

CLAN SINCLAIR TRUST
FINANCIAL STATEMENTS
31 DECEMBER 2006

194021



Saffery Champness
CHARTERED ACCOUNTANTS

CLAN SINCLAIR TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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COMPANY INFORMATION

Patron

HRH The Prince Charles, Duke of Rothesay

Directors and Trustees

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

Reporting Accountants

Saffery Champness

Kintail House

Beechwood Park

Inverness

IV2 3BW

Bankers

Bank of Scotland

600 Gorgie Road

Edinburgh

EH11 3XP

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2006

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 2006

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 March 2005)

Structure, Governance and Management

Legal and administrative details

The legal and administrative details are listed on page 1

The following directors have held office since 1 January 2006

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

Governing document

The Trust is a charitable company limited by guarantee, 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 October 1999. The company was established under a Memorandum of Association which established the objects and powers of the charitable company, and is governed under its Articles of Association. On 19 October 1999 the company changed its name to Clan Sinclair Trust to reflect its wider objects.

The liability of the members is limited. Every member of the company undertakes to contribute such amount as may be required (not exceeding £1) to the company's assets if it should be wound up while they are a member, or within one year after they cease to be a member, for payment of the debts and liabilities of the company contracted before they ceased to be a member.

Recruitment and appointment of new directors

The directors of the company are also charity trustees for the purposes of charity law. The rules governing their appointment are laid down in the company's Articles of Association.

Risk management

The directors, as trustees, have assessed the major strategic, business and operational risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure to such risks.

REPORT OF THE DIRECTORS**FOR THE YEAR ENDED 31 DECEMBER 2006**

Objectives and Activities

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

Achievements and Performance

The work carried out during 2006 has seen dramatic progress in the consolidation of the castle's fabric and in archaeological excavations, and has resulted in further discoveries being made

The Western Gatehouse has now been fully repaired and consolidated, and the scaffold mantle removed. This work represented the single largest planned undertaking in the castle's Outer Bailey and is therefore a major step forward

Excavations have progressed well this year, with the majority of the Outer Bailey courtyard exposed for the first time in over 300 years. The original courtyard surface appears to have been little more than the bedrock that the castle was erected upon. It was observed that, when exposed, the surface of the bedrock erodes slightly and provides naturally formed gravel – a property undoubtedly used by the original builders. Ultimately, a protective sheet will be laid down on the courtyard floor, covered with a layer of turf to provide a protective and durable surface for when the castle reopens to the public

The excavations in the Outer Bailey revealed more evidence that the inner face of the north and west ranges had a partly timber framed gallery running around at first floor level. The positions of pad stones were located, which would have taken the timber posts to support the structure. Some subtle archaeological evidence was also discovered in the base of a doorway to the main stair in the south range

A priority piece of work has been the saving of the northwest corner of the Outer Bailey. This substantial piece of masonry represents a corner tower, and it has become clear from recent work that the bottom of the structure contained fabric of an early date. The condition of the fabric was the cause of considerable concern and was, after the Western Gatehouse, one of the top priorities of the project team to tackle. It has now been stabilized and, with some further consolidation, should be in a condition to withstand the elements

This summer the Caithness Archaeological Trust was able to lend a hand with some of the excavation work, and exposed more of the West Barbican. It is now clear that the Barbican must have covered a much larger area than previously thought, and the Trust will have a major task to uncover its full extent in future years

In April the Trust acquired Noss Head Estates Limited, a privately owned company. The company owns some thirty five acres of land at Noss Head, together with two houses and outbuildings. The property is now occupied by the Trust, one of the houses being used to accommodate the Clan Sinclair Study Centre, the other to provide holiday letting accommodation which will generate additional funds for the Trust

In August we were delighted to welcome the President and Chairman of the World Monument Fund to the Castle. Sinclair Girnigoe is the only castle in Scotland to be listed by them in their Watch List of the 100 Most Endangered Sites in the World, and they were delighted to see the preservation works that have been carried out so far

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2006

Financial Review

The Trust continues to be funded by grants and donations from Foundations, Companies, Trusts and individuals. Further donations were received during the year and these were used to finance the ongoing restoration projects. Expenditure is only committed when sufficient funds are available to cover the agreed and costed phase of the project.

Plans for Future Periods

All work within the Castle will continue to be the subject of Scheduled Monument Consent from Historic Scotland. With the North West Tower House wall consolidated, the next phase of work will be to excavate the north range and then move on to the east range, depending on finances. Negotiations are well advanced for the financing of the new timber bridge, to give access to the Castle. An Access Audit will be undertaken so that future access requirements can be incorporated into the consolidation work.

This report has been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

On behalf of the Board



Euan Sinclair
Director

18 9 2007

**ACCOUNTANT'S REPORT TO THE MEMBERS
ON THE UNAUDITED FINANCIAL STATEMENTS OF CLAN SINCLAIR TRUST**

We report on the financial statements for the year ended 31 December 2006 set out on pages 6 to 13

Respective responsibilities of directors and reporting accountants

As acknowledged on the balance sheet, the company's directors are responsible for the preparation of the financial statements, and they consider the company is exempt from an audit. In accordance with their instructions, and in order to assist them to fulfil their responsibilities, we have prepared the financial statements on pages 6 to 13 from the accounting records and from the information and explanations supplied to us.

It is our responsibility to carry out procedures designed to enable us to report our opinion.

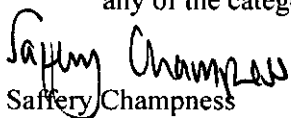
Basis of opinion

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

Date 20-9-2007

Chartered Accountants
Reporting Accountants
Inverness

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	Restricted Funds £	Unrestricted Funds £	2006 Total £	2005 Total £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2		86,968	86,968	596,997
Activities for generating funds	3		2,383	2,383	
Investment income	4		4,669	4,669	2,557
Total incoming resources			<u>94,020</u>	<u>94,020</u>	<u>599,554</u>
Resources expended					
Costs of generating funds	5		7,540	7,540	20,625
Charitable activities (including support costs)	6		159,082	159,082	172,552
Governance costs			30	30	
Total resources expended			<u>166,652</u>	<u>166,652</u>	<u>193,177</u>
Net (outgoing) / incoming resources			(72,632)	(72,632)	406,377
Total funds at 1 January 2006		101,850	471,257	573,107	166,730
Total funds at 31 December 2006		<u>101,850</u>	<u>398,625</u>	<u>500,475</u>	<u>573,107</u>

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Income			
Voluntary	2	86,968	596,997
Other	3	2,383	
		<u>89,351</u>	<u>596,997</u>
Operating expenses		(166,652)	(193,177)
Operating (deficit) / surplus		<u>(77,301)</u>	<u>403,820</u>
Interest receivable	4	4,669	2,557
(Deficit) / Surplus on ordinary activities before taxation		<u>(72,632)</u>	<u>406,377</u>
Taxation	7		
(Deficit) / Surplus for the year		<u>(72,632)</u>	<u>406,377</u>

BALANCE SHEET
AS AT 31 DECEMBER 2006

			2006	2005
	Notes	£	£	£
Fixed assets				
Tangible assets	9		117,278	110,866
Investments	10		279,408	
			<u>396,686</u>	<u>110,866</u>
Current assets				
Cash at bank and in hand		60,660		375,779
Debtors	11	84,441		90,962
		<u>145,101</u>		<u>466,741</u>
Creditors: amounts falling due within one year	12	<u>41,312</u>		<u>4,500</u>
			<u>103,789</u>	<u>462,241</u>
Net assets			<u>500,475</u>	<u>573,107</u>
Funds				
Restricted	13		101,850	101,850
Unrestricted	13		398,625	471,257
			<u>500,475</u>	<u>573,107</u>

For the year ended 31 December 2006 the company was entitled to exemption under Section 249A (1) 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)

The directors acknowledge their responsibility for

- 1 Ensuring the company keeps accounting records which comply with Section 221, and
- 11 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 to accounts, so far as applicable to the company

The Financial Statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The Financial Statements were approved by the Board on 18th 2007 and signed on its behalf by


The Rt Hon The Earl of Carthness


Euan Sinclair

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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 March 2005

(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

Expenditure is recognised on an accrual basis as a liability is incurred and is 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 Voluntary income

	2006 £	2005 £
Grants		
World Monuments Fund		27,177
Caithness & Sutherland Enterprise	33,952	63,893
Historic Scotland	4,113	5,298
Heritage Lottery Fund	19,760	
	<u>57,825</u>	<u>96,368</u>
Donations		
Gift Aid		258,588
Corporate donors	(275)	1,250
Charitable foundations		15,000
Other UK donors	116	
Overseas donors	29,302	225,821
	<u>29,143</u>	<u>500,629</u>
Total voluntary income	<u>86,968</u>	<u>596,997</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

3 Activities for generating funds

2006	2005
£	£

Holiday cottage letting rent

2,383	
<u>2,383</u>	<u></u>

4 Investment income

2006	2005
£	£

Interest on cash deposits

4,631	2,557
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Tax repayment supplement

38	
<u>4,669</u>	<u>2,557</u>

5 Costs of generating funds

2006	2005
£	£

Holiday letting costs

3,748	
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Publicity and website costs

3,278	20,625
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Travelling expenses

404	
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Subscriptions

110	
<u>7,540</u>	<u>20,625</u>

6 Charitable activities (including support costs)

2006	2005
£	£

Direct costs

Building works

133,915	120,553
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Archaeological excavation costs

15,170	40,327
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Signage and interpretation panels

1,713	2,460
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<u>150,798</u>	<u>163,340</u>
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Support costs

Insurance

2,216	1,575
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Professional fees

4,231	5,395
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Office expenses

571	515
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Depreciation on equipment

1,266	
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Irrecoverable VAT

	1,727
<u>159,082</u>	<u>172,552</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

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

9 Tangible assets

	Land & Buildings £	Library Books £	Equipment £	Furniture £	Total £
Cost					
At 1 January 2006	1	104,663	6,202		110,866
Additions			3,928	3,750	7,678
At 31 December 2006	<u>1</u>	<u>104,663</u>	<u>10,130</u>	<u>3,750</u>	<u>118,544</u>
Depreciation					
At 1 January 2006					
Charge for the year			1,266		1,266
At 31 December 2006			<u>1,266</u>		<u>1,266</u>
Net book values					
At 31 December 2006	<u>1</u>	<u>104,663</u>	<u>8,864</u>	<u>3,750</u>	<u>117,278</u>
At 31 December 2005	<u>1</u>	<u>104,663</u>	<u>6,202</u>		<u>110,866</u>

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

10 Fixed asset investments

	Shares in Subsidiary £	Loan to Subsidiary £	Total £
Cost			
At 1 January 2006			
Additions	161,631	117,777	279,408
At 31 December 2006	<u>161,631</u>	<u>117,777</u>	<u>279,408</u>

The company holds 100% of the share capital of Noss Head Estates Limited, a company incorporated in England

Noss Head Estates Limited has negative aggregate capital and reserves of £10,158 as at 31 December 2006 and did not trade during the year ended on that date

Clan Sinclair Trust leases property from Noss Head Estates Limited for use as a Study Centre and to provide holiday letting accommodation

11 Debtors

	2006 £	2005 £
Trade debtors	86	
Grants receivable	14,000	
Income tax recoverable	57,506	57,781
VAT recoverable	11,377	32,393
Prepayments	<u>1,472</u>	<u>788</u>
	<u>84,441</u>	<u>90,962</u>

12 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	39,093	1,500
Accrued expenses	<u>2,219</u>	<u>3,000</u>
	<u>41,312</u>	<u>4,500</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

13 Reconciliation of movements in funds

	2006		2005	
	Restricted Funds £	General Funds £	Restricted Funds £	General Funds £
Opening funds	101,850	471,257	101,850	64,880
Incoming resources		94,020		599,554
Outgoing resources		(166,652)		(193,177)
Closing funds	<u>101,850</u>	<u>398,625</u>	<u>101,850</u>	<u>471,257</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.