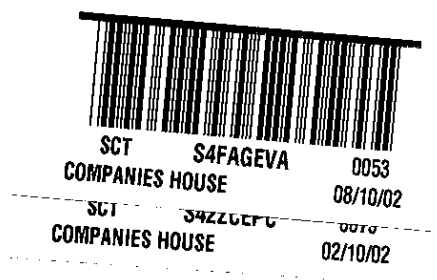


CLAN SINCLAIR TRUST
FINANCIAL STATEMENTS

31 DECEMBER 2001

SC 194021



Saffery Champness

CHARTERED ACCOUNTANTS

CLAN SINCLAIR TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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COMPANY INFORMATION

Directors

The Rt Hon The Earl of Caithness – Chief Executive
The Rt Hon The Viscount Thurso
Iain Laird
Euan Sinclair

Secretary

Euan Sinclair

Registered Office

Clan Sinclair Study Centre
Nosshead
Wick
Caithness

Company Number

SC194021

Scottish Charity Number

SC028778

Accountants

Saffery Champness
Kintail House
Beechwood Park
Inverness
IV2 3BW

Bankers

Bank of Scotland
Teviot House
41 South Gyle Crescent
Edinburgh

DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001

The directors, as trustees of the Charity, have pleasure in presenting their report and financial statements of Clan Sinclair Trust for the year ended 31 December 2001.

The financial statements are presented in a form to comply with current statutory requirements and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in October 2000.

This Directors' and Trustees' Report and full accompanying financial statements are published and distributed to all members in accordance with statutory regulations for registered companies.

Legal and administrative details

The legal and administrative details are listed on page 1.

The following directors have held office since 1 January 2001.

The Rt Hon The Earl of Caithness
The Rt Hon The Viscount Thurso
Euan Sinclair
Ian Sinclair (resigned 21 July 2001)
Iain Laird (appointed 5 October 2001)

Objects

The Trust is established for the purpose of the preservation and promotion of Sinclair and Girnigoe Castles; for the promotion of the history of the Castles and the Sinclair Clan; and the establishment of a visitor centre.

Organisation

The Trust was incorporated on 4 March 1999 under the name of Sinclair and Girnigoe Castle Trust and recognised by the Inland Revenue as a Scottish Charity on 19 March 1999. The Trust changed its name to Clan Sinclair Trust on 19 October 1999 to reflect its wider objects.

Review of the development, activities and achievements of the Trust during the year

- Preservation and promotion of the Castles

At a meeting in April, with the Heritage Lottery Fund and Historic Scotland, the Trust was informed that the Lottery Fund would only consider grant aid if a full Conservation Plan (which they would help finance) of the whole site was undertaken first. On the basis that this was the only way forward the Trust withdrew their application for grant and submitted a new application for grant aid for a Conservation Plan, which application also included grants from Historic Scotland, Highland Council and Caithness and Sutherland Enterprise. In view of this it was decided to put other fundraising on hold until further progress was made with the Conservation Plan.

DIRECTORS' AND TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2001

The application to the World Monument Fund, based in New York, was successful. In October they announced that Sinclair and Girnigoe Castle was included in their 2002 watch list of the 100 most endangered sites in the world. This has given international credibility to the project and raised interest particularly in the USA.

- **Clan Study Centre at Ness Head**

The Trust agreed to rent part of the Centre as an office and an independent valuer determined the rental. However, as a result of the discussions with the Heritage Lottery Fund and the putting on hold of other fundraising the Trust surrendered their lease for the moment.

Niven Sinclair continued to donate books to the Trust which are being kept in the Clan Study Centre.

Finance

It was agreed that until further progress was made with the Heritage Lottery Fund expenditure would be kept to a minimum and further fundraising put on hold for the time being.

Future plans

Whilst recognition by the World Monument Fund is of great importance to the Trust the determination by the Heritage Lottery Fund of the grant application for the Conservation Plan is a necessary prerequisite for the directors before a programme of fund raising can be agreed.

Since the end of the year the Heritage Lottery Fund have agreed support and in response a fund raising campaign is being devised for the latter half of 2002.

Directors' responsibilities

Company law 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 profit or loss of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' AND TRUSTEES' REPORT (Continued)

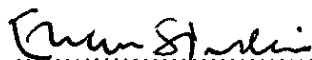
FOR THE YEAR ENDED 31 DECEMBER 2001

Directors' responsibilities (Continued)

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. 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



.....
Euan Sinclair
Director

**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
UNAUDITED ACCOUNTS OF CLAN SINCLAIR TRUST**

We report on the financial statements for the year ended 31 December 2001 set out on pages 6 to 11.

Respective responsibilities of directors and reporting accountants

As described on page 3 the company's directors are responsible for the preparation of the financial statements, and they consider the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we consider necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

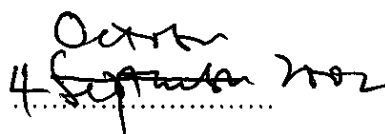
In our opinion:

- 1 the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985,
- 2 having regard only to, and on the basis of, the information contained in those accounting records:
 - a) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - b) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).



Saffery Champness

Chartered Accountants



Kintail House
Beechwood Park
Inverness
IV2 3BW

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	Restricted Funds £	Unrestricted Funds £	2001 Total £	2000 Total £
Incoming resources					
Donations	2	-	10,275	10,275	20,725
Activities for generating funds:					
Clan Gathering 2000		-	-	-	2,022
Investment income and interest	3	-	40	40	281
Total incoming resources		-	10,315	10,315	23,028
Cost of generating funds	4	-	(1,369)	(1,369)	(15,081)
Net incoming resources available for charitable application		-	8,946	8,946	7,947
Charitable expenditure					
Costs of activities in furtherance of charitable objectives:					
Conservation costs	5	-	-	-	6,287
Noss Head library costs	5	-	525	525	2,562
Management and administration	6	-	1,963	1,963	6,939
Charitable donations		-	-	-	3,000
Total charitable expenditure		-	2,488	2,488	18,788
Total resources expended		-	3,857	3,857	33,869
Net incoming resources (resources expended)		-	6,458	6,458	(10,841)
Total funds at 1 January 2001		-	2,040	2,040	12,881
Total funds at 31 December 2001		-	8,498	8,498	2,040

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 £	2000 £
Income		10,275	22,745
Operating expenses		<u>3,857</u>	<u>33,869</u>
Operating surplus/(deficit)		6,418	(11,124)
Interest receivable		<u>40</u>	<u>281</u>
Surplus/(deficit) on ordinary activities before taxation	6	6,458	(10,843)
Taxation	7	<u>-</u>	<u>-</u>
Surplus/(deficit) for the year		<u>6,458</u>	<u>(10,843)</u>

The Company has no recognised gains or losses other than the surplus for the year.

The Company's income and expenses all relate to continuing operations.

The notes on pages 9 to 11 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2001

			2001	2000
	Notes	£	£	£
Fixed assets				
Tangible assets	9		1	1
Investments	10		2	2
			<u>3</u>	<u>3</u>
Current assets				
Cash at bank and in hand		4,977		4,044
Debtors	11	<u>3,812</u>		<u>1,523</u>
		8,789		5,567
Creditors: amounts falling due within one year	12	<u>294</u>		<u>3,530</u>
			8,495	2,037
Net assets			<u>8,498</u>	<u>2,040</u>
Funds				
Restricted	14		-	-
Unrestricted	14		8,498	2,040
			<u>8,498</u>	<u>2,040</u>

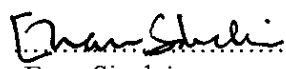
The notes on pages 9 to 11 form part of these financial statements.

The financial statements were approved by the Board on 2 September 2002

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



 The Rt Hon The Earl of Caithness



 Euan Sinclair

For the year ended 31 December 2001 the company was entitled to exemption under Section 249A (2) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with Section 249B (2).

- i) The directors acknowledge their responsibility for:
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 its financial year, and of its profit and loss for the financial year in accordance with Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 1992 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) issued in October 2000.

(b) Incoming resources

Income is recognised in the period in which the charity is entitled to receipt. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

(c) Resources expended

Resources expended are accounted for on an accruals basis and are allocated to the specific activities of the charity.

The Trust is not registered for VAT and accordingly expenditure includes VAT where applicable.

2 Donations

	2001 £	2000 £
Gift Aid	2,692	5,000
Deeds of Covenant	962	1,623
Prior year adjustment – additional tax recovered	1,485	-
Other donations	5,136	14,102
	<u>10,275</u>	<u>20,725</u>

3 Investment income and interest

	2001 £	2000 £
Interest on cash deposits	<u>40</u>	<u>281</u>

4 Cost of generating funds

	2001 £	2000 £
Advertising and promotion	1,369	11,613
Consultancy fees	-	2,083
Travel and entertaining expenses	-	1,385
	<u>1,369</u>	<u>15,081</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2001

5 Costs of activities in furtherance of charitable objectives

	2001 £	2000 £
Conservation costs		
Sinclair and Girnigoe Castles		
Architects' fees	-	3,066
Structural engineers' survey	-	3,221
	<u>-</u>	<u>6,287</u>
Noss Head library (Clan archive)		
Shelving and carpets	-	2,436
Books	-	126
Insurance	525	-
	<u>525</u>	<u>2,562</u>

6 Management and administration

	2001 £	2000 £
Consultancy fees	-	4,000
Motor and travelling expenses	192	796
Telephone	-	322
Office rent	900	-
Miscellaneous expenses	2	58
Accountancy	869	1,763
	<u>1,963</u>	<u>6,939</u>

7 Taxation

The Company is recognised by the Inland Revenue as a charity for the purposes of Section 505, Income and Corporation Taxes Act 1988.

8 Related party transactions

There were no related party transactions during the year.

In the year to 31 December 2000 the Company made a payment of £4,000 for consultancy fees, to a company of which the Rt Hon the Earl of Caithness is a director.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2001

9 Tangible assets

The ruins of Sinclair and Girnigoe Castle, which were gifted to the Trust, are included in the accounts at a nominal value of £1. The directors do not consider the cost of valuing the sites to be justified in terms of assessing their performance.

10 Investments

	2001 £	2000 £
Shares in subsidiary Sinclair Bay Trading Company Ltd	<u>2</u>	<u>2</u>

11 Debtors

	2001 £	2000 £
Income tax recoverable	<u>3,812</u>	<u>1,523</u>

12 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade and other creditors	<u>294</u>	<u>3,530</u>

13 Share capital

The company does not have a share capital as it is limited by guarantee.

14 Reconciliation of movements in funds

	2001		2000	
	Restricted Funds £	Unrestricted Funds £	Restricted Funds £	Unrestricted Funds £
Opening funds	-	2,040	-	12,881
Surplus/(deficit) for the year	<u>-</u>	<u>6,458</u>	<u>-</u>	<u>(10,841)</u>
Closing funds	<u>-</u>	<u>8,498</u>	<u>-</u>	<u>2,040</u>