

The Edinburgh Academy Foundation
(A company limited by guarantee)
Annual report
for the year ended 28 June 2002

Registered Number SC181779



The Edinburgh Academy Foundation

(A company limited by guarantee)

Annual report

for the year ended 28 June 2002

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Directors and advisors for the year ended 28 June 2002

Chairman of the Board of Directors

JHW Fairweather (resigned 29 August 2002)

A Tod (appointed 29 August 2002)

Board of Directors

JHW Fairweather

JV Light

R Wight

A Cook (resigned 28 January 2002)

J F Richardson

M W Gregson

R Lutton

J Scaife (resigned 24 September 2001)

G Franklin (resigned 10 September 2001)

L Becher (appointed 12 November 2001)

J D Hood (appointed 3 December 2001)

The Directors receive no remuneration for their services.

Secretary

K Grant

Registered Auditors

PricewaterhouseCoopers LLP

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NH

Solicitors

Murray, Beith, Murray WS

39 Castle Street

Edinburgh

EH2 3BH

Registered office

The Edinburgh Academy

42 Henderson Row

Edinburgh

EH3 5BL

Investment Managers

Gerrard Limited

155 St Vincent Street

Glasgow

G2 5NN

The Edinburgh Academy Foundation

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Directors' report for the year ended 28 June 2002

The Directors, who are also Trustees of the charity for the purposes of charitable law, present their report and the audited financial statements for the year ended 28 June 2002.

Formation of company and accounting reference date

The Edinburgh Academy Foundation is a Scottish charitable company incorporated as a company limited by guarantee on 29 December 1997. The Company has no shareholders.

The financial statements comply with current requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000.

Principal and future activities and reserves policy

The principal activity is to raise funds for specific capital projects within The Edinburgh Academy and to establish a designated endowment fund for educational purposes.

25% of the Foundation's unrestricted income from donations and legacies is allocated to the Bursary and Scholarship Fund of The Edinburgh Academy. The remainder of the money collected is available for capital projects.

Results for the year

The income and expenditure account for the year is set out on page 7 and the statement of financial activities is set out on page 9.

Investments

Investment powers are governed by the Memorandum and Articles of Association. All investments have been donated to the Foundation.

Risk Management

The Directors have assessed the major risks to which the Foundation is exposed, in particular those related to the operations and finances of the Foundation, and are satisfied that systems are in place to mitigate exposure to those major risks.

Directors and Directors' interests in share capital

The details of the Directors of the Foundation during the financial year are provided on page 3.

The Directors received no remuneration during the year. The company is limited by guarantee and therefore none of the Directors can have any interest in share capital of the Company.

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Statement of responsibilities of the Board of Directors

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Foundation as at the end of the financial year and of the surplus or deficit for that year. In preparing these 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 departure 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 Foundation will continue in operation.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation 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 Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 16 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

By order of the board



Secretary

The Edinburgh Academy Foundation
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Independent auditors' report to the members of The Edinburgh Academy Foundation (A company limited by guarantee)

We have audited the financial statements which comprise of the income and expenditure account, the balance sheet, the statement of financial activities, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The Directors also act as trustees for the charitable activities of The Edinburgh Academy Foundation Limited. Their responsibilities for preparing the Annual Report and the financial statements, in accordance with applicable United Kingdom law and 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 issued by Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 charitable company 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 directors' remuneration and transactions is not disclosed. We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only of the Directors' Report.

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 by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company'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 charitable company's affairs at 28 June 2002 and of its net outgoing resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

12 February 2003

The Edinburgh Academy Foundation
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Income and expenditure account for the year ended 28 June 2002

	Notes	2002 £	2001 £
Income	1	39,535	266,221
Expenditure		(108,576)	(9,010)
Gross (deficit)/surplus		(69,041)	257,211
Administrative expenses		(7,093)	(10,705)
Operating (deficit)/surplus	2	(76,134)	246,506
Bank interest receivable		5,407	3,416
Bank interest payable		-	(2,028)
(Deficit)/surplus on ordinary activities for the financial year		(70,727)	247,894

Statement of total recognised gains and losses

		2002 £	2001 £
(Deficit)/surplus for the year		(70,727)	247,894
(Losses)/gains on investments	4	(15,711)	14,707
		(86,438)	262,601

All operations during the year relate to continuing activities.

There is no difference between the surplus on ordinary activities and the surplus for the year stated above, and their historical cost equivalents.

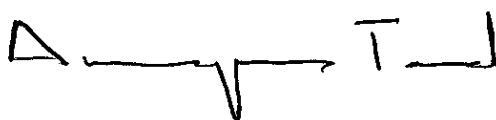
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Balance sheet as at 28 June 2002

	Notes	2002 £	2001 £
Fixed assets			
Investments	4	54,000	166,090
		54,000	166,090
Current assets			
Cash at bank		145,094	119,336
		145,094	119,336
Liabilities: amounts falling due within one year	5	(1,058)	(952)
Net current assets		144,036	118,384
Net assets		198,036	284,474
Funds			
Unrestricted funds:			
General	6	172,639	168,500
Designated "Endowment"	6	25,397	115,974
Total unrestricted		198,036	284,474

The financial statements on pages 7 to 14 were approved by the Board of Directors on 27 January '03 and signed on its behalf by

Director



The Edinburgh Academy Foundation
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Statement of financial activities
for the year ended 28 June 2002

		2002			2001
	Notes	General £	Endowment £	Total Funds £	Total Funds £
Incoming resources					
Donations and gifts		37,202	-	37,202	264,045
Investment income		7,457	283	7,740	5,593
Total incoming resources		44,659	283	44,942	269,638
Resources expended					
Direct charitable expenditure	6	2,614	105,962	108,576	9,011
Fundraising and publicity		3,124	-	3,124	5,868
Management and administration of the charity		3,969		3,969	4,837
Interest payable		-	-	-	2,028
Total resources expended		9,707	105,962	115,669	21,744
Net (outgoing)/incoming resources					
before transfers		34,952	(105,679)	(70,727)	247,894
Transfer to Endowment Fund		(9,300)	9,300	-	-
Adjustment to Endowment Fund		(7,977)	7,977	-	-
Net (outgoing)/incoming resources for the year		17,675	(88,402)	(70,727)	247,894
(Losses)/gains on investments	4	(13,536)	(2,175)	(15,711)	14,707
Net movement in funds		4,139	(90,577)	(86,438)	262,601
Funds brought forward					
at 29 June 2001		168,500	115,974	284,474	21,873
Fund balances carried forward					
at 28 June 2002		172,639	25,397	198,036	284,474

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Cash flow statement for the year ended 28 June 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Net cash inflow from operating activities	7		18,019		124,026
Returns on investment and servicing of finance					
Interest received		5,407		3,416	
Interest paid		-		(2,028)	
Dividends received		2,332		2,177	
			7,739		3,565
Net cash flow before financing			25,758		127,591
Financing					
Movement in the loan provided by The Edinburgh Academy			-		(40,000)
Increase in net cash	8		25,758		87,591

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Notes to the financial statements for the year ended 28 June 2002

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000. A summary of the principal accounting policies which have been applied consistently is set out below.

Basis of accounting

The accounts are prepared in accordance with the historical cost convention, modified by the revaluation of fixed asset investments.

Donations and other income

Donations received and recoverable income tax thereon are credited to income on receivable basis. Gifts in kind are valued at a reasonable estimate of their value to the Foundation.

Educational expenditure

25% of all unrestricted income from donations and legacies is allocated to the Bursary and Scholarship Fund of The Edinburgh Academy to be used for future educational expenditure.

Expenditure

All expenditure is accounted for on an accruals basis, and has been classified under headings in the Statement of Financial Activities (SOFA) that aggregate all costs related to that category.

Investments

Investments donated to the Company are initially recorded at the market value on the day ownership passes. Thereafter they are included at their market value at the year end in accordance with the SORP.

Taxation

The company is a charity for the purposes of Section 505 ICTA 1988 and is exempt from taxation on the whole of its income.

2 Operating (deficit)/surplus

The operating (deficit)/surplus is stated after charging:-

	2002	2001
	£	£
Auditors' remuneration	1,057	952

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3 Employees

The average number of persons working on behalf of the Company, excluding Directors, during the year is as follows:-

	2002	2001
Administration	1	1

Employee costs

All persons working on behalf of the Company are direct employees of The Edinburgh Academy. The Edinburgh Academy recharged The Edinburgh Academy Foundation £1,652 (2001: £1,717) for the salary costs for the year.

Directors' emoluments

The Directors receive no emoluments.

4 Fixed asset investments

	2002	2001
	£	£
Quoted investments		
Market value at 29 June 2001	166,090	38,798
(Disposals)/receipts	(96,379)	112,585
Investment (losses)/gains	(15,711)	14,707
Market value at 28 June 2002	54,000	166,090
Historical costs as at 28 June 2002	55,669	153,835

The Board of Directors do not consider there to be any material restrictions on the realisation of these assets.

These investments are equity shares in one listed UK company – HBOS.

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5 Creditors: amounts falling due within one year

	2002	2001
	£	£
Other creditors and accruals	1,058	952

6 Funds

	Balance 29 June 2001	Movement in Funds:		Balance 28 June 2002
	£	Incoming Resources	Expenditure Gains, Losses and Transfers	£
Unrestricted Funds:				
General	168,500	44,659	(40,520)	172,639
Endowment	115,974	283	(90,860)	25,397
Total Funds	284,474	44,942	(131,380)	198,036

Represented by :

	Unrestricted Funds :	
	General	Endowment
	£	£
Investments	54,000	-
Net current assets	118,639	25,397
	172,639	25,397

During the year, £105,962 was transferred from the accumulated balances of the Endowment Fund, which is designated for future educational purposes, to the Bursary and Scholarship Fund of The Edinburgh Academy. It is intended that the remaining balance of the Endowment Fund, as at 28 June 2002, will be transferred to the Bursary and Scholarship Fund in the year ended 28 June 2003.

7 Net cash flow from operating activities

	2002	2001
	£	£
Operating surplus before interest	(76,134)	246,506
Decrease in debtors	-	374
Increase/(decrease) in creditors	106	(8,092)
Dividends receivable	(2,332)	(2,177)
Disposals / (receipts) of equity investments	96,379	(112,585)
Net cash inflow from operating activities	18,019	124,026

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8 Analysis of change in net funds

	At 29 June 2001 £	Cash flows £	At 28 June 2002 £
Cash at bank	119,336	25,758	145,094
Net funds	119,336	25,758	145,094

	2002 £	2001 £
Analysed in balance sheet:		
Cash at bank	145,094	119,336
	145,094	119,336

9 Reconciliation of net cash flow to movement in net funds

	2002 £	2001 £
Increase in cash in the year	25,758	87,591
Change in net debt arising from cash flows	-	40,000
Movement in net funds in the year	25,758	127,591
Net funds at 29 June 2001	119,336	(8,255)
Net funds at 28 June 2002	145,094	119,336

10 Members' guarantee

The Edinburgh Academy Foundation, being a company limited by guarantee of £1 per member, has no share capital.

11 Capital commitments

At 28 June 2002 The Edinburgh Academy Foundation had no authorised contracts for future capital expenditure (2001: £nil).

12 Related parties

The Edinburgh Academy Foundation is a related party of The Edinburgh Academy by virtue of the Academy's representation on the Board of Directors and the administration of the Foundation by employees of the Academy.

All donations of the Foundation during the year were made to the Edinburgh Academy. Amounts owed at 28 June 2002 by the Foundation to the Academy and recharges for salaries are disclosed in notes 5 and 3 respectively.