

PRINCES EXCHANGE FOUNDATION
(A Charitable Company Limited by Guarantee)

Registered Number SC 209552

Directors' and Trustees' Report and Financial Statements
for the year ended 31st July, 2002



PRINCES EXCHANGE FOUNDATION
(A Charitable Company Limited by Guarantee)

Registered Office

Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

Registered Number

SC 209552

Scottish Charity Number

SC 030452

Directors and Trustees

Douglas Andrew Connell
Robert Cheyne Turcan
Simon Aeneas Mackintosh
Neil Alastair MacLeod
Robin David Fulton
Ian Robert Clark

Secretaries and Solicitors:

Turcan Connell
Princes Exchange
1 Earl Grey Street
EDINBURGH
EH3 9EE

Bankers:

Bank of Scotland
New Ueberior House
11 Earl Grey Street
EDINBURGH
EH3 9BN

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PRINCES EXCHANGE FOUNDATION
(A Charitable Company Limited by Guarantee)

The Directors and Trustees present their report and financial statements for the period ended 31st July, 2002.

Principal Activities

The company was incorporated on 31st July, 2000. The company acts as a nominee.

The Directors and Trustees and their interests

The Directors and Trustees who held office during the period ended 31st July, 2002 were as follows:

Robert Cheyne Turcan
Douglas Andrew Connell
Neil Alastair MacLeod
Ian Robert Clark
Robin David Fulton
Simon Aeneas Mackintosh

Each Director has undertaken to contribute an amount not exceeding one pound to the assets of the company in the event of its being wound up.

Review of the transactions, activities and financial position of the Company

During the year under review the company acted as a nominee in respect of the collection of donations to two charitable objects and in the distribution of the funds for those charitable purposes.

Statement of the Directors and Trustees' Responsibilities in Respect of the Accounts:

The Companies Act 1985, The Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 and The Charities Accounts (Scotland) Regulations 1992 require the Directors and Trustees to prepare a statement of accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing those accounts, the Directors and Trustees are required to:-

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the company will continue on that basis.*

The above noted legislation also required the Directors and Trustees to be responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the accounts comply with the legislation. 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.

Small Company provisions/

Small Company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act applicable to small companies.

By order of the Board


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Turcan Connell, Secretaries
26th February, 2003
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PRINCES EXCHANGE FOUNDATION
(A Charitable Company Limited by Guarantee)
PROFIT and LOSS ACCOUNT
(Incorporating Statement of Financial Activity)
FOR THE YEAR ENDED 31ST JULY, 2002

	<u>Restricted</u>	<u>Unrestricted</u>	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Incoming Resources</u>				
Donations Received	3,158.14	5,100.00	8,258.14	0.00
Interest(gross)	15.41	0.00	15.41	0.00
Total Incoming Resources	<u>3,173.55</u>	<u>5,100.00</u>	<u>8,273.55</u>	<u>0.00</u>
<u>Resources Expended</u>				
Direct Charitable Expenditure	(3,000.00)	(5,100.00)	(8,100.00)	0.00
Total Resources Expended	<u>(3,000.00)</u>	<u>(5,100.00)</u>	<u>(8,100.00)</u>	<u>0.00</u>
Net Incoming Resources	<u>173.55</u>	<u>0.00</u>	<u>173.55</u>	<u>0.00</u>
Fund balances carried forward at 31st July, 2002	<u>173.55</u>	<u>0.00</u>	<u>173.55</u>	<u>0.00</u>

PRINCES EXCHANGE FOUNDATION
(A Charitable Company Limited by Guarantee)
BALANCE SHEET AS AT 31ST JULY, 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
<u>Current Assets</u>			
Cash on deposit and in hand		173.55	-
Debtors	6	-	-
		173.55	-
Current Liabilities	7	-	-
		<u>173.55</u>	<u>-</u>
<u>Represented by:</u>			
Endowment Fund (Restricted)		173.55	-
Undistributed income (Unrestricted)		-	-
		<u>173.55</u>	<u>-</u>

(a) For the year ended 31st July, 2002 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.

(b) Members have not required the company to obtain an audit in accordance with section 249A(2) of the Companies Act 1985.

(c) The Directors acknowledge their responsibility for:

- i. Ensuring the company keeps accounting records which comply with section 221; and
- ii. Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company;

(d) The accounts have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.

Approved by the Directors and authorised to be signed on their behalf on

26th February 2003

Neil MacLeod
 Neil MacLeod

Director

PRINCES EXCHANGE FOUNDATION
(A Charitable Company Limited by Guarantee)

Notes To The Financial Statements
for the year ended 31st July, 2002

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the Historical Cost Convention and in all material respects are in accordance with applicable accounting standards in the United Kingdom, with Trust Law, The Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, and The Charities Accounts (Scotland) Regulations 1992. The Accounts also comply with the Accounting and Reporting by Charities: Statement of Recommended Practice issued in October 2000.

(b) Income

Income is recorded when receivable whenever the amount is known, otherwise it is accounted on a cash basis. Grants in respect of revenue expenditure is credited to the profit and loss account in the relevant accounting period.

(c) Cash flow statement

The Trust is a small company as defined by S247 of the Companies Act 1985 and is entitled to exemption from the preparation of a cash flow statement as required under FRS1. Consequently, a cash flow statement has not been prepared.

(d) Funds

The Restricted Fund represents the income received and expenditure incurred in respect of the Dunnett Archive. The Unrestricted Fund represents the free funds of the Trust.

2. Net Incoming Resources

173.55

3. Charitable Donations Received

Dunnet Archive (Restricted Fund)

Mrs A M Beach	30.00
Rathleen Shaw	10.00
Miscellaneous	64.08
Miscellaneous	64.44
Rose M Helmberger	18.97
Miscellaneous	166.53
Mrs J A Kimber	10.00
Shirley M Wade	20.00
Elaine Briccetti	12.27
Walter F Threlkeld Jnr	29.54
Ruth M Barnett	29.54
Marilyn M Barry	16.51
Nancy Jane Silberstein	62.11
Lesley M Smith	12.83
Nancy Wright	1,710.27
Marlene A Miller	28.73
Athina Dallas	12.02
Miss J M Taylor	50.00
J S Fergus	50.00
E F Smallwood	10.00
Dr E A Brown	50.00
Jennifer A Myers	20.00
Barbara S Pond	301.64
Margaret McDonald	12.15
Susan D Prince	29.31
Mrs Molly Maureen Allan	25.00
Miss A Ettoch	15.00
Miscellaneous	101.53
Mrs Elizabeth Drake	50.00
Miscellaneous	50.00
Sandra D Speiden	95.67

3,158.14

Other (Unrestricted Fund)

Anonymous Donation (incl Tax recovery)	5,100.00
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4. Directors and Trustee Expenses

No fees or expenses have been paid to the Directors and Trustees. All Directors and Trustees act gratuitously.

5. Management & Administration

Nil

6. Debtors

Nil

7. Creditors

Nil

TURCAN CONNELL

SOLICITORS

GENERAL TERMS OF BUSINESS

These Terms of Business set out the terms and conditions on which we undertake to act for you. We are entitled to vary these Terms of Business at any time by giving you 14 days prior written notice. The Terms of Business are subject to any letter of engagement issued with them.

1. The Law Society of Scotland

Turcan Connell is a member of The Law Society of Scotland and subject to its professional rules, including the Solicitors (Scotland) Accounts, Accounts Certificate, Professional Practice and Guarantee Fund Rules 2001 in relation to clients' money.

2. Instructions

Our offices in Edinburgh and Guernsey are open 9 am to 5 pm Monday to Friday. Outwith office hours you may contact us by fax, e-mail or by telephone on a direct line to the person dealing with your affairs.

You may instruct us by any appropriate method. On occasion, we may contact you to clarify instructions or ask you to confirm them in writing. We reserve the right to decline to carry out instructions if we have not been provided with relevant information, relevant funds or which would involve us in a breach of any Law Society rules and guidelines.

3. Client's Authority

- (a) Where we act for more than one person jointly, such as a body of trustees or executors, we shall assume that any one has the authority of the others to give us instructions. In these circumstances each person is equally liable for our fees and outlays, and is responsible for the instructions given.
- (b) Where we act for a company or a firm we will agree at the outset who is to have authority to give us instructions on behalf of the company or the firm. In the case of a corporate client we may ask one or more of the directors to guarantee the company's liabilities for fees and outlays.
- (c) Where you have authorised someone to give instructions on your behalf, such as an attorney or a factor, we will act on the instructions of that person.

4. Supervision of Client's Business

Every client's affairs are under the overall supervision of a partner. The day to day work will be carried out by a combination of this partner and other appropriately qualified staff. We will notify you at the outset who will have responsibility for dealing with your work and who will be your principal point of contact.

5. Conflicts of Interest

Where we receive instructions from two or more clients to act in circumstances where their interests conflict, we are prohibited by the professional rules of The Law Society of Scotland from acting for them. Similarly if a conflict arises between clients in the course of dealing with their affairs, the professional rules prevent us from continuing to act for all of them. In these circumstances we will advise the clients concerned of the conflict and we may be obliged to cease acting for all of them. In some circumstances we can continue to act for only one of the clients.

6. Confidentiality

We shall not disclose any information given by you to us which is not in the public domain, except as required by law or with your authority.

7. Resolving Problems

If you are dissatisfied with any aspect of the service you have received you should, in the first instance, take the matter up with the partner supervising your affairs. If this is inappropriate the matter should be referred to Robert Turcan or Douglas Connell, the Joint Senior Partners of the firm. If the matter relates to investment business then you should contact our Compliance Director, James Wilson.

In addition to the firm's internal procedure you are entitled to refer any complaint to the Client Relations and Complaints Department of The Law Society of Scotland. In the case of investment business complaints, you may have the right to refer matters to the Financial Ombudsman Service (FOS). We will provide you with details in the appropriate circumstances.

8. **Client's Funds**

Any monies we receive from you or for your account, which are not required for fees or outlays, are held separately from our own funds in designated client accounts. We will account to you for the interest in accordance with the rules of The Law Society of Scotland. Interest is paid on client's money held in Bank of Scotland deposit accounts at the following rates:-

The first £0 to £24,999.99	1.500%	below Bank of Scotland Base Rate
£25,000 to £99,999.99	1.000%	below Bank of Scotland Base Rate
£100,000 to £499,999.99	0.500%	below Bank of Scotland Base Rate
£500,000 to £999,999.99	0.375%	below Bank of Scotland Base Rate
over £1,000,000	0.300%	below Bank of Scotland Base Rate

We make no charge for the collection of interest on clients' deposit. We are entitled to retain interest or commission paid to us by Bank of Scotland.

9. **Professional Fees**

Our fee levels, and any anticipated outlays, should be discussed with you when we begin to act for you. Our fee levels are reviewed annually.

When we give an estimate, it can only be an indication of the charges you are likely to incur and should not be regarded as agreed for the transaction. Should any circumstances arise where an estimate is likely to be exceeded, the situation will be discussed with you at the earliest possible stage.

Subject to any special arrangements, our fees will be rendered as follows:

- At the conclusion of services provided or on completion of a particular stage in the business.
- Continuing or ongoing services will be charged quarterly, half yearly or annually or at a pre-determined fee limit to be agreed at the time of instruction.
- Disbursements made on your behalf will be recharged to you as they are incurred.

All bills are for immediate settlement. We reserve the right to charge interest for late payment of any sums due to us at the rate of 3 per cent per annum over Bank of Scotland base rate. VAT where applicable will be added to fees and disbursements. Fees will be payable in sterling unless by special arrangements. Fees will be debited against funds held by us on your behalf as soon as a fee note is rendered.

In particular cases we may require payment in advance. We will credit any such payment to a Client Account and apply it, together with any interest earned, against future bills.

Even where there are arrangements for recovering fees in whole or part from a third party, you will be responsible for payment of our fees. We will be entitled to retain commission received by us from third parties in respect of business introduced by us to such parties.

If you disagree with the level of our fees you may require them to be independently assessed by the Auditor of the Court of Session or an Auditor of Edinburgh Sheriff Court. The auditors will make a charge for carrying out their independent assessment. If the auditor reduces the fee, you will be charged only that amount and we will be responsible for the auditor's costs. If the auditor confirms the fee is correct or indicates that it could have been higher, you will be responsible for the auditor's costs and will be required to pay the fee charged, or at our discretion, any increased fee which the auditor has ruled would be appropriate.

If we act on your behalf in connection with a court action in which you are partly or wholly successful, it may be possible to recover expenses from your opponents. In practice only a proportion of your expenses is likely to be recoverable. You are liable for our fees and outlays incurred on your behalf whether or not you are successful in an action, but credit will be given for all expenses recovered from your opponents.

If we cease to act for you, you will remain responsible for paying us for work done up to the point at which our instructions cease, and for reimbursing outlays incurred on your behalf.

10. **Records**

On completion of the work and after payment of all fees and outlays, we will arrange for storage or return to you as appropriate of any relevant documents and papers. We retain correspondence files for 10 years. They are reviewed 10 years after closure and may be destroyed following that review in accordance with The Law Society of Scotland's guidelines. We reserve the right to store all client documents, records and papers in any form. We are entitled to retain all files, documents and other papers held on your behalf until all outstanding fees and outlays have been paid in full. Separate record keeping requirements apply in relation to investment business activity. We will provide you with details on request.

11. **Investment Business**

We are authorised by the Financial Services Authority (FSA) in the conduct of investment business. Separate Terms of Business apply to investment business which we carry out for clients. You will be issued with our investment terms of business if we carry out investment business for you.

12. **Money Laundering**

The Money Laundering Regulations require us to be satisfied as to the identity of our clients and as to the source of any funds passing through our hands. In order to comply with these Regulations, we may need to ask you for information in relation to these matters.

Turcan Connell is authorised by the Financial Services Authority to conduct investment business