

THE CRICHTON TRUST
FINANCIAL STATEMENTS

31 MARCH 2018

(A company limited by guarantee)

THE CRICHTON TRUST
(A company limited by guarantee)

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THE CRICHTON TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018**

Trustees

J. R. Brennan
M. E. Burton
D. Clark
S. Duffy (resigned 14 December 2017)
P. N. Jones
G. F. Khosla (resigned 1 November 2018)
I. Macmillan
G. J. R. Mappin
A. J. Marshall
T. M. Riddet (resigned 14 December 2017)
K. Thomson

Company registered number

SC164601

Charity registered number

SC024797

Registered office

Grierson House, The Crichton, Bankend Road, Dumfries, DG1 4ZE

Company secretary

L. A. Russell

Chief executive officer

G. Gibbons

Independent auditors

Armstrong Watson Audit Limited, 51 Rae Street, Dumfries, Dumfries and Galloway, DG1 1JD

Bankers

Royal Bank of Scotland, 151 High Street, Dumfries, DG1 2RA

Solicitors

Lindsays WS, Caledonian Exchange, 19A Canning Street, Edinburgh, EH3 8HE

THE CRICHTON TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The Trustees present their annual report together with the audited financial statements of the group and the company for the year 1 April 2017 to 31 March 2018. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

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.

The Crichton Estate is leased through an unencumbered Head Lease from the Council to The Crichton Trust which currently extends to 2170.

Although the Council is required to be registered as a 'Person of Significant Control' under company law, in practice that control has not and cannot be exercised given The Trust is an independent charity which is solely controlled and managed by its charity trustees. The Board of Trustees have no requirement for Council Elected Member involvement in decision making of the Trust and no Trustee for the period of these accounts has coincidentally held office within the Council either as an elected Member or as an employee.

In October 2016, Crichton Development Company Ltd (CDC), of which The Trust is the sole owner, ceased trading and is now a dormant company.

With effect from 1 November 2016, The Trust consolidated the work of the CDC into the Trust and assumed sole responsibility for the upkeep and maintenance of all property on the Estate, including facilities management, and the operation of Easterbrook Hall and Easterbrook Bistro. This is reflected in the year on year variances within the accounts, whereby aspects of spend and income for 2016/17 were previously included within CDC accounts.

Objectives and Activities

a. POLICIES AND OBJECTIVES

The company, which is a recognised charity in Scotland, is registered as a charitable company (SC024797), limited by guarantee and was set up by a Trust deed.

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 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Achievements and performance

a. REVIEW OF ACTIVITIES

The Trust continues to focus on its ten-year Strategy 2016-2026 which sets out its high level strategy, mission and aspirations for sustaining, enhancing and explaining its activities in response to changes in business, public finance and the education environment. The Strategy was prepared in consultation with Dumfries and Galloway Council and the Crichton Campus Leadership Group and sets out seven strategic objectives: Leadership, Conservation, Education, Regeneration, Property Development, Community and Branding.

Following the publication of the Strategy, the Trust published its three year Business Plan 2017-2020 which was noted and supported by the Council and sets out a number of priority projects. This was updated to provide a Strategic Focus 2018-2020.

In June 2017, the Trust agreed its Code of Good Governance including a Code of Conduct, Scheme of Delegation, procedures for Tendering, a Board and individual Trustee Appraisal Scheme together with confirming the Financial and Principles and Procedures.

Following a robust recruitment exercise, a new Chief Executive was appointed in December 2017, who commenced with the Trust on 16 April 2018.

During the year, The Trust's number of tenants on the Estate increased to 91.59% of lettable commercial space being occupied, with rental income increasing from £1.43M to £1.53M.

Hestan House

In February 2017 the D&G Council Policy and Resources Committee agreed to provide the Trust with loan finance of £850,000 repayable over a period of 20 years, at a fixed interest rate of 4%, to enable the Trust to repurchase the leasehold interest in Hestan House from Lochay (Northern) Ltd.

The transaction was completed and the Trust took possession of the Building with effect from 7 April 2017. The Trust is continuing to lease the building to existing tenants and progress is being made on the lease of some vacant space.

LEADER funding for Care Campus Project

In October 2017, the Trust was successful in its application to LEADER and other funding bodies for the "Building the Case for a Care Campus: Opportunities for a New Rural Care Model" Project, with the Trust as host for the partnership.

Financial review

a. GOING CONCERN

Net expenditure before other recognised gains and losses in 2017/18 amounted to £191,856 (net income of £1,348,135 in prior year – restated). Surplus generated from rental income was invested for public benefit into the operation of Easterbrook Hall. It is projected that The Trust will generate net income before other recognised gains and losses of £77,719 in 2018/19, with increased rental income and an improvement in trading results for Easterbrook Hall. As a result, the Trustees consider that it is appropriate to prepare Statements on a going concern basis.

b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust has adopted a Strategic Risk Register which is regularly reviewed and updated.

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

The Trust's exposure to the major risks.

c. RESERVES POLICY

The Trust has total positive reserves at 31 March 2018 of £13,736,269 (2017: negative reserves of £211,776 – restated). This includes a surplus on unrestricted funds of £12,555,977 (2017: deficit £1,456,739 - restated) and a surplus on restricted funds of £1,167,282 (2017: £1,244, 963) as the funds are asset based.

The surplus on unrestricted reserves includes a pension reserve for deficit funding of £1,175,000 (2017: £1,665,000), and a revaluation on fixed assets of £13,452,891. Unrestricted reserves excluding these reserves amount to £278,086 (2017: £208,261 – restated).

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 increased activities within Easterbrook Hall. While remaining prudent in budgets, the Trustees are budgeting for a surplus of £77,719 for 2018/19. This will therefore allow the Group to build up free reserves with the intention of achieving targeted free reserves within 5 years.

d. MATERIAL INVESTMENTS POLICY

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.

Structure, governance and management

a. CONSTITUTION

The company, which is a recognised charity in Scotland, is constituted under a Trust deed and is a registered charity number SC024797.

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

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

d. PAY POLICY FOR SENIOR STAFF

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

e. ORGANISATIONAL STRUCTURE AND DECISION MAKING

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 (resigned 14 December 2017)
M.E. Burton
A.J. Marshall
S. Duffy (resigned 14 December 2017)
I. Macmillan
G.J.R. Mappin
G.F. Khosla (resigned 1 November 2018)
J.R. Brennan
D. Clark
P.N. Jones
K. Thomson

The appointment of new Trustees are approved by Dumfries and Galloway Council and the Memorandum and Articles of Association make provision for the appointment of up to 15 Trustees. There are currently 8 Trustees.

f. RELATED PARTY RELATIONSHIPS

Trustees' remuneration and travel expenses are detailed in Note 9 to the financial statements. Full information on other related party transactions is given in Note 25 to the financial statements.

g. RISK MANAGEMENT

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate The Trust's exposure to the major risks.

Plans for future periods

a. FUTURE DEVELOPMENTS

There are no changes to the charity's operations which will affect the strategic plan.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of The Crichton Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2018

- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 20/12/18 and signed on their behalf by:



A. J. Marshall
Vice Chairman

THE CRICHTON TRUST
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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF THE CRICHTON TRUST

OPINION

We have audited the financial statements of The Crichton Trust (the 'charitable company') for the year ended 31 March 2018 set out on pages 10 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF THE CRICHTON TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF THE CRICHTON TRUST

USE OF OUR REPORT

This report is made solely to the charitable company's trustees and members, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees and members, as a body, those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's trustees and members, as a body for our audit work, for this report, or for the opinions we have formed.



Karen A Rae FCCA

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants and Statutory Auditors

Dumfries

Date: *20 December 2018*

Armstrong Watson Audit Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>As restated</i> <i>Total</i> <i>funds</i> 2017 £
INCOME FROM:					
Donations and legacies	2	118,339	38,202	156,541	1,520,498
Charitable activities	3	2,316,266	-	2,316,266	819,345
Other trading activities	4	1,026,070	-	1,026,070	602,116
Investments	5	84	-	84	43
TOTAL INCOME		3,460,759	38,202	3,498,961	2,942,002
EXPENDITURE ON:					
Trading activities	4	884,254	-	884,254	825,368
Charitable activities	6	2,690,680	115,883	2,806,563	768,499
TOTAL EXPENDITURE	8	3,574,934	115,883	3,690,817	1,593,867
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
Gains on revaluations of fixed assets	12	(114,175)	(77,681)	(191,856)	1,348,135
Actuarial gains/(losses) on defined benefit pension schemes	23	13,452,891	-	13,452,891	-
		674,000	-	674,000	(604,000)
NET MOVEMENT IN FUNDS		14,012,716	(77,681)	13,935,035	744,135
RECONCILIATION OF FUNDS:					
Total funds brought forward		(1,456,739)	1,244,963	(211,776)	(955,911)
TOTAL FUNDS CARRIED FORWARD		12,555,977	1,167,282	13,723,259	(211,776)

The notes on pages 14 to 35 form part of these financial statements.

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(A company limited by guarantee)
REGISTERED NUMBER: SC164601

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	£	2018 £	As restated 2017 £
FIXED ASSETS				
Tangible assets	12		16,312,033	2,214,399
Investments	13		2	2
			<u>16,312,035</u>	<u>2,214,401</u>
CURRENT ASSETS				
Stocks	14	20,921		20,812
Debtors	15	488,871		401,824
Cash at bank and in hand		478,519		331,691
		<u>988,311</u>		<u>754,327</u>
CREDITORS: amounts falling due within one year	16	(917,930)		(760,980)
NET CURRENT ASSETS/(LIABILITIES)			<u>70,381</u>	<u>(6,653)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,382,416</u>	<u>2,207,748</u>
CREDITORS: amounts falling due after more than one year	17		(1,484,157)	(754,524)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>14,898,259</u>	<u>1,453,224</u>
Defined benefit pension scheme liability	23		(1,175,000)	(1,665,000)
NET ASSETS/(LIABILITIES) INCLUDING PENSION SCHEME LIABILITIES			<u><u>13,723,259</u></u>	<u><u>(211,776)</u></u>

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BALANCE SHEET (continued)
AS AT 31 MARCH 2018

	Note	£	2018 £	As restated 2017 £
CHARITY FUNDS				
Restricted funds	19		1,167,282	1,244,963
Unrestricted funds:				
Unrestricted funds	19	278,086		208,261
Revaluation reserve	19	13,452,891		-
Unrestricted funds excluding pension liability		13,730,977		208,261
Pension reserve	19	(1,175,000)		(1,665,000)
Total unrestricted funds			12,555,977	(1,456,739)
TOTAL FUNDS/(DEFICIT)			13,723,259	(211,776)

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 20/12/18 and signed on their behalf, by:



A. J. Marshall
Vice Chairman

The notes on pages 14 to 35 form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	<i>As restated</i> 2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	317,120	1,760,221
Cash flows from investing activities:			
Dividends, interest and rents from investments		84	43
Purchase of tangible fixed assets		(929,191)	(2,276,549)
Net cash used in investing activities		(929,107)	(2,276,506)
Cash flows from financing activities:			
Repayments of borrowings		(91,185)	(42,490)
Cash inflows from new borrowing		850,000	860,008
Net cash provided by financing activities		758,815	817,518
Change in cash and cash equivalents in the year		146,828	301,233
Cash and cash equivalents brought forward		331,691	30,458
Cash and cash equivalents carried forward	22	478,519	331,691

The notes on pages 14 to 35 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006.

The Crichton Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Going concern

The Trust reported a cash inflow of £146,828 for the year. The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the next 12 to 18 months and on that basis the charity is deemed to be a going concern.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.4 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 the 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 the 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.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.5 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.

1.6 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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.

1.7 Revaluation of tangible fixed assets

The company has adopted the revaluation model to revalue items of property, plant and equipment whose fair value can be measured reliably. The revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair value of items of plant and machinery is usually their market value determined by appraisal.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity.

THE CRICHTON TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.11 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

Operating lease income is recognised in the Statement of financial activities on a straight line basis over the lease term.

1.12 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.13 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.14 Cash at Bank and in hand

Cash at bank and 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.15 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.16 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.

1.17 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.18 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.19 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2018.

1.20 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

THE CRICHTON TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. ACCOUNTING POLICIES (continued)

1.21 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Tangible fixed assets, as mentioned in note 1.6 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. The 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 23.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Release of deferred grant in charity transferred from Crichton Development Company Limited	-	-	-	1,325,501
Grants	-	38,202	38,202	-
Transfer from subsidiary company	118,339	-	118,339	194,997
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	118,339	38,202	156,541	1,520,498
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	194,997	1,325,501	1,520,498	
	<hr/>	<hr/>	<hr/>	

THE CRICHTON TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Management and development of property	2,316,266	-	2,316,266	819,345
	<u>2,316,266</u>	<u>-</u>	<u>2,316,266</u>	
<i>Total 2017</i>	<u>819,345</u>	<u>-</u>	<u>819,345</u>	

4. TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Charity trading income				
Charity trading income	1,026,070	-	1,026,070	602,116
	<u>1,026,070</u>	<u>-</u>	<u>1,026,070</u>	
Charity trading expenses				
Corporation tax charge	22,362	-	22,362	-
Wages and salaries	618,809	-	618,809	305,085
Charity trading expenses	243,083	-	243,083	520,283
	<u>884,254</u>	<u>-</u>	<u>884,254</u>	<u>825,368</u>
Net income/(expenditure) from trading activities	<u>141,816</u>	<u>-</u>	<u>141,816</u>	<u>(223,252)</u>

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investments	84	-	84	43
	<u>84</u>	<u>-</u>	<u>84</u>	<u>43</u>
<i>Total 2017</i>	<u>43</u>	<u>-</u>	<u>43</u>	

THE CRICHTON TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Management and development of property	2,690,680	115,883	2,806,563	768,499
<i>Total 2017</i>	671,461	97,038	768,499	

7. DIRECT COSTS

	Managem't & developm't £	Total 2018 £	Total 2017 £
Pension income	45,000	45,000	35,000
Building costs	1,035,593	1,035,593	(141,501)
Bar, restaurant & function costs	169,802	169,802	215,198
Administrative costs	172,733	172,733	68,160
Equipment costs	59,199	59,199	23,805
Finance charges	63,793	63,793	24,509
Professional fees	81,530	81,530	96,203
Service charges	44,272	44,272	25,173
Other costs	(4,000)	(4,000)	4,184
Wages and salaries	642,809	642,809	251,377
National insurance	72,384	72,384	30,201
Pension cost	139,000	139,000	52,000
Depreciation	284,448	284,448	84,190
	2,806,563	2,806,563	768,499
<i>Total 2017</i>	768,499	768,499	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on trading	618,809	-	265,445	884,254	825,368
Costs of raising funds	618,809	-	265,445	884,254	825,368
Management and development of property	854,193	284,448	1,667,922	2,806,563	768,499
	1,473,002	284,448	1,933,367	3,690,817	1,593,867
<i>Total 2017</i>	638,663	84,190	871,014	1,593,867	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	267,447	77,106
- held under finance leases	17,001	7,084
Defined benefit pension cost	332,000	233,000
Auditors' remuneration - audit	13,110	16,050
Auditors' remuneration - other services	7,473	4,379
Operating lease rentals	10,792	27,632

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

1 Trustee received reimbursement of expenses amounting to £1,995 in the current year (2017 - 4 Trustees - £3,791).

THE CRICHTON TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. STAFF COSTS

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,261,618	556,462
Social security costs	72,384	30,201
Other pension costs (Note 23)	139,000	52,000
	<u>1,473,002</u>	<u>638,663</u>

The average number of persons employed by the company during the year was as follows:

	2018 No.	2017 No.
Management and administration	8	9
Estates, gardens and surveyors	21	19
Easterbrook Hall and Neuros - permanent	17	20
Easterbrook Hall and Neuros - sessional	56	64
	<u>102</u>	<u>112</u>

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	0	1

Key management personnel includes all trustees and a number of senior management personnel who together have authority and responsibility for planning, directing and controlling the activities of the charity. The charity has implemented a new senior management structure in the year and as such total key management personnel comprised 4 employees whose total remuneration was £188,972 (2017, 2 employees - £139,350).

11. OTHER FINANCE INCOME

	2018 £	2017 £
Interest income on pension scheme assets	112,000	121,000
Interest on pension scheme liabilities	(157,000)	(156,000)
	<u>(45,000)</u>	<u>(35,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. TANGIBLE FIXED ASSETS

	Tenant's improvem't £	Statue £	Motor vehicles £	Fixtures, fittings and equipm't £	Grounds maint equipm't £	Total £
Cost or valuation						
At 1 April 2017	17,398,858	32,425	19,219	534,680	152,107	18,137,289
Additions	906,191	-	-	-	23,000	929,191
Disposals	-	-	-	(41,145)	(40,890)	(82,035)
Revaluation surplus/(deficit)	(2,065,049)	-	-	-	-	(2,065,049)
At 31 March 2018	16,240,000	32,425	19,219	493,535	134,217	16,919,396
Depreciation						
At 1 April 2017	15,268,659	11,034	17,881	495,243	130,073	15,922,890
Charge for the year	249,281	649	1,338	23,244	9,936	284,448
On disposals	-	-	-	(41,145)	(40,890)	(82,035)
On revalued assets	(15,517,940)	-	-	-	-	(15,517,940)
At 31 March 2018	-	11,683	19,219	477,342	99,119	607,363
Net book value						
At 31 March 2018	16,240,000	20,742	-	16,193	35,098	16,312,033
At 31 March 2017	2,130,199	21,391	1,338	39,437	22,034	2,214,399

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Furniture, fittings and equipment	34,003	51,004

The Trustees have considered the valuation of the Crichton site at the year end date, and have included a valuation of £16.24m. This assessment is based on a professional valuation dated 22 November 2018 undertaken by Colliers International Valuation UK LLP on the basis of open market value. The Trustees believe that there has been no movement in any of the value of the properties between the year end date and the date of professional valuation.

Cost or valuation at 31 March 2018 is as follows:

	Land and buildings £
At cost	18,305,049
At valuation:	
Trustees valuation at open market value based on Colliers International valuation at 22 November 2018	(2,065,049)
	16,240,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2018 £	2017 £
Cost	18,305,049	17,398,858
Accumulated depreciation	(15,517,940)	(15,268,659)
Net book value	<u>2,787,109</u>	<u>2,130,199</u>

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Market value	
At 1 April 2017 and 31 March 2018	<u>2</u>

The company's interest in subsidiary undertakings is 2 ordinary shares of £1 each, being 100% of the share capital of Crichton Development Company Limited, a non-trading company registered in Scotland.

14. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	<u>20,921</u>	<u>20,812</u>

Stock recognised in cost of sales during the year as an expense was £243,083 (2017 - £324,767).

15. DEBTORS

	2018 £	2017 £
Trade debtors	305,418	209,005
Other debtors	183,453	192,819
	<u>488,871</u>	<u>401,824</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. CREDITORS: Amounts falling due within one year

	2018 £	As restated 2017 £
Bank loans and overdrafts	43,298	43,867
Other loans	29,752	-
Net obligations under finance leases and hire purchase contracts	19,127	19,127
Trade creditors	196,267	177,172
Corporation tax	22,362	-
Other taxation and social security	110,550	97,917
Other creditors	91,706	17,075
Accruals and deferred income	404,868	405,822
	<u>917,930</u>	<u>760,980</u>
		£
Deferred income		
Deferred income at 1 April 2017		215,831
Resources deferred during the year		328,887
Amounts released from previous years		<u>(215,831)</u>
Deferred income at 31 March 2018		<u>328,887</u>

Included within amounts falling due in less than one year are net obligations under hire purchase contracts totalling £19,127 (2017 - £19,127) that are secured against certain assets of the charity.

Bank loans falling due in less than one year totalling £43,298 (2017 - 43,867) 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.

Other loans falling due within one year totalling £29,752 (2017 - £Nil) are secured on the lease of Hestan House, Crichton Estate, Dumfries.

17. CREDITORS: Amounts falling due after more than one year

	2018 £	As restated 2017 £
Bank loans	678,323	721,052
Other loans	791,489	-
Net obligations under finance leases and hire purchase contracts	14,345	33,472
	<u>1,484,157</u>	<u>754,524</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

17. CREDITORS: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2018 £	As restated 2017 £
Repayable by instalments	660,171	-

Bank loans falling due after more than one year totalling £678,323 (2017 - 721,052) 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.

Other loans falling due after more than one year totalling £791,489 (2017 - £Nil) are secured on the lease of Hestan House, Crichton Estate, Dumfries.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2018 £	2017 £
Between one and five years	14,345	33,472

Included within amounts falling due after more than one year are net obligations under hire purchase contracts totalling £14,345 (2017 - £33,472) that are secured against certain assets of the charity.

18. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	967,390	851,854
Financial liabilities measured at amortised cost	2,372,764	1,181,541

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2017 <i>As restated</i> £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds						
LEADER - Care Campus	-	-	-	10,000	-	10,000
General funds						
General Funds	208,261	3,460,759	(3,390,934)	(10,000)	-	268,086
Revaluation reserve	-	-	-	-	13,452,891	13,452,891
Pension reserve	(1,665,000)	-	(184,000)	-	674,000	(1,175,000)
	<u>(1,456,739)</u>	<u>3,460,759</u>	<u>(3,574,934)</u>	<u>(10,000)</u>	<u>14,126,891</u>	<u>12,545,977</u>
Total Unrestricted funds	<u>(1,456,739)</u>	<u>3,460,759</u>	<u>(3,574,934)</u>	<u>-</u>	<u>14,126,891</u>	<u>12,555,977</u>
Restricted funds						
Crichton fund	1,128,463	-	(96,538)	-	-	1,031,925
Statue fund	16,500	-	(500)	-	-	16,000
Church crypt	100,000	-	-	-	-	100,000
LEADER - Care Campus	-	38,202	(18,845)	-	-	19,357
	<u>1,244,963</u>	<u>38,202</u>	<u>(115,883)</u>	<u>-</u>	<u>-</u>	<u>1,167,282</u>
Total of funds	<u>(211,776)</u>	<u>3,498,961</u>	<u>(3,690,817)</u>	<u>-</u>	<u>14,126,891</u>	<u>13,723,259</u>

Unrestricted funds

The LEADER - Care Campus designated fund relates to a designation made by trustees for the Care Campus feasibility project.

General funds relate to free reserves.

Revaluation reserve relates to a revaluation of all leasehold property at the year end date.

Pension reserve relates to the defined benefit deficit.

Restricted funds

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

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

The Church crypt fund relates to monies received towards the restoration of the Church crypt.

The LEADER - Care Campus fund relates to grant monies received in relation to the Care Campus feasibility project.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. STATEMENT OF FUNDS (continued)

A transfer between unrestricted and restricted funds of £10,000 was made in the current year as a result of the Trustees agreeing to match funding towards the LEADER - Care Campus project.

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2016 £</i>	<i>Income As restated £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2017 As restated £</i>
General funds						
General Funds	1,089	1,616,501	(1,496,829)	500	87,000	208,261
Pension reserve	(974,000)	-	(87,000)	-	(604,000)	(1,665,000)
	<u>(972,911)</u>	<u>1,616,501</u>	<u>(1,583,829)</u>	<u>500</u>	<u>(517,000)</u>	<u>(1,456,739)</u>
Restricted funds						
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>
Total of funds	<u>(955,911)</u>	<u>2,942,002</u>	<u>(1,680,867)</u>	<u>-</u>	<u>(517,000)</u>	<u>(211,776)</u>

SUMMARY OF FUNDS - CURRENT YEAR

	<i>Balance at 1 April 2017 As restated £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2018 £</i>
Designated funds	-	-	-	10,000	-	10,000
General funds	(1,456,739)	3,460,759	(3,574,934)	(10,000)	14,126,891	12,545,977
	<u>(1,456,739)</u>	<u>3,460,759</u>	<u>(3,574,934)</u>	<u>-</u>	<u>14,126,891</u>	<u>12,555,977</u>
Restricted funds	1,244,963	38,202	(115,883)	-	-	1,167,282
	<u>(211,776)</u>	<u>3,498,961</u>	<u>(3,690,817)</u>	<u>-</u>	<u>14,126,891</u>	<u>13,723,259</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2016</i>	<i>Income As restated</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2017 As restated</i>
	£	£	£	£	£	£
General funds	(972,911)	1,616,501	(1,583,829)	500	(517,000)	(1,456,739)
Restricted funds	17,000	1,325,501	(97,038)	(500)	-	1,244,963
	<u>(955,911)</u>	<u>2,942,002</u>	<u>(1,680,867)</u>	<u>-</u>	<u>(517,000)</u>	<u>(211,776)</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018	Restricted funds 2018	Total funds 2018
	£	£	£
Tangible fixed assets	15,147,960	1,164,073	16,312,033
Fixed asset investments	2	-	2
Current assets	985,102	3,209	988,311
Creditors due within one year	(917,930)	-	(917,930)
Creditors due in more than one year	(1,484,157)	-	(1,484,157)
Provisions for liabilities and charges	(1,175,000)	-	(1,175,000)
	<u>12,555,977</u>	<u>1,167,282</u>	<u>13,723,259</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017	Restricted funds 2017	Total funds 2017
	£	£	£
Tangible fixed assets	969,436	1,244,963	2,214,399
Fixed asset investments	2	-	2
Current assets	754,327	-	754,327
Creditors due within one year	(760,980)	-	(760,980)
Creditors due in more than one year	(754,524)	-	(754,524)
Provisions for liabilities and charges	(1,665,000)	-	(1,665,000)
	<u>(1,456,739)</u>	<u>1,244,963</u>	<u>(211,776)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	As restated 2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(191,856)	1,348,135
Adjustment for:		
Depreciation charges	284,448	84,190
Dividends, interest and rents from investments	(84)	(43)
Increase in stocks	(109)	(20,812)
Increase in debtors	(87,047)	(400,270)
Increase in creditors	127,768	662,021
Difference between pension charge and cash contributions	184,000	87,000
Net cash provided by operating activities	317,120	1,760,221

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	478,519	331,691
Total	478,519	331,691

23. PENSION COMMITMENTS

The company operates a defined benefit pension scheme.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages) :

	2018	2017
Discount rate at 31 March	2.70 %	2.60 %
Future salary increases	3.20 %	4.40 %
Future pension increases	2.40 %	2.40 %
Mortality rates		
Life expectancy (years):		
For a male aged 65 now	21.8	22.7
For a female aged 65 now	24.3	24.0
For a male aged 45 now	23.0	24.5
For a female aged 45 now	26.2	26.7

Sensitivity analysis	At 31 March 2018 £	At 31 March 2017 £
Discount rate -0.5%	561,000	683,000
Salary increase rate +0.5%	77,000	196,000
Pension increase rate +0.5%	477,000	469,000

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

The assets in the scheme and the expected rates of return were:

	Fair value at 31 March 2018 £	<i>Fair value at 31 March 2017 £</i>
Equities	3,246,750	3,245,000
Debt instruments	649,350	640,000
Property	432,900	384,000
Total market value of assets	<u>4,329,000</u>	<u>4,269,000</u>

The actual return on scheme assets was £136,000 (2017 - £-635,000).

The amounts recognised in the Statement of financial activities incorporating the income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(287,000)	(198,000)
Interest on obligation	(157,000)	(156,000)
Expected return on scheme assets	112,000	121,000
Total	<u>(332,000)</u>	<u>(233,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	5,934,000	4,400,000
Current service cost	287,000	198,000
Interest cost	157,000	156,000
Contributions by scheme participants	42,000	41,000
Actuarial (gains)/losses	(810,000)	1,239,000
Benefits paid	(106,000)	(100,000)
Closing defined benefit obligation	<u>5,504,000</u>	<u>5,934,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

23. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	4,269,000	3,426,000
Expected return on assets	112,000	121,000
Actuarial gains and (losses)	(136,000)	635,000
Contributions by employer	148,000	146,000
Contributions by scheme participants	42,000	41,000
Benefits paid	(106,000)	(100,000)
	<u>4,329,000</u>	<u>4,269,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £694,000 loss (2017 - £1,368,000 loss).

The company expects to contribute £152,000 to its defined benefit pension scheme in 2019.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2018	2017
European equities	1.80 %	2.60 %
European bonds	1.80 %	2.60 %
Property	1.80 %	2.60 %

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

23. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2018 £	2017 £
Defined benefit obligation	(5,504,000)	(5,934,000)
Scheme assets	4,329,000	4,269,000
Deficit	(1,175,000)	(1,665,000)
Experience adjustments on scheme liabilities	810,000	(1,239,000)
Experience adjustments on scheme assets	(136,000)	635,000

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2017, and updated to 31 March 2018, by qualified independent actuary, Hymans Robertson LLP on an FRS 102 basis.

24. OPERATING LEASE COMMITMENTS

At 31 March 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	7,745	11,998
Between 1 and 5 years	4,005	19,494
Total	11,750	31,492

£10,792 was included in the statement of financial activities in respect of operating leases (2017 - £10,242).

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

	2018 £	2017 £
Within 1 year	782,788	879,984
Between 1 and 5 years	1,592,498	2,413,015
After more than 5 years	110,115	-
Total	2,485,401	3,292,999

£1,454,686 was included in the statement of financial activities in respect of operating lease income (2017 - £1,402,250).

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NOTES TO THE FINANCIAL STATEMENTS
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25. 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 subsidiary.

Dumfries and Galloway Council has provided the group with grants amounting to £10,000 (2017 - £Nil) in the year under review for project and development work.

During the year a grant of £5,000 was received from The Crichton Foundation (2017 - £Nil). Dr J R Brennan and M E Burton (Trustees), were also Trustees of The Crichton Foundation during the year. No amounts remain outstanding at the year end.

During the year a grant of £10,000 was received from NHS Dumfries & Galloway (2017 - £Nil). Mr P N Jones, Trustee, was also Chairman of NHS Dumfries & Galloway during the year. No amounts remain outstanding at the year end.

26. 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.

27. PRINCIPAL SUBSIDIARIES

Crichton Development Company Limited

Subsidiary name	Crichton Development Company Limited
Basis of control	100% control
Total assets as at 31 March 2018	£ -
Total liabilities as at 31 March 2018	£ -
Total equity as at 31 March 2018	£ -
Turnover for the year ended 31 March 2018	£ -
Expenditure for the year ended 31 March 2018	£ (118,339)
Loss for the year ended 31 March 2018	£ (118,339)

28. PRIOR YEAR ADJUSTMENT

Deferred income totalling £116,285 in respect of deposits were reclassified to income in the prior year to reflect the non-refundable nature of this revenue. This had the effect of increasing the unrestricted funds brought forward by the same amount.

