

CLAN SINCLAIR TRUST
FINANCIAL STATEMENTS

31 DECEMBER 2005

194021



Saffery Champness
CHARTERED ACCOUNTANTS

CLAN SINCLAIR TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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COMPANY INFORMATION

Patron

HRH The Prince Charles, Duke of Rothesay

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
KW1 4QT

Company Number

SC194021

Scottish Charity Number

SC028778

Auditors

Saffery Champness
Kintail House
Beechwood Park
Inverness
IV2 3BW

Bankers

Bank of Scotland
600 Gorgie Road
Edinburgh
EH11 3XP

**DIRECTORS' AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

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 2005

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 2005

The Rt Hon The Earl of Caithness
The Rt Hon The Viscount Thurso
Euan Sinclair
Iain Iaird

Objects

The Trust is established for the purpose of the preservation and promotion of Sinclair and Girmigoe 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 Girmigoe 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 Castle

It has been a busy year at the Castle with most of the archaeological and building works of the first phase being completed. The archaeologists revealed yet more 'unknowns' but it will only be when all the work has been done that the full implications of these discoveries can be assessed. They do, however, give us good clues as to the various stages of building and rebuilding that took place over the centuries. The building that was formerly known as the Porter's Lodge is in fact two distinct rooms: one a narrow rectangular room which the Porter occupied, with small windows facing east and west and a fireplace on the east wall, the other a larger room, now known as the Steward's Room. The Steward's Room has two fine windows looking west, and one into the courtyard. It contains a large fireplace and there is evidence that the room was panelled. As a result of these discoveries the planned buttresses for the chimney stack could not be built.

DIRECTORS' AND TRUSTEES' REPORT (continued)**FOR THE YEAR ENDED 31 DECEMBER 2005**

- Preservation and promotion of the Castle (cont'd)

Instead, in addition to the ten horizontal metal ties that have been drilled into the chimney, two long diagonal anchors have been drilled through the stonework and secured into the bedrock. This has the same affect as the buttresses would have and is aesthetically better as there is less new build. A short buttress has been built on the west facing wall of the chimney and the whole stack has been repointed in a special lime mortar mix which is similar to the original. The roof of the vaulted archway has been strengthened and the passageway excavated to last use level. This revealed part of the workings of the portcullis and the bell cupboard.

The courtyard revealed two 'unknown' staircases and part of the remains of a collapsed wall. There is still more of this to excavate. Where a staircase was expected to be found in the north east corner, the archaeologists discovered a second small Porter's Lodge guarding the access to the South Barbican.

Due to site constraints the archaeologists and builders could not work on site at the same time so the work will be completed next year. Historic Scotland, Heritage Lottery Fund, Highland Council and Caithness and Sutherland Enterprise have been kept updated as work progressed. A number of visits by specialised groups were arranged and all those who attended the Clan Sinclair International Gathering were shown round the Castle.

Our Patron, HRH The Prince Charles, Duke of Rothesay, continues to take a close interest in the project and we were honoured that he unveiled a plaque to commemorate the preservation works being undertaken and the plaque will be incorporated into the new work.

- Clan Study Centre at Noss Head

More new books have been added and catalogued. Negotiations have commenced for the possible purchase by the Trust of the land and buildings owned by Ian Sinclair and Joan Burton.

- Finances

More donations were received and with the monies also received and promised all the costs of phase one are covered. The Trust has received two donations especially for the purchase of Noss Head and these cover all the expected costs without compromising the work on the Castle. The Trust registered for VAT in August.

Future plans

The first priority is to complete the works in phase 1 as soon as the weather permits. We plan to build a new bridge across the moat from the mainland to the outer bailey so as to open the site to the increasing number of visitors that are coming to look at the Castle. For the time being an interpretation panel has been erected at a suitable place beside the access road to help visitors understand the Castle and the work we are undertaking. This will be periodically updated. Detailed proposals and costings will be discussed and worked up with Historic Scotland for future phases of work.

DIRECTORS' AND TRUSTEES' REPORT (Continued)

FOR THE YEAR ENDFD 31 DECEMBER 2005

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

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

2 September 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 12

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of Clan Sinclair Trust for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland)

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

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' and Trustees' 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 Directors' and Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements

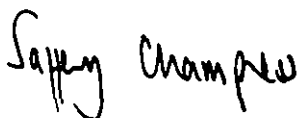
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgements made by the Directors 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 as to whether 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 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985



Salfery Champness
Chartered Accountants
Registered Auditors
Inverness

25 October

2006

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	Restricted Funds £	Unrestricted Funds £	2005 Total £	2004 Total £
Incoming resources					
Grants	2		96,368	96,368	69,663
Donations	3		500,629	500,629	86,474
Investment income and interest	4		2,557	2,557	823
Total incoming resources			599,554	599,554	156,960
Cost of generating funds	5		(19,718)	(19,718)	(7,740)
Net incoming resources available for charitable application			579,836	579,836	149,220
Charitable expenditure					
Costs of activities in furtherance of charitable objectives					
Conservation costs	6		165,974	165,974	93,366
Upkeep of grounds					2,110
Management and administration	7		7,485	7,485	5,869
Total charitable expenditure			173,459	173,459	101,345
Total resources expended			193,177	193,177	109,085
Net incoming resources			406,377	406,377	47,875
Total funds at 1 January 2005		101,850	64,880	166,730	118,855
Total funds at 31 December 2005		101,850	471,257	573,107	166,730

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
Income		596,997	156,137
Operating expenses		(193,177)	(109,085)
Operating surplus		<u>403,820</u>	<u>47,052</u>
Interest receivable		2,557	823
Interest payable			
Surplus on ordinary activities before taxation	7	<u>406,377</u>	<u>47,875</u>
Taxation	8		
Surplus for the year		<u>406,377</u>	<u>47,875</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 12 form part of these financial statements

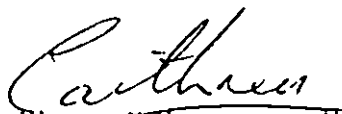
**BALANCE SHEET
AS AT 31 DECEMBER 2005**

			2005	2004
	Notes	£	£	£
Fixed assets				
Sinclair and Girnigoe Castle	10		1	1
Books, maps and manuscripts	10		104,663	101,850
Plant and equipment	10		6,202	
			<u>110,866</u>	<u>101,851</u>
Current assets				
Cash at bank and in hand		375,779		80,592
Debtors	11	90,962		1,550
		<u>466,741</u>		<u>82,142</u>
Creditors: amounts falling due within one year	12	<u>4,500</u>		<u>17,263</u>
			<u>462,241</u>	<u>64,879</u>
Net assets			<u>573,107</u>	<u>166,730</u>
Funds				
Restricted	13		101,850	101,850
Unrestricted	13		471,257	64,880
			<u>573,107</u>	<u>166,730</u>

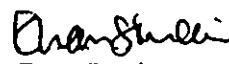
The notes on pages 9 to 11 form part of these financial statements

The financial statements were approved by the Board on *2 September 2006*

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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

(d) Funds accounting

Funds held by the charity are either

Unrestricted general funds These are funds that can be used in accordance with the charitable objects at the discretion of the trustees

Designated funds These are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects

Restricted funds These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes

2 Grants

	2005 £	2004 £
World Monuments Fund	27,177	32,297
Highland Council		8,000
Caithness & Sutherland Enterprise	63,893	4,112
Historic Scotland	5,298	554
Heritage Lottery Fund		24,700
	<u>96,368</u>	<u>69,663</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

3	Donations and gifts	2005	2004
		£	£
	Gift Aid	258,588	66,936
	Corporate donors	1,250	1,850
	Charitable foundations	15,000	1,000
	Other UK donors		537
	Overseas donors	225,821	16,151
		<u>500,629</u>	<u>86,474</u>
4	Investment income and interest	2005	2004
		£	£
	Interest on cash deposits	<u>2,557</u>	<u>823</u>
5	Cost of generating funds	2005	2004
		£	£
	Travelling expenses – Lord Caithness		6,444
	Publicity and website costs	19,718	1,296
		<u>19,718</u>	<u>7,740</u>
6	Costs of activities in furtherance of charitable objectives	2005	2004
		£	£
	Conservation costs Sinclair and Girmigoe Castles		
	Strengthening and pinning of weak column		558
	Phase 1 building costs	162,607	92,808
	Interpretation costs		
	Interpretation panels	2,460	
	Leaflets	907	
		<u>165,974</u>	<u>93,366</u>
7	Management and administration	2005	2004
		£	£
	Public liability insurance	1,575	787
	Postage and stationery	315	
	Bank interest and charges		15
	Miscellaneous expenses	200	15
	Accountancy and other professional fees	5,395	5,052
		<u>7,485</u>	<u>5,869</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

8 Taxation

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

9 Related party transactions

There were no related party transactions during the year

10 Tangible assets

The ruins of Sinclair and Girmigoe 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.

In 2003 books, maps and manuscripts were donated to the Trust by Niven Sinclair. The books, etc are housed in the Noss Head library and study centre with the object of providing a centre of learning for the study of the history of the Sinclair family and related subjects. For the purposes of these accounts the books are included at a valuation of £100,000. The acquisition of additional books is shown at cost.

11 Debtors

	2005 £	2004 £
Income tax recoverable	57,781	762
VAT recoverable	32,393	
Prepayments	788	788
	<u>90,962</u>	<u>1,550</u>

12 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	1,500	14,263
Accrued expenses	3,000	3,000
	<u>3,000</u>	<u>17,263</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2005

13 Reconciliation of movements in funds

	2005		2004	
	Restricted Funds £	General Funds £	Restricted Funds £	General Funds £
Opening funds	101,850	64,880	100,000	18,855
Incoming resources		599,554	3,960	153,000
Outgoing resources		(193,177)	(2,110)	(106,975)
Closing funds	<u>101,850</u>	<u>474,257</u>	<u>101,850</u>	<u>64,880</u>

Restricted Funds represent funds donated to provide books for the Noss Head Library. This includes those books gifted to the Trust by Niven Sinclair in 2003 and included at a value of £100,000.

14 Share capital

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

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	£	2005 £	£	2004 £
Income				
Grants				
World Monuments Fund	27,177		32,297	
Highland Council			8,000	
Caithness & Sutherland Enterprise	63,893		4,112	
Historic Scotland	5,298		554	
Heritage Lottery Fund			24,700	
		96,368		69,663
Donations				
Donations under Gift Aid	259,808		67,936	
Other UK donations	15,000		2,387	
Overseas donations	225,821		16,151	
		500,629		86,474
Bank interest		2,557		823
		599,554		156,960
Expenditure				
Structural repairs			558	
Phase 1 building costs	160,880		92,808	
Interpretation panels	2,460			
1 lawn tractor			2,110	
Public liability insurance	1,575		787	
Travelling expenses – Lord Caithness			6,444	
Publicity and website costs	19,718		1,296	
Printing and stationery	1,222			
Accountancy and related services	5,195		940	
Professional fees – business plan			4,112	
Professional fees – Noss Head valuation	200			
Miscellaneous expenses	30		15	
Donations	170			
Irrecoverable VAT	1,727			
Bank interest and charges			15	
		193,177		109,085
Surplus for the year		<u>406,377</u>		<u>47,875</u>