

# **The Crichton Trust**

**Group Report and Audited Financial Statements  
For the Year Ended 31 March 2017**

**Company Registration Number SC164601**

**Charity Number SC024797**



**The Crichton Trust**

**Financial Statements**

**Year ended 31 March 2017**

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**The Crichton Trust**

**Members of the Board and Professional Advisors**

**Year Ended 31 March 2017**

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<b>Registered charity name</b>	The Crichton Trust
<b>Charity number</b>	SC024797
<b>Company registration number</b>	SC164601
<b>Principal office</b>	Grierson House The Crichton Bankend Road Dumfries DG1 4ZE
<b>Registered office</b>	Grierson House The Crichton Bankend Road Dumfries DG1 4ZE
<b>Trustees</b>	J.R. Brennan M.E. Burton D. Clark S. Duffy P.N. Jones G.F. Khosla I. Macmillan G.J.R. Mappin A.J. Marshall T.M. Riddet K. Thomson
<b>Secretary</b>	L.A. Russell
<b>Auditor</b>	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
<b>Bankers</b>	Royal Bank of Scotland 151 High Street Dumfries DG1 2RA
<b>Solicitors</b>	Lindsays WS Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE

## **The Crichton Trust**

### **Report of the Trustees for the year ended 31 March 2017**

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The Trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2017.

#### **Structure, governance and management**

The Trust was established by Dumfries and Galloway Council (the Council) in 1996. The Council is the sole member of the Charitable Company. The Trust and the Crichton Estate (the Estate) are wholly owned by the Council which is registered as a Person of Significant Control in terms of the Small Business Enterprise and Employment Act 2015.

During 2016/17 the Trust has restructured its Governance and Management arrangements. In October 2016, Crichton Development Company Ltd (CDC) of which The Trust is the sole owner, ceased trading other than undertaking activities consistent with the cessation of the company. Although CDC has the intention of being wound up in the future, no action has yet been taken and therefore CDC is continuing as a going concern.

All staff employed by CDC, or seconded by the Trust to CDC, transferred to the employment of the Trust under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2014 with effect from 1 November 2016, when the Trust assumed sole responsibility for the upkeep and maintenance of all property on the Estate including facilities management, and the operation of Easterbrook Hall and Neuro's Bar, Spa and Restaurant. The Head Lease of the Estate has been extended to 2170 and CDC assigned all of its interests in the Mid Lease to the Trust.

The Trust refinanced with the Royal Bank of Scotland in December 2016 and repaid its historic borrowing to the Clydesdale Bank.

Alex Haswell, who had been appointed Trust Director in February 2016, was appointed as Interim Chief Executive of the Trust and General Manager of CDC in September 2016 with the strategic remit of implementing the Board's priorities for organisational change and restructuring and the winding up of CDC.

#### **Objectives of the charity**

*The objects of the Charity are set out in its Memorandum and Articles of Association as follows:-*

To protect, preserve, manage and develop and assist in the protection, preservation, management and development of buildings, land and sites of architectural, scenic and historical interest in the geographical area of Dumfries and Galloway for the benefit of the public; to protect, preserve, manage and develop and assist in the protection, preservation, management and development of the landscape and the countryside of Dumfries and Galloway and to encourage and enable the public to enjoy the same; to protect, preserve, manage and develop and assist in the protection, preservation, management and development of the historical and architectural heritage of Dumfries and Galloway; to act in a consultative capacity to assist others in achieving objectives related to those of the Company; to promote and organise co-operation in the achievement of objectives of the Company by the bringing together of individuals, societies, clubs, institutions, local authorities and other organisations and any person, firm, or corporation engaged in the business or commerce interested in the objects of the Company.

To advance and assist in the advancement of education, including, without prejudice to the foregoing generality, the establishment of a university or other centre of learning and the holding of exhibitions, meetings, lectures, classes, seminars or courses either alone or with others.

## **Business planning and meetings cycle**

### **Report of the Trustees for the year ended 31 March 2017**

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#### **Members of the Board of Trustees and the method of their appointment**

The members of the Board of Trustees, who are Directors for the purpose of company law and Trustees for the purpose of charity law (commonly known as the Trustees), who served during the year and up to the date of this report are set out in the legal and administrative information set out on page 1.

The Trustees who served the charity during the period were as follows:

T.M Riddet  
M.E. Burton  
A.J. Marshall  
S. Duffy  
I. Macmillan  
G.J.R. Mappin  
G.F. Khosla (appointed 15 December 2016)  
J.R. Brennan (appointed 15 December 2016)  
D. Clark (appointed 15 December 2016)  
P.N. Jones (appointed 15 December 2016)  
K. Thomson (appointed 15 December 2016)  
S.D. Cairnie (resigned 9 June 2016)  
W.G. U'ren (resigned 15 December 2016)  
M.B. Robertson (resigned 6 October 2016)  
J.C. Allan (resigned 6 October 2016)  
B. Johnstone (resigned 9 June 2016)  
W.D. Macdonald (resigned 21 April 2016)

The Trustees are appointed by Dumfries and Galloway Council and the Memorandum and Articles of Association were amended in October 2013 to make provision for the appointment of up to 15 Trustees. There are currently 11 trustees.

#### **Training and induction of trustees**

Training of existing Trustees continues and there will be appropriate induction training for new Trustees, once appointed.

#### **Remuneration policy for key management**

The pay of key management and senior staff is reviewed annually and normally increased in line with inflation. The Trustees benchmark against pay levels in organisations of a similar size and sector.

#### **Principal activities and review of business**

In December 2016, The Trust published its ten year Strategy 2016 - 2026, which sets out its high level strategy, mission and aspirations for sustaining, enhancing and expanding its activities in response to changes in business, public finance and the education environment.

The Strategy was prepared in consultation with partners including the Council and the Crichton Campus Leadership Group and sets out seven strategic objectives: Leadership, Conservation, Education, Regeneration, Property Development, Community and Branding.

Following upon the publication of the Strategy, The Trust published its three year Business Plan 2017 - 2020 in June 2017, which has been approved by the Council and which sets out a number of priority projects on the Estate. Both the Strategy and the Plan will be subject to annual review.

During the year, The Trust's number of tenants on the Estate increased from 49 to 67, with rental income increasing from £1.31M to £1.43M.

The University of Glasgow renewed its leases for 15 years, the University of the West of Scotland for 5 years, D&G Housing Partnership for 15 years and D&G Council for 25 years.

The Trust has faced challenges with the operation of Easterbrook Hall and Neuro's with a downturn in Wedding and Conference business. An Improvement Plan is in the course of preparation, which, combined with changes in management arrangements and a revised marketing plan, will address these challenges.

#### **Going concern**

The net expenditure before tax in 2016-17 was £32,722 (net income of £275,982 in prior year). The increased rental income was offset by losses on Easterbrook and Neuro's. With the implementation of the Improvement Plan for Easterbrook and Neuro's, it is projected that the Trust will generate net income before tax of £102,745 in 2017-18. With increased rental income and a turn around in trading results for Easterbrook and Neuro's as a result of improved trading, changes in management arrangements and marketing, the Trustees consider that it is appropriate to prepare Statements on a going concern basis.

## The Crichton Trust

### Report of the Trustees for the year ended 31 March 2017 (continued)

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#### Reserves policy

The group has total negative reserves at 31 March 2017 of £209,724 (2016: positive reserves of £426,998). This includes a deficit on unrestricted funds of £1,454,687 (2016: deficit £954,169) and a surplus on restricted funds of £1,244,963 (2016: £1,381,167) as the funds are asset based.

The deficit on unrestricted reserves includes a pension reserve for deficit funding of £1,665,000 (2016: £974,000) hence unrestricted reserves excluding this reserve amount to £210,313 (2016: £19,831). The Trustees are aware the group has no 'free reserves' as at 31 March 2017. This is due to the fixed asset base of the charitable group.

The Trust reserves policy is to make provision for free reserves of £250,000 (equating to approximately 3 months' salary costs). The Board have prepared projections based on the future restructure of the Group and the increased activities within Easterbrook Hall and Neuro's. While remaining prudent in budgets, the Trustees are budgeting for a surplus of £102,745 for 2017-18. This will therefore allow the Group to build up free reserves with the intention of achieving targeted free reserves within the next 5 years.

#### Investment powers

Under the memorandum and articles of association, the charity has the power to make any investment which the Trustees see fit in furtherance of its objectives.

#### Related parties

Trustees' remuneration and travel expenses are detailed in note 8 to the financial statements. Full information on other related party transactions is given in note 23 to the financial statements.

#### Responsibilities of the Trustees

The Trustees are responsible for preparing the Strategic Report, the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law and charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law and charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. 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.

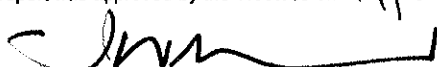
#### Provision of information to auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Approval

The report was approved by the Trustees on 14/12/17 and signed on its behalf by:



I. Macmillan, Chairman  
Trustee

### **Financial performance**

The consolidated income and expenditure account is included in the Statement of Financial Activities and shows a deficit for the year of £636,722 (2016 - surplus £649,982).

The Group participates in the Dumfries and Galloway Council Pension Fund, a defined benefit pension scheme covering more than one employer (see note 21 to the Accounts).

The University of Glasgow and Dumfries and Galloway Housing Partnership have renewed their leases for a further 15 years and during the year 18 new tenancy agreements were completed. Occupancy of the tenable accommodation on the Estate runs at 86.39% (2016 – 86.9%). Rental income for 2016-17 amounted to £1,429,283 (2015-16 - £1,313,696). The Trust is promoting the provision of facilities management services for tenants, which provides a further income stream.

During the course of the year, Easterbrook made a loss before tax, depreciation and deferred income of £82,258 and Neuro's made a loss before tax, depreciation and deferred income of £130,650.

The Trust is implementing an improvement plan for Easterbrook and Neuro's and figures for 2017-18 project a combined profit before tax, depreciation and deferred income of £102,745.

### **Plans for the future**

The Trust published its 10 year Strategy (2016 – 2026) in December 2016 and in June 2017 published a 3 year Business Plan.

The Business Plan makes provision for several major key projects and a number of smaller scale activities, some of which suggest themselves as "early win" possibilities. A detailed Operational Plan (2017 – 2020) has been developed and within this Trustees have identified a number of priority projects.

These priority projects were identified following a robust review and assessment by The Trust Board of outstanding projects from the 2015 – 2018 Plan and proposed new Projects. Individual Project plans will be drawn up for each of the projects with progress against each reported to the Board.

All projects will require the identification of suitable funding but, prior to this, Trustees wish to see appropriate feasibility studies carried out with a robust business case made for each. Lead-in times for some projects may be considerable and this can make the establishment of accurate time frames difficult and this is reflected in the Business Plan.

A funding package approach will be adopted where multi-partner schemes are proposed. The pursuit of external funding is challenging and carries with it the risk of resourcing bids which may not succeed. Cognisance will be taken of this when prioritising effort.

The current funding model for The Trust will be examined to ensure that fund raising, including loan-funding options, are not inhibited and will include the preparation of an External Funding Strategy.

### **Key performance indicators**

The Crichton Trust business plan 2017 – 2020 sets out a number of key deliverables for The Trust. While the business plan is a dynamic document and will be reviewed in early 2018, it is a valuable tool in monitoring performance and is the subject of performance reports to both The Trust and the Council.

The Trust identified a number of performance indicators for 2016 – 2017:

- Restructure – we will complete the restructuring exercise by the end of December 2016 – completed;
- Occupancy – we will increase the level of occupancy of tenable accommodation to 90% by April 2017 –  
Actual - 86.39% at 31 March 2017;
- Facilities management – we will provide facilities management services to 50% of our tenants by April 2017; we formally contracted with 20% of our tenants and, while hard to monitor this indicator, we also provide ad-hoc services to all our properties.
- Events – we will achieve 33 Easterbrook Live events, 82 conferences and 74 charity events by March 2017 –  
Actual events: 40 Easterbrook Live events, 113 conference/business events, 100 social/charity events;
- Weddings – we will increase the number of weddings held in Easterbrook Hall to 40 by March 2017 –  
Actual: 37 Weddings, with 7 Church only weddings.

During the course of 2016/17, The Trust has developed a suite of key performance indicators which will be regularly reviewed going forward:

- Occupancy – percentage of lettable property let;
- Maintenance – percentage of planned preventative maintenance undertaken as against budget;
- Hospitality – gross profit from stock, customer footfall, customer satisfaction, number of events and net profit from each;
- Staffing – employee turnover, sickness absence levels, employee satisfaction surveys.

## The Crichton Trust

### Strategic Report for the year ended 31 March 2017 (continued)

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#### Risk Management and Review

Following upon a major restructuring of its Governance and Operational arrangements, the Trust has adopted a Strategic Risk Register which is regularly reviewed and updated.

It has reviewed its Strategic direction and has published its 10 year Strategy and 3 year Business Plan which enable it to focus on its main objectives going forward. These documents are subject to regular review and an Operational Plan, based on the Strategy and Business Plan, is used for regular monitoring purposes. The Strategy and Business Plan will be the subject of annual review.

The major risks presently facing the Trust are:

- Failure to generate/maximise income and costs;
- Failure to obtain external financing by way of either grants and/or loans impedes the development of major projects;

To minimise these risks, the Trust has put the following measures in place:

- An Improvement Plan is in the course of preparation for Operations at Easterbrook Hall and Neuro's. This will cover product, marketing, management and staffing;
- These documents will be produced by March 2018 and will put the Trust in a stable position for trading in financial year 2018-19.

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the Trustees see fit in furtherance of its objectives.

#### Approval

The report was approved by the Trustees on 14/12/17 and signed on its behalf by:



I. Macmillan, Chairman  
Trustee

## **The Crichton Trust**

### **Independent auditor's report**

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#### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE CRICHTON TRUST**

We have audited the financial statements of The Crichton Trust for the year ended 31 March 2017 which comprise the group statement of financial activities (incorporating the group income and expenditure account), the charity statement of financial activities (incorporating the charity income and expenditure account), the group and charity balance sheets, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and members 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 and members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the audit of financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' report and the strategic report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

**Barbara Southern**  
Senior Statutory Auditor  
For and on behalf of BDO LLP, statutory auditor  
Glasgow  
United Kingdom

18 December 2014

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**The Crichton Trust**

**Group Statement of Financial Activities (Incorporating the Income and Expenditure Account) for the year ended 31 March 2017**

	Note	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>					
Investments	3	181	-	181	668
Commercial trading activities	3	1,217,638	-	1,217,638	839,501
Management and development of property	3	2,034,504	-	2,034,504	1,902,189
Charitable activities	4	-	-	-	650,004
<b>Total income</b>		<b>3,252,323</b>	<b>-</b>	<b>3,252,323</b>	<b>3,392,362</b>
<b>Expenditure on:</b>					
Commercial trading activities	5	(1,234,485)	-	(1,234,485)	(1,320,747)
Management and development of property	5	(1,907,246)	(56,314)	(1,963,560)	(1,593,546)
Charitable activities	5	(87,000)	-	(87,000)	(202,087)
<b>Total expenditure</b>	<b>5</b>	<b>(3,228,731)</b>	<b>(56,314)</b>	<b>(3,285,045)</b>	<b>(3,116,380)</b>
<b>Net (expenditure)/income</b>	<b>6</b>	<b>23,592</b>	<b>(56,314)</b>	<b>(32,722)</b>	<b>275,982</b>
Transfers between funds	11	79,890	(79,890)	-	-
<b>Net (expenditure) / income before other recognised gains/(losses)</b>	<b>6</b>	<b>103,482</b>	<b>(136,204)</b>	<b>(32,722)</b>	<b>275,982</b>
<b>Other recognised (losses)/gains</b>					
Actuarial (loss)/gain in respect of defined benefit pension scheme	19	(604,000)	-	(604,000)	374,000
<b>Net movement in funds</b>		<b>(500,518)</b>	<b>(136,204)</b>	<b>(636,722)</b>	<b>649,982</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	24, 25	(954,169)	1,381,167	426,998	(222,984)
<b>Total funds carried forward</b>	<b>24, 25</b>	<b>(1,454,687)</b>	<b>1,244,963</b>	<b>(209,724)</b>	<b>426,998</b>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the statement of financial activities.

The notes on pages 14 to 31 form part of these financial statements.

The Crichton Trust

Charity Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 March 2017

		Unrestricted funds	Restricted funds	Total funds 2017	Total funds 2016
<i>Income from:</i>	Note	£	£	£	£
Investments	3	43	-	43	509
Commercial trading activities	3	485,831	-	485,831	-
Management and development of property	3	819,346	-	819,346	-
Transfers from subsidiary company	3	194,997	-	194,997	-
Release of deferred grant in charity transferred from Crichton Development Company Limited	3	-	1,325,501	1,325,501	-
Charitable activities	4	-	-	-	650,004
<b>Total income</b>		<b>1,500,216</b>	<b>1,325,501</b>	<b>2,825,717</b>	<b>650,513</b>
<i>Expenditure on:</i>					
Charitable activities	5	(87,000)	-	(87,000)	(834,439)
Commercial trading activities		(520,283)	-	(520,283)	-
Management and development of property		(889,546)	(97,038)	(986,584)	-
Repayment of gift aid to subsidiary	9	-	-	-	(557,500)
<b>Total expenditure</b>		<b>(1,496,829)</b>	<b>(97,038)</b>	<b>(1,593,867)</b>	<b>(1,391,939)</b>
<b>Net income/(expenditure)</b>		<b>3,387</b>	<b>1,228,463</b>	<b>1,231,850</b>	<b>(741,426)</b>
Transfers between funds	11	600	(600)	-	-
<b>Net income/(expenditure) before other gains and losses</b>	6	<b>3,887</b>	<b>1,227,963</b>	<b>1,231,850</b>	<b>(741,426)</b>
<b>Other recognised (losses)/gains</b>					
Actuarial (loss)/gain in respect of defined benefit pension scheme	19	(604,000)	-	(604,000)	374,000
<b>Net movement in funds</b>		<b>(600,113)</b>	<b>1,227,963</b>	<b>627,850</b>	<b>(367,426)</b>
<i>Reconciliation of funds:</i>					
Total funds brought forward	24, 25	(972,911)	17,000	(955,911)	(588,485)
<b>Total funds carried forward</b>	24, 25	<b>(1,573,024)</b>	<b>1,244,963</b>	<b>(328,061)</b>	<b>(955,911)</b>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the statement of financial activities.

The notes on pages 14 to 31 form part of these financial statements.

**The Crichton Trust**

**Group balance sheet at 31 March 2017**

<b>Company number SC164601</b>	<b>Note</b>	<b>2017 £</b>	<b>2017 £</b>	<b>2016 £</b>	<b>2016 £</b>
<b>Fixed assets:</b>					
Tangible assets	12		2,214,399		2,398,303
<b>Current assets:</b>					
Stock	13	20,812		25,613	
Debtors	14	401,824		329,486	
Cash at bank and in hand		450,030		424,891	
<b>Total current assets</b>		<b>872,666</b>		<b>779,990</b>	
<b>Liabilities:</b>					
<b>Creditors: amounts falling due within one year</b>	15	<b>(857,050)</b>		<b>(1,507,579)</b>	
<b>Net current assets/(liabilities)</b>			<b>16,616</b>		<b>(727,589)</b>
<b>Total assets less current liabilities</b>			<b>2,230,015</b>		<b>1,670,714</b>
Creditors: amounts falling due after more than one year	16		(774,739)		(109,635)
<b>Provisions for liabilities</b>					
Deferred taxation	19		-		(160,081)
<b>Net assets excluding pension liability</b>			<b>1,455,276</b>		<b>1,400,998</b>
Defined benefit pension scheme liability	21		(1,665,000)		(974,000)
<b>Total net assets/(liabilities)</b>			<b>(209,724)</b>		<b>426,998</b>
<b>The funds of the charity:</b>					
Restricted income funds	24		1,244,963		1,381,167
Unrestricted income funds excluding pension liability	25	210,313		19,831	
Pension fund	25	(1,665,000)		(974,000)	
<b>Total unrestricted funds</b>			<b>(1,454,687)</b>		<b>(954,169)</b>
<b>Total funds</b>			<b>(209,724)</b>		<b>426,998</b>

The financial statements were approved by the Board and authorised for issue on 14/12/2017 and are signed on their behalf by:



I. Macmillan, Chairman  
Trustee

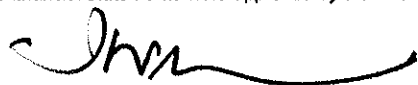
The notes on pages 14 to 31 form part of these financial statements.

**The Crichton Trust**

**Charity balance sheet at 31 March 2017**

<b>Company number SC164601</b>	<b>Note</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets:</b>					
Investments	9		2		2
Tangible fixed assets	12		2,214,399		22,040
			2,214,401		22,042
<b>Current assets:</b>					
Stock	13	20,812		-	
Debtors	14	401,824		1,554	
Cash at bank and in hand		331,691		30,458	
<b>Total current assets</b>		<b>754,327</b>		<b>32,012</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15	(857,050)		(35,965)	
<b>Net current (liabilities) / assets</b>			<b>(102,723)</b>		<b>(3,953)</b>
<b>Total assets less current liabilities</b>			<b>2,111,678</b>		<b>18,089</b>
Creditors: amounts falling due after more than one year	16		(774,739)		-
<b>Net assets excluding pension liability</b>			<b>1,336,939</b>		
Defined benefit pension scheme liability	21		(1,665,000)		(974,000)
<b>Total net liabilities</b>			<b>(328,061)</b>		<b>(955,911)</b>
<b>The funds of the charity:</b>					
Restricted income funds	24		1,244,963		17,000
Unrestricted income funds excluding pension liability	26	91,976		1,089	
Pension fund	25	(1,665,000)		(974,000)	
<b>Total unrestricted funds</b>			<b>(1,573,024)</b>		<b>(972,911)</b>
<b>Total charity funds</b>			<b>(328,061)</b>		<b>(955,911)</b>

The financial statements were approved by the Board and authorised for issue on 14/12/17 and are signed on their behalf by:



I. Macmillan, Chairman  
Trustee

The notes on pages 14 to 31 form part of these financial statements.

**The Crichton Trust**

**Group Statement of Cash flows for the year ended 31 March 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Net income/(expenditure) for the year	(32,722)	275,982
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	221,986	216,797
(Gain) on disposal of fixed assets	-	(208)
Decrease / (Increase) in stocks	4,801	(2,306)
(Increase) in debtors	(72,338)	(68,566)
Increase in creditors	(49,196)	87,676
Interest paid	33,352	16,462
Interest receivable	(181)	(668)
Difference between pension charge & cash contributions	87,000	129,000
Taxation (credit)	(160,081)	(22,530)
Taxation paid	-	(58,082)
<b>Net cash generated from operating activities</b>	<b>32,621</b>	<b>573,577</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(38,082)	(843,605)
Proceeds from sale of fixed assets	-	208
Interest received	181	668
<b>Net cash (used in) investing activities</b>	<b>(37,901)</b>	<b>(842,729)</b>
<b>Cash flows from financing activities</b>		
Hire purchase agreements repaid	(19,127)	(4,782)
Bank loans repaid	(692,102)	(153,752)
New bank loans	775,000	-
Interest paid	(33,352)	(16,462)
<b>Net cash generated/(used in) financing activities</b>	<b>30,419</b>	<b>(174,986)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25,139</b>	<b>(444,148)</b>
Cash and cash equivalents at the beginning of the year	424,891	869,039
<b>Cash and cash equivalents at the end of the year</b>	<b>450,030</b>	<b>424,891</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	450,030	424,891

The notes on pages 14 to 31 form part of these financial statements.

**1 Accounting policies**

**Basis of accounting**

The Crichton Trust is a company limited by guarantee and a charity registered in Scotland. The details of its registered office can be found on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with applicable Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006.

The financial statements are in compliance with FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group and charity's accounting policies. See note 1a.

The Crichton Trust meets the definition of a public benefit entity under FRS 102.

**Going concern**

The group has restructured in the year with all trading activities of the subsidiary company moving to The Trust. The group has a surplus on unrestricted reserves excluding the pension liability of £210,313 at 31 March 2017 (2016: £19,831) and have budgeted to accrue a net profit of £102,744 in the year 2017-18. The Trustees therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of The Crichton Trust and its group undertaking Crichton Development Company Limited. These are adjusted, where appropriate, to conform to group accounting policies.

**Cash flow statement**

The parent company has taken advantage of FRS 102 Section 1 and not prepared a company cash flow statement. The cash flows of the parent are included in the consolidated cash flow statement of the group.

**Income**

***Charitable trading activities***

Income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the income can be reliably measured. Income is measured as the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax. The following criteria must be met before income is recognised:

***Commercial trading activities - sale of goods***

Income from the sale of goods is recognised when all of the following conditions are satisfied:

- the charity has transferred the significant risks and rewards of ownership to the buyer;
- the charity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the charity will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

***Commercial trading activities - rental income***

Rental income is recognised on a straight line basis over the lease terms. Income from a lease agreement is recognised in the period in which the rental relates to when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the company will receive the consideration due under the agreement;
- the stage of completion of the agreement at the end of the reporting period can be measured reliably, and;
- the costs incurred can be measured reliably.

**1 Accounting policies (continued)**

**Income (continued)**

**Donations and grants**

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants 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.

**Expenditure**

Expenditure is included in the Statement of Financial Activities on an accruals basis.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the group.

Costs of commercial activities are those associated with generating catering and events income.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

**Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount is in excess of the recoverable amount.

The charity adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the charity. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of financial activities during the period in which they are incurred.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Grounds maintenance equipment	- 15% straight line
Fixtures, fittings and equipment	- 20-25% straight line
Motor Vehicles	- 20% straight line
Statue	- 2% straight line
Tenant's improvements	- 10-25 years straight line.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Following restructuring in 2016, The Trust's lease of the Crichton estate has been extended to 2170 by Dumfries and Galloway Council, which provides The Trust with a firm lease on which to base its operations. Tenant's improvements capitalised under the original lease term will continue to be depreciated over the term of that lease. Tenant's improvements are appraised on an individual project basis and will be depreciated according to the Trust's assessment of its enduring benefit.

**1 Accounting policies (continued)**

**Investments**

Investments held as fixed assets are stated at cost less provision for impairment.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Cash and cash equivalents**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Restricted Funds**

These represent funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when the funds are raised for particular restricted purposes.

**Unrestricted funds**

These represent funds which can be used at the discretion of the trustees.

**Lease agreements: Lessor**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are included in the Statement of Financial Activities in income on a straight line basis over the period of the lease.

**Lease agreements: Lessee**

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease.

The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease. Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

**Pension costs and other post-retirement benefits**

The Crichton Trust participates in the Dumfries and Galloway Council Pension Fund, a defined benefit pension scheme covering more than one employer. The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over the employees' working lives. The contributions are determined by a qualified actuary.

The pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate.

**1 Accounting policies (continued)**

**Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of financial activities. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable income; and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met. Deferred tax balances are not recognised in respect of permanent difference. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Financial Instruments**

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the charity would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1 a Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of these financial statements has required the Trustees to make judgements, estimates and assumptions that affect the application of policies and reported amounts. The areas involving a degree of judgement significant to the view given by these statements are:

- Tangible fixed assets, as mentioned in note 1 above, are depreciated over a period intended to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Tangible fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.
- Actuarial assumptions in respect of the defined benefit pension scheme. In making these assumptions, advice has been taken from an independent qualified actuary. The assumptions are shown in note 21.

**2 Legal status of charity**

The charity was incorporated on 27 March 1996 as a private company limited by guarantee and has no share capital. The extent of the liability of the members of the company on a winding up is limited to a maximum of £1 each.

The company is also a registered charity with HMRC and therefore, subject to all its income being applied for charitable purposes, it is exempt from corporation tax.

**3 Income**

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Bank interest	181	668	43	509
Commercial trading activities	1,217,638	839,501	485,831	-
Management and development of property	2,034,504	1,902,189	819,345	-
Transfer from subsidiary company (note 9)	-	-	194,997	-
Release of deferred grants on transfer from Subsidiary	-	-	1,325,501	-
	<b>3,252,323</b>	<b>2,742,358</b>	<b>2,825,717</b>	<b>509</b>

In 2016 the Group and charity had restricted bank interest of £509 and the group had unrestricted bank interest of £159. Commercial trading activities had unrestricted income of £839,501. Management and development of property had unrestricted income of £1,902,189.

**4 Income from charitable activities**

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Grants received	-	650,004	-	650,004

In 2016 the Group and Charity had restricted grant income of £650,004.

**The Crichton Trust**

**Notes forming part of the financial statements for the year ended 31 March 2017 (Continued)**

5	Total expenditure - group					
	Staff costs 2017 £	Other costs 2017 £	Total costs 2017 £	Staff costs 2016 £	Other costs 2016 £	Total costs 2016 £
Commercial activities	716,379	518,106	1,234,485	584,764	735,983	1,320,747
Management and development of property	650,609	1,312,951	1,963,560	632,934	960,612	1,593,546
Charitable activities	87,000	-	87,000	129,000	73,087	202,087
	<u>1,453,988</u>	<u>1,831,057</u>	<u>3,285,045</u>	<u>1,346,698</u>	<u>1,769,682</u>	<u>3,116,380</u>

Included within charitable activities are governance costs of £20,429 (2016: £24,713).

Other costs as analysed below are allocated on a direct cost basis:

	2017 £	2016 £
Building costs	765,478	726,521
Bar, restaurant and function costs	518,106	322,339
Administrative costs	149,606	222,741
Consultants' fees	-	61,192
Depreciation	221,986	216,797
Equipment costs	52,043	41,624
Finance charges	37,721	19,377
Professional fees	146,424	121,891
Service charges	61,272	59,730
Taxation (credit)	(160,061)	(22,530)
(Gain)/loss on sale of tangible assets	-	-
Other costs	9,175	-
Staff related costs	29,328	-
	<u>1,831,057</u>	<u>1,769,682</u>

**6 Net income/(expenditure) - Group**

This is stated after charging/ (crediting):

	2017 £	2016 £
Depreciation of owned fixed assets	211,466	199,795
Depreciation of assets held under hire purchase	10,520	17,002
(Gain) on disposal of fixed assets	-	(208)
Defined benefit pension cost	233,000	274,000
Auditor's fees-audit services	16,050	14,250
Auditor's fees-non audit services	3,300	5,600
Fees payable in relation to tax advisory services	1,079	-
Lease payment recognised as an expense	27,632	3,963

**7 Particulars of employees**

The average number of staff employed by the group during the financial year amounted to

	2017 Number	2016 Number
Management and administration	9	10
Estates, gardens and surveyors	19	18
Easterbrook Hall and Neuros - permanent	20	22
Easterbrook Hall and Neuros - sessional	64	59
	<b>112</b>	<b>109</b>

The aggregate payroll costs of the above were

	2017 £	2016 £
Wages and salaries	1,144,998	1,012,483
Social security costs	77,706	62,894
Pension costs - defined contribution	144,284	142,321
Pension costs - defined benefit	87,000	129,000
	<b>1,453,988</b>	<b>1,346,698</b>

One employee received emoluments of between £60,000 and £70,000 in the current year (2016: two) and one employee received emoluments of between £70,000 and £80,000 in the current year (2016: None).

Key management personnel include all trustees and a number of senior management across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £139,350 (2016: £180,801).

**8 Trustees' remuneration**

No trustees received remuneration in the current or prior year.

Four trustees (2016: Two) have claimed travel expenses amounting to £3,791 (2016: £2,209).

# The Crichton Trust

## Notes forming part of the financial statements for the year ended 31 March 2017 (Continued)

### 9 Commercial trading operations and investment in trading subsidiary

The wholly owned trading subsidiary, Crichton Development Company Limited (SC155341), which is registered in Scotland, was responsible for the day to day management and development of the Crichton site until 31 October 2016. Some of the activities of Crichton Development Company Limited represent commercial trading in the opinion of the trustees and have been classed as such in these financial statements. These commercial activities include a conference venue. Other activities such as property development and rental do meet the charitable objectives of The Crichton Trust and have been classified as such in these financial statements.

On 31 October 2016 the trade previously undertaken by Crichton Development Company Limited was transferred to The Crichton Trust. The net assets at 31 October 2016 of £194,997 were donated to The Crichton Trust as shown on the Charity Statement of Financial Activities on page 11. The remaining bank accounts of Crichton Development Company Limited totalling £118,339 are in the process of being reassigned to The Crichton Trust and this is anticipated to be completed by 31 March 2018.

The directors are in the process of deciding whether to wind up the Crichton Development Company Limited but no decision has been taken at date of sign off of these accounts.

#### Fixed asset investment - Charity

Cost at 1 April 2016 and 31 March 2017

£  
2

The charity owns the entire issued share capital of 2 ordinary shares of £1 each in Crichton Development Company. A summary of the trading results is shown below:

	Note	2017 £	2016 £
<b>Aggregate capital and reserves</b>			
Crichton Development Company Limited		118,339	1,095
<b>Profit for the year</b>			
Crichton Development Company Limited		312,241	463,945
Turnover		1,845,184	2,613,834
Administrative expenses		(1,784,342)	(2,841,006)
Operating income		101,782	127,856
Gift aid repaid from parent charity (see below)		-	557,500
Operating profit		162,624	458,184
Interest receivable		138	159
Interest payable		(10,602)	(16,928)
Taxation	10	160,081	22,530
Net profit		312,241	463,945
Reserves brought forward		1,095	(462,850)
Distribution of assets to The Crichton Trust		(194,997)	-
Reserves carried forward		118,339	1,095

£Nil (2016: £557,500) was repaid from The Crichton Trust to Crichton Development Company Limited in the year. This represented agreed settlement of gift aid previously paid to them to restore a positive reserve position of Crichton Development Company Limited.

The fair value of net assets acquired was as follows:

	£
Tangible fixed assets	2,250,389
<b>Current assets</b>	
Stocks	23,086
Debtors	686,077
Cash	82,190
Creditors	(2,846,755)
	194,997

## The Crichton Trust

### Notes forming part of the financial statements for the year ended 31 March 2017 (Continued)

#### 10 Taxation

As a registered charity, The Crichton Trust is exempt from taxation on surpluses earned from its charitable activities. However, its trading subsidiary is liable to pay corporation tax on taxable profits which are not paid over to The Crichton Trust. The group tax charge is as follows:

##### a) Analysis of charge in the year

	2017 £	2016 £
In respect of the year:		
UK Corporation tax	-	-
Over provision in the prior year	-	(1,528)
	-	(1,528)
Deferred tax:		
Origination and reversal of timing differences	(160,081)	(21,002)
	(160,081)	(22,530)
Tax on profit on ordinary activities	(160,081)	(22,530)

##### b) Factors affecting current tax charge

The tax charge for the year relates to the charity's trading subsidiary, Crichton Development Company Limited. Profit on ordinary activities before taxation represents the figure extracted from the financial statements of Crichton Development Company Limited. The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit/(Loss) on ordinary activities before taxation	312,241	441,415
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	62,448	88,283
Effect of:		
Expenses not deductible for tax purposes	-	2,584
Fixed asset differences	-	34,974
Adjustments to tax charge in respect of previous periods	-	(1,528)
Adjustments to tax charge in respect of prior periods - deferred tax	-	294
Adjust closing deferred tax to average rate of 20%	-	(17,787)
Non-taxable income	-	(130,808)
Deferred tax not recognised / (released)	(160,081)	1,458
Tax deduction arising on distribution to The Crichton Trust	(62,448)	-
Total current tax (note 10(a))	(160,081)	(22,530)

#### 11 Transfer between funds

A transfer from unrestricted funds of £79,890 to restricted funds has been made to cover net expenditure for the year incurred on restricted funds.

## 12 Tangible fixed assets

Group	Tenant's Improvements	Grounds Maintenance Equipment	Fixtures, Fittings and Equipment	Motor Vehicles	Statue	Total
	£	£	£	£	£	£
<i>Cost</i>						
At 1 April 2016	17,384,145	138,607	524,811	19,219	32,425	18,099,207
Additions	14,713	13,600	9,869	-	-	38,082
Reclassifications	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>17,398,858</b>	<b>152,107</b>	<b>534,680</b>	<b>19,219</b>	<b>32,425</b>	<b>18,137,289</b>
<i>Depreciation</i>						
At 1 April 2016	15,135,391	113,851	426,055	15,222	10,385	15,700,904
Provided for the year	133,268	16,222	69,168	2,659	649	221,966
Disposals	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>15,268,659</b>	<b>130,073</b>	<b>495,243</b>	<b>17,881</b>	<b>11,034</b>	<b>15,922,890</b>
<i>Net book value</i>						
<b>At 31 March 2017</b>	<b>2,130,199</b>	<b>22,034</b>	<b>39,437</b>	<b>1,338</b>	<b>21,391</b>	<b>2,214,399</b>
<b>At 31 March 2016</b>	<b>2,248,754</b>	<b>24,756</b>	<b>98,756</b>	<b>3,997</b>	<b>22,040</b>	<b>2,398,303</b>

The net book value of assets held under hire purchase agreements at the year end is £42,079 (2016: £68,006). Depreciation amounting to £10,520 (2016: £17,002) has been charged on these assets in the year. These assets are included in Fixtures, Fittings and Equipment above.

## 12 Tangible fixed assets (continued)

Charity	Tenant's Improvements £	Grounds Maintenance Equipment £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Statue £	Total £
<i>Cost</i>						
At 1 April 2016	-	-	-	-	32,425	32,425
Additions	5,000	13,500	7,650	-	-	26,150
Transferred from CDC	17,393,858	138,607	527,030	19,219	-	18,078,714
<b>At 31 March 2017</b>	<b>17,398,858</b>	<b>152,107</b>	<b>534,680</b>	<b>19,219</b>	<b>32,425</b>	<b>18,137,289</b>
<i>Depreciation</i>						
At 1 April 2016	-	-	-	-	10,385	10,385
Transferred from CDC	15,198,246	125,979	486,626	17,464	-	15,828,315
Provided for the year	70,413	4,094	8,617	417	649	84,190
<b>At 31 March 2017</b>	<b>15,268,659</b>	<b>130,073</b>	<b>496,243</b>	<b>17,881</b>	<b>11,034</b>	<b>15,922,890</b>
<i>Net book value</i>						
<b>At 31 March 2017</b>	<b>2,130,199</b>	<b>22,034</b>	<b>39,437</b>	<b>1,338</b>	<b>21,391</b>	<b>2,214,399</b>
At 31 March 2016	-	-	-	-	22,040	22,040

13 Stocks	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Finished goods and goods for resale	20,812	25,613	20,812	-

There is no material difference between replacement costs of stocks and amounts stated above.

Stock recognised in cost of sales during the year as an expense was £324,767 (2016: £225,530).

## 14 Debtors

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade debtors	209,005	174,047	209,005	-
Other debtors	192,819	153,911	192,819	-
Amounts owed by group undertakings	-	-	-	1,554
Corporation tax recoverable	-	1,528	-	-
	<b>401,824</b>	<b>329,486</b>	<b>401,824</b>	<b>1,554</b>

All amounts shown under debtors fall due for payment within one year.

**The Crichton Trust**

**Notes forming part of the financial statements for the year ended 31 March 2017 (Continued)**

**15 Creditors: amounts falling due within one year**

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Bank loans (secured)	43,867	640,842	43,867	-
Trade creditors	177,172	207,748	177,172	11,612
Taxation and social security	19,788	16,174	19,788	-
VAT	78,129	64,762	78,129	-
Hire purchase agreements (secured)	19,127	19,127	19,127	-
Accruals and deferred income	501,892	523,987	501,892	6,072
Other creditors	17,075	34,939	17,075	-
Amounts due to group undertakings	-	-	-	18,281
	<b>857,050</b>	<b>1,507,579</b>	<b>857,050</b>	<b>35,965</b>

Details of securities are contained in note 18

Deferred income includes rent in advance, advance deposits for events and Spa memberships in advance of £332,116 (2016: £286,196). These amounts will be released in the year to 31 March 2018. The deferred income brought forward was released during the year to 31 March 2017.

**16 Creditors: amounts falling due after more than one year**

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Bank and other loans (secured)	721,052	41,179	721,052	-
Deferred income (note 15)	20,215	15,857	20,215	-
Hire purchase agreements (secured)	33,472	52,599	33,472	-
	<b>774,739</b>	<b>109,635</b>	<b>774,739</b>	<b>-</b>

Details of securities are contained in note 18

**17 Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Within one year	19,127	19,127	19,127	-
Between 1-2 years	19,127	19,127	19,127	-
Between 2-5 years	14,345	33,472	14,345	-
	<b>52,599</b>	<b>71,726</b>	<b>52,599</b>	<b>-</b>

Obligations under hire purchase contracts are secured over the related assets.

**18 Loans**

Analysis of the maturity of loans is given below:

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Within one year	43,867	640,842	43,867	-
Between 1-2 years	44,658	24,227	44,658	-
Between 2-5 years	676,394	16,952	676,394	-
	<u>764,919</u>	<u>682,021</u>	<u>764,919</u>	<u>-</u>

Variable rate loan facility - total outstanding £764,919. This loan is repayable by 60 instalments of £5,151 to December 2021. At this date the remaining balance falls due, and the company will renegotiate the loan before this time. Interest is calculated at 2.21% over base rate.

All bank loans are secured by a bond and floating charge over the assets of the company and by a standard security over the company's interest in the lease over the Crichton estate.

**19 Deferred taxation**

The movement in the deferred taxation provision during the year was:

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
At 1 April	160,081	181,083	-	-
Statement of financial activities movement arising during the year	(160,081)	(21,002)	-	-
	<u>-</u>	<u>160,081</u>	<u>-</u>	<u>-</u>
At 31 March	-	160,081	-	-

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Accelerated capital allowances	-	160,081	-	-

**20 Financial instruments**

	Group 2017	Group 2016	Charity 2017	Charity 2016
<b>Financial Assets</b>				
Cash	450,030	424,891	331,691	30,458
Financial assets measured at cost less impairment	-	-	2	2
Financial assets measured at amortised cost	<u>401,824</u>	<u>327,958</u>	<u>401,824</u>	<u>-</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>1,181,541</u>	<u>961,495</u>	<u>1,181,541</u>	<u>29,893</u>

Financial assets measured at cost less impairment comprise investments in subsidiaries.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, hire purchase creditors, other loans, other creditors and accruals.

## 21 Pension and other post retirement benefits

The group participates in the Dumfries and Galloway Council Pension Fund, a defined benefit pension scheme covering more than one employer.

Pension benefits generally depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2014, and updated to 31 March 2017, by a qualified independent actuary, Hymans Robertson LLP on an FRS 102 basis.

There were no changes to the scheme in the year.

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Amounts charged to resources expended:		
Current service cost	198,000	234,000
Total operating charge	198,000	234,000
Amounts included in other finance (income):		
Expected return on scheme assets	(121,000)	(109,000)
Interest on scheme liabilities	166,000	149,000
Other finance costs	36,000	40,000
Total charge to total resources expended	233,000	274,000

Other finance costs are included in the Statement of Financial Activities within charitable activities. Actuarial losses of £604,000 (2016: £374,000 gains) have been recognised in the Statement of Financial Activities. At 31 March 2017, the cumulative amount of actuarial losses recognised in the Statement of Financial Activities is £1,368,000.

### Reconciliation to the balance sheet

	2017 £	2016 £
Present value of funded obligations	(5,883,000)	(4,355,000)
Fair value of scheme assets	4,269,000	3,426,000
	(1,614,000)	(929,000)
Present value of unfunded obligations	(61,000)	(45,000)
Deficit in the scheme	(1,665,000)	(974,000)

### Reconciliation of the present value of plan liabilities

	2017 £	2016 £
Opening defined benefit obligation	4,400,000	4,583,000
Current service cost	198,000	234,000
Interest on scheme liabilities	166,000	149,000
Actuarial loss/(gain)	1,239,000	(512,000)
Contributions by scheme participants	41,000	43,000
Benefits paid	(100,000)	(97,000)
Closing defined benefit obligation	5,934,000	4,400,000

21 Pension and other post retirement benefits (continued)

The defined benefit obligation may be analysed between wholly unfunded and wholly or partly funded schemes as follows:

	2017 £	2016 £
Funded	6,883,000	4,355,000
Unfunded	51,000	45,000
	<b>5,934,000</b>	<b>4,400,000</b>

Changes in the fair value of scheme assets are as follows:

	2017 £	2016 £
Opening fair value of scheme assets	3,426,000	3,364,000
Expected return on scheme assets	121,000	109,000
Contributions by employer	146,000	143,000
Contributions by scheme participants	41,000	43,000
Actuarial gain/(loss)	635,000	(138,000)
Benefits paid	(100,000)	(95,000)
	<b>4,269,000</b>	<b>3,426,000</b>

The fair value of the major categories of scheme assets and the expected rate of return at the balance sheet date are as follows:

	Expected return		Fair value of assets	
	2017 %	2016 %	2017 £	2016 £
European equities	2.60	3.50	3,245,000	2,501,000
European bonds	2.60	3.50	640,000	548,000
Property	2.60	3.50	384,000	377,000
			<b>4,269,000</b>	<b>3,426,000</b>

The principal actuarial assumptions as at the balance sheet date were:

	2017 %	2016 %
Discount rate	2.60	3.50
Rate of increase in salaries	4.40	4.20
Rate of increase in pensions in payment	2.40	2.20
Mortality rates		
Life expectancy (years):	2017	2016
For a male aged 65 now	22.7	22.7
For a female aged 65 now	24.0	24.0
For a male aged 45 now	24.5	24.5
For a female aged 45 now	26.7	26.7

**21 Pension and other post retirement benefits (continued)**

## Sensitivity to principal actuarial assumptions

Below we have considered the sensitivity of the defined benefit liability to the principal actuarial assumptions. The sensitivities shown are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases.

Change in assumption at 31 March 2017	Approximate % increase to employer liability	Approximate monetary amount (£)
0.5% increase in real discount rate	12	683,000
0.5% increase in salary increase rate	3	196,000
0.5% increase in the pension increase rate	8	469,000

The charity's best estimate of the contributions expected to be paid in the year beginning on 1 April 2017 is £144,000.

**22 Commitments under operating leases**

At 31 March 2017 the group had total future minimum lease payments under non-cancellable operating leases as set out below:

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Operating leases which expire:				
Not later than 1 year	11,998	25,419	11,998	2,322
Later than 1 year and not later than 5 years	19,494	22,885	19,494	8,127

The group leases out property under non-cancellable operating leases for the following future minimum lease receipts:

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Operating leases which expire:				
Not later than 1 year	879,984	433,791	879,984	-
Later than 1 year and not later than 5 years	2,413,015	94,702	2,413,015	-
Later than 5 years	-	-	-	-

**23 Related party transactions**

Dumfries and Galloway Council owns the land on which the group operates. The group may be charged a nominal rent from Dumfries and Galloway Council. No amount has been charged in the current or previous year. Dumfries and Galloway Council has nominees on the Board of The Crichton Trust who appoint all directors of its trading subsidiary.

Dumfries and Galloway Council has provided the group with grants amounting to £Nil (2016: £650,000) in the year under review for capital projects and development work.

T.M. Riddet resigned from his directorship in Dumfries and Galloway Chamber of Commerce on 30 June 2016. During the year £17,644 (2016: £10,978) of expenses were invoiced by the group to Dumfries and Galloway Chamber of Commerce, a related party by virtue of T.M. Riddet's directorship in Crichton Development Company Limited and The Crichton Trust. The balance owing from the Dumfries and Galloway Chamber of Commerce at the year-end was £188 (2016: £108).

Key management personnel include all trustees and a number of senior management across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £139,350 (2016: £180,901).

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102 Section 33.

24 Restricted income funds

Group	Balance at 1 Apr 2016 £	Income £	Expenditure £	Transfers £	Other recognised gains / (losses) £	Balance at 31 Mar 2017 £
Crichton Fund	1,364,167	-	(56,314)	(79,390)	-	1,228,463
Statue Fund	17,000	-	-	(500)	-	16,500
	<u>1,381,167</u>	<u>-</u>	<u>(56,314)</u>	<u>(79,890)</u>	<u>-</u>	<u>1,244,963</u>
<b>Charity</b>	<b>Balance at 1 Apr 2016 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Other recognised gains / (losses) £</b>	<b>Balance at 31 Mar 2017 £</b>
Crichton Fund	-	1,325,501	(97,038)	-	-	1,228,463
Statue Fund	17,000	-	-	(500)	-	16,500
	<u>17,000</u>	<u>1,325,501</u>	<u>(97,038)</u>	<u>(500)</u>	<u>-</u>	<u>1,244,963</u>

The statue fund was set up to pay for the erection of a statue of the founder of the original Crichton Hospital.

The Crichton fund can be used at the discretion of the trustees for charitable activities in relation to the Crichton Site.

25 Unrestricted income funds

**General funds - Group**

	2017 £	2016 £
At 1 April	19,831	136,383
Income	3,252,323	2,741,849
Expenditure	(3,228,731)	(2,953,820)
Transfer from pension reserve	87,000	129,000
Transfers	79,890	(33,581)
	<u>210,313</u>	<u>19,831</u>

**General funds - Charity**

	2017 £	2016 £
At 1 April	1,089	599,235
Income	1,600,216	-
Expenditure	(1,496,829)	(693,565)
Transfer from pension reserve	87,000	129,000
Transfers	500	(33,581)
	<u>91,976</u>	<u>1,089</u>

**25 Unrestricted income funds (continued)***Pension reserve - Group and Charity*

	2017 £	2016 £
At 1 April	(974,000)	(1,219,000)
Income	-	-
Expenditure	(87,000)	(129,000)
Actuarial gain/(loss)	(604,000)	374,000
At 31 March	(1,665,000)	(974,000)
<b>Total unrestricted funds - Group</b>	<b>(1,454,687)</b>	<b>(954,169)</b>
<b>Total unrestricted funds - Charity</b>	<b>(1,573,024)</b>	<b>(972,911)</b>

The group has a deficit on unrestricted reserves of £1,454,687 at 31 March 2017, however excluding pension reserve there is a surplus on unrestricted reserves of £210,313.

**26 Analysis of group net assets between funds**

	Restricted Income Funds £	Unrestricted Income Funds £	Total Funds £
<b>2017</b>			
Tangible fixed assets	1,244,963	969,436	2,214,399
Net current assets	-	15,616	15,616
Long term liabilities	-	(774,739)	(774,739)
Provision for liabilities	-	-	-
Pension liability	-	(1,665,000)	(1,665,000)
	1,244,963	(1,454,687)	(209,724)
<b>2016</b>			
Tangible fixed assets	1,381,167	1,017,136	2,398,303
Net current liabilities	-	(727,589)	(727,589)
Long term liabilities	-	(109,635)	(109,635)
Provision for liabilities	-	(160,081)	(160,081)
Pension liability	-	(974,000)	(974,000)
	1,381,167	(954,169)	426,998

**27 Subsequent events**

On 8 April 2017 The Crichton Trust purchased Hestan House for a consideration of £850,000.

To purchase the property a loan of £850,000 has been taken out with Dumfries and Galloway Council. The loan is repayable by 20 equal instalments of £62,145 to 31 March 2037. At this date the remaining balance falls due. Interest will accrue daily at a rate of 4% per annum and become payable annually in arrears.

**28 Controlling Party**

The Trust and the Crichton Estate (the Estate) are wholly owned by Dumfries and Galloway Council which is registered as a Person of Significant Control in terms of the Small Business Enterprise and Employment Act 2015.

