

CLAN SINCLAIR TRUST
FINANCIAL STATEMENTS
31 DECEMBER 2008

Saffery Champness
CHARTERED ACCOUNTANTS



CLAN SINCLAIR TRUST

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

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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
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 2008**

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 2008.

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 2008.

The Rt Hon The Earl of Caithness
The Rt Hon The Viscount Thurso
Euan Sinclair
Iain Laird (resigned 24 October 2008)

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 2008**

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

It has been a year of exciting discoveries as the archaeologists continued work in the outer bailey and adjacent buildings. Excavation of the fifteenth century lodgings building in the north east corner was completed revealing an intact wardrobe with only the wooden seat missing, and a fireplace with cupboards either side. The east range showed that it had been altered significantly and there is evidence of some pre fifteenth century construction. It also gave a good insight into how the access to the Tower House worked. It also revealed the lower part of a fine beehive shaped oven in the courtyard, which was built as part of the remodelling works in the early seventeenth century. This work included the room to its south, which became part of the service range serving the West Gatehouse Tower, which was altered from first floor level to provide additional floors incorporating a prestigious and ornate banqueting chamber, with further chambers above, lit by an oriel window. These were accessed by a grand square staircase which was the height of fashion at that time and undefendable, unlike the circular staircase in the Tower House. These alterations transformed the castle from a major fortification into a grand mansion. Perhaps the most exciting discovery was the stone boss/medallion depicting the Sinclair crest of the cock in a way not seen before – with its wings up. This seventeenth century depiction has created much interest, not just in the Scottish Heraldry Society but with the Lord Lyon, as it was not registered with him. It is a significant find as well as another example of the high status building work of that time. There is only one more room left to excavate which is the one to the south of the entrance archway or pend, and this will be done in April this year.

Consolidation of the stone work has also taken place and, in preparation for the opening of half of the castle to the public in the middle of this year, the Andrew Sinclair Bridge was opened in May, during the Clan Sinclair Gathering. As a result the first wheel chair visitor was able to obtain access to the courtyard.

From what we have discovered, our thoughts on the building sequence of the castle have changed. We now think that there was a pre fifteenth century fortification on the peninsular, and what is now the internal moat was its western boundary. In the late fifteenth century the first and second earls expanded the castle by building a new part, using stone from the moat they excavated and strengthened the existing one. When this was completed the old fortification was taken down to ground floor level and what is now the Tower House was built incorporating the latest fashions such as the long gallery and dormer windows. Having finished that, the top two thirds of the west gatehouse was rebuilt as the fine banqueting chambers served by the new square staircase. It is likely Castle Sinclair Girnigoe was the headquarters of the family empire, but with the family spending time living in their other castles than here. Only by excavating the inner bailey will we be able to establish fully the true picture.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2008

Achievements and Performance (continued)

At Noss Head, the Clan Study Centre and Library continues to attract a number of visitors, as well as those seeking to carry out research or to use it for educational purposes. One of the houses was used to accommodate the archaeologists during their work at the Castle, resulting in the saving of significant costs for the Trust.

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, as usual, continue to be the subject of Scheduled Monument Consent from Historic Scotland. The priority this year is to complete the archaeological work in the outer bailey and buildings, starting in April 2009. A tender from builders for consolidation work of stone-work and erection of safety barriers has been accepted, and that work will be scheduled around the archaeologists. Further work will be necessary before the proposed opening of the outer bailey to the public hopefully in August.

It is also planned to carry out excavation work in the moat, with volunteers under the guidance of the archaeologists later in the summer.

Given the economic climate and the difficulty all charities are having in raising funds, we will continue our policy of only carrying out works for which we have funds, and the intensity of work seen over the last four years will reduce. Fortunately, as a result of the work we have undertaken, the main structural concerns have already been addressed, although there are still some obvious weaknesses which need attention.

The next phase of work will be to construct a bridge over the internal moat to the Tower House so that access can be gained to the inner bailey.

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

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES
ON THE UNAUDITED FINANCIAL STATEMENTS OF CLAN SINCLAIR TRUST**

I report on the financial statements of the charity for the year ended 31 December 2008 which are set out on pages 6 to 13.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention.

1. which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Name: S A Mathieson

21/9/09

Professional qualification/professional body: Chartered Accountant

Address: Saffery Champness
Kintail House
Beechwood Park
Inverness
IV2 3BW

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Restricted Funds £	Unrestricted Funds £	2008 Total £	2007 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	-	19,393	19,393	118,431
Activities for generating funds	3	-	-	-	1,021
Investment income	4	-	2,012	2,012	6,485
Total incoming resources		<u>-</u>	<u>21,405</u>	<u>21,405</u>	<u>125,937</u>
Resources expended					
Costs of generating funds	5	-	5,681	5,681	5,402
Charitable activities (including support costs)	6	-	87,000	87,000	112,567
Governance costs		-	45	45	100
Total resources expended		<u>-</u>	<u>92,726</u>	<u>92,726</u>	<u>118,069</u>
Net (outgoing) incoming resources		-	(71,321)	(71,321)	7,868
Total funds at 1 January 2008		101,850	406,493	508,343	500,475
Total funds at 31 December 2008		<u>101,850</u>	<u>335,172</u>	<u>437,022</u>	<u>508,343</u>

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
Income			
Voluntary	2	19,393	118,431
Other	3	-	1,021
		<u>19,393</u>	<u>119,452</u>
Operating expenses		(92,726)	(118,069)
Operating (deficit) surplus		<u>(73,333)</u>	<u>1,383</u>
Interest receivable	4	2,012	6,485
(Deficit) surplus on ordinary activities before taxation		<u>(71,321)</u>	<u>7,868</u>
Taxation	7	-	-
(Deficit) surplus for the year		<u>(71,321)</u>	<u>7,868</u>

BALANCE SHEET
AS AT 31 DECEMBER 2008

			2008	2007
	Notes	£	£	£
Fixed assets				
Tangible assets	9		119,933	120,430
Investments	10		<u>280,763</u>	<u>280,763</u>
			400,696	401,193
Current assets				
Cash at bank and in hand		30,407		127,052
Debtors	11	<u>11,752</u>		<u>9,960</u>
		42,159		137,012
Creditors: amounts falling due within one year	12	<u>5,833</u>		<u>29,862</u>
			<u>36,326</u>	<u>107,150</u>
Net assets			<u>437,022</u>	<u>508,343</u>
Funds				
Restricted	13		101,850	101,850
Unrestricted	13		<u>335,172</u>	<u>406,493</u>
			<u>437,022</u>	<u>508,343</u>

For the year ended 31 December 2008 the company was entitled to exemption under Section 249A (1) of the Companies Act 1985.

The trustees consider that the audit requirement of Regulation 10 (1) (a) to (c) of the Charities Accounts (Scotland) Regulations 2006 does not apply.

The trustees acknowledge their responsibility for:

- i. Ensuring the company keeps accounting records which comply with Section 221 of the Companies Act 2005; 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 income and expenditure for the financial year, in accordance with Section 226 of the Companies Act 2005, and with the terms of the Charities Accounts (Scotland) Regulations 2006, and which otherwise comply with the requirements of the Companies Act to accounts, so far as applicable to the company.

The Financial Statements were approved by the Board on ~~9 September~~ 2009 and signed on its behalf by


 The Rt Hon The Earl of Caithness


 Euan Sinclair

SC 194021

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

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

	2008 £	2007 £
Grants:		
World Monuments Fund	-	2,878
Caithness and Sutherland Enterprise	-	35,777
Highlands and Islands Enterprise	10,101	-
	<u>10,101</u>	<u>38,655</u>
Donations:		
Gift Aid	3,125	79,505
Other UK donors	5,375	40
Overseas donors	792	231
	<u>9,292</u>	<u>79,776</u>
Total voluntary income	<u>19,393</u>	<u>118,431</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2008

3 Activities for generating funds

	2008	2007
	£	£
Rent received -Laird's Retreat	-	1,021
	<u>-</u>	<u>1,021</u>

4 Investment income

	2008	2007
	£	£
Interest on cash deposits	2,012	4,372
Tax repayment supplement	-	2,113
	<u>2,012</u>	<u>6,485</u>

5 Costs of generating funds

	2008	2007
	£	£
Laird's Retreat costs	3,555	3,224
Publicity and website costs	2,126	878
Professional fees re Heritage Lottery Fund grant	-	1,300
	<u>5,681</u>	<u>5,402</u>

6 Charitable activities (including support costs)

	2008	2007
	£	£
Direct costs:		
Building works	46,548	73,867
Archaeological excavation costs	34,148	30,205
	<u>80,696</u>	<u>104,072</u>
Support costs:		
Insurance	1,561	2,555
Professional fees	2,235	3,710
Office expenses	361	332
Subscriptions	50	-
Depreciation on equipment	2,097	1,898
	<u>87,000</u>	<u>112,567</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008	1	104,663	15,180	3,750	123,594
Additions	-	-	1,600	-	1,600
At 31 December 2008	<u>1</u>	<u>104,663</u>	<u>16,780</u>	<u>3,750</u>	<u>125,194</u>
Depreciation					
At 1 January 2008	-	-	3,164	-	3,164
Charge for the year	-	-	2,097	-	2,097
At 31 December 2008	<u>-</u>	<u>-</u>	<u>5,261</u>	<u>-</u>	<u>5,261</u>
Net book values					
At 31 December 2008	<u>1</u>	<u>104,663</u>	<u>11,519</u>	<u>3,750</u>	<u>119,933</u>
At 31 December 2007	<u>1</u>	<u>104,663</u>	<u>12,016</u>	<u>3,750</u>	<u>120,430</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 2008

10 Fixed asset investments

	Shares in Subsidiary £	Loan to Subsidiary £	Total £
Cost			
At 1 January 2008	162,986	117,777	280,763
At 31 December 2008	<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 2008 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

	2008 £	2007 £
Trade debtors	-	1,108
Grants receivable	10,101	-
Income tax recoverable	625	-
VAT recoverable	521	7,447
Prepayments	505	1,405
	<u>11,752</u>	<u>9,960</u>

12 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	4,833	29,112
Accrued expenses	1,000	750
	<u>5,833</u>	<u>29,862</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2008

13 Reconciliation of movements in funds

	2008		2007	
	Restricted Funds £	General Funds £	Restricted Funds £	General Funds £
Opening funds	101,850	406,493	101,850	398,625
Incoming resources	-	21,405	-	125,937
Outgoing resources	-	(92,726)	-	(118,069)
Closing funds	<u>101,850</u>	<u>335,172</u>	<u>101,850</u>	<u>406,493</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.