

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

**ANNUAL REPORT & FINANCIAL STATEMENTS
OF THE TRUSTEES
FOR THE YEAR TO 31 DECEMBER 2005**

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

ANNUAL REPORT OF THE TRUSTEES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2005

Objectives

Established by Trust Deed on 5 September 2003, the principal objectives of the Trust are to promote research into, and education of accountancy, finance and management together with all subjects in any way related (including the provision of information service facilities open to the public for research into and education in the accountancy profession).

Status

The Trust was recognised by the Inland Revenue and the Office of the Scottish Charity Regulator (OSCR) as a charity with effect from 5 September 2003 under Scottish Charity Number SC 034836.

Appointment of Trustees

The Trustees are appointed for a term of up to three years and are eligible for re-appointment thereafter for a maximum of three consecutive terms save in exceptional circumstances where a fourth term is permitted. The minimum number of Trustees is five, maximum eleven.

New Trustees are appointed by the existing Trustees. A minimum of two Trustees at any time shall have been appointed from a list of nominations from The Institute of Chartered Accountants of Scotland (the Institute). A minimum of one Trustee at any time should not be a member of the Institute.

Trustees

The following Trustees served during 2005:

David C Bentley (appointed September 2005) *
Vivienne Dickson
Nigel Macdonald **
Alison McGilvray (Lay Trustee)
Professor Ian Percy CBE (Chairman)
Ian Robertson (resigned April 2005) *
David L Spence (appointed September 2005) *
Ian Stubbs (appointed April 2005)
Sir David Tweedie
Pauline Weetman

* Nominated by the Institute

** Originally nominated by the Institute but reappointed by the Trustees in April 2005 (on demitting office as an ICAS nominated Trustee)

Officers

The Officers of the Trust during the period were:

Secretary:	David A Wood
Auditor:	Mazars LLP 90 St Vincent Street Glasgow G2 5UB
Solicitors:	Maclay Murray & Spens 151 St Vincent Street Glasgow G2 5NJ
Bankers:	HBOS 38 St Andrew Square Edinburgh EH2 2YR

The offices of the Trust are at CA House, 21 Haymarket Yards, Edinburgh EH12 5BH

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

ANNUAL REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

Risk Management

The Trustees consider on a regular basis the major business and operational risks which the Trust faces, and monitor the measures which have been implemented to mitigate those risks through established reporting systems.

The Trust appreciates the support of the Institute for making available the services of the Secretary and the provision of the support services to the information service. The Trustees have entered into a memorandum of understanding with the Institute as regards the funding of research and the information service. That memorandum of understanding explicitly acknowledges the charitable purposes and public interest objectives of the Trust.

Investment Policy

The cash resources of the Trust are held in an interest bearing deposit account, in accordance with the Trustees' powers. This investment policy which is reviewed by the Trustees from time to time is aimed at providing a reasonable level of income, whilst retaining the availability of funds from which to make grants and awards and maintain the operation of the Information Service.

Reserves Policy

In order to allow longer term stability for the funding of academic research projects, the Trustees will seek donations from the Institute or other parties so as to maintain the Trust's charitable operations and minimum level of Reserves of around one year's outgoings.

Grant Making Policy

From 1 July 2005, the Trust awarded research grants to projects complying with the Trust's objectives, as stated above. From that date, efforts were made to ensure that the availability of funds from the Trust for education and for research in accountancy and related matters falling within the objects of the Trust was communicated to all relevant audiences, including the Institute. A list of the projects receiving support appears in Note 4 to the Financial Statements.

Review of the Year

The Trustees met on two occasions during the year.

On 30 June 2005, the assets and operations of the Scottish Accountancy Research Trust (SART) were transferred to the Trust. SART was a Charitable Trust with similar, but narrower objects to SATER. The SART Trustees agreed at their meeting on 16 March 2005 to transfer SART's operations and assets to SATER at 30 June 2005, and SART is in the process of being wound up and removed from the Scottish Charity Register. The assets transferred from SART are reflected in Donations under the "Incoming Resources" section of the Combined Statement of Financial Activity and Income & Expenditure Account on page 5 of the Financial Statements, which are further analysed in Note 3 on page 7.

From 1 July 2005, therefore, the Trust took over the operation of the Information Service and the provision of funding for high quality academic research which is timely, relevant, useful to the accountancy profession and in the public interest.

The Trustees are keen to take advantage of developments in information technology to develop the Information Service as a key source of information for the wider international academic and business community. During the latter part of 2005, the Trustees were consulted during the development of the Institute's research themes for 2006 to 2008, and were also consulted in the review of the Research Committee's strategy and academic project acceptance criteria. The aim of such consultation was to ensure that any academic research projects which the Institute supports and which the Trust funds, are in accordance with the charitable objectives of the Trust.

In October 2005, SATER launched the Helen Jones Appeal Fund. Helen was an ICAS member, who was a native of Lockerbie and whose promising career as an Accountant was, tragically, cut short as a result of the London bombings on 7th July 2005. The Appeal Fund is intended to provide financial assistance to pupils from the Lockerbie area seeking to study accountancy at university and the first such award will be made in 2006. Over £31,000 of donations were received into the fund up to the end of 2005. The Appeal Fund is operated by SATER as a restricted fund and is included as such within the Financial Statements.

David A Wood
Secretary to the Trustees
14 March 2006

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The law applicable to charities in Scotland requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the Trust's financial activities during the year and of its financial position at the end of the year, and which have been properly prepared from and are in agreement with the accounting records of the Trust and comply with relevant disclosure regulations.

In preparing those Financial Statements, the Trustees are required to:

- select suitable Accounting Policies and apply these consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable Accounting Standards, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Trust will continue its activities.

The Trustees are required to act in accordance with the Trust Deed of the charity, within the framework of Trust law. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the Financial Statements comply with the requirements of Section 5 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 and the Charities Accounts (Scotland) Regulations 1992 flowing therefrom. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Professor J P Percy CBE
Chairman of the Trustees
14 March 2006

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

We have audited the Financial Statements on pages 5 to 10. These Financial Statements have been prepared under the historical cost convention and the Accounting Policies set out on page 7.

This report is made solely to the charity's Trustees as a body, in accordance with the requirements of the charity's Trust Deed. Our audit work has been undertaken so that we might state to the charity's Trustees 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 charity and the charity's Trustees for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As described in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities Financial Statements (Scotland) Regulations 1992 and the Trust's founding deed. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the Financial Statements, if the Trust has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited Financial Statements. 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 any other information.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 in the preparation of the Financial Statements, and of whether the Accounting Policies are appropriate to the Trust'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 Statements.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Trust's affairs as at 31 December 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities Accounts (Scotland) Regulations 1992 and the Trust's founding deed.

Mazars LLP
Chartered Accountants and Registered Auditors
90 St Vincent Street
Glasgow
G2 5UB
14 March 2006

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

COMBINED STATEMENT OF FINANCIAL ACTIVITY AND INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	General Fund	Helen Jones Appeal Fund	Total Year to 31 December 2005	Total 16 months to 31 December 2004
		£	£	£	£
Incoming Resources					
Donations	3	-	31,411	31,411	95,490
Transfer from SART		395,935	-	395,935	-
Sale of Research Publications		1,190	-	1,190	-
Bank Interest		4,607	-	4,607	-
Total Incoming Resources		401,732	31,411	433,143	95,490
Expenditure					
Research Grants	4	(32,575)	-	(32,575)	-
Information Service Staff Costs	5	(21,145)	-	(21,145)	(5,702)
Other Information Service Expenditure		(19,636)	-	(19,636)	-
Other Charitable Expenditure	6	-	-	-	(49,953)
Total Charitable Expenditure		(73,356)	-	(73,356)	(55,655)
Management and Administration	7	(8,888)	-	(8,888)	(32,094)
Total Resources Expended		82,244	-	(82,244)	(87,749)
Net Movement in Funds for the Year		319,488	31,411	350,899	7,741
Total Funds at 31 December 2004	10	7,741	-	7,741	-
Total Funds at 31 December 2005	10	327,229	31,411	358,640	7,741

The Trust has no recognised gains and losses other than those included in the Surplus above and therefore no separate Statement of Total Recognised Gains and Losses has been prepared.

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

BALANCE SHEET

AS AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
Current Assets			
Debtors and Prepayments	8	869	10,649
Bank Deposit		<u>434,780</u>	-
		<u>435,649</u>	<u>10,649</u>
Creditors: Amounts falling due within one year			
Creditors and Accruals	9	<u>(77,009)</u>	<u>(2,908)</u>
Net Assets		<u>358,640</u>	<u>7,741</u>
Funds			
Unrestricted funds – General	11	178,299	7,741
Designated funds - General	11	<u>148,930</u>	-
		327,229	7,741
Restricted Funds – Helen Jones Appeal Fund		<u>31,411</u>	-
		<u>358,640</u>	<u>7,741</u>

The Financial Statements on pages 5 to 10 were approved by the Trustees on 14 March 2006 and are signed on their behalf by:

Professor J P Percy CBE

Chairman

V A Dickson

Trustee

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- a) The Financial Statements are prepared under the historical cost convention and reflect the transfer of the operations, assets and liabilities from the Scottish Accountancy Research Trust (SART) as at 30 June 2005.
- b) Income is accounted for on a cash basis.
- c) The Financial Statements are prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities issued in March 2005.
- d) On 29 November 1993 The Institute of Chartered Accountants of Scotland (the "Institute") gifted to SART the contents of the Institute Libraries in Edinburgh and Glasgow. Due to the nature of the Library contents, which are primarily the books and catalogues of the Libraries, it was not considered practical to ascertain the value of these assets received. These assets continued to be in use by SART adjusted for any disposal and additions since the date gifted, and were transferred to the Trust on 30 June 2005.

Books and periodicals are written off in the year of the purchase.

- e) Grants reflect amounts paid and payable in the year.
- f) The Trustees earmarked General Funds in respect of research projects, the payment of grants for which is contingent on the approval of detailed progress reports for each project. These funds are shown as Designated Funds.
- g) All donations are accounted for gross when receivable. Related Gift Aid receivable is accrued.
- h) Expenditure is stated inclusive of VAT.
- i) The Trust is a member of a multi-employer Defined Benefit Scheme for one of its staff. The Trust is also a member of a multi-employer Stakeholder Scheme for the other member of staff. Pension costs are charged to the Income and Expenditure Account in the period in which they arise.

2. Taxation

The Trust has charitable status and enjoys relief from taxation under Section 505 of the Income and Corporation Taxes Act 1988. Donations and legacies to the Trust may attract taxation relief for the donor. The Trust is not registered for Value Added Tax (VAT) and accordingly any such irrecoverable VAT is included in the expenditure concerned.

3. Donations

	2005	2004
	£	£
SART	-	33,498
SCATE	-	56,473
The Institute	-	5,519
Helen Jones Appeal	31,411	-
	<u>31,411</u>	<u>95,490</u>

THE SCOTTISH ACCOUNTANCY TRUST EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

4. Research Grants

	2005 Paid £	2005 Committed £	2004 Paid £	2004 Committed £
Institution Grants:				
Aberdeen University	-	(4,200)	-	-
Cardiff University	(6,227)	(9,490)	-	-
Dundee University	(3,310)	(41,669)	-	-
East Anglia University	(1,311)	(5,483)	-	-
Exeter University	-	(5,934)	-	-
Greenwich University	-	(2,000)	-	-
Heriot Watt University	-	(13,000)	-	-
Loughborough University	-	(1,600)	-	-
Manchester University	-	(26,363)	-	-
Newcastle University	(1,064)	(2,937)	-	-
Nottingham University	(1,915)	-	-	-
Paisley University	(5,952)	(7,160)	-	-
Portsmouth University	-	(11,300)	-	-
Regina University, Canada	-	(2,000)	-	-
Robert Gordon University	(1,500)	(2,745)	-	-
			-	-
Non Institution Grants:				
ICAS Alumni Publication	(889)	(6,251)	-	-
Intellectual Capital Reporting in Hong Kong	(9,815)	(1,435)	-	-
Mid 20 th Century Accounting Oral History Project	-	(2,263)	-	-
Professional Accountancy Firms in British West Africa	-	(3,100)	-	-
Seedcorn Funding	(592)	-	-	-
	(32,575)	(148,930)	-	-

All Commitments relating to SART grants were transferred to SATER as at 30 June 2005. The Institution grants are paid to universities, which administer the grants, on submission of material and expenses as stated in the grant documentation and approved by the Trust. The grants are cancellable at short notice.

As stated in note 1f, the total amount of grants committed but not yet paid is reflected in the Designated Funds as set out in note 11.

THE SCOTTISH ACCOUNTANCY TRUST EDUCATION AND RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

5. Information Service Staff Costs

	2005	2004
	£	£
Staff costs:		
Salaries	(17,492)	-
Social Security Costs	(1,983)	-
Pension Costs	(1,670)	-
Recruitment Costs	-	(5,702)
	<u>(21,145)</u>	<u>(5,702)</u>

The average number of employees during the period was 2 2

The employees of SART who were both transferred to the Trust on 30 June 2005 were members and continue to be members of the Pension Schemes of the Institute. One member of staff is a member of the Defined Benefit Pension Scheme (which was closed to new members from 31 March 2003) and the other member of staff is a member of the Defined Contribution Pension Scheme. Contributions were paid by the Trustees on the basis of Actuarial advice. The Institute, as principal employer, discloses details of the Pension Schemes in its Financial Statements.

6. Other Charitable Expenditure

	2005	2004
	£	£
ICAS 150 th Anniversary Conference	-	(7,526)
ICAS 150 th Anniversary Publication	-	(37,427)
Post Conference Publication	-	(5,000)
	<u>-</u>	<u>(49,953)</u>

7. Management and Administration Expenses

	2005	2004
	£	£
Development Costs	-	(17,655)
Audit Fee	(950)	(1,057)
Legal Costs	(5,956)	(12,440)
General Expenses	(1,982)	(942)
	<u>(8,888)</u>	<u>(32,094)</u>

8. Debtors and Prepayments

	2005	2004
	£	£
Amounts due to Helen Jones Appeal	869	-
Amounts due from SART	-	7,798
Amounts due from SCATE	-	2,851
	<u>869</u>	<u>10,649</u>

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

9. Creditors and Accruals

	2005 £	2004 £
Amounts due to the Institute (note 13)	(70,527)	(1,851)
Accruals	(6,482)	(1,057)
	<u>(77,009)</u>	<u>(2,908)</u>

10. Analysis of Net Assets

	General Fund £	Helen Jones Appeal Fund £	2005 Total £	General Fund £	Helen Jones Appeal Fund £	2004 Total £
Fund Balances at 31 December are represented by:						
Current Assets	404,238	31,411	435,649	10,649	-	10,649
Current Liabilities	(77,009)	-	(77,009)	(2,908)	-	(2,908)
	<u>327,229</u>	<u>31,411</u>	<u>358,640</u>	<u>7,741</u>	<u>-</u>	<u>7,741</u>

11. General Funds

	2005 Unrestricted Funds £	2005 Designated Funds £	2005 General Funds Total £	2004 Unrestricted Funds £
Opening Balance at 1 January	7,741	-	7,741	-
Total Incoming Resources	401,732	-	401,732	95,490
Information Service Staff Costs	(21,145)	-	(21,145)	(5,702)
Other Information Service Costs	(19,636)	-	(19,636)	(49,953)
Management and Administration Expenses	(8,888)	-	(8,888)	(32,094)
Transferred from SART	(152,742)	152,742	-	-
Research Grants Expenditure	-	(32,575)	(32,575)	-
New Grants Committed	(28,763)	28,763	-	-
Closing Balance at 31 December	<u>178,299</u>	<u>148,930</u>	<u>327,229</u>	<u>7,741</u>

12. Trustees' Remuneration

No Trustees received any remuneration during the period.

13. Transactions with Connected Bodies

The Institute pays the salaries and related costs for the employees of the Information Service which are recharged to SATER and are disclosed in note 5.

During the year, the Trust paid £5,956 to Maclay Murray & Spens for professional fees in regard to advice received by SATER in relation to the transfer of the assets and operations from SART. Ian Stubbs, a Trustee, is a partner of Maclay Murray & Spens.