

**SCOTTISH ACCOUNTANCY RESEARCH TRUST**

**ANNUAL REPORT  
OF THE TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2004**

## **SCOTTISH ACCOUNTANCY RESEARCH TRUST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2004**

#### **Objectives**

Established by Trust Deed on 12 February 1992, the principal objectives of SART (the Trust) are to promote research into and the advancement of knowledge of accountancy, commercial law and related matters and to establish and operate a library or libraries open to the public for the teaching and study of those subjects. There has been no change to the principal objectives during the year.

#### **Status**

The Trust is recognised by the Inland Revenue as a charity under Scottish Charity Number SC 020912.

#### **Appointment of Trustees**

The Trustees have the authority to appoint (and dismiss) up to seven Trustees, with the Institute responsible for appointing two Trustees. A system of rotation of Trustees operates, other than for the Institute-appointed Trustees.

#### **Trustees**

The following Trustees served during 2004:

Chairman of the Trustees:            Professor J P Percy CBE

Trustees:                                P V Boyle (resigned March 2004)  
    V A Dickson  
    N C L Macdonald  
    A A McGilvray (Lay Trustee)  
    Professor Sir David Tweedie

#### **Officers**

The Officers of the Trust during the year were:

Secretary:                                David Wood (appointed December 2004)  
    (David Wood was Acting Secretary until December 2004)  
    Aileen Beattie (to December 2004)

Auditor:                                    Mazars LLP  
    90 St Vincent Street  
    Glasgow  
    G2 5UB

Bankers:                                    HBOS  
    38 St Andrew Square  
    Edinburgh  
    EH2 2YR

Solicitors:                                Maclay Murray & Spens  
    151 St Vincent Street  
    Glasgow G2 5NJ

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

#### **Investment Policy**

The Trust's investment policy is aimed at maintaining the real value of General Funds over a period of years and thereby providing a reasonable level of income.

## **SCOTTISH ACCOUNTANCY RESEARCH TRUST**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)**

#### **Risk Management**

The Trustees have examined the major business and operational risks which the Trust faces and have established systems to enable regular reports to be produced so that the necessary steps can be taken to minimise the risks.

The Trust is dependent on the continued support of the Institute in the form of Gift Aid.

#### **Reserves Policy**

The Reserve Fund represents Unrestricted Funds and Designated Funds arising from past operations.

#### **Grant Making Policy**

The Trust awards research grants to projects complying with the Trust's objectives, as stated above.

#### **Review of 2004**

The Trustees met on three occasions during the year.

During the year the SART Library was renamed as the SART Information Service, to reflect the move away from books to a much broader range of information sources, including the internet, electronic products and online databases. The Trustees were sorry to say goodbye to Dorothy Hogg, the Librarian, who retired in July after 29 years service, but were pleased to welcome Ellen Peacock who replaced her as Information Service Manager. In her first six months Ellen has been looking at ways to raise the profile of the Information Service and has written promotional articles and updated the SART website.

At the end of 2003 a review of the role of the Information Service or library, as it was then, was under way. This concluded that the Service was vital to the Institute's members and to many others, and should be retained, but that certain strategic changes should be made. Consequently, whilst the main focus has continued to be on electronic products and services, efforts have been made to update the book stock for items which are often requested or are regarded as core to the service. In addition, a new marketing strategy has been developed, with the intention of making users and potential users more aware of the range of resources available and of the knowledge and expertise of the staff. Close working relationships have also been maintained and further developed with other libraries within the accountancy and legal professions and with business and academic libraries in Scotland, with a view to enhancing the service provided in the most efficient way and to expanding the user base.

The SART website, including the library catalogue, was further updated in 2004, with metadata added to aid the retrieval of the site by search engines. Hyperlinks have been added linking to the research area of the Institute's website, to provide information about SART funded research. Links have also been provided to other relevant websites that may be of interest to site visitors. Mindful of the public interest element to SART's activities, the Trustees intend that the SART website will promote even greater use of the Information Service and make interested parties more aware of the research work that it supports.

The Trust continues to provide funding for high quality academic research that is timely, relevant and useful to the accountancy profession. The Trustees monitor the Institute's research themes and are encouraged by the Thought Leadership being displayed in a practical and academic manner. During the year the Trust made grants as set out in note 3 to the Financial Statements. The Trustees look forward to being involved during 2005 in the development of the research themes for 2006 to 2008, and in the review of the Research Committee's strategy and academic project acceptance criteria.

In 2003 a new Trust, the Scottish Accountancy Trust for Education and Research (SATER), was formed with wider objects than SART. Grants were made by SART for the establishment of the Trust and the Trustees are currently taking advice as to the winding down of SART in 2005 and the potential transferring of all its assets and the operation of the Information Service to SATER.

**D Wood**

**Secretary to the Trustees**

**16 March 2005**

## **SCOTTISH ACCOUNTANCY RESEARCH TRUST**

### **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 there from. 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**  
**16 March 2005**

## **SCOTTISH ACCOUNTANCY RESEARCH TRUST**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE SCOTTISH ACCOUNTANCY RESEARCH TRUST**

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 Accounts (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 judgements 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 2004 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**  
**16 March 2005**

SCOTTISH ACCOUNTANCY RESEARCH TRUST

COMBINED STATEMENT OF FINANCIAL ACTIVITY AND INCOME AND EXPENDITURE ACCOUNT  
for the year ended 31 December 2004

	Notes	2004 £	2003 £
<b>Incoming Resources</b>			
Gift Aid	2	-	330,000
Sale of Research Publications		6,586	2,570
Bank Interest		25,020	12,617
<b>Total Incoming Resources</b>		<b>31,606</b>	<b>345,187</b>
<b>Expenditure</b>			
Research Grants	3	(56,475)	(40,532)
Information Service Staff Costs	4	(51,253)	(49,532)
Other Information Service Expenditure		(35,859)	(31,127)
<b>Total Charitable Expenditure</b>		<b>(143,587)</b>	<b>(121,191)</b>
Management and Administration	5	(7,725)	(4,281)
<b>Total Resources Expended</b>		<b>(151,312)</b>	<b>(125,472)</b>
<b>Net Movements in Funds for the Year</b>		<b>(119,706)</b>	<b>219,715</b>
Total Funds at 1 January		578,221	358,506
<b>Total Funds at 31 December</b>		<b>458,515</b>	<b>578,221</b>

The Trust has no recognised gains and losses other than those included in the Net Movements in Funds 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.

## SCOTTISH ACCOUNTANCY RESEARCH TRUST

### BALANCE SHEET as at 31 December 2004

	Notes	2004 £	2003 £
<b>Current Assets</b>			
Prepayments	6	2,548	3,427
At Bank on Deposit		511,691	605,971
		<u>514,239</u>	<u>609,398</u>
<b>Creditors: Amounts falling due within one year</b>			
Creditors and Accruals	7	(55,724)	(31,177)
<b>Net Assets</b>		<u>458,515</u>	<u>578,221</u>
<b>Funds</b>			
General - Unrestricted	8	364,741	488,449
General - Designated	8	93,774	89,772
		<u>458,515</u>	<u>578,221</u>

The Financial Statements on pages 5 to 10 were approved by the Trustees on 16 March 2005 and are signed on their behalf by:

**Professor J P Percy CBE**

**Chairman**

**V A Dickson**

**Trustee**

## SCOTTISH ACCOUNTANCY RESEARCH TRUST

### NOTES TO FINANCIAL STATEMENTS

#### 1. Accounting Policies

- a) The Financial Statements are prepared under the historical cost convention.
- b) Income is accounted for on a cash basis.
- c) The Financial Statements are prepared under the guidelines laid down in the Statement of Recommended Practice - Accounting and Reporting by Charities issued in October 2000.
- d) On 29 November 1993 The Institute of Chartered Accountants of Scotland (the "Institute") gifted to the 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 continue to be in use by the Trust adjusted for any disposal and additions since the date gifted.

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

- e) The Trustees have 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.
- f) Expenditure is stated inclusive of VAT.
- g) 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. Donations

Gift Aid payment of £nil (2003 - £330,000) was received from The Institute of Chartered Accountants of Scotland in December 2004. The Institute makes Gift Aid payments on a discretionary basis and these may be dependant upon the Operating Surplus of the Institute each year. The decision as to how and when these funds are used is left to the discretion of the SART Trustees.

## SCOTTISH ACCOUNTANCY RESEARCH TRUST

### NOTES TO FINANCIAL STATEMENTS

#### 3. Research Grants

	2004 Paid	2004 Committed	2003 Paid	2003 Committed
	£	£	£	£
<b>Institution Grants:</b>				
Aberdeen University	-	4,200	-	-
Queens University, Belfast	650	-	-	-
Brunel University	4,274	1,600	-	6,233
Cardiff University	7,817	22,814	2,078	29,447
Cranfield/Warwick University	1,323	-	710	-
Dundee University	3,385	14,133	1,986	7,518
East Anglia University	1,114	7,777	1,797	8,891
Edinburgh University	1,743	-	857	903
Glasgow University	-	-	-	1,600
Greenwich University	-	2,000	772	(272)
Heriot-Watt University	3,222	-	5,589	4,106
Hong Kong University	-	-	1,136	-
Keele University	-	-	342	-
Napier University	-	-	1,800	-
Newcastle University	-	2,000	-	-
Nottingham University	-	1,990	-	-
Paisley University	976	13,112	-	2,092
Portsmouth University	1,001	-	2,355	3,967
Robert Gordon University	4,559	3,877	615	6,435
Royal Holloway University of London	1,969	-	815	2,419
Stirling University	4,232	1,658	-	4,690
<b>Non Institution Grants:</b>				
Professional Accountancy Firms in British West Africa	3,400	2,800	1,103	-
Intellectual Capital Reporting in Hong Kong	-	11,250	-	-
Mid 20th Century Accounting Oral History Project	-	2,263	-	3,003
ICAS Alumni Publication	1,000	2,300	889	8,751
SATER	15,810	-	17,687	-
	<b>56,475</b>	<b>93,774</b>	<b>40,531</b>	<b>89,783</b>

Other than the grant to SATER, all projects are for research projects undertaken by academics. The Institution grants are paid to universities, which administer the grants, on submission of material and expenses as stated in the grant and approved by the Trust. The grants are cancellable at short notice.

## SCOTTISH ACCOUNTANCY RESEARCH TRUST

### NOTES TO FINANCIAL STATEMENTS

<b>4. Information Service Staff Costs</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Staff costs:		
Salaries	43,790	41,155
Social Security costs	3,326	2,763
Pension costs	4,137	5,614
	<u>51,253</u>	<u>49,532</u>

The average number of employees during the year was 2 2

Employees of the Trust are members of the Pension Schemes of The Institute of Chartered Accountants of Scotland (the Institute). One member of staff is in the Defined Benefit Pension Scheme (which was closed to new members from 31 March 2003) and the other member of staff is in the Stakeholder Scheme. Contributions have been paid by the Trustees on the basis of Actuarial advice. The Institute, as principal employer, discloses details of the Pension Schemes in its Annual Review and Financial Statements.

<b>5. Management and Administration</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Audit Fee	970	940
General Expenses	6,755	3,341
	<u>7,725</u>	<u>4,281</u>

The Trust is not registered for Value Added Tax (VAT) and accordingly any such Unrecoverable VAT is included in the expenditure category concerned.

<b>6. Debtors</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Prepayments	2,548	3,427
	<u>2,548</u>	<u>3,427</u>

<b>7. Creditors</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Amounts falling due within 1 year:		
Creditors	46,490	24,768
Accruals	9,234	6,409
	<u>55,724</u>	<u>31,177</u>

## SCOTTISH ACCOUNTANCY RESEARCH TRUST

### NOTES TO FINANCIAL STATEMENTS

#### 8. General Funds

	Unrestricted Funds £	Designated Funds £	General Funds Total £
Opening balance at 1 January	488,449	89,772	578,221
Total Incoming Resources	31,606	-	31,606
Research Grants	-	(56,475)	(56,475)
Information Service Staff Costs	(51,253)	-	(51,253)
Other Information Service Costs	(35,859)	-	(35,859)
Management and Administration	(7,725)	-	(7,725)
New Grants Committed	(72,182)	72,182	-
Commitments Released	11,705	(11,705)	-
<b>Closing Balance at 31 December</b>	<b>364,741</b>	<b>93,774</b>	<b>458,515</b>

#### 9. Transactions with Trustees

No Trustee or connected person received any remuneration either directly or indirectly during the year.