

CLAN SINCLAIR TRUST
FINANCIAL STATEMENTS
31 DECEMBER 2007

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Saffery Champness
CHARTERED ACCOUNTANTS

CLAN SINCLAIR TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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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 2007

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 2007

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 2007

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 2007**

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

Following the completion of most of the work on the North West Corner in late 2006, the scaffolding was removed, and the archaeologists returned to excavate the north range of the outer bailey. This now makes a profound difference, when one enters the courtyard, as there are now three rooms on the north side which brings that area alive. A 'new' wall has been discovered separating what we thought was one room into two, and two fireplaces, two windows, and three lavatories (garderobes as they are called in medieval/renaissance castles) have also been exposed along the north wall. The archaeologists also excavated the room which we call the Poetry Room, accessed off the north range and facing west. They exposed a fine archway, which was remodelled into a doorway when the use of the room was obviously changed at some time. This work revealed the top of two entrances to lower levels which we have yet to excavate. The one in the Poetry Room might be a cistern, while the one in the east room of the north range is probably a staircase. This will be determined as part of next year's work. The archaeologists have resurveyed this part of the castle, and their report has been published. As is normal, a lot of questions have been answered but a lot more have been posed. Hopefully we will work out the answers in due course. With all the work completed for which we had approval, we have had to apply for new consents to continue. An Access Audit was undertaken and this has already helped us in the construction of the new access path and bridge, and is a valuable resource for all future work.

In August both Field Archaeology Specialists Ltd and volunteers from Caithness Archaeological Trust returned to the site. Part of a fine cobbled road, which has not been recorded before, was exposed when the archaeologists prepared the ground for the new access path to the proposed new bridge. A cache of rare clay marbles was also discovered which date from Victorian time. The archaeologists also started excavating the lodgings building in the north east of the outer bailey. This was the building where we carried out the first repairs back in 2003. Meanwhile, the west barbican was expanded and part of the possible wall of the south barbican was exposed (a barbican is an outer defensive structure erected to help protect a castle). The work on the barbicans was carried out by volunteers under the guidance of FAS. The scaffold bridge to the Castle has been dismantled and the support piers constructed for the new timber bridge, to be accessed by a new path. This will improve the access considerably.

We were unable to achieve a letting of The Laird's Retreat, the house at Noss Head, so it was utilised by the archaeologists. Although not counted, there was a noticeable increase in the number of visitors to the Castle, and the link with Noss Head gives the Trust more flexibility and opportunity in the future.

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.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2007

Plans for Future Periods

All work within the Castle will, as usual, continue to be the subject of Scheduled Monument Consent from Historic Scotland. The priority is to complete the archaeological work in the outer bailey and buildings, undertake the consolidation work where necessary of exposed walling, and make the site safe so that this part of the Castle can be opened to the public. The first work will be the completion of the new access path and bridge, the archaeologists will then return to complete the work on the east range followed by the south range. An assessment will then be made of the amount of consolidation work needed and this will then be undertaken. Some temporary repair work is needed on the Tower House, and this too will be carried out in the early summer.

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

 16.5.08

Euan Sinclair
Director

**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 2007 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 19/05/2008

Chartered Accountants
Reporting Accountants
Inverness

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	Restricted Funds £	Unrestricted Funds £	2007 Total £	2006 Total £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2		118,431	118,431	86,968
Activities for generating funds	3		1,021	1,021	2,383
Investment income	4		6,485	6,485	4,669
Total incoming resources			<u>125,937</u>	<u>125,937</u>	<u>94,020</u>
Resources expended					
Costs of generating funds	5		5,402	5,402	7,540
Charitable activities (including support costs)	6		112,567	112,567	159,082
Governance costs			100	100	30
Total resources expended			<u>118,069</u>	<u>118,069</u>	<u>166,652</u>
Net incoming/(outgoing) resources			7,868	7,868	(72,632)
Total funds at 1 January 2007		101,850	398,625	500,475	573,107
Total funds at 31 December 2007		<u>101,850</u>	<u>406,493</u>	<u>508,343</u>	<u>500,475</u>

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Income			
Voluntary	2	118,431	86,968
Other	3	1,021	2,383
		<u>119,452</u>	<u>89,351</u>
Operating expenses		(118,069)	(166,652)
		<u>1,383</u>	<u>(77,301)</u>
Operating surplus/(deficit)			
Interest receivable	4	6,485	4,669
		<u>7,868</u>	<u>(72,632)</u>
Surplus/(deficit) on ordinary activities before taxation			
Taxation	7	7,868	(72,632)
Surplus /(deficit) for the year		<u>7,868</u>	<u>(72,632)</u>

BALANCE SHEET
AS AT 31 DECEMBER 2007

			2007	2006
	Notes	£	£	£
Fixed assets				
Tangible assets	9		120,430	117,278
Investments	10		280,763	279,408
			<u>401,193</u>	<u>396,686</u>
Current assets				
Cash at bank and in hand		127,052		60,660
Debtors	11	9,960		84,441
		<u>137,012</u>		<u>145,101</u>
Creditors: amounts falling due within one year	12	<u>29,862</u>		<u>41,312</u>
			<u>107,150</u>	<u>103,789</u>
Net assets			<u>508,343</u>	<u>500,475</u>
Funds				
Restricted	13		101,850	101,850
Unrestricted	13		406,493	398,625
			<u>508,343</u>	<u>500,475</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)

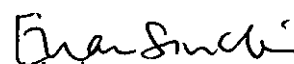
The directors acknowledge their responsibility for

- 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 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 16 May . 2008 and signed on its behalf by


The Rt Hon The Earl of Caithness


Euan Sinclair

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting Policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and the Statement of Recommended Practice Accounting and Reporting by Charities 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

	2007 £	2006 £
Grants		
World Monuments Fund	2,878	
Caithness & Sutherland Enterprise	35,777	33,952
Historic Scotland		4,113
Heritage Lottery Fund		19,760
	<u>38,655</u>	<u>57,825</u>
Donations		
Gift Aid	79,505	
Corporate donors		(275)
Other UK donors	40	116
Overseas donors	231	29,302
	<u>79,776</u>	<u>29,143</u>
Total voluntary income	<u>118,431</u>	<u>86,968</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

3	Activities for generating funds	2007	2006
		£	£
	Rent received Laird's Retreat	1,021	2,383
		<u>1,021</u>	<u>2,383</u>
4	Investment income	2007	2006
		£	£
	Interest on cash deposits	4,372	4,631
	Tax repayment supplement	2,113	38
		<u>6,485</u>	<u>4,669</u>
5	Costs of generating funds	2007	2006
		£	£
	Laird's Retreat costs	3,224	3,748
	Publicity and website costs	878	3,278
	Professional fees re Heritage Lottery Fund grant	1,300	
	Travelling expenses		404
	Subscriptions		110
		<u>5,402</u>	<u>7,540</u>
6	Charitable activities (including support costs)	2007	2006
		£	£
	Direct costs		
	Building works	73,867	133,915
	Archaeological excavation costs	30,205	15,170
	Signage and interpretation panels		1,713
		<u>104,072</u>	<u>150,798</u>
	Support costs		
	Insurance	2,555	2,216
	Professional fees	3,710	4,231
	Office expenses	332	571
	Depreciation on equipment	1,898	1,266
		<u>112,567</u>	<u>159,082</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007	1	104,663	10,130	3,750	118,544
Additions			5,050		5,050
At 31 December 2007	<u>1</u>	<u>104,663</u>	<u>15,180</u>	<u>3,750</u>	<u>123,594</u>
Depreciation					
At 1 January 2007			1,266		1,266
Charge for the year			1,898		1,898
At 31 December 2007			<u>3,164</u>		<u>3,164</u>
Net book values					
At 31 December 2007	<u>1</u>	<u>104,663</u>	<u>12,016</u>	<u>3,750</u>	<u>120,430</u>
At 31 December 2006	<u>1</u>	<u>104,663</u>	<u>8,864</u>	<u>3,750</u>	<u>117,278</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 2007

10 Fixed asset investments

	Shares in Subsidiary £	Loan to Subsidiary £	Total £
Cost			
At 1 January 2007	161,631	117,777	279,408
Additions in year – stamp duty on shares	1,355		1,355
At 31 December 2007	<u>162,986</u>	<u>117,777</u>	<u>280,763</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 2007 and did not trade during the year ended on that date

Clan Sinclair Trust occupies property owned by Noss Head Estates Limited for use as a Study Centre and to provide letting accommodation

11 Debtors

	2007 £	2006 £
Trade debtors	1,108	86
Grants receivable		14,000
Income tax recoverable		57,506
VAT recoverable	7,447	11,377
Prepayments	1,405	1,472
	<u>9,960</u>	<u>84,441</u>

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	29,112	39,093
Accrued expenses	750	2,219
	<u>29,862</u>	<u>41,312</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2007

13 Reconciliation of movements in funds

	2007		2006	
	Restricted Funds £	General Funds £	Restricted Funds £	General Funds £
Opening funds	101,850	398,625	101,850	471,257
Incoming resources		125,937		94,020
Outgoing resources		(118,069)		(166,652)
Closing funds	<u>101,850</u>	<u>406,493</u>	<u>101,850</u>	<u>398,625</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 valued at £100,000

14 Share capital

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