

CRUDEN FOUNDATION LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS

for the year ended 31 July 2011

Charity Number SCO04987
Company Number SC032004



WHITELAW WELLS
Chartered Accountants & Statutory Auditors
9 Ainslie Place
Edinburgh
EH3 6AT

CRUDEN FOUNDATION LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS

for the year ended 31 July 2011

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CRUDEN FOUNDATION LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 July 2011

The directors, who are also trustees for the purposes of charity law, present their report and the audited financial statements for the year ended 31 July 2011.

Reference and Administrative Information

Registered Office and Principal Operating Address	Baberton House Juniper Green Edinburgh EH14 3HN
Charity Number	SCO04987
Company Number	SC032004
Directors	N Lessels (Chairman) A Johnston M R A Matthews J G Mitchell J C Rafferty (appointed 10 November 2011) K D Reid M J Rowley (Treasurer) D D Walker
Secretary	M J Rowley (appointed 9 December 2010) M R A Matthews (retired 9 December 2010)
Senior Statutory Auditor	Susan Jarvie
Statutory Auditors	Whitelaw Wells 9 Ainslie Place Edinburgh EH3 6AT
Bankers	The Royal Bank of Scotland plc. 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Burness 50 Lothian Road Festival Square Edinburgh EH3 9WJ
Investment Advisors	Brewin Dolphin 7 Drumsheugh Gardens Edinburgh EH3 7QH

CRUDEN FOUNDATION LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 July 2011

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 1 February 1957 and is recognised as a charity by the Office of the Scottish Charity Regulator. On incorporation, Mr & Mrs Harry Cruden made a gift of the share capital of Crudens Limited to the company.

The company's objects and powers are established under the Memorandum of Association and it is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1 each.

Recruitment and Appointment of Directors

In accordance with the company's Articles, the managing director of Cruden Investments Limited is an ex officio member of the board and is not required to retire by rotation.

New directors are recruited by the existing directors on the advice of the Nominations Sub Committee and are appointed by the members at the Annual General Meeting.

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

Mr J C Rafferty was appointed a director on 10 November 2011 and his appointment falls to be confirmed at the Annual General Meeting.

Director Induction and Training

The induction process for any newly appointed director comprises a meeting with the board to discuss grant making, powers and responsibilities of the directors, and the investments.

Risk Management

The directors have assessed, and will continue to assess, the major risks to which the charity is exposed, in particular those relating to the fluctuations in the future income from its various investments. However, variability of investment returns on the expendable endowment generally continues to constitute the company's major risk. The directors have therefore chosen an investment policy that will facilitate a more stable income flow and thereby maintain the current level of awards.

Organisational Structure

The activities of the company are managed by the directors at three meetings during the year. A Business Committee, which comprises three of the directors, reviews all the applications received for grants. They prepare a list of suggested grants, which are considered by the directors at full board meetings. The secretary has on-going authority to make donations of up to £5,000 in total between meetings. The day-to-day running of the company is carried out by staff of Cruden Investments Limited, as the company has no employees.

CRUDEN FOUNDATION LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 July 2011

Objects and Activities

The object of the company is to support and contribute to charitable institutions for the benefit of the local communities in which they are based.

Grant making policy

During the year the company received a number of applications from mainly local charities. The policy of the company is to make donations to a wide range of mainly local charities that may have difficulty in securing other funding.

Achievements and Performance

The company made 196 (2010: 202) grants in the year, of which 10 (2010: 7) were £5,000 or over and 18 (2010: 19) were between £1,001 and £4,999. A detailed list of the grants of over £1,000 is set out in note 3. All grants were paid to charitable institutions. The cumulative total of funds distributed to charities by the company up to 31 July 2011 was £ 4,121,304 (2010: £3,901,554).

Financial Review

The incoming resources for the year amounted to £283,706 (2010: £202,889), of which £ 219,750 (2010: £196,000) was donated to charities and £19,417 (2010: £18,777) related to governance and support costs. In addition, there was a realised gain on investments of £14,907 (2010: gain £17,368) and an unrealised gain on investments of £389,612 (2010: gain £267,898). This resulted in a net increase in funds of £ 449,058 (2010: increase £273,378) for the year, all of which are unrestricted.

During the year £900,000 of Loan Notes in Cruden Holdings Limited were redeemed and the proceeds invested in various listed investments on the advice of Brewin Dolphin. The total value of listed investments stood at £4,200,752 including the unrealised gain at the year end

Reserves Policy

The reserves fund represents the unrestricted reserves of the charity. The directors are satisfied that the balance of the fund enables them to make ongoing annual donations at a consistent level for the foreseeable future, taking account of possible fluctuations in the stock market and in the major investment in an unlisted company engaged in the construction and development business. The directors have examined the requirements to maintain unrestricted reserves and conclude that they are not excessive, as they are needed to earn sufficient income to cover the envisaged level of annual donations.

CRUDEN FOUNDATION LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 July 2011

Investment Policy

The investment policy is to ensure that the real value of the investment portfolio is not impaired so that future income streams are maintained in real terms.

Plans for Future Periods

There are unlikely to be further reductions in the remaining shareholding in Cruden Holdings Limited until the balance of the loan notes are redeemed. Any further loan note redemption proceeds will be invested in various listed investments on the advice of Brewin Dolphin.

The company will continue to make charitable grants and donations, the level of which being dependent on investment performance.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed 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 charitable 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 2006, the Charities & Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The directors are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CRUDEN FOUNDATION LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 July 2011

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

Small company provisions

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the trustees on 10 November 2011 and signed on behalf of them by:

Norman Lessels

Mr N Lessels
Director

Baberton House
Juniper Green
Edinburgh EH14 3HN

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS AND MEMBERS OF CRUDEN FOUNDATION LIMITED**

for the year ended 31 July 2011

We have audited the financial statements of Cruden Foundation Limited for the year ended 31 July 2011, which comprise the Statement of Financial Activities incorporating the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the company's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the company's directors 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 company, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE DIRECTORS AND MEMBERS OF CRUDEN FOUNDATION LIMITED**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime.



Susan Jarvie (Senior Statutory Auditor)

for and on behalf of Whitelaw Wells, Statutory Auditor

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

9 Ainslie Place
Edinburgh
EH3 6AT

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CRUDEN FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the Income and Expenditure Account
and Statement of Total Recognised Gains and Losses)

for the year ended 31 July 2011

	Note	2011 £	2010 £
INCOMING RESOURCES			
Incoming resources from generated funds			
<i>Voluntary income</i>			
Donations		57,000	57,000
<i>Investment Income</i>			
Unlisted investment income		105,208	53,082
Listed investment income		121,243	92,080
Interest receivable		255	727
Total incoming resources		283,706	202,889
RESOURCES EXPENDED			
Cost of generating funds			
Investment management costs		847	997
Charitable activities			
Grants payable	3	219,750	196,000
Administration of grants		15,000	15,000
Governance costs	4	3,570	2,780
Total resources expended		239,167	214,777
Net incoming/ (outgoing) resources for year		44,539	(11,888)
Realised gains /(losses) on sale of investments		14,907	17,368
Net incoming/(outgoing) resources before other recognised gains or losses		59,446	5,480
Unrealised gains/(losses) on revaluation of investments	5	389,612	267,898
Net movement in funds		449,058	273,378
Reconciliation of funds	6		
Total funds brought forward		5,232,738	4,959,360
Total funds carried forward		5,681,796	5,232,738

All incoming and outgoing resources derive from continuing unrestricted activities.

CRUDEN FOUNDATION LIMITED

BALANCE SHEET

as at 31 July 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Investments	5	5,485,596	5,082,827
CURRENT ASSETS			
Cash at bank		191,066	146,163
Debtors - dividends receivable		11,374	9,554
		202,440	155,717
CREDITORS: amounts falling due within one year			
Accruals		(6,240)	(5,806)
NET CURRENT ASSETS		196,200	149,911
NET ASSETS		5,681,796	5,232,738
RESERVES FUND	6		
Unrestricted funds			
Expendable endowed capital		86,498	86,498
Investment revaluation reserve		520,136	159,992
General fund		5,075,162	4,986,248
		5,681,796	5,232,738

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board of Directors on 10 November 2011 and signed on their behalf by:


N Lessels
Director


M R A Matthews
Director

CRUDEN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2011

1 ACCOUNTING POLICIES

a. **Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment assets, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2005)", The Charities and Trustee Investment (Scotland) Act 2005, The Charities Accounts (Scotland) Regulations 2006 (as amended), the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006.

b. **Fixed Asset Investments**

Fixed asset investments are stated at market value except for unlisted investments, which are stated at cost (SORP para. 297b).

c. **Fund accounting**

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general object of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market value.

d. **Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies apply to the categories of income:

- 'Voluntary income' is received by way of donations and is included in full in the statement of financial activities when receivable.
- 'Investment income' is included when receivable.

e. **Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT, which cannot be recovered, and is reported as part of the expenditure to which it relates.

- 'Cost of generating funds' comprises the costs associated with managing fixed asset investments.
- 'Charitable expenditure' comprises grants payable to beneficiaries and the administration costs of those grants.
- 'Governance costs' include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

2 DIRECTORS REMUNERATION AND EXPENSES

None of the directors received any remuneration or reimbursement of expenses during the current or previous year.

CRUDEN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2011

3 GRANTS PAYABLE

	Social Welfare £	Medical £	Arts £	Education £	Heritage Conser- vation £	Total £
Edinburgh International Festival			15,000			15,000
St Columba's Hospice		11,000				11,000
Pitlochry Festival Theatre			10,000			10,000
Edinburgh Headway Group		10,000				10,000
Dunedin Canmore Housing Association	10,000					10,000
The Scottish Cancer Foundation		6,500				6,500
The Edinburgh Clothing Store	5,000					5,000
Festival City Theatres Trust			5,000			5,000
Marie Curie Cancer Care Scotland		5,000				5,000
North Glasgow Housing Association Limited	5,000					5,000
University of Dundee		3,500				3,500
Stroke Unit Support, Royal Victoria Hospital, Edinburgh		3,000				3,000
National Museums Scotland					3,000	3,000
Edinburgh International Book Festival			2,500			2,500
George Watsons's Family Foundation				2,500		2,500
The Queen's Hall, Edinburgh			2,500			2,500
Scottish Seabird Centre				2,500		2,500
Care for the Family	2,500					2,500
The Edinburgh Academy Foundation				2,500		2,500
Tommy's – The Baby Charity		2,500				2,500
Fairbridge in Scotland	2,400					2,400
CrossReach Counselling Lothian	2,000					2,000
Children 1 st	2,000					2,000
St Giles' Cathedral Renewal Appeal					1,500	1,500
Macmillan Cancer Support		1,500				1,500
Alzheimer Scotland – Action on Dementia		1,500				1,500
Edinburgh Art Festival			1,500			1,500
The Council for Music in Hospitals			1,200			1,200
	28,900	44,500	37,700	7,500	4,500	123,100
Grants £1,000 or less						
	56,000	15,750	11,600	5,750	7,550	96,650
Total grants payable 2011						
	84,900	60,250	49,300	13,250	12,050	219,750
Total grants payable 2010						
	78,750	46,200	47,550	9,000	14,500	196,000

No grants were awarded to individuals during the year (2010: £nil).

CRUDEN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2011

4 GOVERNANCE COSTS

	2011	2010
	£	£
Auditors' remuneration - audit fees	2,154	1,584
Costs of meetings and administration	1,416	1,196
	3,570	2,780

5 INVESTMENTS

	Unlisted Investments £	Listed Investments £	2011 Total £	2010 Total £
Investments held at valuation				
Balance as at 31 July 2010	2,100,000	2,897,983	4,997,983	4,479,255
Additions at cost	-	972,307	972,307	815,555
Disposals at opening book values	(900,000)	(59,150)	(959,150)	(564,725)
Revaluation in year	-	389,612	389,612	267,898
Balance as at 31 July 2011	1,200,000	4,200,752	5,400,752	4,997,983
Investments held at cost				
Balance at 31 July 2009 and 2010	84,844	-	84,844	84,844
Total investments at 31 July 2011				
	1,284,844	4,200,752	5,485,596	5,082,827
Historical Cost as at 31 July 2011	1,284,844	3,680,616	4,965,460	4,922,835

All investments are UK investments.

CRUDEN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 July 2011

5 INVESTMENTS (continued)

Included in the investment portfolio are the following holdings that represent 5% or more of the investment portfolio value.

	2011 Market Value £
<u>Listed investments</u>	
M&G Securities – Charifund	255,430
Scottish Investment Trust	285,940
Edinburgh Investment Trust	230,550
Scottish Mortgage Investment Trust	219,300

Unlisted investments

Cruden Holdings Loan Notes	1,200,000
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The Cruden Holdings Loan Notes are convertible, unsecured loan notes and carry a coupon of base rate plus a margin which increases by 0.25% each year on 15 March, commencing at 0.25% for the year ended 14 March 2010. The loan notes are redeemable in two equal tranches on 15 March 2013 and 15 March 2018 unless redeemed earlier at the company's option. £900,000 loan notes have been redeemed during the year (2010: £300,000). The loan notes are convertible into Cruden Holdings Ltd 'D' Ordinary shares at the rate of £46.977 loan notes per D share on the occurrence of a Conversion Event which includes inter alia a change of ownership of Cruden Holdings Ltd, an application for a stock exchange listing or a buy back of shares.

6 MOVEMENT ON FUNDS

All funds are unrestricted. These are expendable at the discretion of the directors in furtherance of the charity's objects.

	Expendable Endowed Capital £	Investment Revaluation Reserve £	Total General Fund £	Reserves Fund £
Balance at 31 July 2010	86,498	159,992	4,986,248	5,232,738
Incoming resources	-	-	283,706	283,706
Resources expended	-	-	(239,167)	(239,167)
Realised gain/(loss) on investments	-	(29,468)	44,375	14,907
Unrealised gain/(loss) on investments	-	389,612	-	389,612
Balance at 31 July 2011	86,498	520,136	5,075,162	5,681,796

CRUDEN FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2011

7 RELATED PARTY TRANSACTIONS

There were no related party transactions in the year.