

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

**ANNUAL REPORT AND FINANCIAL STATEMENTS
OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2006**

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

ANNUAL REPORT OF THE TRUSTEES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2006

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.

Connected Bodies

The Institute of Chartered Accountants of Scotland (ICAS) is regarded as a connected body by virtue of it being the main donor to the Trust and providing payroll administration, general administration and secretarial services to the Trust. The Trustees act independently of ICAS, as required by the Trust Deed, although they maintain constructive relationships with ICAS on all matters of joint interest. Trust funds are kept separately from those of ICAS.

The Scottish Chartered Accountant's Trust for Education (SCATE) is also regarded as a connected body by virtue of its common charitable purposes and common secretarial administration.

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.

The Induction process for any newly-appointed trustee comprises of the issuance of an Induction pack, followed by an initial meeting with the Secretary and the Chairman to cover the grant making process, investments and powers and responsibilities of the trustee, and any other pertinent matters. The Induction pack includes a brief history of the Trust, copy Board minutes, latest risk matrix, Memorandum of Understanding between ICAS & SATER, a copy of the last years annual report and accounts, a copy of the governing trust deed and a copy of the OSCR Guidance for Trustees. Although there is no formal ongoing training, the Trustees have circulated to them copies of "Governance", a magazine for charity Trustees and they attend relevant courses on an ad-hoc basis. Trustees are also sent, prior to the Trustees meetings, agenda papers detailing relevant matters arising.

Trustees

The following Trustees served during 2006:

David C Bentley
Vivienne Dickson (resigned May 2006)
Nigel MacDonald
Alison McGilvray (Lay Trustee)
Professor Ian Marrian (appointed September 2006)
Professor Ian Percy CBE (Chairman)
David L Spence
Ian Stubbs
Sir David Tweedie
Pauline Weetman

At the Trustees' September meeting, Ian Percy intimated his intention to resign as Chairman with effect from March 2007, and Nigel MacDonald was elected Chairman, to take office from that date.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

Officers

The Officers of the Trust during the period were:

Secretary:	David A Wood
Auditor:	Scott-Moncrieff 17 Melville Street Edinburgh EH3 7PH
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.

Risk Management

The Trustees have considered on a regular basis the major business and operational risks which the Trust faces, and have monitored 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. After a recent review by the Trustees, the deposit account obtained more favourable terms, now earning interest at 0.5% below base rate (2005 – 2% below base rate).

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 six months' outgoings. The actual level of free reserves at 31 December was £220,568 (2005 - £178,299).

Grant Making Policy

The Trust awards research grants to projects complying with the Trust's objectives, as stated above. Efforts are 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 are communicated to all relevant audiences with particular regard to serving the public interest. A list of the projects receiving support appears in Note 6 to the Financial Statements. Applications are considered by reference to the objectives of the Trust, and to the level of funds available. Within these objectives, the Trustees receive advice on the quality of academic research projects on the basis of acceptance criteria approved by the Trustees and implemented in cooperation with the Institute's Research Strategy. The acceptance criteria were most recently reviewed and updated, in consultation with the Trustees, in late 2005.

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

Review of the Year

The Trustees met on two occasions during the year.

SATER continues to operate the Information Service and provide funding for high quality academic research which is timely, relevant, and useful to the accountancy profession and in the public interest. The Trustees are keen to publicise the Information Service as a specialist accountancy and business resource to the Library and Academic communities. Marketing initiatives have taken place over the year, and continue into 2007. The SATER website continues to promote the Information Service and its resources, as well as providing information about SATER's funding and research publications.

Voluntary income comes from ICAS, the main donor who donated £200,000 in 2006. Further income of £20,509 was received from the Institute for services provided by the Trust which were not available to the general public.

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 its 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.

The Research Strategy brochure was published in early 2006, and has generated a number of quality applications for project funding. The Trustees also encourage applications for funding directly to SATER, from a broad range of applicants, outwith the constraints of the Institute Research Strategy. During the year the Trust awarded grants of £85,926, as set out in Note 6 to the Financial Statements.

As reported in the 2005 Annual Report, in October 2005 an Appeal Fund in memory of Helen Jones was launched. Helen was an ICAS member, originally from Lockerbie who was killed in the London bombings on 7th July 2005. The Appeal Fund provides financial assistance to pupils from the Lockerbie area seeking to study accountancy at university, and the first scholarship was awarded in 2006 – to Emma McDowall. Emma is studying Accounting and Finance at Heriot-Watt University. A further scholarship will be awarded in 2007.

A prior year adjustment was made to the 2005 Accounts to reflect a change in accounting policy as required by the SORP 2005. The net effect of this adjustment, as detailed in note 14 to the accounts, was to recognise Grant commitments as liabilities and to eliminate the designated funds.

The Trustees also approved a small grant for the first ICAS Annual Aileen Beattie Memorial Lecture, held in London in February 2007. This was held in memory of Aileen Beattie, who was Secretary of SART (SATER's predecessor) from November 2000 until December 2004, and Executive Director, Technical Policy at ICAS, and who died in October 2005. The Annual Lecture is intended to highlight her contribution to the Institute's thought leadership during her twenty years of service and will also provide an opportunity for SATER to raise its profile as a provider of funds to support thought leadership projects in accountancy, finance and management.

David A Wood
Secretary to the Trustees
30th March 2007

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.

Nigel MacDonald
Chairman of the Trustees
30th March 2007

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 for the year ended 31 December 2006 set out on pages 6 to 13. These financial statements have been prepared under the accounting policies set out on page 8.

This report is made solely to the Charity's Trustees, as a body, in accordance with Regulation 7 of the Charities Accounts (Scotland) Regulations 1992. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's 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 Trustees as a body, 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 you are responsible as Trustees for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and are properly prepared in accordance with the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities Accounts (Scotland) Regulations 1992 and the constitution of the charity. We also report to you if, in our opinion, the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We report to you whether in our opinion the information given in the Trustees' report is consistent with the financial statements.

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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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, in accordance with United Kingdom Generally Accepted Accounting Practice; of the state of the charity's affairs as at 31 December 2006 and of its incoming resources and application of resources in the year then ended; and
- The financial statements have been properly prepared in accordance with Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities Accounts (Scotland) Regulations 1992 and the constitution of the charity
- The information given in the Trustees' Report is consistent with the financial statements.

SCOTT-MONCRIEFF
Chartered Accountants and Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH
30th March 2007

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

COMBINED STATEMENT OF FINANCIAL ACTIVITY AND INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	General Fund £	Helen Jones Appeal Fund £	Total 2006 £	Total 2005 Restated £
Incoming Resources					
Incoming resources from generated funds:					
Voluntary Income	5	200,000	7,158	207,158	274,604
<i>Activities for generating funds:</i>					
Sale of Research Publications		5,683	-	5,683	1,190
Investment income		8,521	1,224	9,745	4,607
<i>Other incoming resources</i>					
ICAS Recharge	4	20,509	-	20,509	-
Total Incoming Resources		234,713	8,382	243,095	280,401
Resources Expended					
Charitable Activities					
Research Grants Awarded	6	(85,926)	-	(85,926)	(31,350)
Research Grants no longer required	6	13,027	-	13,027	2,587
Information Service	7	(109,963)	-	(109,963)	(40,781)
ICAS Annual Aileen Beattie Memorial Lecture		(5,000)	-	(5,000)	-
Helen Jones Appeal Bursary		-	(400)	(400)	-
Total Charitable Expenditure		(187,862)	(400)	(188,262)	(69,544)
Governance costs	8	(5,806)	(188)	(5,994)	(8,888)
Total Resources Expended		(193,668)	(588)	(194,256)	(78,432)
Net Movement in Funds for the Year		41,045	7,794	48,839	201,969
Total Funds at 1 January 2006 as restated	13	178,299	31,411	209,710	7,741
Total Funds at 31 December 2006	13	219,344	39,205	258,549	209,710

The Trust has no recognised gains and losses other than those disclosed above.

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

The notes on page 8 to 13 form part of these financial statements.

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 £	2005 Restated £
Current Assets			
Debtors and Prepayments	9	2,043	869
Cash at bank and in hand		441,511	434,780
Total Current assets		<u>443,554</u>	<u>435,649</u>
Liabilities:			
Creditors: Amounts falling due within one year	10	(176,754)	(213,455)
Net Current Assets		<u>266,800</u>	<u>222,194</u>
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year	10	(8,251)	(12,484)
Net assets		<u>258,549</u>	<u>209,710</u>
The funds of the charity:			
General Reserve - Unrestricted	13	219,344	178,299
Restricted Funds – Helen Jones Appeal Fund	13	39,205	31,411
Total charity funds		<u>258,549</u>	<u>209,710</u>

The notes on page 8 to 13 form part of these financial statements.

Approved by the Trustees on 30th March 2007 and signed on their behalf by:

Nigel Macdonald **Chairman**

David L Spence **Trustee**

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies

a) Basis of preparation

The Financial Statements are prepared under the historical cost convention. The Financial Statements are prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 and the Charities Accounts (Scotland) Regulations 1992.

b) Fund Structure

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by the donor or trust deed. There is a single restricted fund, the Helen Jones Appeal Fund, restricted to providing financial assistance to pupils from the Dumfries and Galloway area seeking to study accountancy, finance or management at University.

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. From time to time unrestricted funds may include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

c) Incoming resources

All incoming resources are recognized once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

All donations are accounted for gross when receivable. Related Gift Aid receivable is accrued.

d) Resources expended

Liabilities are recognized as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants awarded are payments made to third parties in the furtherance of the charitable objectives of the Trust. Single or multi-year grants are accounted for when the recipient has received notification that they will receive a grant and any condition attaching to the grant is outside the control of the Trust.

Grant Creditors are split between less than one year and greater than one year based on the earliest time that grants can be claimed.

e) Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

f) Charitable activities

Costs of charitable activities include grants made and directly attributable costs of operating the information service

g) Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with any apportionment of overhead and support costs.

h) Tangible fixed assets and depreciation

On 29 November 1993 The Institute of Chartered Accountants of Scotland (the "Institute") gifted to SART (Scottish Accountancy Research Trust) 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 SATER on 30 June 2005.

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

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies (continued)

i) Pension Costs

Employees of the Trust are members of multi-employer pension schemes, a defined benefit scheme for one of its staff and a multi-employer stakeholder scheme being a defined contribution scheme, for the other member of staff.

For the defined contribution scheme, pension costs are charged to the Combined Statement of Financial Activities and Income and Expenditure in the period in which they arise.

For the defined benefit scheme the amount charged in the Combined Statement of Financial Activities and Income and Expenditure is the pension contribution paid on the basis of actuarial advice. Note 15 details the Retirement Benefit Obligations relating to the multi-employer defined benefit scheme and multi employer stakeholder scheme.

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. Trustees' Remuneration

No Trustees received any remuneration during the period (2005 - £Nil). The Trustees do not consider indemnity insurance to be part of Trustee remuneration. Expenses in the year totalled £1,082 (2005 - £717) with travel expenses reimbursed to three trustees.

4. Transactions with Connected Bodies

The Institute is the main donor to SATER and also pays the salaries and related costs for the employees of the Information Service which are recharged to SATER and are disclosed in note 7. SATER recharges the Institute for services provided by the Information Service to its staff & members which are not available to the general public. The recharge for the year was £20,509 (2005 - £Nil).

5. Voluntary Income

	2006	2005
	£	£
Donations from ICAS	200,000	-
Helen Jones Appeal	7,158	31,411
Transfer from SART	-	243,193
	<u>207,158</u>	<u>274,604</u>

6. Analysis of Research Grants

Research Grants	2006	2005
	£	Restated £
New Grants awarded in year	85,926	31,350
Grants no longer required	(13,027)	(2,587)
	<u>72,899</u>	<u>28,763</u>

THE SCOTTISH ACCOUNTANCY TRUST EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

6. Analysis of Research Grants (cont).

	Awarded during year 2006 2006 £	Total Grants Payable 2006 £	Awarded during year 2005 2005 £	Total Grants Payable 2005 2005 £
Institution Grants:				
Aberdeen University	(7,500)	(11,700)	-	(4,200)
Birmingham University	(21,308)	(21,308)	-	-
Brunel University	(3,450)	(3,450)	-	-
Cardiff University	-	(3,249)	-	(9,490)
Dundee University	-	(28,443)	(18,350)	(41,669)
East Anglia University	-	-	-	(5,483)
Edinburgh University	(1,906)	(1,906)	-	-
Exeter University	-	(3,777)	-	(5,934)
Greenwich University	-	-	-	(2,000)
Heriot Watt University	-	(13,000)	(13,000)	(13,000)
Lancaster University	(2,000)	-	-	-
Loughborough University	-	(1,600)	-	(1,600)
Manchester University	-	(1,500)	-	(26,363)
Newcastle University	-	(1,038)	-	(2,937)
Oxford Brookes University	(10,650)	(10,650)	-	-
Paisley University	-	(7,160)	-	(7,160)
Portsmouth University	-	(1,200)	-	(11,300)
Regina University, Canada	-	(680)	-	(2,000)
Robert Gordon University	-	(1,976)	-	(2,745)
Sydney University	(7,812)	(7,812)	-	-
Toronto University	(27,000)	(27,000)	-	-
	(81,626)	(147,749)	(31,350)	(135,881)
Individual Grants:				
ICAS Alumni Publication	-	-	-	(6,251)
Intellectual Capital Reporting in Hong Kong	-	(1,435)	-	(1,435)
Mid 20 th Century Accounting Oral History Project	-	(1,600)	-	(2,263)
Professional Accountancy Firms in British West Africa	-	(1,500)	-	(3,100)
Seedcorn Funding	(4,300)	(2,250)	-	-
	(4,300)	(6,785)	-	(13,049)
Total Research Grants awarded	(85,926)	(154,234)	(31,350)	(148,930)

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 SCOTTISH ACCOUNTANCY TRUST EDUCATION AND RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

7. Analysis of Information Service Expenditure

	2006	2005
	£	£
Information service staff costs:		
Salaries	(45,872)	(17,492)
Social Security Costs	(4,137)	(1,983)
Pension Costs (see note 15)	(4,655)	(1,670)
Other staff costs	(692)	-
	<u>(55,356)</u>	<u>(21,145)</u>
Other Information service expenditure (e.g. books, periodicals, online services)	(54,607)	(19,636)
	<u>(109,963)</u>	<u>40,781</u>

The average number of employees during the period was 2 2

No employee received emoluments greater than £60K (2005 - £Nil)

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. Under the defined benefit scheme, contributions were paid by the Trustees on the basis of Actuarial advice while under the defined contribution scheme, contributions were paid in accordance to the rules of the scheme. The Institute, as principal employer, discloses details of the Pension Schemes in its Financial Statements and these are summarised in Note 15.

8. Governance Costs

	2006	2005
	£	£
Auditor's remuneration	(1,000)	(1,093)
(Over) / Under Accrual of Auditors remuneration	(103)	143
Legal Costs	(1,785)	(5,956)
Trustees expenses – meeting attendance and other business	(1,082)	(717)
Staff & Office costs	(2,024)	(1,265)
	<u>(5,994)</u>	<u>(8,888)</u>

9. Debtors and Prepayments

	2006	2005
	£	£
Gift Aid due to Helen Jones Appeal	670	869
Sales of Research Publications	1,373	-
	<u>2,043</u>	<u>869</u>

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

10. Creditors and Accruals

	2006	2005
	£	Restated £
Creditors under 1 Year		
Research Grants payable (note 6)	(145,983)	(136,446)
Amounts due to the Institute of Chartered Accountants of Scotland	(23,408)	(70,527)
Accruals	(7,363)	(6,482)
	<u>(176,754)</u>	<u>(213,455)</u>

	2006	2005
	£	Restated £
Creditors over 1 year		
Research Grants payable (note 6)	<u>(8,251)</u>	<u>(12,484)</u>

11. Analysis of Grant Creditor

	2006	2005
	£	Restated £
Grants Payable		
As at 1 January	(148,930)	-
Grant liability from SART as at 30 June 2005	-	(152,742)
Grants Awarded	(85,926)	(31,350)
Grants no longer required	13,027	2,587
Grants paid in year	67,595	32,575
As at 31 December	<u>(154,234)</u>	<u>(148,930)</u>

Total Grant liability as at 31 December is disclosed in note 10 as:

	2006	2005
	£	£
Creditors under 1 Year	(145,983)	(136,446)
Creditors over 1 year	(8,251)	(12,484)
Total Research Grants payable	<u>(154,234)</u>	<u>(148,930)</u>

12. Analysis of Net Assets

	General Fund	Helen Jones Appeal Fund	2006 Total	2005 Total Restated
	£	£	£	£
Fund Balances at 31 December are represented by:				
Current Assets	401,418	42,136	443,554	435,649
Current Liabilities	(172,599)	-	(176,754)	(144,604)
Long term liabilities	(8,251)	-	(8,251)	(81,335)
	<u>220,568</u>	<u>42,136</u>	<u>258,549</u>	<u>209,710</u>

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

13. Analysis of Charitable funds

	Balance at 1 January b/fwd as restated £	Incoming resources £	Resources expended £	Fund c/fwd £
Unrestricted funds (see note 14)	178,299	234,713	(193,668)	219,344
Restricted funds	31,411	8,382	(588)	39,205
	<u>209,710</u>	<u>243,095</u>	<u>194,256</u>	<u>258,549</u>

14. Prior year adjustments

A prior year adjustment has been made to reflect a change in accounting policy to recognise the Grant commitments as liabilities, rather than designated funds as required by the SORP 2005. This has resulted in an increase in liabilities of £148,930 and the elimination of designated funds which relate wholly to grant commitments made during the year to 31 December 2005.

	General Fund	Helen Jones Appeal Fund	Total 2006 £	Total 2005 £
Reconciliation of funds				
Total funds brought forward at 1 January as previously reported	327,229	31,411	358,640	7,741
<i>Prior year adjustments</i>				
Research Grants	(148,930)	-	(148,930)	-
Total funds brought forward at 1 January as restated	<u>178,299</u>	<u>31,411</u>	<u>209,710</u>	<u>7,741</u>

15. Retirement Benefits Obligation

As stated in Note 7, the employees of SATER are members of the multi-employer pension schemes of the Institute and SATER reimburses the Institute for the costs relating to the Trust's share.

Defined Contribution Scheme

The Institute established a Defined Contribution Pension Scheme for staff not eligible to join the Defined Benefits Pension Scheme (closed to new members from 31st March 2003). Contributions to this Scheme are charged to the Income Statement as they are incurred. Employer contributions are disclosed below.

Defined Benefit Scheme

The Institute operates a Scheme providing benefits based on years of service and a three year average of pensionable salary at leaving. As a result of significantly increased pension servicing costs and contribution levels, it was decided to close this Scheme to new members of staff as at 31st March 2003. As the Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis the Employer contributions only are disclosed below.

	2006 Trust £	2005 Trust £
Defined contribution scheme employer contributions	2,421	580
Defined benefit scheme employer contributions	<u>2,234</u>	<u>1,090</u>
	<u>4,655</u>	<u>1,670</u>

The deficit in the ICAS multi-employer pension scheme has been identified as £1.9M as at 31 December 2006. The Institute has continued to make inroads to address this deficit with increased payments into the scheme. During 2006 the Investment Strategy which was agreed following the 2005 Triennial Valuation was implemented, resulting in the Scheme's assets being moved from predominantly equities to bonds. The Institute is progressing work in 2007 to ensure the risks of the deficit are continuously managed.