

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

**ANNUAL REPORT
OF THE TRUSTEES
FOR THE PERIOD TO 31 DECEMBER 2004**

SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

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Objectives

Established by Trust Deed on 5 September 2003, the principal objectives of SATER (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 library or similar facilities open to the public for research into and education in the accountancy profession).

Status

The Trust was recognised by the Inland Revenue 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. A minimum of one Trustee at any time should not be a member of the Institute.

Trustees

The following Trustees served during the period from 5 September 2003 to 31 December 2004:

Paul Boyle (appointed December 2003, resigned March 2004)
Vivienne Dickson (Founding Trustee)
Nigel Macdonald (Founding Trustee) **
Murdoch McKillop (Founding Trustee, resigned April 2004) **
Alison McGilvray (Lay Trustee, appointed December 2003)
Professor Ian Percy CBE (Chairman and Founding Trustee)
Ian Robertson (appointed April 2004) **
Sir David Tweedie (Founding Trustee)
Pauline Weetman (appointed December 2003)

** nominated by the Institute

Officers

The Officers of the Trust during the period were:

Secretary: David Wood (appointed December 2004)
(David Wood was Acting Secretary from November 2003 until December 2004)
Aileen Beattie (to December 2004)

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

SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

REPORT OF THE TRUSTEES FOR THE PERIOD 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 support of the Institute for making available the services of the Secretary. It has also been dependent on the support of the Scottish Accountancy Research Trust (SART), the Scottish Chartered Accountants' Trust for Education (SCATE) and the Institute for donations to fund its establishment and initial activity.

Reserves Policy

The Trustees will establish their policy on Reserves once the scope and extent of the Trust's activities have been decided and the main sources of finance determined.

Grant Making Policy

The Trust has not been in a position to make grants during the period. The Trustees will establish their policy on making grants once the scope and extent of the Trust's activities have been decided.

Review of Period

The Trustees met on four occasions during the period.

A grant was received from SART for the establishment of SATER, and the SART Trustees are currently taking advice as to the winding down of SART in 2005 and the potential transferring of all its assets to SATER.

In October 2004, in order to launch SATER and emphasise the importance of research and education, the Trustees gave a significant grant to support the Institute's 150th Anniversary Conference. Entitled "Seeking the Truth in Tomorrow's Business Environment", the conference was well attended with high profile speakers and participants from around the world. The conference received a very positive reaction and the Trustees are delighted to have been associated with this event and expect it to be the forerunner to much of its activity in the future.

SATER is also providing a grant for the development of a post-conference booklet of the conference speeches, to capture and build on the success of the conference by using it as a basis for developing the themes into a strategy for the future which will be relevant to the international accountancy profession. To this end, the SATER Trustees are also involved in convening a dinner meeting with some the speakers and participants, in order to identify some tangible and positive initiatives which can be taken forward as a contribution to improving the business environment in the UK and potentially across the EU and internationally.

SATER was pleased to provide a grant for the development of the Institute's 150th Anniversary Publication "ICAS: 150 Years and Still Counting - A Celebration" which was sent to all Institute Members in October 2004. This provided a broad perspective, through a collection of snippets of information and more substantive articles, of the role which the Institute has played in the development of the profession and the profession's role in the business environment, over its 150 years.

During 2005, the Trustees hope to assume SART's role in providing funding for high quality academic research which is timely, relevant and useful to the accountancy profession and the development of the Information Service which is key not only to the membership of the accountancy profession, but to the wider international academic and business community. Consequently, they 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.

David Wood
Secretary to the Trustees
16 March 2005

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 Financial Statements (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

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 8. 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 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 period then ended and have been 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.

Mazars LLP
Chartered Accountants and Registered Auditors
90 St Vincent Street
Glasgow
G2 5UB
16 March 2005

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

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

	Notes	Total Funds (Unrestricted) for the period £
Incoming Resources		
Donations	2	95,490
Total Incoming Resources		<u>95,490</u>
Expenditure		
Charitable Expenditure	3	49,953
Management and Administration	4	37,796
Total Resources Expended		<u>87,749</u>
Surplus for the period	7	7,741
Total Funds at 5 September 2003	7	-
Total Funds at 31 December 2004		<u>7,741</u>

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 2004

	Notes	2004 £
Current Assets		
Debtors and Prepayments	5	<u>10,649</u>
		10,649
Creditors: Amounts falling due within one year		
Creditors and Accruals	6	<u>(2,908)</u>
Net Assets		7,741
Funds		
General - Unrestricted	7	<u>7,741</u>
		7,741

The Financial Statements on pages 5 to 8 were approved by the Trustees on 16th March 2005 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 cover the period from the formation of SATER on 5 September 2003 to 31 December 2004.
- 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) Expenditure is stated inclusive of VAT.

2. Donations

	2004
	£
SART	33,498
SCATE	56,473
ICAS	5,519
	<u>95,490</u>

3. Direct Charitable Expenditure

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

4. Management and Administration

	2004
	£
Development Costs	17,655
Audit Fee	1,057
Staff Costs	5,702
Legal Costs	12,440
General Expenses	942
	<u>37,796</u>

THE SCOTTISH ACCOUNTANCY TRUST FOR EDUCATION AND RESEARCH

NOTES TO FINANCIAL STATEMENTS

5. Debtors and prepayments

	2004
	£
Amounts due from SART	7,798
Amounts due from SCATE	2,851
	<u>10,649</u>

6. Creditors and Accruals

	2004
	£
Amounts due to the Institute	1,851
Accruals	1,057
	<u>2,908</u>

7. General Funds

	Unrestricted Funds £
Opening Balance at 5 September 2003	-
Total Incoming Resources	95,490
Direct Charitable Expenditure	(49,953)
Management and Administration	(37,796)
Closing Balance at 31 December 2004	<u>7,741</u>

8. Trustees' Remuneration

No Trustees received any remuneration during the period.