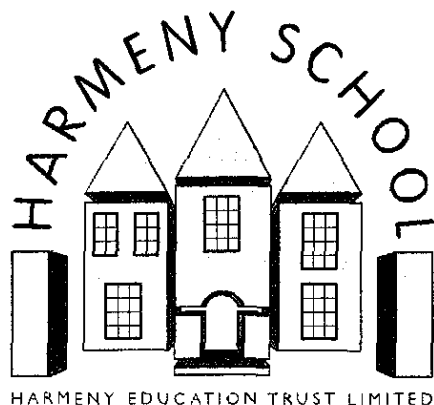




HARMENY EDUCATION TRUST LIMITED
(Limited by guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

Registration No. SC0162021
Registered Charity Number SC024256



HARMENY EDUCATION TRUST LIMITED

DIRECTORS

Gavin Reed
Alison Davies OBE
Kerr Cowan
Scott Rae
Ivan Middleton

CHIEF EXECUTIVE

Patrick Webb

COMPANY SECRETARY

Rosemary Fitch

AUDITORS

McCabes
Chartered Accountants
56 Palmerston Place
Edinburgh
EH12 5AY

SOLICITORS

Morton Fraser
30/31 Queen Street
EDINBURGH
EH2 1JX

BANKERS

The Royal Bank of Scotland plc
540 Lanark Road
Edinburgh
EH14 5DE

REGISTERED OFFICE

Harmeny School
Mansfield Road
Balerno
Midlothian
EH14 7JY

HARMENY EDUCATION TRUST LIMITED

DIRECTORS' REPORT

The directors submit their report together with financial statements for the year ended 31 March 2002. This report is prepared in accordance with the recommendations of the Statement of Recommended Practice.

Law applicable in Scotland 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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, the Law Reform (Misc Provisions) (Scotland) Act 1990 and Charities Accounts (Scotland) Regulations 1992. 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.

STATUS

Harmony Education Trust Limited is a company limited by guarantee and not having a share capital.

BUSINESS REVIEW

The principal activity of the company is to advance the education in Scotland of children with special educational needs, on a residential and day basis.

The company was incorporated on 6 December 1995 and the assets and liabilities of its predecessor organisation Harmony School were transferred to the company on 21 December 1995.

The school is currently one of seven Grant Aided Special Schools in Scotland. Income comes from a block maintenance grant from the Scottish Executive with the balance of costs being charged out in fees to Local Authorities.

The general fund for the year shows a surplus of £44,666 and the directors recommend that this surplus is transferred to reserves. With the approval of the donor £77,769 has been transferred from the Restricted New Capital Development Fund to Designated Capital Development Fund. The directors are satisfied with the results of the year and, having been given assurances that the Scottish Executive block maintenance grant will be available at £906,728 for the year to 31st March 2003, and are confident that the balance of income required to meet costs, will be met from Local Authority fees.

A wholly owned subsidiary, Harmony Services Limited was created in November 1998 to conduct any school business, other than education, that is considered appropriate. The subsidiary company is currently dormant.

HARMENY EDUCATION TRUST LIMITED

Reserves

The Directors have reviewed the reserves of the charity, particularly in view of the threat to revenue funding by Scottish Executive and the resulting uncertainty concerning Harmeny's future activities.

The current level of unrestricted reserves is very low as under existing arrangements with Scottish Executive, Harmeny is not allowed to retain annual surpluses on educational provision. Surpluses arising from services other than on educational provision, are retained.

It is considered that a reasonable level of reserves, assuming withdrawal of grant, would be six months expenditure of resources, approximately £1.2 million. This level of reserve would allow the charity to take appropriate steps to reorganise Harmeny's activities while maintaining essential skilled staff at a level sufficient to maintain operations.

The current reserves, while undoubtedly low at present are considered adequate if grant continues at its present level. Grant has been agreed for the year 2002/2003 and will continue to be paid, at a level to be negotiated, up to 31 March 2004.

The Directors are exploring ways of bringing Harmeny reserves into line with our target level in the event that grant funding is either withdrawn or significantly reduced.

Risk Management

The major risks to which the charity is exposed, as identified by the directors, have been reviewed and systems established to mitigate those risks.

Volunteers

Harmeny is grateful to the volunteers in the "Friends of Harmeny Association" who devote many hours each year to fund raising and other activities on behalf of Harmeny.

DIRECTORS

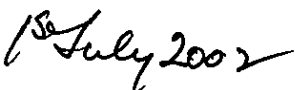
The directors are chosen for appointment with reference to their experience in the charity's line of work. The directors of the company, none of whom has a beneficial interest in the company are:

Gavin Reed
Alison Davies OBE
Kerr Cowan
Scott Rae
Ivan Middleton

AUDITORS

A resolution to re-appoint McCabes will be put to the members at the Annual General Meeting.


Gavin Reed
Chairman

Date:  1st July 2002

HARMENY EDUCATION TRUST LIMITED

BALANCE SHEET as at 31 March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	2,542,146	2,554,276
Investments	8	2	2
		2,542,148	2,554,278
CURRENT ASSETS			
Debtors	9	103,282	114,950
Cash at bank and in hand		330,560	183,465
		433,842	298,415
Creditors: amounts falling due within one year	10	168,290	156,723
TOTAL CURRENT ASSETS LESS CURRENT LIABILITIES		265,552	141,692
NET ASSETS	13	2,807,700	2,695,970
FUNDS			
Unrestricted - General Fund	12	44,666	-
- Designated Capital Development Fund	12	209,223	116,484
Restricted - New Capital Development Fund	12	2,485,245	2,535,755
- Other Funds	12	68,566	43,731
		2,807,700	2,695,970

The financial statements on pages 2 - 14 were approved by the board of directors on


Gavin Reed Chairman

HARMENY EDUCATION TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES for the year to 31 March 2002

	Notes	Unrestricted Funds		Restricted Funds			Total 2001 £
		General Fund £	Designated Capital Development Fund £	New Building Capital Fund £	Other Funds £	Total 2002 £	
Incoming Resources							
Local Authority fees		1,634,660	-	-	-	1,634,660	898,361
Scottish Executive maintenance grant		768,446	-	-	-	768,446	881,459
Scottish Executive - other grants		-	-	72,000	-	72,000	30,242
Other grants		-	-	-	27,500	27,500	-
Bank interest		-	9,053	2,353	-	11,406	13,215
Donations		-	2,917	3,213	-	6,130	73,522
Other income		12	3,000	-	-	3,012	205
Total Incoming Resources		2,403,118	14,970	77,566	27,500	2,523,154	1,897,004
Cost of generating funds		-	-	-	-	-	3,072
Charitable Expenditure							
Direct expenditure		2,190,578	-	50,307	2,665	2,243,550	1,738,812
Administration		167,874	-	-	-	167,874	121,361
Total Charitable Expenditure	3	2,358,452	-	50,307	2,665	2,411,424	1,860,173
Total Resources Expended		2,358,452	-	50,307	2,665	2,411,424	1,863,245
Net Incoming/(Outgoing) Resources before Transfers		44,666	14,970	27,259	24,835	111,730	33,759
Transfers between funds		-	77,769	(77,769)	-	-	-
Net Movement in funds for the year		44,666	92,739	(50,510)	24,835	111,730	33,759
Fund Balance brought forward		-	116,484	2,535,755	43,731	2,695,970	2,662,211
Fund Balances carried forward at 31 March 2002	12/13	44,666	209,223	2,485,245	68,566	2,807,700	2,695,970
OTHER FUNDS							
		2001 £	Grants £	Direct Expenditure £	2002 £		
Looked after Children Fund		-	27,500	-	27,500		
Permanent Endowment Fund		43,731	-	2,665	41,066		
		43,731	27,500	2,665	68,566		

HARMENY EDUCATION TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT for the year to 31 March 2002

	Note	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
Income					
Local authority fees	2	1,634,660	-	1,634,660	898,361
Scottish Executive maintenance grant	2	768,446	-	768,446	881,459
Other income		12,065	2,353	14,418	38,000
Total Income		<u>2,415,171</u>	<u>2,353</u>	<u>2,417,524</u>	<u>1,817,820</u>
Expenditure					
Direct charitable expenditure		2,190,578	-	2,190,578	1,686,001
Administration		167,874	-	167,874	121,361
Cost of generating funds		-	-	-	3,072
Total Expenditure		<u>2,358,452</u>	<u>-</u>	<u>2,358,452</u>	<u>1,810,434</u>
Operating surplus/(deficit) for the year		<u>56,719</u>	<u>2,353</u>	<u>59,072</u>	<u>7,386</u>

- A detailed analysis of incoming and outgoing resources, providing full information on the movements during the year on all funds, is contained in the Statement of Financial Activities on page 6. In particular, all movements on capital funds, which are not included above, are disclosed therein.
- All activities relate to continuing operations.

HARMENY EDUCATION TRUST LIMITED

CASHFLOW STATEMENT for the year to 31 March 2002

	2002 £	2001 £
Net Cash inflow from operating activities (See note below)	227,526	42,236
Returns on investments	11,406	13,215
	238,932	55,451
Capital Expenditure		
Payments to acquire fixed assets	(91,837)	(72,753)
Proceeds from sales of tangible fixed assets	-	5,850
Increase/(decrease) in cash within year	147,095	(11,452)
Note: Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	100,324	20,544
(Increase) /decrease in Debtors	11,668	(39,298)
Increase/ (decrease) in Creditors	11,567	(40,100)
Depreciation	103,967	106,940
Gain on sale of fixed assets	-	(5,850)
	227,526	42,236

Analysis of changes in net cash resources:

	2001 £	Cashflow £	2002 £
Current Account	(37,357)	(3,784)	(41,141)
Deposit Account	220,796	150,105	370,901
Cash Balance	26	774	800
	183,465	147,095	330,560

HARMENY EDUCATION TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year to 31 March 2002

1. STATUS OF COMPANY

The company is limited by guarantee and does not have a share capital. The liability of each member is limited to £1. The company is a registered charity, number SC24256.

The financial statements cover the year to 31 March 2002.

2. ACCOUNTING POLICIES

The financial statements have been prepared 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.

Accounting convention

The financial statements are prepared under the historical cost convention.

Grants receivable

Grants receivable are recognised as incoming resources when the conditions for their receipt have been satisfied. Grants received for specific purposes are accounted for as restricted funds. Any grants restricted to future accounting periods are deferred, and recognised in the periods to which they relate. Grants for capital projects are credited to a separate capital restricted fund, which is not included in the income and expenditure account.

Local Authority fees

This represents amounts receivable against the school's net costs for the period and relative to the schools academic year.

Depreciation

Depreciation is provided at 2% on a straight line basis on all new property. Depreciation of all other assets is provided on the straight line method at the rate of 25% per annum

Expenditure

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the expenditure. Harmeny Education Trust Limited is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

Tangible Fixed Assets

On incorporation, Harmeny Education Trust Limited was gifted the land and existing property at Harmeny on condition that should the assets cease to be used for the purposes of Special Needs Education, the property would revert to The Save the Children Fund. The main building and the Lodge are listed and are inalienable.

The original cost of the asset is not available and only costs incurred by the predecessor organisation, Harmeny School, were capitalised on incorporation.

The users of the accounts are principally the Directors, Local Authorities, The Scottish Executive and donors. The directors consider that the cost of carrying out a professional valuation to include these assets at a value to be incorporated meaningfully in the accounts would not be justified.

Since incorporation all additions and improvements to land and buildings have been included at cost.

Other tangible assets costing more than £500 are capitalised.

HARMENY EDUCATION TRUST LIMITED

Restricted funds

Restricted funds are to be used for specified purposes laid down implicitly or explicitly by the donor. Expenditure which meets these criteria is identified to the fund.

Unrestricted funds

Unrestricted funds comprise donations and other incoming resources received or generated for charitable purposes.

Designated fund

Designated fund is unrestricted and earmarked by the directors for particular purposes.

Donations

Donations are recognised on a cash basis.

3. ANALYSIS OF TOTAL CHARITABLE EXPENDITURE

	Staff Costs	Other	Depreciation	Consumables	Total 2002	Total 2001
	£	£	£	£	£	£
Direct charitable expenditure	1,696,048	344,813	103,967	98,722	2,243,550	1,738,812
Administration	134,098	33,776	-	-	167,874	121,361
	<u>1,830,146</u>	<u>378,589</u>	<u>103,967</u>	<u>98,722</u>	<u>2,411,424</u>	<u>1,860,173</u>

4. STAFF COSTS

	Total 2002	Total 2001
	£	£
Wages and salaries	1,629,422	1,156,700
Social security costs	119,714	84,871
Pension costs	81,010	61,102
	<u>1,830,146</u>	<u>1,302,673</u>

One employee received remuneration between £70,000 and £79,999 (2001 - one in range £60,000 to £69,999). The average weekly number of persons (including part-time employees) employed by the company during the year, analysed by category, was as follows:

	Total 2002 Number	Total 2001 Number
Teaching staff	23	20
Care staff	60	42
Domestic staff	10	13
Administrative staff	7	6
Estate	3	2
	<u>103</u>	<u>83</u>
Number of staff in Pension Schemes	<u>51</u>	<u>41</u>

HARMENY EDUCATION TRUST LIMITED

Members of the teaching staff participate in the Scottish Office Teachers' Superannuation Scheme. This is a multi-employer defined benefit scheme and the liabilities of the Scheme have been valued by a "prospective benefits" valuation method. The Government Actuary has adopted an interest rate of 8.5% and has assumed future price increases of just under 5% a year and earning increases of a little below 6.5%. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

The main points which emerge from the valuation can be summarised as follows:

- Employers' contributions will increase from 6.9% to 7.15% with effect from 1 April 2002.
- The value of the notional fund is £4,370 million.
- The balance of the liability in the Scheme has increased since the 1991 valuation by about £90 million, to £230 million, mainly due to the high level of premature and – to a lesser extent – ill health retirements, although lower interest rates and lower than expected yields on notional investments were also significant factors.
- Scheme membership increased by around 2.5% over the valuation period (there were 64,389 members of the Scheme at 1 April 1996).
- The average teacher's salary increased by around 19% - this increase in average pay corresponds to annual increases of a little over 3.5% a year over the valuation period.
- The number of teachers retiring on premature and ill health grounds increased substantially over the valuation period: 5150 teachers retired prematurely, while 2011 teachers retired on ill-health grounds, compared with 3557 and 1388 respectively in the previous quinquennium.

A number of non-teaching staff are members of the SCVO Staff Final Salary Scheme. As required by FRS17 the Directors report:-

Harmeny Education Trust Limited participates in The Pensions Trust SCVO Final Salary pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The last formal valuation of the Scheme was performed at 30 September 1999 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £8.7 million.

During the accounting period Harmeny Education Trust Limited paid contributions at the rate of 11.0% until 31 March 2001 and 12.0 % thereafter. Member contributions varied between 3.5% and 5.0%.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the profit and loss account charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

Financial assumptions

The financial assumptions underlying the valuation were as follows:

	%pa
• Investment return on future contributions	6.6
• Investment return on accumulated assets	5.1
• Inflation rate	2.5
• Rate of salary increases	4.5
• Rate of pension increases	2.5

HARMENY EDUCATION TRUST LIMITED

The accumulated assets of the Scheme were assumed to earn the same return as if they had been invested in a portfolio comprising 100% UK equities for non-pensioner liabilities and 50% UK equities/50% index-linked gilts for pensioner liabilities.

The valuation revealed a shortfall of assets compared with the value of liabilities of some £1.7 million (equivalent to a past service funding level of 84%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, was assessed as 9.9% of pensionable salaries. In view of the past service shortfall employers were required to contribute at the rate of 12.0% of pensionable salaries with effect from 1 April 2001. Member contributions rates were also increased from 1 April 2001, and now vary between 4.0% and 5.0%. Member contributions will be fixed at 5.0% from 1 April 2004.. On the basis of the valuation assumptions this pattern of contributions will be sufficient to eliminate the past service deficit by 30 September 2011.

The next valuation will be as at 30 September 2002 and the results will be available after June 2003.

Directors are not remunerated, nor are they reimbursed for expenses. During the year fees of £1110 were paid to Morton Fraser for legal services supplied to the company. One of the directors, Mr Scott Rae is a partner in Morton Fraser.

5. TAXATION

The company, being a charity, is exempt from tax under Section 505 Income and Corporation Taxes Act 1988.

6. OPERATING SURPLUS/(DEFICIT)

The operating deficit is stated after charging/crediting:

	Total 2002 £	Total 2001 £
Directors' emoluments	-	-
Trustee Indemnity Insurance Premium	787	250
Audit fee	3,993	4,380
Operating lease rentals - equipment	5,482	4,048

7. TANGIBLE FIXED ASSETS

	Heritable Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or Valuation				
Cost or value brought forward	2,547,179	177,518	75,793	2,800,490
Additions	55,790	32,873	3,174	91,837
Disposals	-	-	-	-
At 31 March 2002	2,602,969	210,391	78,967	2,892,327
Depreciation				
Brought forward	78,289	120,083	47,842	246,214
Charge for period	51,021	38,041	14,905	103,967
Eliminated on disposals	-	-	-	-
At 31 March 2002	129,310	158,124	62,747	350,181
Net book value				
At 31 March 2002	2,468,890	57,435	27,951	2,554,276
At 31 March 2002	2,473,659	52,267	16,220	2,542,146

HARMENY EDUCATION TRUST LIMITED

The Save the Children Fund, which previously controlled Harmeny School, has been granted a Standard Security over the whole of the heritable property transferred to the company on 21 December 1995.

The company owns the original main building and lodge house which are both listed. These properties were included in the gift of land and buildings by The Save The Children Fund when the company was incorporated in 1995. The "cost" value of the assets taken over at the date was recorded as £35,734 in the records of the previous organisation, Harmeny School, and this figure has been included as cost in the balance sheet and the value has been credited to Restricted Reserves. The original cost of the assets is not available and is not included in the balance sheet and the Directors consider that the cost of carrying out a professional valuation to include these assets meaningfully in the accounts would not be justified. Heritable Property is insured for £3,986,935 which is an estimate of replacement cost.

The proceeds from heritable property if sold can only be applied to further the objectives of the school. Otherwise the Save the Children Fund may require consideration to be paid in exchange for their consent to the disposals.

CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £ 38,105 (2001 - £Nil)

Amounts authorised but not contracted for £NIL (2001 - £60,000)

8.	INVESTMENTS	Total 2002	Total 2001
		£	£
	Investment in subsidiary company, Harmeny Services Limited	2	2
	Harmeny Services Limited is a company registered in Scotland for the purpose of conducting school business, other than education, as considered appropriate. The company did not operate during the year to 31st March 2002.		
9.	DEBTORS	Total 2002	Total 2001
		£	£
	Fees	72,230	34,510
	Scottish Executive maintenance grant	15,561	77,187
	Sundry	15,491	3,253
		103,282	114,950
10.	CREDITORS: amounts falling due within one year	Total 2002	Total 2001
		£	£
	Other taxes and social security	41,705	30,492
	Trade creditors	67,666	61,788
	Other creditors	21,290	27,910
	Accruals	26,088	26,866
	Amount due to Pension Funds	11,539	9,665
	Amounts due to subsidiary company	2	2
		168,290	156,723
11.	OBLIGATIONS UNDER OPERATING LEASES		
	The company had annual commitments under non-cancellable equipment leases as set out below.		
		Total 2002	Total 2001
		£	£
	Operating leases which expire:		
	In the second to fifth years	4,271	4,034

HARMENY EDUCATION TRUST LIMITED

12. MOVEMENT IN FUNDS

	General Fund £	Capital Development Fund £	New Building Capital Fund £	Other Funds £	Total £
Balance of funds brought forward	-	116,484	2,535,755	43,731	2,695,970
Net (outgoing)/ incoming resources before transfers	44,666	14,970	27,259	24,835	111,730
Transfers	-	77,769	(77,769)	-	-
Balance at 31 March 2002	44,666	209,223	2,485,245	68,566	2,807,700

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Capital Development Fund £	New Building Capital Fund £	Other Funds £	Total £
Fixed Assets	-	15,837	2,485,245	41,066	2,542,148
Current Assets	44,666	193,386	-	27,500	265,552
	44,666	209,223	2,485,245	68,566	2,807,700

HARMENY EDUCATION TRUST LIMITED

APPENDIX

Analysis of Costs (per General Fund)

	Total 2002 £	Total 2001 £
Consumables		
Food	53,889	40,168
Kitchen supplies	421	1,850
Resources	21,711	18,392
- Care	10,817	11,847
- Education	6,866	3,162
- Outdoor Education	5,018	9,075
- Management		
	98,722	84,494
	Total 2002 £	Total 2001 £
Other operating charges		
Laundry and cleaning	6,603	5,609
Insurance	14,651	12,248
Council tax	3,818	3,234
Heat and light	44,842	40,738
Motor and vehicle costs and travel	16,106	13,271
Maintenance	186,613	197,844
Operating Leases	5,482	4,048
Printing, postage and stationery	8,943	7,133
Miscellaneous costs	4,284	4,751
Telephone	14,248	10,707
Audit	3,993	3,781
Legal Fees	1,110	1,104
Other professional fees	1,020	3,065
Fire/security	4,057	3,106
Chemist/medical	3,716	2,931
Training/resources etc.	24,615	14,320
Recruitment	23,427	15,235
Public relations	6,328	5,532
Profit/Loss on sale of vehicle	-	(5,850)
Feasibility Study (fully funded)	-	19,580
Children's expenditure	4,733	3,679
	378,589	366,066

NB – Administration

	£	£
Operating Leases	5,482	4,048
Printing postage and stationery	8,943	7,133
Telephone	14,248	10,707
Audit	3,993	3,781
Legal fees	1,110	1,104
	33,776	26,773

HARMENY EDUCATION TRUST LIMITED

INDEPENDENT AUDITORS' REPORT

To the members of Harmeny Education trust Limited (by guarantee)

We have audited the financial statements on pages 2 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITORS

The responsibilities of the trustees (who also act as Directors for the charitable activities of the company) of the charity for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities on page 3 and 4.

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 Trustees Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT 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 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 of the charity's state of affairs as at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



56 Palmerston Place
Edinburgh
EH12 5AY

McCABES
Chartered Accountants
& Registered Auditors

1 June 2002