

REGISTERED COMPANY NUMBER: SC200827 (Scotland)
REGISTERED CHARITY NUMBER: SC029475

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2012
FOR
THE SOUTHERN UPLANDS PARTNERSHIP**

THE SOUTHERN UPLANDS PARTNERSHIP
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FOR THE YEAR ENDED 31ST MARCH 2012

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THE SOUTHERN UPLANDS PARTNERSHIP

CONVENOR'S STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

Can a voluntary organisation born in the optimistic and beneficent early years of devolution survive, let alone prosper, in the pessimistic, cash-strapped second decade of the 21st century? Do indeed the ideals of partnership and environmentally sustainable living that it espouses remain valid in this much harsher climate? And if they do, how can it garner the resources needed to fund its efforts to highlight and explore some of the key strategic issues faced by rural communities across the south of Scotland, and to help them to tackle the challenges that they present?

These are some of the fundamental questions that the Southern Uplands Partnership and its small team of dedicated staff have been asking themselves over the past year. We had little difficulty in agreeing that the current hard times actually increase, rather than diminish, the need for an organisation with SUP's mission to expose and assist in finding solutions to the dilemmas of contemporary rural life. Its track record assured us that it has the skills required to perform the crucial facilitating and "honest broker" roles. As this annual report shows, it has also demonstrated its capability, as a charity, to tap a wide diversity of funding sources to multiply many times over the limited public core-funding that it receives.

SUP is fortunate in having some financial reserves built up during the good times. Its Board is happy to use the cushion that these provide - up to a point - to sustain what it sees as its distinguishing role as a catalyst and facilitator. But this process cannot continue indefinitely. Nor is it a good use of severely restricted staff time to be constantly chasing funding from every possible source. Not only does that distract them from the primary business of the organisation, it also tends to blur its focus.

The Board is convinced that in crucial areas such as nature-based tourism, optimising the use of the region's natural resources and the transition to a low carbon economy SUP, working with and on behalf of its partners, can do much to raise the profile of south Scotland and to keep it at the forefront of current thinking and good practice. Our staff are wholeheartedly committed to doing just that. We are grateful for the continued support in the task of some of our long-standing funders. We hope over the coming year to persuade even more of you that SUP can provide, at very modest cost, a service that is more valuable than ever in these stressful and challenging times.

John Thomson
Partnership Convenor

THE SOUTHERN UPLANDS PARTNERSHIP

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2012**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC200827 (Scotland)

Registered Charity number
SC029475

Registered office
Studio 2
Lindean Mill
Galashiels
TD1 3PE

Trustees

C A Anderson	
Dr J Mitchell	- resigned 29.6.11
S P R Thorp	- resigned 29.6.11
E M Telford-Jammeh	- resigned 29.6.11
C H Ballance	
M L Gordon	
M W Fraser	
A B Fraser	
V R Wood-Gee	- appointed 29.6.11
J A Thomson	- appointed 29.6.11

Company Secretary
J & H Mitchell, W.S.

Independent Examiner
Alister Biggar
Chartered Accountant
JRW
Chartered Accountants
19 Buccleuch Street
Hawick
Roxburghshire
TD9 0HL

Solicitors
J & H Mitchell, W.S.
51 Atholl Road
Pitlochry
PH16 5BU

Honorary President
Mrs B. M. Kelly, CBE

THE SOUTHERN UPLANDS PARTNERSHIP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The company, which is a recognised charity in Scotland, is a charitable company limited by guarantee and was set up by a Memorandum of Association on 19th October 1999.

There have been no changes in the objectives since the last annual report.

Method of appointment or election of directors

The management of the company is the responsibility of the Directors who are elected and co-opted under the terms of the Memorandum and Articles of Association.

Organisational structure

The Directors of the company during the period are shown on page 2. New Directors are elected annually at the AGM by a process of nomination.

The Directors meet on a regular basis to review and administer the operations of the Partnership. A project manager is delegated to administer the daily operational matters and to supervise the Partnership's employees.

Company formation/development

- The Directors have met in June 2011, October 2011 and March 2012.
- During the year the Working Group met approximately six weekly.
- The website (www.sup.org.uk) was regularly updated and enhanced.
- Project grant applications were made to a number of bodies.
- Claims were submitted to SNH and other funders efficiently and on time.
- We held our 10th AGM which was attended by various members.
- Our Directors have reviewed the Business Plan and core-funding has been secured from Scottish Borders Council and Scottish Natural Heritage.

Related parties

Some of the Directors hold positions with local councils or other funding organisations. During the year Scottish Borders Council provided grants of £5,000 (2011, £5,000), South Lanarkshire Council £Nil (2011, £2,000) and Scottish Natural Heritage £24,863 (2011, £20,872).

Risk management

The Directors 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 our exposure to the major risks.

THE SOUTHERN UPLANDS PARTNERSHIP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2012

OBJECTIVES AND ACTIVITIES

Objectives and aims

To promote and advance education of the public about working and living sustainably in the Southern Uplands of Scotland either independently or in association with local authorities, voluntary organisations and local residents.

To guide and encourage the integration of environmental, social and economic land use policies, the sustainable use and management of land and water and other relevant activities in the Southern Uplands so that they are compatible with considerations of the environmental and local communities.

To promote, protect and conserve the biodiversity of the Southern Uplands for the benefit of society.

The role of SUP:-

- We develop and stimulate links - between projects, partners, individuals and information sources so as not to duplicate existing groupings.
- We find funding for, advise on, and manage projects that fulfil our aims, from practical work to conserve black grouse to promoting rural diversification and research into rural socio-economics.
- We use websites to help groups and projects exchange ideas.
- We fill the gaps - between local administrations, and between policy areas. We do the work other agencies aren't doing, or can't do.
- We map out existing initiatives and share best practice.

Where we cannot ourselves affect change, we persuade others of the need for change.

Activities for achieving objectives

The Partnership has continued to play an important role in debates on the future of land use in South Scotland, specifically discussions on woodland expansion, The Scottish Land Use Strategy and SRDP reform. We have also played a role in a number of local initiatives relating to tourism, renewable energy, access and conservation. We have continued to produce regular e-newsletters maintain the website.

Volunteers

The company is grateful for the unstinting efforts of its volunteers who are involved in service provision and fundraising.

THE SOUTHERN UPLANDS PARTNERSHIP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2012

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Discussion on the best focus for our efforts has continued throughout the year but, as in the last few years, the bulk of SUP's effort has gone into project work, which is important both to demonstrate what we can deliver and to secure funding. Progress on projects is outlined below.

You will note that most of this project work has continued to be in those fields which are clearly of great significance for the future of rural south Scotland, notably nature-based tourism, integrated land use, renewable energy and assisting remote communities to plan for the future.

We have also continued to contribute to wider debate on these and a number of other important strategic issues through consultation responses and participating in a range of meetings and seminars. Overall, the staff and Board are keen to shift the emphasis of our work further in this direction, i.e. towards a more facilitative, strategic role. We have already taken some steps in this direction, for example through the joint event with the Solway Centre (Glasgow University) on land use and the investigations into high speed broadband options for rural communities. The response has been encouraging, in that both organisations and individuals seem to agree that these are the sorts of issues that need to be highlighted and discussed, especially at this time of economic uncertainty.

However, we are still having problems securing money to pay for this sort of activity. Too often people seem to will the end without being prepared to help to provide the means! We are continuing to work on this but, as the Convenor has commented, there is only so much that SUP can afford to take on at its own expense.

Our Projects

During the year the Nith estuary nature-based tourism project was completed, with John Sellers moving across to full-time work as SUP Project Officer. The Wild Seasons initiative, which was born of the Nith estuary project, succeeded in bringing together a range of public, NGO and private parties interested in developing and promoting the region as a nature based destination, which is now a constituted group seeking funds to develop the model further. The website (www.wildseasons.co.uk) was launched as a result of the project and is continuing to grow as a key source of information on nature-watching opportunities and events in Dumfries & Galloway. Linked to this, the Flooders Trail is a new access route across merseland near Caerlaverock, south of Dumfries which it is hoped will be the first of several that will showcase key habitats in the region.

While nature-based tourism is developing in D&G, it is still at an early stage elsewhere. The Partnership has been working with a group in the Borders to nurture progress and there is plenty of interest. 2013 will be Year of Nature across Scotland (2012 is Year of Creativity). We are already developing ideas to make the most of this opportunity and we hope things will start to firm-up soon.

Scotland's Great Trails is a national project to promote the best of the longer-distance routes. Many of the routes start (or finish) in South Scotland. We recently commissioned a study into the feasibility of a North Solway Coastal Trail, which was funded by SNH. This would, through a series of inter-linked community based routes, connect the coastal path in England with the Ayrshire coastal route. It is hoped that this route will be developed further over the coming year.

All local authorities have now completed work on identifying their core path networks. We have been working with local access officers to see how these networks join-up at local authority boundaries. These longer-distance routes are opportunities which can be promoted and enhanced so that they attract visitors and locals alike. A number of key routes have been agreed as local priorities for further work.

This year also saw the end of the Partnership's 11 year role in red squirrel conservation with the completion of Stephanie Johnstone's contract. The Red Squirrels in South Scotland project continues as part of the Scotland-wide initiative managed by the Scottish Wildlife Trust, and Karen Ramoo is still working from our Lindean Office.

THE SOUTHERN UPLANDS PARTNERSHIP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2012

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The severe economic climate has resulted in some changes. Solway Heritage closed its doors and SUP took on the hosting of the D&G Environmental Record Centre. Mark Pollitt (Project Manager) and Lisa Fergusson (Project Officer) joined SUP. Lisa moved on and was replaced by Bernadette Noake, who had specific responsibility to deliver the final stages of the "Bugs in Gardens" project. Our initial focus was on securing funds to run the core activities of the centre for the coming three years, which we achieved. However, we are now working alongside various partners on the D&GERC Steering Group to secure a broader and more sustainable income base, perhaps most notably through providing a wider range of services across a wider geographic area.

Our ongoing work with the Galloway and Southern Ayrshire Biosphere designation reached a key phase, with the application to UNESCO completed and submitted and the Building Opportunity in the Biosphere project awarded funding from LEADER and other partners. Nic Coombey and Ed Forrest started work in April, and have rapidly developed a broad range of contacts and projects across the area. In October, thanks to funding from RSPB and SNH, they were joined by Lenka Sukenikova, an environmental data specialist, whose job is to collate all the environmental data that can be found for the Biosphere and to guide future habitat management and monitoring. We have also worked closely with academic staff of the emerging Crichton-based Solway Centre, particularly on land-use planning, and we hope these links to the local universities will be further developed in future. SEPA have also been key partners in promoting sustainable land-use and water management in key river catchments (especially the Fleet and Girvan). We also hope to extend this approach this year. A number of events have been organised looking at key issues the Biosphere will need to address such as marketing and branding of local products, co-ordinated research, tourism development and land-use planning. We believe many of the lessons learned from the Biosphere project will be of benefit across the whole of the Southern Uplands.

Chris Land has continued to work with key land managers to improve upland habitats and especially the black grouse population. He has now advised 81 farmers on action they can take, and he has helped 10 key farms get into the SRDP. Thanks to funding from Scottish and Southern Energy and the support of Scottish Borders Council, we have also been able to mark more than 8kms of fence and brash 85ha of over-mature heather. Overall more than 2000 hectares of moorland habitat have now been enhanced. This project runs through to October 2012 and will leave behind it a strategy for a landscape-scale upland habitat network for the central Southern Uplands.

It is clear to us that the growing importance of renewable/sustainable energy should be bringing significant benefits to the Southern Uplands because we have so much wind, biomass and water. The pressure for more and more wind-farms is obvious. It is less clear what the benefit of this is for the local economy. As well as promoting the case for greater strategic benefits to South Scotland, we have been working with partners to establish the Borders Energy Agency, an independent body with a remit to actively help move things forward. The Agency is now established and is currently seeking funds to allow it to start work.

The development of the Ettrick and Yarrow Valleys Rejuvenation Project was driven by a number of issues, including the potential for renewable energy. The project seeks to develop a plan that will keep people living and working in these relatively remote valleys. Julie Nock has the job of animating the community and helping them identify opportunities for new initiatives that will sustain jobs and incomes. There is, for example, the possibility of the community harnessing hydro power from the upper Ettrick, perhaps to power a community bus. Groups have also been established to look at developing tourism and affordable housing, and a "heating oil co-operative" is now making significant savings on oil costs.

Other work

The Scottish Government has expressed interest in the establishment of a rural parliament - a biennial coming together of rural representatives to discuss key rural issues. We attended a recent meeting in Perth which started to sketch out how this might work. We hope to remain involved as this project moves forward.

THE SOUTHERN UPLANDS PARTNERSHIP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2012

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Over the year we have also fed into a number of consultations. The debate over where to put new woodlands (or forestry) is a topical one, especially in the Ettrick Valley where upland farms are being converted to forestry at an especially high rate. The Partnership made a number of suggestions to the Woodland Expansion Advisory Group. We have also made some suggestions with regard to the Scottish Governments Land-Use Strategy and Action Plan and we have continued to engage with Government Officers on the way better integrated land-use could be encouraged. Finally we have continued to lobby for a more sensible approach to the use of "community benefit" funds provided by wind-farm developers and we will continue to call for a more strategic approach to this whole issue.

The Board welcomed some new members and said farewell to some old friends. Dr Joan Mitchell stood down after a year as Convenor and several years as Trustee. John Thomson joined the Board and took over as Convenor. John brings years of experience, most recently as Director of SNH, and he is also a farmer. Vyv Wood-Gee (Countryside Management Consultant), John Thomas (Trustee of the John Muir Trust) and more recently Alan Crichton (Stewartry farmer) also joined the board as new Trustees and they bring with them further expertise and skills for which we are most grateful.

Jan Landells has been the part-time SUP administrator and book-keeper for several years. Jan was shared with Tweed Forum and, as they have now taken her on full time, she had to leave us. We are missing her and her excellent ability to handle LEADER grant claims. Fortunately, we have found the perfect replacement in the form of Sheila Adams, another LEADER expert with years of doing the same work for Solway Heritage.

So all in all another busy and successful year against a rather gloomy background. The year ahead looks as challenging and exciting as ever.

Investment policy and performance

Cash deposits are reviewed regularly to ensure that a suitable rate of return is earned.

Factors relevant to achieve objectives

As outlined above, core (or project development funding) remains a major issue for us. Meetings with representatives of our main partners have continued throughout the year to look at ways of maintaining support for the work we do in the region and cross-border.

The recession has hit many of the grant funders who support projects as the income from trusts has dropped.

Project funding has therefore been much harder to secure and a number of potential projects have not proceeded as a result.

THE SOUTHERN UPLANDS PARTNERSHIP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2012

FINANCIAL REVIEW

Reserves policy

Unrestricted Funds

The Board's strategy on the financing of the Partnership is that Core Funding be sought from partners and used to fund core management and administration costs. These include costs not directly incurred in the management of current projects, and cover the significant proportion of the Project Manager's costs involved in discussions on potential projects which may not crystallise, and in research for funding sources for both potential and delivered projects.

While these costs tend to increase, it is inevitable in the current climate that our partners have had to review, and in most cases, reduce their Core Funding grants. Alternative Core Funding sources have been researched, but in the meantime the Directors have agreed to draw on the Partnership's unrestricted reserves. During the past year, these drawings totalled £36,004, and these reserves amounted to £105,120 at 31st March 2012.

The Directors continue to monitor this funding shortfall situation closely. The Board have approved this interim policy in the hope that ongoing negotiations with key partners and other funding sources will generate more core support and we remain hopeful that additional funding will be forthcoming in due course.

Restricted Funds

The funding for all projects is fully guaranteed before they start. However, much of this funding can only be claimed retrospectively, and there is currently a significant lag between grants being due and grants being received on certain projects. This results in some projects appearing in these accounts to be in deficit. The funds currently available on unrestricted reserve currently allow us to carry this cash-flow deficit.

Principal funding sources

The partnership has a very limited ability to give fundraising assistance and considers each application on its relative merits and in conjunction with the objectives of the Partnership. Funds are only made available in the context of prior funding availability to ensure that the Partnership is not placed in a restricted financial position.

FUTURE DEVELOPMENTS

The Board of the Partnership intends to continue to seek viable ways of stimulating debate on topics of major concern to the rural South of Scotland as well as supporting the development of projects that will demonstrate and deliver sustainable approaches to land management. This is likely to focus on access, nature-based tourism, small scale renewable energy technologies, community capacity and rural broadband. Inevitably, priorities will be determined by the availability of resources.

MEMBERS' LIABILITY

The Directors of the company guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
C A Anderson - Trustee

Date: 30th May 2012

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
THE SOUTHERN UPLANDS PARTNERSHIP**

I report on the accounts for the year ended 31st March 2012 set out on pages ten to nineteen.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
 - to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and to comply with Regulation 8 of the 2006 Accounts Regulations

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Alister Biggar
Chartered Accountant
JRW
Chartered Accountants
19 Buccleuch Street
Hawick
Roxburghshire
TD9 0HL

Date: 30th May 2012

THE SOUTHERN UPLANDS PARTNERSHIP

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2012**

	Notes	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	33,304	205,687	238,991	306,410
Activities for generating funds	3	1,167	-	1,167	9,175
Investment income	4	<u>4,079</u>	<u>-</u>	<u>4,079</u>	<u>3,651</u>
Total incoming resources		38,550	205,687	244,237	319,236
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	5	4,780	-	4,780	4,780
Charitable activities					
Direct Costs	6	95,531	249,888	345,419	216,236
Management charges		(27,187)	27,187	-	-
Governance costs	8	<u>3,947</u>	<u>-</u>	<u>3,947</u>	<u>4,303</u>
Total resources expended		77,071	277,075	354,146	225,319
NET INCOMING/(OUTGOING) RESOURCES before transfers					
		(38,521)	(71,388)	(109,909)	93,917
Gross transfers between funds	18	<u>2,517</u>	<u>(2,517)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources		(36,004)	(73,905)	(109,909)	93,917
RECONCILIATION OF FUNDS					
Total funds brought forward		141,124	136,536	277,660	183,743
TOTAL FUNDS CARRIED FORWARD		<u>105,120</u>	<u>62,631</u>	<u>167,751</u>	<u>277,660</u>

The notes form part of these financial statements

THE SOUTHERN UPLANDS PARTNERSHIP (REGISTERED CO NUMBER: SC200827 (SCOTLAND))

**BALANCE SHEET
AT 31ST MARCH 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	12	545	727
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	50,105	23,812
Cash at bank		<u>143,447</u>	<u>261,611</u>
		193,552	285,423
CREDITORS			
Amounts falling due within one year	14	(26,346)	(8,490)
NET CURRENT ASSETS		<u>167,206</u>	<u>276,933</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>167,751</u>	<u>277,660</u>
NET ASSETS		<u>167,751</u>	<u>277,660</u>
FUNDS	18		
Unrestricted funds		105,120	141,123
Restricted funds		<u>62,631</u>	<u>136,536</u>
TOTAL FUNDS		<u>167,751</u>	<u>277,659</u>

The notes form part of these financial statements

**BALANCE SHEET - CONTINUED
AT 31ST MARCH 2012**

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st March 2012.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31st March 2012 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 30th May 2012 and were signed on its behalf by:

.....
C A Anderson -Trustee

.....
M W Fraser -Trustee

THE SOUTHERN UPLANDS PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and apportionment of costs

Management charges are confirmed at an amount set by the funder of each individual project.

Governance costs

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
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All assets costing more than £500 are capitalised.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Investment income, gains and losses are allocated to the appropriate fund.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

THE SOUTHERN UPLANDS PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2012**

1. ACCOUNTING POLICIES – continued

Company status

The company is a company limited by guarantee. The members of the company are the Directors named on page 2. 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.

2. VOLUNTARY INCOME

	2012	2011
	£	£
Grants	225,723	297,676
Sales & sundry income	<u>13,268</u>	<u>8,734</u>
	<u>238,991</u>	<u>306,410</u>

Grants received, included in the above, are as follows:

	2012	2011
	£	£
Core Grants	29,862	38,247
Project Grants	<u>195,861</u>	<u>259,429</u>
	<u>225,723</u>	<u>297,676</u>

3. ACTIVITIES FOR GENERATING FUNDS

	2012	2011
	£	£
Memberships	1,167	1,585
Ticket sales	<u>-</u>	<u>7,590</u>
	<u>1,167</u>	<u>9,175</u>

4. INVESTMENT INCOME

	2012	2011
	£	£
Rents received	3,441	3,372
Deposit account interest	<u>638</u>	<u>279</u>
	<u>4,079</u>	<u>3,651</u>

THE SOUTHERN UPLANDS PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2012**

5. COSTS OF GENERATING VOLUNTARY INCOME

	2012	2011
	£	£
Staff costs	4,250	4,250
Telephone	80	80
Postage and stationery	300	300
Travel	<u>150</u>	<u>150</u>
	<u>4,780</u>	<u>4,780</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 7)	Totals
	£	£
Direct Costs	<u>345,419</u>	<u>345,419</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2012	2011
	£	£
Staff costs	202,412	95,825
Project costs	108,833	91,428
Insurance	194	560
Travel	10,016	4,515
Telephone	1,089	2,151
Postage and stationery	1,634	1,262
Rent	12,152	9,081
Sundries	36	79
Admin support	5,699	5,925
Consultancy fees	-	2,515
Other admin costs	2,512	2,253
Payroll fees	660	400
Depreciation	<u>182</u>	<u>242</u>
	<u>345,419</u>	<u>216,236</u>

8. GOVERNANCE COSTS

	2012	2011
	£	£
Staff costs	2,303	2,303
Accountancy	1,440	1,528
Legal & professional fees	<u>204</u>	<u>472</u>
	<u>3,947</u>	<u>4,303</u>

THE SOUTHERN UPLANDS PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2012**

9. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2012	2011
	£	£
Depreciation - owned assets	182	242
Pension costs	<u>11,705</u>	<u>4,587</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st March 2012 nor for the year ended 31st March 2011.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31st March 2012 nor for the year ended 31st March 2011.

11. STAFF COSTS

	2012	2011
	£	£
Wages and salaries	179,563	89,272
Social security costs	17,697	8,519
Other pension costs	<u>11,705</u>	<u>4,587</u>
	<u>208,965</u>	<u>102,378</u>

The average monthly number of employees during the year was as follows:

	2012	2011
Management	1	1
Project staff	<u>7</u>	<u>5</u>
	<u>8</u>	<u>6</u>

The staffing numbers as full year FTEs:-

	2012	2011
Management	1	1
Project Staff	6.6	3.4

THE SOUTHERN UPLANDS PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2012**

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1st April 2011 and 31st March 2012	<u>10,262</u>
 DEPRECIATION	
At 1st April 2011	9,535
Charge for year	<u>182</u>
At 31st March 2012	<u>9,717</u>
 NET BOOK VALUE	
At 31st March 2012	<u>545</u>
At 31st March 2011	<u>727</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade debtors	<u>50,105</u>	<u>23,812</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Social security and other taxes	5,810	2,763
Other creditors and accruals	<u>20,536</u>	<u>5,727</u>
	<u>26,346</u>	<u>8,490</u>

15. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2012	2011
	£	£
Expiring:		
Between one and five years	<u>5,196</u>	<u>9,081</u>

THE SOUTHERN UPLANDS PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2012**

16. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £11,705 (2011, £4,587).

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Fixed assets	545	-	545	727
Current assets	109,907	83,645	193,552	285,423
Current liabilities	<u>(5,332)</u>	<u>(21,014)</u>	<u>(26,346)</u>	<u>(8,490)</u>
	<u>105,120</u>	<u>62,631</u>	<u>167,751</u>	<u>277,660</u>

18. MOVEMENT IN FUNDS

	At 1.4.11 £	Incoming Resources £	Resources Expended £	Transfers £	At 31.3.12 £
Unrestricted Funds					
SUP Core Funding	<u>141,124</u>	<u>38,550</u>	<u>(77,071)</u>	<u>2,517</u>	<u>105,120</u>
Restricted Funds					
Red Squirrels in South					
Scotland	31,294	12,676	(28,935)	-	15,035
Windfarm Habitat Fund	78,153	-	(8,773)	-	69,380
Nith Estuary	6,349	8,350	(14,699)	-	-
Footsteps of Reivers	(4,936)	6,452	-	(1,516)	-
Walking Festival	1,001	-	-	(1,001)	-
Lochar Mosses	7,519	-	(7,519)	-	-
Ettrick and Yarrow Valleys	(357)	12,876	(24,352)	-	(11,833)
Black Grouse Project	(13,316)	57,092	(35,743)	-	8,033
Building Opportunities in the Biosphere	30,829	34,616	(91,195)	-	(25,750)
DGERC	-	15,375	(22,494)	-	(7,119)
Bugs in Gardens	-	21,016	(21,848)	-	(832)
Natural Heritage Officer	-	23,734	(16,017)	-	7,717
Cross Border Trails	-	9,000	(1,000)	-	8,000
North Solway Study	-	4,500	(4,500)	-	-
	<u>136,536</u>	<u>205,687</u>	<u>(277,075)</u>	<u>(2,517)</u>	<u>62,631</u>
Total Funds	<u>277,660</u>	<u>244,237</u>	<u>(354,146)</u>	<u>-</u>	<u>167,751</u>

The deficits on restricted funds which are a result of timing variances and are fully covered by grant claims made after the year end.

THE SOUTHERN UPLANDS PARTNERSHIP

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2012**

18. MOVEMENT IN FUNDS – continued

Transfers between projects and funds represent completion of projects which can be taken as a surplus to the general fund.

19. RELATED PARTY DISCLOSURES

Some of the directors hold positions with local councils or other funding organisations. During the year Scottish Borders Council provided grants of £5,000 (2011, £5,000), South Lanarkshire Council £Nil (2011, £2,000) and Scottish Natural Heritage £24,863 (2011, £20,872).

20. ULTIMATE CONTROLLING PARTY

The company is under the control of its members.