-
	<u>26,387</u>	<u>11,075</u>

4. Cash at bank and in hand

	<u>2008</u>	<u>2007</u>
	£	£
Funds on deposit	52,894	58,851
Cash at bank and in hand	14,074	12,756
	<u>66,968</u>	<u>71,607</u>

5. Creditors : Amounts falling due within one year

	<u>2008</u>	<u>2007</u>
	£	£
Other creditors	3,420	4,668
Accruals and deferred income	2,000	2,000
	<u>5,420</u>	<u>6,668</u>

6. Funds

	<u>Income and</u>	<u>Revaluation</u>	<u>General</u>
	<u>Expenditure</u>	<u>Reserve</u>	<u>Fund</u>
	£	£	£
At 1st January 2008	526,204	66,833	593,037
Operating surplus for the year	92,127	-	92,127
Gain on disposal of investments	(55,752)	-	(55,752)
Revaluation of investments	-	(57,134)	(57,134)
At 31st December 2008	<u>562,579</u>	<u>9,699</u>	<u>572,278</u>

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

7. 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.

8. Income from investments

	<u>2008</u>	<u>2007</u>
	£	£
Income from investments	31,538	21,873
Deposit account interest	2,089	1,429
Other interest	18	25
	<u>33,645</u>	<u>23,327</u>

9. Operating surplus

	<u>2008</u>	<u>2007</u>
	£	£
Operating surplus is stated after :		
Reporting examiners fees	570	570
Accountancy	1,604	1,545
	<u>2,174</u>	<u>2,115</u>

10. 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 81 grants totalling £32,955 were made to individuals (2007 : 102 grants totalling £44,665).

11. Charitable donations

This includes a donation of £5,000 (2007 £5,000) to the Army Benevolent Fund.

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

12. Direct charitable expenditure

	<u>2008</u>	<u>2007</u>
	£	£
Borderers Chronicle	5,312	7,431
Remembrance wreaths and flowers	366	659
Advertising and promotions	-	985
Minden Day roses and buffet	4,757	3,912
Other direct expenses	43	35
	<u>10,478</u>	<u>13,022</u>

13. Overhead expenses

	<u>2008</u>	<u>2007</u>
	£	£
Insurances	594	744
Repairs and maintenance	217	-
Travel expenses and entertaining	25	29
	<u>836</u>	<u>773</u>

14. Management and administration

	<u>2008</u>	<u>2007</u>
	£	£
Printing, stationery and office expenses	935	672
A.G.M. expenses and lunches	526	181
General administration	271	206
Cruickshank dinner	270	4
Website costs	1,775	-
Professional fees	388	-
	<u>4,165</u>	<u>1,063</u>

THE K.O.S.B. ASSOCIATION FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

15. 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.

16. Related party transactions

On the 4th December 2008 the Trustees of the K.O.S.B. Central Fund who are all Directors and Trustees of the K.O.S.B. Association Fund agreed to transfer all of it's assets into the K.O.S.B. Association Fund going forward.

In doing so the K.O.S.B. Central Fund investement portfolio was transferred into the K.O.S.B. Association Fund at £76,218, being the market value of investments on the 4th December 2008 along with £15,838 in residual net current assets. As at the year end £16,174 remained outstanding from the K.O.S.B. Central Fund.