

The Hugo Burge Foundation SCIO
(formerly Marchmont Makers Foundation SCIO)
(a Scottish Charitable Incorporated Organisation)

Scottish charity number: SC048981

Trustees' report and financial statements
31st December 2023

Contents

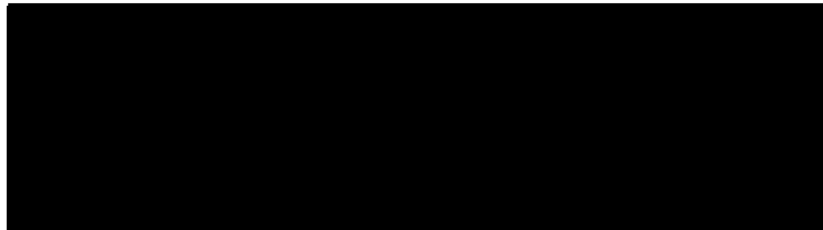
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Incorporated Organisation information
as at 31 December 2023

Principal office:



Trustees:



Bankers:

The Co-operative Bank plc
Business Direct Branch
P.O. Box 250
Skelmersdale
Lancashire
WN8 6WT

Independent Examiner:


Henderson Loggie LLP
11-15 Thistle Street
Edinburgh
EH2 1DF

Trustees' report

Hugo Burge (1972 - 2023)

Hugo Burge, the founder of the SCIO, very sadly passed away in May 2023. A successful technology entrepreneur and investor, Hugo was also a passionate supporter of the arts, crafts and all aspects of creativity. He is sorely missed by his family, friends and all whose lives were positively impacted by Hugo. The Hugo Burge Foundation and its Trustees will strive to keep his spirit alive through inspiring creativity in every one of us.

The Trustees present their report and financial statements for the year to 31st December 2023.

Structure, governances and management

The Hugo Burge Foundation was formed on 23rd January 2019 and is a Scottish Charitable Incorporated Organisation (SCIO). It is a recognised charity (Scottish Charity Number SC048981). It is governed by a Constitution. On 17 January 2024, the charity changed its name from Marchmont Makers Foundation SCIO.

Details of the trustees and advisers and other reference information is given on page 1.

The powers of appointing and removing Trustees rest with the members and the Trustees and these powers are set out in the charity's constitution.

It is the SCIO's policy to seek to recruit Trustees who have a specific interest in its charitable objects or whose skills can complement those already in place.

The positions of chairperson and treasurer are elected by the Board of Trustees.

Trustee induction and training

Newly appointed Trustees receive an appropriate induction and are introduced to the workings of the Board through their first meetings. Training for Trustees has been undertaken and is offered to new Trustees, to ensure that Trustees are fully up to date with their legal duties and responsibilities.

Objective and activities

The Hugo Burge Foundation's goal is to support creative exploration.

The SCIO provides affordable workspaces for artists, makers and creative professionals in the Scottish Borders, and offers funded and self-funded residencies throughout the year. The organization also encourages art lovers, schools and community groups to visit and learn creative skills in a walled garden and restored glasshouses on the Marchmont estate.

Achievements and performance

During 2023 the SCIO delivered a number of charitable projects in the Scottish Borders. These included funding residencies for artists, writers and performers on the Marchmont estate; running art and crafts courses for local schools as well as providing funding to the Edinburgh International Festival to bring their Opera Project to schools in Berwickshire. The SCIO also supported a local festival of playwrighting and performance. The organisation organised various art-based workshops for disadvantaged social groups and people with learning difficulties and funded a residency for learning-disabled artists and their support workers on the Marchmont estate.

Plans for the future

The SCIO plans to continue and expand its charitable activities.

Trustees' report *(continued)*

Financial review

The surplus for the year amounted to £20,430 (2022: £217,712) reflecting Trustees and adviser activity, pursuing the objectives of the Organisation.

Risk assessment

The Trustees assess the major risks to which the Organisation is exposed on an annual basis, in particular those related to the operations and finances of the Organisation and are satisfied that systems are in place to mitigate any such exposure.

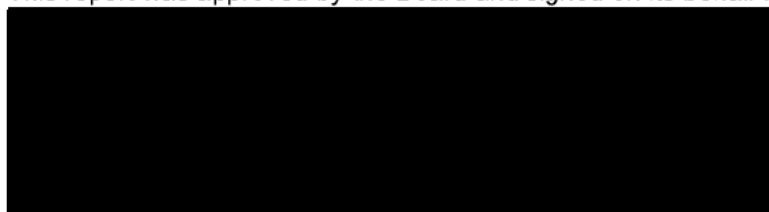
Reserves policy

Unrestricted funds represent the general funds which the Trustees are free to use in accordance with the Organisation's charitable objectives. At 31st December 2023, the total reserves amount of the charity were £486,169 (2022: £465,739) of which £480,429 was unrestricted (2022: £456,199).

The Trustees have established a policy whereby the unrestricted reserves not committed to or invested in tangible assets ("the free reserves") held by the charity covering committed recurrent expenditure, ongoing capital expenditure and known and unknown risks should be a minimum of £100,000. This policy maintains a level of expenditure to cover 12 months of operating expenditure. The free reserves at 31 December 2023 are £324,876 (2022: £433,039) being the unrestricted reserves balance less the tangible fixed assets balance which provides significant headroom.

The Trustees confirm that in their opinion the assets of the Organisation are available and adequate to fulfil current obligations.

This report was approved by the Board and signed on its behalf by:



..... 2024

Trustees' report *(continued)*

Statement of trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable Law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). Under the SCIO's Constitution, the Trustees are required to ensure that full and punctual accounts are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Trustees also have regard to the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities". Under this legislation, the Trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the SCIO and of the incoming resources and application of resources of the charity 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 of the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to assume the SCIO will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the SCIO and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Examiner to the Trustees of The Hugo Burge Foundation SCIO

I report on the financial statements of the charity for the year ended 31st December 2023 which are set out on pages 6 to 17.

This report is made to the trustees, as a body, in accordance with the terms of my engagement. My work has been undertaken to enable me to report my opinion set out below and for no other purpose. To the fullest extent permitted by law I do not accept or assume responsibility to anyone other than the trustees, as a body, for my work or for this report.

Respective responsibilities of the Trustees and Examiner

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

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements with those records. It also includes consideration of any unusual items or disclosures in the financial statements and seeks explanations from the 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 financial statements.

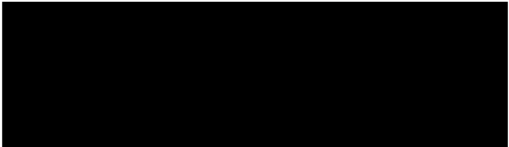
Independent examiner's statement

In the course of 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 (as amended); and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Accounts Regulations (as amended);

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Partner
Henderson Loggie LLP
11-15 Thistle Street
Edinburgh
EH2 1DF

19 June 2024

Statement of financial activities (incorporating income and expenditure account) for year ended 31st December 2023

	Note	Unrestricted 2023 £	Restricted 2023 £	Total 2023 £	Unrestricted 2022 £	Restricted 2022 £	Total 2022 £
Income and endowments from:							
Donations & Fundraising	3	357,244	-	357,244	326,508	7,500	334,008
Charitable activities	4	722	-	722	625	-	625
Interest Income		39	-	39	1	-	1
Other Income	5	11,384	-	11,384	-	-	-
Total income		369,389	-	369,389	327,134	7,500	334,634
Expenditure on:							
Raising funds	6	7,726	-	7,726	6,570	-	6,570
Charitable expenditure	7	337,433	3,800	341,233	103,912	6,440	110,352
Total expenditure		345,159	3,800	348,959	110,482	6,440	116,922
Net income/ (expenditure)		24,230	(3,800)	20,430	216,652	1,060	217,712
Net movement in funds		24,230	(3,800)	20,430	216,652	1,060	217,712
Reconciliation of funds:							
Fund balances brought forward at 1 st January 2023		456,199	9,540	465,739	239,547	8,480	248,027
Fund balances at 31st December 2023	13	480,429	5,740	486,169	456,199	9,540	465,739

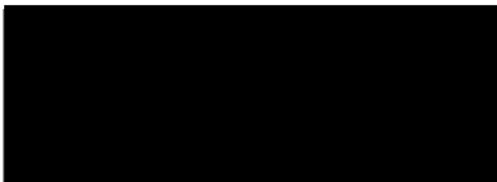
The notes on pages 9 to 17 form an integral part of the financial statements.

Balance sheet
as at 31st December 2023

	<i>Note</i>	2023 £	2023 £	2022 £	2022 £
Tangible Fixed Assets	10		155,553		23,160
Current Assets					
Bank balances and cash		286,312		439,953	
Debtors and prepayments	11	70,882		19,024	
		357,194		458,977	
Creditors					
Amounts falling due within one year	12	(26,578)		(16,398)	
Net current assets			330,616		442,579
Net assets			486,169		465,739
Funds					
Unrestricted reserve	13, 14		480,429		456,199
Restricted reserve	13, 14		5,740		9,540
			486,169		465,739

The notes on pages 9 to 17 form an integral part of the financial statements.

The financial statements were approved by Trustees on 2024 and signed on their behalf by:



Statement of cash flows

at 31st December 2023

	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities				
Net income	20,430		217,712	
Acquisition of tangible fixed assets	(155,472)		(27,221)	
Loss on disposal of fixed assets	13,561		-	
Depreciation	9,518		4,061	
Increase in creditors	10,180		16,398	
Increase in debtors	(51,858)		(12,774)	
Cash (used in) / provided by operating activities		(153,641)		198,176
Total cash and cash equivalents in the year		(153,641)		198,176
Cash and cash equivalents at beginning of year		439,953		241,777
Cash and cash equivalents at end of year		286,312		439,953
Cash and cash equivalents comprise:				
Bank balances and cash		286,312		439,953

Notes

(forming part of the financial statements)

1 Incorporated Organisation Constitution

The Hugo Burge Foundation SCIO is a Scottish Charitable Incorporated Organisation that is governed by a Constitution.

2 Accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and are in accordance with Applicable Accounting Standards, the Statement of Recommended Practice FRS102 (SORP FRS 102) "Accounting and Reporting by Charities", the Charities Act 2011, The Charities and Trustees Investment (Scotland) Act 2005, The Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011 and in accordance with the Financial Reporting Standard 102 FRS (FRS 102). The financial statements are prepared in Sterling, which is the functional currency of the Organisation. Monetary amounts in these financial statements are rounded to the nearest pound.

Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the charity will continue its operations. There are no material uncertainties that exist or material changes in the way the charity operated, and the Trustees consider it appropriate to prepare financial statements on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, when it is probable that the income will be received and the amount can be measured reliably. Net donations are accounted for in the period in which they are receivable with any recoverable tax being included to record the donations at their gross value.

Donated Services and Gifts in Kind

Donated services and facilities are included at the value to the charity where this can be quantified which is the value the charity would have paid on the open market. No amounts are included in the financial statement for services donated by volunteers.

Expenditure

Expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of expenditure in the Statement of Financial Activities. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. The charity is not registered for VAT and accordingly expenditure is shown gross.

Notes *(continued)*
(forming part of the financial statements)

2 Accounting policies (continued)

Pensions

The charity operates a defined contribution scheme and complies with auto-enrolment regulations. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting year.

Tangible Fixed Assets

Land, buildings, and items of equipment, furniture, fixtures and fittings that cost more than £1,000, are capitalised as tangible fixed assets. Leasehold improvements are depreciated over the term of the lease. Depreciation is provided using the following rates to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:

Buildings	No depreciation
Leasehold Improvements	Term of the lease
Computer Equipment	33% Straight Line basis
Plant & Machinery	25% Straight Line basis

Buildings are held at cost at the 2023 year-end. No depreciation is charged because the Trustees believe the residual value of the building will equal cost.

Cash

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

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity 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.

Funds

Funds are classified as either restricted or unrestricted. Restricted funds are funds subject to specific conditions authorised by the donor. Unrestricted funds are expendable at the trustees' discretion in furtherance of the objectives of the charity.

Taxation

The incorporated association is recognised by HMRC as a charity and no charge for taxation arises on the results of the year.

Notes *(continued)*
(forming part of the financial statements)

3 Donations

	Unrestricted £	Restricted £	2023 £	2022 £
Donations	328,159	-	328,159	271,508
Gift Aid recovered	29,085	-	29,085	62,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	357,244	-	357,244	334,008
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

In 2023 there was restricted income of £nil (2022: £6,000) for donations and £nil (2022: £1,500) for Gift Aid recovered.

4 Income from Charitable Activities - Unrestricted

	2023 £	2022 £
Stall fees from charitable events	722	625
	<u> </u>	<u> </u>
	722	625
	<u> </u>	<u> </u>

5 Other Income - Unrestricted

	2023 £	2022 £
Rental income	11,384	-
	<u> </u>	<u> </u>
	11,384	-
	<u> </u>	<u> </u>

6 Expenditure on Raising Funds – Unrestricted

	2023 £	2022 £
Direct Expenses	4,426	6,570
Direct Wages	3,300	-
	<u> </u>	<u> </u>
	7,726	6,570
	<u> </u>	<u> </u>

Notes *(continued)*
(forming part of the financial statements)

7 Expenditure on Charitable Activities

	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
Cost contributions	4,875	-	4,875	1,301
Residency costs – stipends	16,582	2,800	19,382	7,040
Residency costs - rent	20,131	1,000	21,131	15,240
Donations paid	37,045	-	37,045	6,404
Advertising & marketing	1,080	-	1,080	2,295
Website costs	8,750	-	8,750	-
Bank fees	130	-	130	-
Premises costs	11,722	-	11,722	-
Consultancy	43,127	-	43,127	517
Depreciation	9,518	-	9,518	4,061
Office expenses	1,568	-	1,568	530
General expenses	908	-	908	59
Insurance	1,227	-	1,227	229
Interest paid	2	-	2	-
Legal expenses	14,093	-	14,093	-
Rent	21,729	-	21,729	-
Repairs & maintenance	3,894	-	3,894	8,584
Travel	2,977	-	2,977	2,677
Subscriptions	499	-	499	319
Governance costs (note 8)	1,060	-	1,060	1,500
Apprentice costs	1,848	-	1,848	-
Staff costs	113,874	-	113,874	59,596
Staff Training	1,150	-	1,150	-
Disallowed VAT	6,083	-	6,083	-
Gain/loss on disposal of fixed assets	13,561	-	13,561	-
	337,433	3,800	341,233	110,352

In 2023 there was £1,000 (2022: £4,200) of restricted expenditure for Residency costs – rent and £2,800 (2022: £2,240) for Residency costs – stipends.

Notes *(continued)*
(forming part of the financial statements)

8 Governance costs

	2023 £	2022 £
Independent examiner's fees	1,060	1,500
	<u>1,060</u>	<u>1,500</u>

9 Employment Costs, Numbers and Trustee and Key Management Personnel Remuneration

Number of employees

	2023 Number	2022 Number
The average number of employees throughout the year was:		
Executive Director	1	1
Support Staff	1	-
	<u>2</u>	<u>1</u>

Employment costs

	2023 £	2022 £
Wages and salaries	104,215	57,544
Social security costs (net of Employment Allowance)	7,080	604
Pension costs	2,579	1,448
	<u>113,874</u>	<u>59,596</u>

There was one (2022: none) employee in the current year receiving emoluments in excess of £60,000. One employee received remuneration in the band £90,000 - £100,000 (2022: nil).

The total amount of employee emoluments received by key management personnel of the charity is £91,885 (2022: £59,596). The charity considers its key management personnel comprise the Executive Director and the Trustees.

Remuneration of Trustees

One Trustee (2022: nil) received remuneration totaling £78,467 for work performed in connection with the affairs of the Organisation.

Notes *(continued)*
(forming part of the financial statements)

10 Tangible Fixed Assets

	Buildings	Leasehold	Computer	Plant and	2023
	£	Improvements	Equipment	Machinery	£
		£	£	£	
Cost at 1 st Jan 2023	-	25,644	1,577	-	27,221
Additions	149,409	2,715	-	3,348	155,472
Disposals	-	(25,644)	-	-	(25,644)
Cost at 31 st Dec 2023	149,409	2,715	1,577	3,348	157,049
Depreciation at 1 st Jan 2023	-	3,535	526	-	4,061
Charge for the year	-	8,714	525	279	9,518
Disposals	-	(12,083)	-	-	(12,083)
Depreciation at 31 st Dec 2023	-	166	1,051	279	1,496
Net Book Value at 31 st Dec 2023	149,409	2,549	526	3,069	155,553
Net Book Value at 1 st Jan 2023	-	22,109	1,051	-	23,160

11 Debtors and prepayments

	2023	2022
	£	£
Income tax – Gift Aid claim	-	1,500
Donations receivable	6,250	6,250
Accounts receivable	47,271	11,274
Prepayments and accrued income	2,640	-
VAT recoverable	14,328	-
Other Debtors	393	-
	70,882	19,024

Notes *(continued)*
(forming part of the financial statements)

12 Creditors

	2023 £	2022 £
Donations payable	-	1,500
Accounts payable	3,038	1,782
Accruals and deferred income	11,141	1,500
Pensions payable	-	379
National insurance & PAYE payable	12,399	11,237
	26,578	16,398

13 Reserves

2023	Balance at 1 st Jan 2023 £	Income £	Expenditure £	Balance at 31 st Dec 2023 £
<i>Restricted Funds:</i>				
Skyboat Residency	9,540	-	(3,800)	5,740
	9,540	-	(3,800)	5,740
<i>Unrestricted Funds:</i>				
General Fund	456,199	369,389	(345,159)	480,429
	456,199	369,389	(345,159)	480,429

2022	Balance at 1 st Jan 2022 £	Income £	Expenditure £	Balance at 31 st Dec 2022 £
<i>Restricted Funds:</i>				
Skyboat Residency	8,480	7,500	(6,440)	9,540
	8,480	7,500	(6,440)	9,540
<i>Unrestricted Funds:</i>				
General Fund	239,547	327,134	(110,482)	456,199
	239,547	327,134	(110,482)	456,199

Restricted Funds:

- **Skyboat Residency:** Donations to cover rent and stipends for this residency.

Notes *(continued)*
(forming part of the financial statements)

14 Analysis of net assets between funds

31 st December 2023	Tangible Fixed Assets 2023 £	Net current assets 2023 £	Total 2023 £
Restricted Funds	-	5,740	5,740
General Fund (unrestricted)	155,553	324,876	480,429
	<u>155,553</u>	<u>330,616</u>	<u>486,169</u>

31 st December 2022	Tangible Fixed Assets 2022 £	Net current assets 2022 £	Total 2022 £
Restricted Funds	-	9,540	9,540
General Fund (unrestricted)	23,160	433,039	456,199
	<u>23,160</u>	<u>442,579</u>	<u>465,739</u>

15 Related party transactions

During the year the SCIO was invoiced £59,198 (2022: £23,230) of expenditure by Marchmont Farms Limited, a company in which one Trustee is a director. This expenditure related to residency costs, room hire, catering costs, cleaning, utilities, event costs, advertising, and consulting. During the year the SCIO invoiced Marchmont Farms Limited £nil (2022: £11,274) for salary recharges and travel reimbursements. At the year-end the balance due from Marchmont Farms Limited was £36,238 (2022: £10,849). During the year the SCIO received £2,438 (2022: £nil) in donations from Marchmont Farms Limited.

During the year the SCIO was invoiced £nil (2022: £1,591) of expenditure by Marchmont Ventures Group Limited, a company in which one Trustee is a director. At the year-end the balance due to Marchmont Ventures Group Limited was £nil (2022: £nil).

16 Trustee donations and reimbursements

The total amount donated to the SCIO during the year by trustees was £298,617 (2022: £243,000).

During the year, a total of £3,350 (2022: £nil) was reimbursed to Trustees for expenditure that they had paid on behalf of the charity. As at 31st December 2023 no reimbursement was due to be paid to any Trustee for expenditure incurred on behalf of the charity (2022: £nil).

16 Ultimate controlling party

The charity is controlled by its Trustees.

Notes *(continued)*
(forming part of the financial statements)

17 Commitments under operating leases

At 31 December 2023 the organisation had future minimum lease payments under a non-cancellable operating lease as follows:

	2023	2022
	£	£
Within 1 year	130,000	-
Between 2- 5 years	520,000	-
More than 5 years	2,448,333	-
	3,098,333	-

The total lease payments for the year were £21,729 (2022: £nil)

18 Contingent Asset

The organisation has been made aware of a legacy to be received after the reporting period. At the time of signing, probate had not been granted and there was not sufficient evidence to equate a value, to allow the legacy income to be recognised.

