

The Southern Uplands Partnership

Convenors Report

31st March 2008

Another year of development has passed. The review that was undertaken last year has helped us refocus and, in the current political language, “declutter” our work. The Partnership has put much energy into identifying sources of sustainable future funding. The Board are excited at the potential of an “eco-office” building that can provide office and work-space to partners (and to small rural businesses), and generate rental income as well as promote sustainable buildings and partnership working idea. Hopefully a site will soon be found and we will be closer to realising this ambition this time next year.

The Partnership has continued to play an important role in the debate on the future of rural development in the Southern Uplands. It is encouraging that other agencies are starting to regard the Southern Uplands as a key land mass. Forestry Commission, Scottish Enterprise and VisitScotland have all now restructured to fit with a pan south Scotland remit and the Solway-Tweed element of the Water Framework Directive is also requiring much better east-west co-ordination. This all bodes well for the coming years.

It is only in the last few weeks that the details of the new Scottish Rural Development Programme have begun to emerge. We are all hopeful that the new schemes will be able to support the sort of projects and initiatives we have been calling for, and the initial signs are good. The key thing will be whether there are sufficient resources to make a real difference. The Partnership will be doing what it can to encourage collaborative applications and innovative uses of these funds.

Core funding remains a major issue for us. The difficulties faced by Dumfries & Galloway Council continue to impact directly on our core funding and we are thankful to our other supporters who have stuck with us. It is worth pointing out that, in crude terms, the £10,500 grant from Scottish Borders Council allowed us to generate approx. £173,000 to the Borders. The £6,000 from S Lanarkshire generated about £50,000 and during the year we also brought in £150,000 to Dumfries & Galloway.

Once again I must thank most warmly those of you who have made donations to the Partnership over the year. Your generosity has filled the shortfall we faced and helped us draw in additional resources to the area. Over the year for each core £1 spent we have attracted another £4 to invest in our projects, and more than 80% of these funds come from outwith the region.

Realistically, like most other small charities, we will continue to rely on some external core funding, however we are working hard to ensure that we become less dependant on grants in future years. Our Shared Office proposal is one approach to this and we are keen to develop others. If you have ideas we would be pleased to hear of them.

I hope that you have found the new e-newsletter useful, both in highlighting the impressive range of work that the SUP is involved with and the range of other exciting initiatives that underway in the Southern Uplands and beyond.

I must once again thank the SUP staff and the members of the Partnership Board for the work they have done over the last year. The coming year will no doubt be as interesting and challenging as the one just ended and if you share our interest in the future of Southern Uplands please join us in seeking to make it better.

Michael Strang Steel

Sir Michael Strang Steel. Bt. CBE.
Partnership Convenor

THE SOUTHERN UPLANDS PARTNERSHIP
(A company limited by guarantee)

DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

THE SOUTHERN UPLANDS PARTNERSHIP
(A company limited by guarantee)

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THE SOUTHERN UPLANDS PARTNERSHIP
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2008**

Directors

C A Anderson (appointed 08/06/2007)
V Davidson
E Logan
Dr J Mitchell
J Moorhouse
C Smith Maxwell
Sir Michael Strang Steel CBE
S Thorp
M Williams MBE
E Telford-Jammeh (appointed 13/12/2007)
W Finlay (resigned 08/06/2007)
O Jackson (resigned 08/06/2007)
C Ballance (appointed 13/12/2007)

Company registered number

SC200827

Charity registered number

SC029475

Registered office

Studio 2
Lindean Mill
Galashiels
TD1 3PE

Company secretary

J & H Mitchell, W.S.

Honorary President

Mrs B. M. Kelly, CBE

Auditors

Deans Accountants and Business Advisors Limited
Chartered Accountant
Registered Auditor
1 Melgund Place
Hawick
TD9 9HY

Bankers

Bank of Scotland
3 Channel Street
Galashiels
TD1 3BE

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2008**

Advisers (continued)

Solicitors

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

THE SOUTHERN UPLANDS PARTNERSHIP
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

The Directors, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements of The Southern Uplands Partnership (the company) for the period ended 31 March 2008. The Directors 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) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

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

b. 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.

c. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Directors of the company during the period are shown on page 1. 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.

In accordance with the Articles of Association, Joan Mitchell, Michael Williams and John Moorhouse, having served two terms, will stand down.

Company formation/development

- The Directors have met quarterly in June, September, December and March.
- During the year the Working Group met approximately monthly.
- The website (www.sup.org.uk) was regularly updated and enhanced and widely promoted through the circulation of a bookmark.
- 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 seventh AGM which was attended by various members.
- Our directors have reviewed the Business Plan and core-funding has been secured from Scottish Borders Council, South Lanarkshire Council and Scottish Natural Heritage.

d. RELATED PARTY RELATIONSHIPS

Some of the directors hold positions with local councils or other funding organisations. During the year Scottish Borders Council provided grants of £21,673, South Lanarkshire Council £10,616 and Scottish Natural Heritage £141,771.

e. 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
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2008

OBJECTIVES AND ACTIVITIES

a. POLICIES AND OBJECTIVES

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 the 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.

b. ACTIVITIES FOR ACHIEVING OBJECTIVES

The review that was undertaken last year has helped us refocus and, in the current political language, “declutter” our work. The Partnership has put much energy into identifying sources of sustainable future funding. The Board are excited at the potential of an “eco-office” building that can provide office and work-space to partners (and to small rural businesses), and generate rental income as well as promote sustainable buildings and partnership working. Hopefully a site will soon be found and we will be closer to realising this ambition this time next year.

The Partnership has continued to play an important role in the debate on the future of rural development in the Southern Uplands. It is encouraging that other agencies are starting to regard the Southern Uplands as a key land mass. Forestry Commission, Scottish Enterprise and VisitScotland have all now restructured to fit with a pan south Scotland remit and the Solway-Tweed element of the Water Framework Directive is also requiring much better east-west co-ordination. This all bodes well for the coming years.

ACHIEVEMENTS AND PERFORMANCE

a.

Further to reviews undertaken in 2007 and input from new Board members, SUP has developed a revised process for selecting and prioritising project work, with each potential project scored against SUPs aims and objectives. This sees the Partnership moving towards larger scale, cross-border and pilot projects.

1.1 Pan-regional projects -

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2008

- **Communities on the Edge (COTE)**

Objectives: to work with three communities (Langholm, Douglas and Yetholm) and three rural estate businesses (Buccleuch, Douglas & Angus and Roxburghe Estates respectively) to identify opportunities for new rural enterprises and to encourage development of these.

Funding for this project comes from the Carnegie UK Trust, the participating Estate businesses and Scottish Enterprise. The project employs 7 part-time workers.

COTE continues to develop, making significant impacts in the participating communities and attracting interest from across Scotland, John Gold has a regular slot on the Rural Gateway website. Staff contracts have now been extended to December 2008 and we hope that it will be possible to extend them further. COTE was one of 15 projects from across Europe which featured in the recent Leader+ Best Practice publication and was runner-up in the recent D&G Leader+ awards.

- **Biosphere**

The SUP (working with East Ayrshire Woodlands) was contracted to carry out a consultation exercise to raise awareness of the potential of Biosphere designation in the Galloway/Ayrshire region and to collect local opinions on the value of applying to UNESCO for Biosphere status. The final report was submitted in October and a trip to the Cevennes took place in early November. The final report is now available on our website along with a DVD of the trip. The project partners are now commissioning an economic study to review what economic benefits might come from re-designation. We hope further progress may be made later in 2008.

- **Farm Diversification**

Objectives: to work with farming families within or close to National Scenic Areas with the aim of encouraging them to diversify into non-agricultural businesses based on high quality landscape and natural heritage.

Over the year we have worked with four farm businesses to help them develop their business plans which build in elements of the local natural heritage. We have made links between this work and other projects (the COTE farmers market project in Langholm, a tourism initiative being run by the local Tourism Partnership and the Biosphere project). A meeting has been held to learn from the South Lanarkshire "Managing Change" project and the Borders Foundation for Rural Sustainability Farm Venture Group initiative so points can be built into the final toolkit. The project is nearing completion.

- **Black Grouse**

Objective: to halt the decline in the black grouse in the eastern southern uplands by working with key landowners and agencies and to develop a large scale upland restoration project.

The original project is now complete and Tom Adamson has left. Efforts to extend it to something bigger are continuing. We hope that the 14 management plans produced by the project will be implemented under the new RDC scheme.

- **Upland Restoration**

During the year work has been done on developing a large scale upland restoration project intended to extend the black grouse conservation work and to deliver

- Increased area of native woodland (the Ettrick Forest)
- Improved wetlands for flood alleviation and fishery management
- Enhanced peatland for carbon sequestration

Initially we hoped this would lead to a bid for EU LIFE funding, but this has proved problematic and efforts are now being made to seek alternative funding. We hope that this project will commence later this year.

- **Squirrels**

Objective: to maintain red squirrel refuge woodlands where viable populations of reds can persist in the Borders and Dumfries & Galloway. This is done by employing an officer who is working with foresters, agencies and the public.

Red Squirrels in South Scotland III (RSSSIII) was extended in the Borders thanks to a contract from SNH. Much effort has had to be put into developing a further phase of the project. This has required liaison with the European Squirrel Initiative, local and English groups and others. Richard Wales' contract has now been extended for a further 3 months to allow further effort to go into fund-raising.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2008

- The Ayrshire Squirrel Project

Objective: to maintain red squirrel refuge woodlands where viable populations of reds can persist in South and East Ayrshire. This is done by employing a project officer who is working with foresters, agencies and the public.

This project has now been extended through to August 2008 and we have agreed to manage it until then. Shona Munro has been doing an excellent job and the Ayrshire project is running to plan.

- Squirrel pox monitoring

Objective: to monitor and seek to prevent the spread of the squirrelpox virus into Scotland by the targeted control of grey squirrels. This is done through the employment of two full time control officers who have dealt very effectively with an outbreak of squirrel pox near Lockerbie and also a possible case in Innerleithen. SNH have now approved an extension of the 2 contracts through to March 2009.

Co-ordination of rural business and social development

- Shared Office project

Thanks to Dumfries & Galloway Council and some Lottery Funding, we contracted consultants produced a feasibility study including outline design (Mary Roslin) and a business plan (Bruce Clarke Associates). Their recommendation was that a possible site was not suitable. We now have a "prospectus" on the proposal and we have met with a number of possible project partners (including the Carbon Centre and Buccleuch Estates) to discuss possible alternative sites. Project reports are available on the SUP website.

- Partner liaison

During the year we have agreed a Service Level Agreement with SBC and we extended the agreement with South Lanarkshire Council.

We have maintained links with Dumfries & Galloway Council, but they are not yet in a position to fully re-engage.

During the year we met twice with senior staff in SNH to review the work of the partnership and the terms of their grant.

- Input to other initiatives

SUP core staff continue to contribute toward a number of initiatives including the Working Countryside Theme Team of the Borders Community Plan, the Scottish Sustainable Development Forum, the S. Lanarkshire Rural Partnership, the Stewarty Rural Partnership, the Nithsdale Rural Partnership, the Scottish Borders Sustainable Energy Forum, Tweed Forum, and the Scottish Borders Environment Partnership. Following on from our input to the Scottish Rural Development Programme we have contributed to the development of the new Leader programmes.

We have also been able to contribute towards a new environmental education initiative being planned for the Tweed Catchment.

Lobbying activities

- Newsletter and website development

We have produced three e-newsletters during the year and these have been widely circulated and apparently very well read.

The Website has been regularly updated and Directors profiles have been added to the About Us page. The site gets an average of 45,000 hits per month and serves 6,700 sessions (people visiting more than one page).

Turnover and local funding verses externally sourced funding

- Total anticipated turnover for the next financial year will be in excess of £405,000 of which over 80% is externally sourced.

b. INVESTMENT POLICY AND PERFORMANCE

Cash deposits are reviewed regularly to ensure that the best rate of return is earned.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2008

c. FACTORS RELEVANT TO ACHIEVE OBJECTIVES

Core funding remains a major issue for us. The difficulties faced by Dumfries & Galloway Council continue to impact directly on our core funding and we are thankful to our other supporters who have stuck with us. It is worth pointing out that, in crude terms, the £10,500 grant from Scottish Borders Council allowed us to generate approx. £173,000 to the Borders. The £6,000 from S Lanarkshire generated about £50,000 and during the year we also brought in £150,000 to Dumfries & Galloway.

FINANCIAL REVIEW

a. RESERVES POLICY

The Partnership has a policy of maintaining a small reserve of unrestricted funds to cover shortfalls caused by the uncertain nature of grant payments, and sufficient to cover redundancy payments at any time, which would be used at the discretion of the Directors to cover unforeseen core expenses and project costs.

b. PRINCIPAL FUNDING

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.

PLANS FOR THE FUTURE

a. FUTURE DEVELOPMENTS

Realistically, like most other small charities, we will continue to rely on some external core funding, however we are working hard to ensure that we become less dependant on grants in future years. Our Shared Office proposal is one approach to this and we are keen to develop others.

It is only in the last few weeks that the details of the new Scottish Rural Development Programme have begun to emerge. We are all hopeful that the new schemes will be able to support the sort of projects and initiatives we have been calling for, and the initial signs are good. The key thing will be whether there are sufficient resources to make a real difference. The Partnership will be doing what it can to encourage collaborative applications and innovative uses of these funds.

Radar for up and coming issues/opportunities

- Projects in development

We have agreed to assist with the development of an ambitious landworks project which is applying for Scottish Arts Council funding.

We proposed some project ideas as part of the Homecoming 2009 (one on the Southern Upland Way and another based on Walking Festivals).

We have also been asked to assist with a further stage of the Cheviot Hills access project by employing Roger Hemming for some additional hours – which will be funded by the Northumberland National Park Authority.

We still hope to undertake a small project to raise awareness of golden eagles in the region.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom

THE SOUTHERN UPLANDS PARTNERSHIP
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2008

Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

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

- so far as that Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the Directors on 12 June 2008 and signed on their behalf, by:

Michael Strang Steel

Sir Michael Strang Steel CBE

THE SOUTHERN UPLANDS PARTNERSHIP
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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF THE SOUTHERN UPLANDS PARTNERSHIP

We have audited the financial statements of The Southern Uplands Partnership for the year ended 31 March 2008 set out on pages 11 to 23. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and to the charitable company's Directors, 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 members 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, the charitable company's members as a body and the charitable company's Directors, as a body, for our audit work, for this report, or for the opinion we have formed.

This report is made in respect of an audit carried out under the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The responsibilities of the Directors (who also act as company directors of The Southern Uplands Partnership for the purposes of company law) for preparing the Directors' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the Companies Act 1985 and comply with the requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether the information given in the Directors' annual report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' annual report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial

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**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF THE SOUTHERN
UPLANDS PARTNERSHIP**

statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and comply with the requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Directors' annual report is consistent with the financial statements.



DEANS ACCOUNTANTS AND BUSINESS ADVISORS LIMITED

Chartered Accountant
Registered Auditor

1 Melgund Place
Hawick
TD9 9HY

12 June 2008

THE SOUTHERN UPLANDS PARTNERSHIP
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STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2008

	Note	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	375,568	150	375,718	430,922
Activities for generating funds	3	-	2,437	2,437	4,413
Investment income	4	1,640	7,243	8,883	3,413
TOTAL INCOMING RESOURCES		377,208	9,830	387,038	438,748
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	5	-	3,100	3,100	2,217
Charitable activities	10	352,417	-	352,417	403,007
Governance costs	7	-	9,914	9,914	12,821
TOTAL RESOURCES EXPENDED	9	352,417	13,014	365,431	418,045
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		24,791	(3,184)	21,607	20,703
Transfers between Funds	16	(46,253)	46,253	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(21,462)	43,069	21,607	20,703
NET MOVEMENT IN FUNDS FOR THE YEAR		(21,462)	43,069	21,607	20,703
<i>Total funds at 1 April 2007</i>		<i>122,304</i>	<i>83,235</i>	<i>205,539</i>	<i>184,836</i>
TOTAL FUNDS AT 31 MARCH 2008		100,842	126,304	227,146	205,539

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 13 to 23 form part of these financial statements.

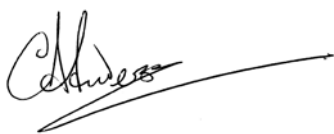
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BALANCE SHEET
AS AT 31 MARCH 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible fixed assets	13		1,723		2,298
CURRENT ASSETS					
Debtors	14	887		13,230	
Cash at bank		233,160		258,607	
		234,047		271,837	
CREDITORS: amounts falling due within one year	15	(8,624)		(68,596)	
NET CURRENT ASSETS			225,423		203,241
TOTAL ASSETS LESS CURRENT LIABILITIES			227,146		205,539
CHARITY FUNDS					
Restricted funds	16		100,842		122,304
Unrestricted funds	16		126,304		83,235
			227,146		205,539

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Directors on 12 June 2008 and signed on their behalf, by:



C A Anderson



Sir Michael Strang Steel CBE

The notes on pages 13 to 23 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 1985.

1.2 COMPANY STATUS

The company is a company limited by guarantee. The members of the company are the Directors 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 FUND ACCOUNTING

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

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost 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.

Investment income is allocated to the general fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (continued)

1.4 INCOMING RESOURCES

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

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	25% reducing balance
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

2. VOLUNTARY INCOME

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Grants	375,568	-	375,568	430,922
PAYE filing incentive	-	150	150	-
	<u>375,568</u>	<u>150</u>	<u>375,718</u>	<u>430,922</u>

3. FUNDRAISING INCOME

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Memberships	-	2,437	2,437	4,413
	<u>-</u>	<u>2,437</u>	<u>2,437</u>	<u>4,413</u>

4. INVESTMENT INCOME

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Rent received	1,640	-	1,640	-
Investment income	-	7,243	7,243	3,413
	<u>1,640</u>	<u>7,243</u>	<u>8,883</u>	<u>3,413</u>

5. COSTS OF GENERATING VOLUNTARY INCOME

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Travel	-	145	145	145
Advertising	-	-	-	129
Postage & stationery	-	236	236	278
Telephone	-	70	70	73
Voluntary income staff costs	-	2,649	2,649	1,592
	<u>-</u>	<u>3,100</u>	<u>3,100</u>	<u>2,217</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Southern Uplands Partnership	67,898	-	67,898	91,241
Communities on the Edge	128,159	-	128,159	122,245
Red squirrels in South Scotland	51,089	-	51,089	66,035
Grey squirrel control	39,064	-	39,064	30,600
Biosphere	27,322	-	27,322	27,021
Cheviot Access Audit	488	-	488	8,000
Farm diversification	(9,627)	-	(9,627)	34,050
Community renewables	569	-	569	-
Ayrshire red squirrel group	25,293	-	25,293	19,015
Eco office research	22,162	-	22,162	4,800
	<u>352,417</u>	<u>-</u>	<u>352,417</u>	<u>403,007</u>

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2008 £	Other costs 2008 £	Total 2008 £	<i>Total 2007 £</i>
Southern Uplands Partnership	54,076	13,822	67,898	91,241
Communities on the Edge	93,987	34,172	128,159	122,245
Red squirrels in South Scotland	35,475	15,614	51,089	66,035
Grey squirrel control	31,084	7,980	39,064	30,600
Biosphere	-	27,322	27,322	27,021
Cheviot Access Audit	-	488	488	8,000
Farm diversification	-	(9,627)	(9,627)	34,050
Community renewables	-	569	569	-
Ayrshire red squirrel group	21,810	3,483	25,293	19,015
Eco office research	-	22,162	22,162	4,800
	<u>236,432</u>	<u>115,985</u>	<u>352,417</u>	<u>403,007</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

7. GOVERNANCE COSTS

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	Total Funds 2007 £
Auditors' remuneration	-	3,266	3,266	2,258
Accountancy fees	-	629	629	1,100
Legal & professional fees	-	2,572	2,572	680
Subscriptions & conference fees	-	1,920	1,920	3,832
Printing	-	1,527	1,527	4,951
	-	9,914	9,914	12,821

8. DIRECT COSTS

	SUP £	COTE £	RSSS £	Grey squirrel control £	Biosphere £	Cheviot Access Audit £
Project costs	(4,046)	24,901	6,905	520	27,322	488
Travel	3,544	9,271	5,772	7,460	-	-
Rent	6,893	-	-	-	-	-
Insurance	432	-	-	-	-	-
Maintenance	309	-	-	-	-	-
Advertising	-	-	-	-	-	-
Subscriptions	-	-	8	-	-	-
Postage & stationery	3,861	-	1,039	-	-	-
Printing	-	-	-	-	-	-
Telephone	1,001	-	1,890	-	-	-
Sundry	1,253	-	-	-	-	-
Depreciation	575	-	-	-	-	-
Wages and salaries	46,480	80,650	29,715	27,500	-	-
National insurance	4,675	5,522	2,828	2,319	-	-
Pension costs	2,921	7,815	2,932	1,265	-	-
	67,898	128,159	51,089	39,064	27,322	488

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NOTES TO THE FINANCIAL STATEMENTS
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8. DIRECT COSTS (continued)

	Farm diversify £	Community renewables £	Ayrshire red squirrel £	Eco office research £	Total 2008 £	Total 2007 £
Project costs	(9,627)	569	2,294	22,162	71,488	148,847
Travel	-	-	1,189	-	27,236	25,427
Rent	-	-	-	-	6,893	8,036
Insurance	-	-	-	-	432	927
Maintenance	-	-	-	-	309	52
Advertising	-	-	-	-	-	1,762
Subscriptions	-	-	-	-	8	1,066
Postage & stationery	-	-	-	-	4,900	8,979
Printing	-	-	-	-	-	266
Telephone	-	-	-	-	2,891	4,765
Sundry	-	-	-	-	1,253	8,105
Depreciation	-	-	-	-	575	766
Wages and salaries	-	-	18,000	-	202,345	168,379
National insurance	-	-	1,650	-	16,994	14,776
Pension costs	-	-	2,160	-	17,093	10,854
	<u>(9,627)</u>	<u>569</u>	<u>25,293</u>	<u>22,162</u>	<u>352,417</u>	<u>403,007</u>

THE SOUTHERN UPLANDS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

9. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2008 £	Other costs 2008 £	Total 2008 £	Total 2007 £
Costs of generating voluntary income	2,649	451	3,100	2,217
Southern Uplands Partnership	54,076	13,822	67,898	91,241
Communities on the Edge	93,987	34,172	128,159	122,245
Red squirrels in South Scotland	35,475	15,614	51,089	66,035
Grey squirrel control	31,084	7,980	39,064	30,600
Biosphere	-	27,322	27,322	27,021
Cheviot Access Audit	-	488	488	8,000
Farm diversification	-	(9,627)	(9,627)	34,050
Community renewables	-	569	569	-
Ayrshire red squirrel group	21,810	3,483	25,293	19,015
Eco office research	-	22,162	22,162	4,800
Subtotal charitable activities	236,432	115,985	352,417	403,007
Governance	-	9,914	9,914	12,821
	239,081	126,350	365,431	418,045

10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2008 £	Support costs 2008 £	Total 2008 £	Total 2007 £
Southern Uplands Partnership	67,898	-	67,898	91,241
Communities on the Edge	128,159	-	128,159	122,245
Red squirrels in South Scotland	51,089	-	51,089	66,035
Grey squirrel control	39,064	-	39,064	30,600
Biosphere	27,322	-	27,322	27,021
Cheviot Access Audit	488	-	488	8,000
Farm diversification	(9,627)	-	(9,627)	34,050
Community renewables	569	-	569	-
Ayrshire red squirrel group	25,293	-	25,293	19,015
Eco office research	22,162	-	22,162	4,800
Total	352,417	-	352,417	403,007

THE SOUTHERN UPLANDS PARTNERSHIP
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

11. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2008	2007
	£	£
Depreciation of tangible fixed assets: - owned by the charity	575	766
Governance Auditors' remuneration	3,266	2,258
Pension costs	17,285	10,976
	20,126	13,999

During the year, no Directors received any remuneration (2007 - £NIL).

During the year, no Directors received any benefits in kind (2007 - £NIL).

During the year, no Directors received any reimbursement of expenses (2007 - £NIL).

12. STAFF COSTS

Staff costs were as follows:

	2008	2007
	£	£
Wages and salaries	204,611	169,716
Social security costs	17,185	14,909
Other pension costs	17,285	10,976
	239,081	195,601

The average monthly number of employees (including part time) during the year was as follows:

	2008	2007
	No.	No.
Management	1	1
Project Staff	15	9
	16	10

No employee received remuneration amounting to more than £60,000 in either year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

13. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
COST	
At 1 April 2007 and 31 March 2008	10,262
DEPRECIATION	
At 1 April 2007	7,964
Charge for the year	575
At 31 March 2008	8,539
NET BOOK VALUE	
At 31 March 2008	1,723
<i>At 31 March 2007</i>	2,298

14. DEBTORS

	2008 £	2007 £
Trade debtors	887	-
Grants Receivable	-	13,230
	887	13,230

**15. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008 £	2007 £
Trade creditors	382	114
Social security and other taxes	4,414	-
Other creditors	562	1,042
Accruals and deferred income	3,266	67,440
	8,624	68,596

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
UNRESTRICTED FUNDS					
SUP core funding	83,235	9,830	(13,014)	46,253	126,304
RESTRICTED FUNDS					
Southern Uplands Partnership	55,260	31,715	(67,898)	(19,077)	-
Communities on the Edge	8,976	152,466	(128,159)	(6,000)	27,283
Red squirrels in South Scotland	48,362	58,413	(51,089)	(5,484)	50,202
Grey squirrel control	(2,672)	53,797	(39,064)	(4,800)	7,261
Biosphere	944	28,713	(27,322)	-	2,335
Cheviot access	(12)	500	(488)	-	-
Farm diversification	1,000	9,075	9,627	(8,592)	11,110
Community renewables	569	-	(569)	-	-
Ayrshire red squirrel	-	30,244	(25,293)	(2,300)	2,651
Eco office research	9,877	12,285	(22,162)	-	-
	<u>122,304</u>	<u>377,208</u>	<u>(352,417)</u>	<u>(46,253)</u>	<u>100,842</u>
Total of Funds	<u>205,539</u>	<u>387,038</u>	<u>(365,431)</u>	<u>-</u>	<u>227,146</u>
SUMMARY OF FUNDS					
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	83,235	9,830	(13,014)	46,253	126,304
Restricted funds	122,304	377,208	(352,417)	(46,253)	100,842
	<u>205,539</u>	<u>387,038</u>	<u>(365,431)</u>	<u>-</u>	<u>227,146</u>

Transfers between projects and funds represent the management cost built into the original funding.

THE SOUTHERN UPLANDS PARTNERSHIP
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2008 £	Unrestricted Funds 2008 £	Total Funds 2008 £	<i>Total Funds 2007 £</i>
Tangible fixed assets	-	1,723	1,723	2,298
Current assets	100,842	133,205	234,047	271,837
Creditors due within one year	-	(8,624)	(8,624)	(68,596)
	<u>100,842</u>	<u>126,304</u>	<u>227,146</u>	<u>205,539</u>

18. 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 £17,285 (2007 - £10,976). Contributions totalling £Nil (2007 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

19. OPERATING LEASE COMMITMENTS

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2008 £	<i>2007 £</i>
EXPIRY DATE:		
Between 2 and 5 years	<u>6,893</u>	<u>6,893</u>

20. RELATED PARTY TRANSACTIONS

Some of the directors hold positions with local councils or other funding organisations. During the year Scottish Borders Council provided grants of £21,673, South Lanarkshire Council £10,616 and Scottish Natural Heritage £141,771.

21. CONTROLLING PARTY

The company is under the control of its members.

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**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008**

	2008 £	2007 £
CHARITY INCOME		
Grants received	375,568	430,922
PAYE filing incentive	150	-
Membership	2,437	4,413
Rent received	1,640	-
Interest received	7,243	3,413
	387,038	438,748
LESS: CHARITY EXPENDITURE		
Project costs	71,488	148,847
Travel	27,236	25,427
Salaries	202,345	168,379
National insurance	16,994	14,776
Pension cost	17,093	10,854
Postage & stationery	4,900	8,979
Printing	-	266
Telephone	2,891	4,765
Rent	6,893	8,036
Insurance	432	927
Maintenance	309	52
Subscriptions	8	1,066
Advertising	-	1,762
	350,589	394,136
NET INCOME FROM CHARITABLE SOURCES	36,449	44,612

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DETAILED INCOME AND EXPENDITURE ACCOUNT (continued)
FOR THE YEAR ENDED 31 MARCH 2008

	2008 £	2007 £
OTHER EXPENDITURE		
Travel	(145)	(145)
Advertising	-	(129)
Postage & stationery	(236)	(278)
Rent	(70)	(73)
Salaries	(2,266)	(1,337)
National insurance	(191)	(133)
Pension costs	(192)	(122)
Subscriptions	(1,920)	(3,832)
Printing	(1,527)	(4,951)
Legal & professional fees	(2,572)	(680)
Accountancy fee	(629)	(1,100)
Audit fee	(3,266)	(2,258)
Sundry	(1,253)	(8,105)
Depreciation	(575)	(766)
TOTAL OTHER EXPENDITURE	(14,842)	(23,909)
NET INCOME FOR THE YEAR		
Net income for the year	21,607	20,703