Co House

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

ANNUAL REPORT

For the year ended 28 June 2003

Company Registration Number: SC 181779

Charity Recognition Number: SC027543

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

SCT SP92FQYV 0977
COMPANIES HOUSE 17/12/03

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

ANNUAL REPORT

for the year ended 28 June 2003

CONTENTS **PAGES**

Directors and advisors	2
Directors' report	3 - 4
Independent auditors' report to the members of The Edinburgh Academy Foundation	5 - 6
Income and expenditure account and statement of total recognised gains and losses	7
Balance sheet	8
Statement of financial activities	9
Cash flow statement	10
Notes to the financial statements	11 - 15

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS AND ADVISORS

for the year ended 28 June 2003

Chairman of the Board of directors
J H W Fairweather (resigned 28 August 2002)
A Tod (appointed 29 August 2002)

Board of Directors
J H W Fairweather
A Tod (appointed 29August 2002)
J V Light
R Wight (resigned 27 January 2003)
J F Richardson (resigned 27 January 2003)
M W Gregson
R Lutton (resigned 11 February 2003)
L A Becher
J D Hood

Secretary
K Grant

Registered Auditors
Whitelaw Wells
9 Ainslie Place
Edinburgh
EH3 6AT

Solicitors
Murray Beith Murray WS
39 Castle Street
Edinburgh
EH2 3BL

Registered Office
39 Castle Street
Edinburgh
EH2 3BL

Investment Managers
Murray Beith Murray WS
39 Castle Street
Edinburgh
EH2 3BL

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

DIRECTORS' REPORT

for the year ended 28 June 2003

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 2003.

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 and registered as a charity on 29 December 1997. The Company has no shareholders.

The company was established under a Memorandum of Association which set out the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the directors are elected at the annual general meeting to serve for a period of three years, subject to ratification at each AGM.

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 of the charity 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 during the year. The remainder of the money collected is retained within the general fund and is available for future 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. The net outgoing resources for the year amounted to £46,527. The general reserves at the year end stand at £156,984.

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 2.

The Directors received no remuneration during the year (2002: £nil). The company is limited by guarantee and therefore none of the Directors can have any interest in the share capital of the Company.

DIRECTORS' REPORT (continued)

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 balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial 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

During the year PricewaterhouseCoopers LLP resigned as auditors and the directors appointed Whitelaw Wells as auditors. A resolution to re-appoint Whitelaw Wells as auditors will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

By order of the Board on 4th December 2003.

Secretary

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDINBURGH ACADEMY FOUNDATION

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. 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 11.

Respective responsibilities of directors and auditors

The directors also act as trustees for the charitable activities of The Edinburgh Academy Foundation. 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 the Auditing Practices Board. This opinion has been prepared for and only for the charitable company's members 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 the directors' report.

Basis of audit opinion

We conducted our audit in accordance with the 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.

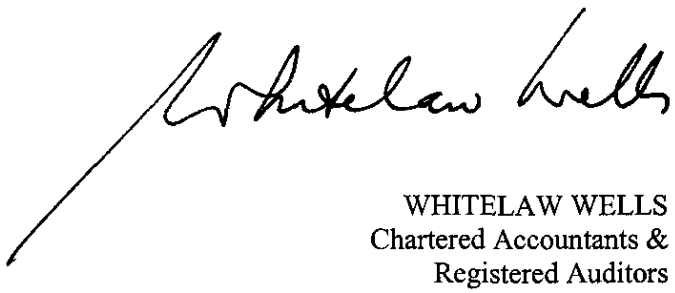
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EDINBURGH ACADEMY FOUNDATION

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's state of affairs as at 28 June 2003 and of its incoming resources and application of resources, including its income and expenditure for the year then ended, the deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



9 Ainslie Place
Edinburgh
EH3 6AT

WHITELAW WELLS
Chartered Accountants &
Registered Auditors

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

INCOME AND EXPENDITURE ACCOUNT

for the year ended 28 June 2003

	Notes	2003 £	2002 £
Income		36,784	39,535
Expenditure	2	(84,042)	(108,576)
Gross deficit		(47,258)	(69,041)
Administrative expenses	2	(3,811)	(7,093)
Operating deficit		(51,069)	(76,134)
Bank interest receivable		4,542	5,407
Deficit on ordinary activities for the financial year		(46,527)	(70,727)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 28 June 2003

		2003 £	2002 £
Deficit for the year		(46,527)	(70,727)
Unrealised gain/(loss) on investments	5	5,475	(15,711)
		(41,052)	(86,438)

All operations during the year relate to continuing activities.

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

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

Balance Sheet

As at 28 June 2003

	Notes	2003 £	2002 £
Fixed assets			
Investments	5	59,475	54,000
Current assets			
Debtors	6	87	-
Cash at bank		98,245	145,094
Creditors: amounts falling due within one year	7	(823)	(1,058)
Net current assets		97,509	144,036
Net assets		**156,984**	198,036
Funds			
Unrestricted funds			
General	8	156,984	172,639
Designated "Endowment"	8	-	25,397
Total unrestricted		**156,984**	198,036

The financial statements on pages 7 to 15 were approved by the Board of Directors on 4.12.03 and signed on its behalf by :

Director

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 28 June 2003

	Note	General £	Endowment £	2003 Total Funds £	2002 Total Funds £
Incoming resources					
Activities to further the charity's objects:					
Donations and gifts		34,579	-	34,579	37,202
Investment income		6,747	-	6,747	7,740
Total incoming resources		**41,326**	**-**	**41,326**	**44,942**
Resources expended					
Charitable expenditure:					
Direct charitable expenditure		58,645	25,397	84,042	108,576
Fundraising and publicity		-	-	-	3,124
Management and administration of the charity		823	-	823	1,058
Support costs		2,988	-	2,988	2,911
Total resources expended	2	**62,456**	**25,397**	**87,853**	**115,669**
Net (outgoing)/incoming resources for the year		(21,130)	(25,397)	(46,527)	(70,727)
Unrealised gains/(loss) on investments	5	5,475	-	5,475	(15,711)
Net movement in funds		**(15,655)**	**(25,397)**	**(41,052)**	**(86,438)**
Funds brought forward at 29 June 2002		172,639	25,397	198,036	284,474
Fund balances carried forward at 28 June 2003		**156,984**	**-**	**156,984**	**198,036**

THE EDINBURGH ACADEMY FOUNDATION
(a company limited by guarantee)

CASH FLOW STATEMENT

for the year ended 28 June 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Net cash (outflow)/inflow from from operating activities	9		(53,596)		18,018
Returns on investment and servicing of finance					
Interest received		4,542		5,407	
Interest paid		-		-	
Dividends received		2,205		2,333	
			6,747		7,740
(Decrease)/increase in net cash	10		(46,849)		25,758

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 June 2003

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 a receivable basis. Gifts in kind are valued at a reasonable estimate of their value to the Foundation.

Educational expenditure

In accordance with the company's Memorandum and Articles of Association, 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 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 mid market value at the balance sheet date 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.

Unrestricted funds and endowment funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Endowment funds are other incoming resources receivable or generated for the objects of the charity with the specified purpose of aiding future education projects.

2. Total resources expended

	Direct expenditure £	Fund-raising £	Mgt & Admin £	Support Costs £	2003 Total £	2002 Total
Donations	84,042	-	-	-	84,042	108,576
Staff costs	-	-	-	1,721	1,721	1,652
Postage	-	-	-	401	401	862
Stationery	-	-	-	606	606	16
Marketing	-	-	-	-	-	3,124
Meeting costs	-	-	-	-	-	142
Audit fee	-	-	823	-	823	1,058
Professional fee	-	-	-	260	260	239
	84,042	-	823	2,988	87,853	115,669

During the year donations amounting to £34,042 (2002:- £108,576) were made to the Bursary and Scholarship Fund of the Edinburgh Academy and £50,000 (2002:- £nil) to the Edinburgh Academy.

3. Net outgoing resources for the year

This is stated after charging: -

	2003 £	2002 £
Auditors' remuneration	823	1,057

4. Employees

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

	2003 £	2002 £
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 £1,721 (2002 : £1,652) for the salary costs for the year.

5. Fixed asset investments

	2003 £	2002 £
Quoted investments		
Market value at 29 June 2002	54,000	166,090
Receipts/(disposals)	-	(96,379)
Unrealised investment gains/(losses)	5,475	(15,711)
Market value at 28 June 2003	59,475	54,000
Historical costs as at 28 June 2003	55,669	55,669

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.

6. Debtors

	2003 £	2002 £
Tax reclaimable	87	-

7. Creditors : amounts falling due within one year

	2003 £	2002 £
Other creditors and accruals	823	1,058

8. Movement in funds

	Balance 29 June 2002 £	Incoming resources £	Expenditure gains, losses and transfers £	Balance 28 June 2003 £
Unrestricted Funds :				
General	172,639	41,326	(67,931)	146,034
Endowment	25,397	-	(25,397)	-
Total funds	198,036	41,326	(87,853)	146,034

8. Movement in funds (continued)

During the year £25,397 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.

9. Net cash flow from operating activities

	2003 £	2002 £
Operating surplus/(deficit) before interest	51,069	(76,134)
Decrease/(increase) in debtors	(87)	-
(Decrease)/increase in creditors	(235)	107
Dividends receivable	(2,205)	(2,332)
Disposals/(receipts) of equity investment	-	96,379
Net cash (outflow)/inflow from operating activities	(53,596)	18,020

10. Analysis of change in net funds

	At 29 June 2002 £	Cashflow £	At 28 June 2003 £
Cash at bank	145,094	(46,849)	98,245

	2003 £	2002 £
Analysed in balance sheet :		
Cash at bank	98,245	145,094

11. Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
(Decrease)/increase in cash in the year	(46,849)	25,758
Change in net debt arising from cash flows	-	-
Movement in the year	(46,849)	25,758
Net funds at 28 June 2002	145,094	119,336
Net funds at 28 June 2003	**98,245**	145,094

12. Members' guarantee

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

13. Capital commitments

At 28 June 2003 The Edinburgh Academy Foundation had no authorised contracts for future capital expenditure (2002: £Nil).

14. 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 2003 by the Foundation to the Academy and recharges for salaries are disclosed in notes 2 and 4 respectively.