

SC 32004

CRUDEN FOUNDATION LIMITED

FINANCIAL STATEMENTS

for the year to 31 July 2002



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COMPANIES HOUSE 12/05/03

CRUDEN FOUNDATION LIMITED

Registered Office: Baberton House
Juniper Green
Edinburgh
EH14 3HN

Charity No: SCO04987

Company No: 32004

Directors: N Lessels - Chairman
G B R Gray
A Johnston
M R A Matthews
J G Mitchell
M J Rowley
D D Walker

Auditors: Whitelaw Wells

Bankers: The Royal Bank of Scotland plc.

Solicitors: Burness

CRUDEN FOUNDATION LIMITED

REPORT OF THE DIRECTORS

to the

ANNUAL GENERAL MEETING

On

10 December 2002

The directors' report for the year ended 31 July 2002 is as follows:

Review of the company

Mr & Mrs Harry Cruden endowed the share capital of Crudens Limited in 1956. Following a reconstruction the trade of Crudens Limited was transferred to Cruden Investments Limited in 1968.

The company is limited by guarantee.

The activities of the company are wholly charitable and it does not trade.

The policy of the company is to make donations to a wide range of mainly local charities.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:-

- a. select suitable accounting policies and apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The income from investments for the year amounted to £190,061, of which £146,835 was donated to charities and £2,279 paid for administration and audit expenses. In addition there was a gain on investments realised of £376,678 and an unrealised loss on investments of £137,606. This leaves a total of £280,019 to be transferred to reserves.

The cumulative total of funds distributed to charities by the company up to 31 July 2002 was £1,947,630.

CRUDEN FOUNDATION LIMITED

REPORT OF THE DIRECTORS to the ANNUAL GENERAL MEETING

**on
10 December 2002**

Directors and their interests

The following served as directors during the year: -

W R Douglas
M R A Matthews
G B R Gray
J G Mitchell

A Johnston
M J Rowley
N Lessels
D D Walker

Dr. A Johnston and Mr J G Mitchell retire by rotation and having been invited, and being eligible, offer themselves for re-election.

It is with regret that the Board has to report the death of Mr W R Douglas on 24 May 2002. Mr Douglas had served as a member and director of the company since 1 February 1968 and 7 October 1968 respectively. The Board record their appreciation of the contribution made to the company during his time as a member and director.

None of the directors had any interest in the capital of the company. Mr M J Rowley has a beneficial interest in 50,000 redeemable preferred ordinary shares of £1 each in Cruden Investments Limited. He also has an option to subscribe for 25,000 ordinary shares in Cruden Investments Limited

Reserves Policy

The reserves fund represents the free reserves of the charity. The directors are satisfied that the balance of the fund enables them to make ongoing annual donations to local charities at a consistent level for the foreseeable future taking account of possible fluctuations in the stock market. The directors have examined the requirements to maintain free reserves and concluded that they are holding sufficient free reserves.

Investment Policy

The investment policy is to ensure there is sufficient income and growth from the investments to achieve the objective of the reserves policy.

Risk Management

The directors have assessed the major risks to which the charity is exposed, in particular those relating to the operations and finances of the subsidiary group, and are satisfied that systems are in place to mitigate exposure to the major risks.

CRUDEN FOUNDATION LIMITED

**REPORT OF THE DIRECTORS
to the
ANNUAL GENERAL MEETING**

**on
10 December 2002**

Future

An option until 14 December 2003 exists for Cruden Investments Limited to repurchase a further 225,000 shares. If this option is exercised, the funds realised will be invested in accordance with the reserves policy.

Auditors

A resolution will be proposed to re-appoint Whitelaw Wells, Chartered Accountants, as auditors of the company.

On behalf of the Board



M R A Matthews
Secretary

Baberton House
Juniper Green
Edinburgh
EH14 3HN

14 November 2002

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

CRUDEN FOUNDATION LIMITED

YEAR TO 31 JULY 2002

We have audited the financial statements of Cruden Foundation Limited for the year ended 31 July 2002, which comprise the statement of financial activities incorporating the income and expenditure account, the balance sheet and related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and the accounting policies set out on page 9

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The Directors' responsibilities for preparing the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities.

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 Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the directors' report concerning major risks to which the company is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the company's risk management and control procedures.

We read other information contained in the directors' report and consider whether its consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent mis-statements 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 United Kingdom 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 by the directors 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

CRUDEN FOUNDATION LIMITED

YEAR TO 31 JULY 2002

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

The 1989 Companies Act Section 5 requires a parent company to prepare consolidated financial statements unless there are special circumstances, which would render compliance with this provision inconsistent with the requirement to give a true and fair view. As stated in note 1 to the financial statements the directors consider that the activities of the company are so dissimilar from those of its subsidiary group, that consolidation would not give a true and fair view of the Cruden Foundation Limited Group's state of affairs and results for the year. Both Financial Reporting Standard 2 and Accounting and Reporting by Charities: Statement of Recommended Practice issued in October 2000 require that the financial statements of a trading subsidiary be consolidated with a charitable parent company in order to give a true and fair view.

Except for the non-compliance with Financial Reporting Standard 2, in our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 July 2002, and of its incoming resources and application of resources, including its income and expenditure for the year then ended, the surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

9 Ainslie Place
Edinburgh
EH3 6AT
14 November 2002

WHITELAW WELLS
Chartered Accountants
& Registered Auditors

CRUDEN FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
incorporating the

INCOME & EXPENDITURE ACCOUNT
for the year ended 31 July 2002

	Note	2002 £	As Restated 2001 £
Income			
Trading subsidiary	4	152,039	118,000
Listed investments		35,469	27,333
Interest received		<u>2,553</u>	<u>467</u>
Incoming resources		<u>190,061</u>	<u>145,800</u>
 Direct charitable expenditure		146,835	110,280
Administration expenses		1,339	1,406
Audit fee		<u>940</u>	<u>705</u>
Total resources expended		<u>49,114</u>	<u>112,391</u>
Net incoming resources for the year		40,947	33,409
 Realised gains on sale of investments		376,678	-
Surplus for the year		<u>417,625</u>	<u>33,409</u>
 Unrealised (losses)/gains on investments		<u>(137,606)</u>	<u>101,838</u>
 Net Movement in Funds		280,019	135,247
 Fund balance brought forward		<u>846,957</u>	<u>711,710</u>
 Fund balance carried forward		<u><u>1,126,976</u></u>	<u><u>846,957</u></u>

In each of the years ended 2002 and 2001 the only gain recognised by the company was the surplus for the year. All the activities were continuing activities.

CRUDEN FOUNDATION LIMITED

BALANCE SHEET

as at 31 July 2002

	Note	£	2002 £	As Restated 2001 £
FIXED ASSETS				
Investments				
Shares in subsidiary	3,6		301,430	388,942
Other investments	6		<u>792,709</u>	<u>486,782</u>
			1,094,139	<u>875,724</u>
CURRENT ASSETS				
Debtors	7	70,423		4,830
Cash at bank		<u>49,734</u>		<u>53,606</u>
			<u>120,157</u>	<u>58,436</u>
			1,214,296	934,160
CREDITORS:	amounts falling due within one year			
Accruals			<u>822</u>	<u>705</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,213,474</u>	<u>933,455</u>
FUNDS: Unrestricted				
Expendable endowed capital			86,498	86,498
Other			<u>1,126,976</u>	<u>846,957</u>
			<u>1,213,474</u>	<u>933,455</u>

Approved by the Board of Directors on 14 November 2002 and signed on their behalf by:

Norman Lessels

N Lessels Director

M R A Matthews

M R A Matthews Director

CRUDEN FOUNDATION LIMITED

NOTES ON FINANCIAL STATEMENTS

as at 31 July 2002

1 ACCOUNTING POLICIES

a. Accounting Convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of investment assets and are in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 1992 and Accounting and Reporting by Charities: Statement of Recommended Practice issued in October 2000, except for the inclusion of the subsidiary, Cruden Investments Limited, at cost.

b. Group Accounts

The financial statements of the company have not been consolidated with those of its wholly owned subsidiary as the directors consider that the activities of the company are so dissimilar from those of its subsidiary that consolidated financial statements would not give a true and fair view of the Cruden Foundation Limited Group's state of affairs and results for the year. The financial statements of Cruden Investments Limited are attached.

c. Fixed Asset Investments

Fixed asset investments are stated at market value except for the investment in the subsidiary company, which is stated at cost. The directors are aware that this does not comply with the Accounting and Reporting by Charities: Statement of Recommended Practice issued in October 2000, but consider that an accurate valuation of the trading subsidiary group could not be carried out without unreasonable delay and expense.

2 DIRECTORS REMUNERATION

None of the directors received any remuneration or expenses from the company. During the year W R Douglas, N Lessels, M R A Matthews and M J Rowley were directors of the subsidiary and their remuneration is disclosed in the attached statutory financial statements of the subsidiary.

3 NON COTERMINOUS FINANCIAL ACCOUNTING DATES

The financial accounting date of Cruden Foundation Limited is four months later than that of Cruden Investments Limited. This enables the company to receive the income available from Cruden Investments Limited for the year, in order that charitable donations can be paid in July.

CRUDEN FOUNDATION LIMITED

NOTES ON FINANCIAL STATEMENTS

as at 31 July 2002

4 DEED OF COVENANT

The subsidiary company granted a four year deed of covenant for 5% of its pre tax profits. This covenant expires in March 2003.

No provision has been made for any future income from the deed of covenant, as the directors cannot accurately forecast the level of future profits of the subsidiary.

In addition the subsidiary made a gift aid payment of £33,000.

5 PRIOR YEAR ADJUSTMENT

The directors recognise that there is no unreasonable delay or expense in valuing the listed investments at market value, and have therefore changed the policy to include these investments at market value.

6 INVESTMENTS

	Subsidiary Company £	Listed Investments £	Total £
Balance as at 31 July 2001 as previously reported	388,942	384,944	773,886
Adjustment to market value	-	101,838	101,838
Restated balance at 31 July 2001	<u>388,942</u>	<u>486,782</u>	<u>875,724</u>
Additions	-	482,186	482,186
Proceeds on disposal	-	(52,843)	(52,843)
Movement in market value			
Realised gains	-	14,190	14,190
Unrealised losses	-	(137,606)	(137,606)
Disposal	(87,512)	-	(87,512)
Balance as at 31 July 2002	<u><u>301,430</u></u>	<u><u>792,709</u></u>	<u><u>1,094,139</u></u>

7 DEBTORS

	2002 £	2001 £
Due from subsidiary	69,039	-
Other debtor	-	1,675
Income tax	1,384	3,155
	<u><u>70,423</u></u>	<u><u>4,830</u></u>