

HEBRIDEAN TRUST

HEBRIDEAN TRUST
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2006

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Registered Company Number 1653639

Registered Charity Number 285629



HEBRIDEAN TRUST
Trustees' Report
for the Year Ended 31 March 2006

REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY REGISTRATION NUMBER	1653639
COMPANY REGISTRATION NUMBER	285629
COUNCIL (TRUSTEES)	M P Stanfield A M Smith MA (Oxon) Prof I L Boyd D Christie
AUDITORS	Critchleys Greyfriars Court Paradise Square Oxford OX1 1BE
SOLICITORS	Pagan Osborne 55-56 Queen Street Edinburgh EH2 3PA Bircham Dyson Bell 50 Broadway London SW1H 0BL
BANKERS	The Royal Bank of Scotland 32 St Giles Oxford OX1 3ND
EXECUTIVE DIRECTOR AND SECRETARY	Sarah Moore
DEVELOPMENT OFFICE	75a Banbury Road Oxford OX2 6PE
REGISTERED OFFICE	Greyfriars Court Paradise Square Oxford OX1 1BE

HEBRIDEAN TRUST
Trustees' Report
for the Year Ended 31 March 2006 (continued)

GOVERNANCE

The charity is governed by its Memorandum & Articles of Association.

The Trustees collectively form the Council of Management. The existing Council members appoint any new Trustees. The Trustees, all of whom are specialists in their own areas, are given the opportunity of attending additional training courses and making visits to projects. Michael Stanfield, who, from time to time will nominate a Trustee with particular knowledge relating to a project to oversee that project, chairs the Council of Management. In these circumstances the Trustee may also act as spokesperson for the project. The Trustees make policy decisions but are not involved in the day to day running of the Trust. A small Development Office, headed by an Executive Director, undertakes this. The Development Office manages fundraising and has responsibility for recruitment and management of paid and voluntary staff, budgets, negotiating with suppliers and for recommending the general format of a project to the Trustees and then for following it through.

The major risks to which the charity has been exposed have been reviewed by the Trustees and systems established to mitigate those risks.

OBJECTIVES AND ACTIVITIES

Our mission remains to support, stimulate and develop the economies of island communities, to restore and maintain buildings of outstanding architectural work, to protect and preserve the natural environment and to educate the public in all matters Gaelic.

The Hebridean Trust was formed in 1982 with the aim of helping reverse the population decline in the Hebridean islands by creating jobs and income for those living on the islands, restoring buildings of architectural significance and informing the general public about the Hebrides, its way of life, its Gaelic culture and its natural heritage.

The Trust has made some significant steps towards achieving its original aims, has received support from key bodies and attracted the attention of some high profile individuals and organisations, some of whom are now "Friends of The Hebridean Trust".

The Trust set out by restoring two significant buildings of architectural worth. The Signal Tower, Hynish, once the only means of communicating with the keepers of the Skerryvore Lighthouse, some 10 miles out at sea, was opened as a small museum. More recently the Trust has re-told the "Story of Skerryvore Lighthouse" in a new interpretative exhibition. The Trust also restored and opened to the public a terrace of thatched buildings including a cottage, barn and byre, now named The Sandaig museum offers an experience of the traditional way of life. Both the exhibition and museum attract significant numbers of visitors and are run by a network of local volunteers.

Indications are that the demand for low cost housing is not currently being met which restricts the accessibility of the islands as a destination for economically active in-migrants. In fact, many factors combine to identify a shortage of housing as a key issue preventing the development of the Hebridean islands. One of The Hebridean Trust's strategies when it set out to restore the lighthouse shore station village of Hynish, Isle of Tiree, was to help reverse the population decline on the island by creating low cost housing for rent.

The Trust's award winning restoration work, which has created 12 Category A listed properties available to rent, has also brought a community back to life by attracting and retaining young families.

**HEBRIDEAN TRUST
Trustees' Report
for the Year Ended 31 March 2006 (continued)**

The Trust has regenerated a former stores building, also Category A listed, to provide a residential facility for visiting groups from all over the UK. In 1991, HRH The Princess Royal opened Alan Stevenson House, which, in conjunction with a former smithy conversion to a self-catering unit known as Morton Boyd House, now form The Hynish Centre. Since then the Trust has subsidised holidays for thousands of disadvantaged children. Part of the Trust's strategy in developing The Hynish Centre was to create additional employment within the Centre itself. It has employed a local full time Warden and various paid for and voluntary staff since the Centre opened. The local economy has also received a boost from purchasing supplies to run the Centre and from the spend of the visiting groups.

In keeping with its mission, the Trust embarked on a project with the National Trust for Scotland to restore St Edward's chapel, Canna and to convert it into a Gaelic study centre. The National Trust for Scotland has now resumed responsibility for the repair and maintenance of the building.

The Treshnish Isles are one of the finest sites in the British Isles for studying natural history. An uninhabited archipelago of islands, rocks and skerries lying to the west of the Isle of Mull, they have attracted many visitors keen to explore and discover their unspoilt habitat. In 2000 their future was uncertain and, although the islands have SSSI (Site of Special Scientific Interest) status and classification as a Special Protection Area under the EC Directive on the Conservation of Wild Birds, the Trust felt it was important that they should be managed to maximise their long-term contribution to the community as well as to nature conservation. The Trust raised funds to purchase the islands and has since co-ordinated and financed annual wildlife surveys including the annual Treshnish Isles Auk Ringing Group survey and has produced a detailed management plan, which it is in the course of implementing.

The Trust surveys marine life offshore and around the Hebrides and the offshore islands of Northern Ireland and Eire. It has also helped in the gathering of marine information from further afield and all information is submitted to a central monitoring station for comparative analysis.

ACHIEVEMENTS AND PERFORMANCE

Support, stimulation and development of the economies and cultures of island communities

We continue to let 12 properties on the Isle of Tiree to families, couples and individuals who are permanently based on the island. We have worked closely with Argyll and Bute Council in respect of choosing tenants. We are pursuing opportunities to increase our housing stock and have been made an offer of a bequest of a property on another Hebridean island.

In view of the fact that the main projects for 2005-2009 were to be centred on Tiree we set about defraying some of the costs of the survey vessel. We subcontracted the vessel to The Seamark Trust. This resulted in significant savings so that the maximum amount raised could be used to run projects.

Restoration of buildings of historical and architectural worth

The main roof of the Sandaig thatched cottage museum on the Isle of Tiree was re-thatched in time for the start of the 2005 visitor season. A shortage of thatch was overcome and a team of thatchers, using traditional techniques, came on board to undertake the work. The barn and byre were restored and re-thatched in Autumn 2005.

The Signal Tower was the subject of an extensive restoration project, both internal and external, in 2005.

Both the Story of Skerryvore Lighthouse exhibition and the Sandaig thatched cottage museum continue to attract significant numbers of visitors to the Isle of Tiree. We are very fortunate to have such a loyal network of volunteers to run them and we are most grateful to our volunteers for their time and enthusiasm.

**HEBRIDEAN TRUST
Trustees' Report
for the Year Ended 31 March 2006 (continued)**

Although the National Trust for Scotland has now resumed responsibility for the repair and maintenance of St Edward's, Canna, we maintain a keen interest in the project. The work to solve the problem of water ingress got a positive response from Historic Scotland, when one of their senior architects met a number of Hebridean Trust Trustees on site in June 2005.

Protection and conservation of the natural environment

In 2005 the Treshnish Isles were formally designated as a Special Area of Conservation (SAC). This adds further value to the annual seabird surveys, conducted on our behalf by the Treshnish Isles Auk Ringing Group (TIARG). All TIARG census and ringing data are fed into two national monitoring programmes, the Seabird Colony Register (J.N.C.C.) and National Ringing Database (British Trust for Ornithology), respectively. The data supplied are of great conservation value as they are the sole means by which the seabird colonies of the Treshnish Isles are currently monitored.

Without the surveys we do not have a baseline to make management judgements about several immediate and significant threats to the seabird populations. These include the impacts of tourism on nesting seabirds, activities in the local marine environment and the introduction of alien species. We are concerned about the dangers of the accidental or incidental introduction of alien terrestrial predators, such as mink. In our view, this is the greatest single threat to the wildlife of the Treshnish Isles. We directed some of our resource towards putting pressure on the relevant bodies to take action to deal with the mink problem on Mull. Scottish Natural Heritage has now put some funding aside to conduct an initial feasibility study into the full eradication of mink on Mull.

Provision of a residential facility for visiting groups

The Hynish Centre continues to be successful in attracting groups of disadvantaged young people, although this has tended to focus around a core season dovetailing with school holidays in the summer months. In 2005 we recruited an Assistant Warden, who is employed on a seasonal basis and reports to our Warden. We are pleased to have created a further new job and, in the process of doing so, to have brought another young family to the island.

We continued to subsidise the rates charged to groups of disadvantaged young people. This raised our costs and, faced with an operational deficit, we drew upon our reserves. In 2005 we received funding to produce a DVD as a marketing tool to promote the centre to a wider audience, with the objective of increasing income by raising occupancy and extending the season. We have received an increased level of new business enquiries as a result of the DVD campaign, which will enable us to subsidise the rates charged to groups of disadvantaged young people from non-subsidised groups rates.

FINANCIAL REVIEW

Income - Total income amounted to £157k compared with £185k last year. The decrease in income (14.9%) came in a year when a number of projects were successfully completed and grants receivable increased by 54%. Alongside this, however, the level of donations decreased by a similar degree. Other income was much in line with 2004/05. However, the Trust's total funds increased to £3.7 million.

Expenditure - Total expenditure was £152k compared with £145k in the previous year with a small increase in expenditure on charitable activities. A contributory factor to the small increase in expenditure (4.7%) was an increased level of expenditure on conservation, repairs and improvements. These were partly financed by grants, the balance being found from the Trust's own resources. Other expenditure was much in line with 2004/05.

**HEBRIDEAN TRUST
Trustees' Report
for the Year Ended 31 March 2006 (continued)**

Reserves policy

The Trust has unrestricted reserves of £17,498 as at 31 March 2006. The Trustees will seek to build free reserves through fundraising and income generation. The Trust will also seek to raise funds to repay the loan from a Trustee outstanding at 31 March 2006.

PLANS FOR THE FUTURE

The Hynish Centre

The Trust has already conducted a feasibility study to maximise the potential of the Centre as a residential facility for visiting groups and the local community and to make the building as accessible as possible. The Centre provides limited facilities for people with disabilities and, in light of changing patterns of tourism, it needs to offer a more popular form of accommodation. We are seeking to extend the season by widening the visitor profile, to maximise bed occupancy and to continue to provide fully catered stays. The plan is to reconfigure the first floor to provide flexible accommodation with more privacy and en suite bathroom facilities. It is very much our intention to continue to draw visitors to the island and to provide related local employment. Additionally the island lacks informal, smaller scale community meeting facilities, which the Trust proposes to address. In order to ensure that the building is environmentally sustainable the project will also include environmental engineering advice. An energy assessment of the building has been conducted and proposals are being included in the scheme design for energy opportunities. This will have the advantage of reducing the future running costs.

The Treshnish Isles

An archaeological survey of Cairn na Burgh More, planned for 2006-07, was carried out after the year end. In addition to a topographic survey, a standing building survey and a survey of the curtain wall, the fieldwork included some excavation. A report will be produced, which will include the results of the survey, provide advice on the condition of the standing buildings and curtain wall, make recommendations on the need for consolidation work to the standing buildings and curtain wall and suggest further potential avenues for archaeological work. We have been in discussion with Historic Scotland and, given our ultimate goal for Cairn na Burgh More and Cairn na Burg Beg to be scheduled as an Ancient Monument, are delighted to report that Historic Scotland has identified the two islands as worthy candidates for scheduling.

The Trust also plans to create a Treshnish Isles natural history interpretative exhibition for delivery in 2007. We are committed to developing the heritage value of the Treshnish Isles in partnership with local people and other institutions with common aims. We also wish to protect the islands from the detrimental impacts of tourism on nesting seabirds. The remoteness of the islands and relative inaccessibility mean that a high proportion of locals have not visited and are not aware of the natural history of the islands. We are looking to create an interpretative exhibition in which locals play an active part and which brings the islands to the local community. The exhibition is to be housed in existing buildings owned by the Trust on the Isle of Tiree, from where the Treshnish Isles can be viewed.

HEBRIDEAN TRUST
Trustees' Report
for the Year Ended 31 March 2006 (continued)

Hynish Harbour

The Trust has undertaken to restore this important example of architectural engineering, now listed at Category A. The mission is to restore the dock, harbour and its sluicing system to working condition in such a way that conserves the heritage. Being used as a working harbour and dock will better ensure its survival. This is important for several reasons:

- The conservation of a pivotal element in the Skerryvore story, itself an achievement of worldwide importance;
- The return to use of the harbour and dock which will benefit local boat operators, small boat visitors, Hynish Centre users and local users;
- A positive impact on the local economy.

The building, functioning and restoration of the harbour and flushing system are to form the basis of an interpretative exhibition. The Trust is also seeking to set up an information office. It is envisaged that this will be staffed on a seasonal basis and that the flushing system will be maintained and operated by a part-time employee. The restoration work is planned for 2009.

Statement of Directors' Responsibilities

Members of the Council are directors of the company.

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

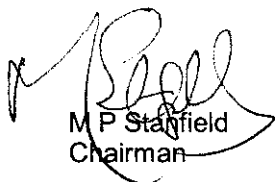
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the results of the company for that year. In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and 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.

So far as the directors are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and

Each director has taken all steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Council on 18 December 2006 and signed on its behalf by


M P Stanfield
Chairman

INDEPENDENT AUDITORS' REPORT
To the Members of the Hebridean Trust

We have audited the financial statements of Hebridean Trust for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparing 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).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion information given in the Trustees' Report is consistent with the accounts.

In addition, we report to you if, in our opinion, the charitable company 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 directors' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 charitable company's circumstances, consistently applied and adequately disclosed.

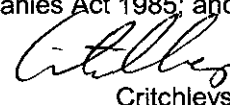
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out in note 1 (a) to the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charitable company's state of affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information in the Trustees' Report is consistent with the financial statements.



Critchleys
Chartered Accountants
Registered Auditors

Oxford
9 January 2007

HEBRIDEAN TRUST
Statement of Financial Activities
for the Year Ended 31 March 2006

	Note	Unrestricted Fund £	Restricted Funds £	Endowment Fund £	Total Funds 2006 £	Total Funds 2005 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	46,247	42,232	-	88,479	106,280
Interest receivable		325	-	-	325	469
Incoming resources from charitable activities	3	67,825	-	-	67,825	67,864
Other incoming resources		<u>650</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>10,292</u>
		<u>115,047</u>	<u>42,232</u>	<u>-</u>	<u>157,279</u>	<u>184,905</u>
RESOURCES EXPENDED						
Charitable activities	4	103,889	42,232	-	146,121	141,743
Governance costs	7	<u>5,896</u>	<u>-</u>	<u>-</u>	<u>5,896</u>	<u>3,402</u>
		<u>109,785</u>	<u>42,232</u>	<u>-</u>	<u>152,017</u>	<u>145,145</u>
NET INCOMING RESOURCES	8	5,262	-	-	5,262	39,760
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		5,262	-	-	5,262	39,760
Balances brought forward at 1 April 2005		<u>12,236</u>	<u>3,611,517</u>	<u>74,037</u>	<u>3,697,790</u>	<u>3,658,030</u>
BALANCES CARRIED FORWARD AT 31 MARCH 2006		<u>17,498</u>	<u>3,611,517</u>	<u>74,037</u>	<u>3,703,052</u>	<u>3,697,790</u>

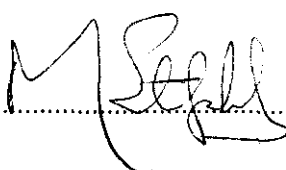
None of the trust's activities were acquired or discontinued during the above two financial years.
There are no recognised gains and losses in 2006 or 2005 other than the surplus for the year.

HEBRIDEAN TRUST
Financial Statements for the Year Ended 31 March 2006

BALANCE SHEET

	Note	2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		3,825,161		3,822,027
CURRENT ASSETS					
Debtors	10	16,694		6,702	
Cash at bank and in hand		<u>9,892</u>		<u>10,641</u>	
		26,586		17,343	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(25,868)</u>		<u>(25,289)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>718</u>		<u>(7,946)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,825,879		3,814,081
CREDITORS: AMOUNT FALLING DUE AFTER ONE YEAR	12		<u>(122,827)</u>		<u>(116,291)</u>
NET ASSETS			<u>3,703,052</u>		<u>3,697,790</u>
Unrestricted funds	16		17,498		12,236
Restricted funds	16		3,611,517		3,611,517
Endowment fund	16		<u>74,037</u>		<u>74,037</u>
TOTAL CHARITY FUNDS			<u>3,703,052</u>		<u>3,697,790</u>

The financial statements were approved and authorised for issue by the Council of Management on 18 December 2006.


 M P Stanfield (Member of Council)

The notes on pages 10 to 16 form part of the financial statements.

HEBRIDEAN TRUST
Financial Statements for the Year Ended 31 March 2006

Notes

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

a Basis of accounting:

The financial statements are prepared under the historical cost convention and in compliance with all applicable accounting standards, the Companies Act and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (Issued in 2005).

In common with many other charities of our size and nature we use our auditors to assist with the preparation of the financial statements.

b Incoming resources:

Incoming resources are included when they are receivable. For charitable activities any income received in advance of the service being performed is treated as deferred income. Any grants to assist with the purchase of tangible fixed assets are credited to the SOFA within restricted funds with the related fixed asset being capitalised on the balance sheet.

c Donations in kind:

The Trust receives donations in kind and unpaid assistance towards the cost of its operations. *These donations are frequently difficult to evaluate due to their nature.* The company's policy, accordingly, is to exclude the effect of all such contributions from the financial statements.

d Tangible fixed assets and depreciation:

Tangible fixed assets other than land and buildings are stated at historical cost less depreciation cost includes any irrecoverable VAT. Depreciation is provided on a straight line basis which reflects the anticipated useful lives of the assets and their estimated residual value. No depreciation is provided with respect to land and buildings as the Council are of the opinion that these assets represent the Trust's main contribution to meeting its objectives, and they will be maintained in the condition to which they are brought by restoration work through planned maintenance with effect that the residual values remain close to carrying values. Depreciation on the excess of carrying value over residual value would be considered immaterial.

e Resources expended:

These are included on an accruals basis and include irrecoverable VAT. Direct costs are included in the relevant charitable activity and support costs are those costs that are not direct to one activity. These are allocated across the activities.

f Fund accounting:

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements. Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objects of the charity.

g Operating lease:

Operating lease rentals are charged to resources expended on a straight line basis.

h Pensions – defined contribution scheme:

Contributions are charged to resources expended as they become payable under the scheme rules.

HEBRIDEAN TRUST
Financial Statements for the Year ended 31 March 2006

Notes - continued

2	VOLUNTARY INCOME	2006	2005
		£	£
	Restricted income:		
	Support, stimulation and development of the economies and cultures of island communities	-	43,097
	Restoration of buildings of historical and architectural worth	12,629	10,000
	Protection and conservation of the natural environment	12,185	12,538
	Provision of a residential facility for visiting groups	<u>17,418</u>	<u>-</u>
		<u>42,232</u>	<u>65,635</u>
	This includes grants from the following organisations:		
	Heritage Lottery Fund	8,035	25,038
	National Heritage Memorial Fund	2,500	-
	Historic Scotland	8,883	(11,222)
	Argyll & the Islands Enterprise	<u>4,396</u>	<u>21,709</u>
3	INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	2006	2005
		£	£
	Support, stimulation and development of the economies and cultures of island communities	25,759	23,677
	Provision of a residential facility for visiting groups	<u>42,066</u>	<u>44,187</u>
		<u>67,825</u>	<u>67,864</u>
4	CHARITABLE ACTIVITIES	2006	
		Activities undertaken directly	Support costs
		£	£
	Support stimulation and development of the economies and cultures of island communities	10,100	20,144
	Restoration of buildings of historical and architectural worth	10,580	17,266
	Protection and conservation of the natural environment	20,472	6,907
	Provision of a residential facility for visiting groups	<u>47,414</u>	<u>13,238</u>
		<u>88,566</u>	<u>57,555</u>
		<u>88,566</u>	<u>146,121</u>
		2005	
		Activities undertaken directly	Support costs
		£	£
	Support stimulation and development of the economies and cultures of island communities.	10,832	17,020
	Restoration of buildings of historical and architectural worth	14,370	14,588
	Protection and conservation of the natural environment	31,127	5,835
	Provision of a residential facility for visiting groups	<u>36,786</u>	<u>11,185</u>
		<u>93,115</u>	<u>48,628</u>
		<u>93,115</u>	<u>141,743</u>

HEBRIDEAN TRUST
Financial Statements for the Year Ended 31 March 2006

Notes - continued

5	SUPPORT COSTS	2006	2005
		£	£
	Staff costs	29,855	25,221
	Office costs	14,398	9,001
	Insurance	9,087	8,624
	Travel expenses	1,396	1,271
	Depreciation	2,323	3,818
	Bank charges	<u>496</u>	<u>693</u>
		<u>57,555</u>	<u>48,628</u>

Support costs are allocated to the charitable activities based on the Trustees' estimate of the time spent supporting each of the four activities.

6	STAFF COSTS	2006	2005
		£	£
	Wages and salaries	54,693	42,486
	Social Security costs	4,816	3,728
	Pension	<u>1,121</u>	<u>1,196</u>
		<u>60,630</u>	<u>47,410</u>

The average monthly number of employees during the year was made up as follows:

	No	No
Hynish Centre	1.5	1
Support costs	<u>1.5</u>	<u>1</u>

No employees' emoluments exceeded £60,000 in the year.

Trustees received reimbursement of expenses incurred on behalf of the Trust of £1,235 (2005 £1,961).

7	GOVERNANCE COSTS	2006	2005
		£	£
	Legal and professional fees	2,056	-
	Audit and accountancy fees	<u>3,840</u>	<u>3,402</u>
		<u>5,896</u>	<u>3,402</u>
8	NET INCOMING RESOURCES is stated after charging:	2006	2005
		£	£
	Depreciation	13,016	3,818
	Auditor's remuneration	2,879	2,879
	Rent paid	<u>5,500</u>	<u>5,255</u>

HEBRIDEAN TRUST
Financial Statements for the Year Ended 31 March 2006

Notes - continued

9 FIXED ASSETS - TANGIBLE ASSETS

	Freehold & Leasehold Property* £	Vessel £	Equipment, Furniture, and Fittings £	Motor Vehicle £	Total £
Cost or valuation:					
At 1 April 2005	3,607,488	213,858	77,722	-	3,899,068
Additions	9,563	-	3,587	3,000	16,150
Disposals	-	-	-	-	-
At 31 March 2006	<u>3,617,051</u>	<u>213,858</u>	<u>81,309</u>	<u>3,000</u>	<u>3,915,218</u>
Depreciation:					
At 1 April 2005	-	-	77,041	-	77,041
Charge for year	-	10,693	1,323	1,000	13,016
Disposals	-	-	-	-	-
At 31 March 2006	<u>-</u>	<u>10,693</u>	<u>78,364</u>	<u>1,000</u>	<u>90,057</u>
Net book value:					
At 31 March 2006	<u>3,617,051</u>	<u>203,165</u>	<u>2,945</u>	<u>2,000</u>	<u>3,825,161</u>
At 1 April 2005	<u>3,607,488</u>	<u>213,858</u>	<u>681</u>	<u>-</u>	<u>3,822,027</u>
 Depreciation rates:	 Nil	 5%	 25%	 33.3%	

*Included within property is leasehold, cost £779,900.

All assets held are used for direct charitable purposes.

10 DEBTORS

	2006 £	2005 £
Other debtors	4,569	-
Prepayments and accrued income	2,125	5,590
Grants receivable	<u>10,000</u>	<u>1,112</u>
	<u>16,694</u>	<u>6,702</u>

11 CREDITORS - amounts falling due within one year

	2006 £	2005 £
Trade creditors	11,601	5,955
Accruals and deferred income	14,267	7,799
Amount owed to Trustee	<u>-</u>	<u>11,535</u>
	<u>25,868</u>	<u>25,289</u>

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12	CREDITORS – amounts falling due after one year	2006 £	2005 £
	Loan from Trustee	<u>122,827</u>	<u>116,291</u>

13 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2007.

	2006 Land & Buildings £	2005 Land & Buildings £
Expiring		
Within two to five years	<u>5,500</u>	<u>5,500</u>

14 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

At 31 March 2006 M P Stanfield, a Trustee, had loaned the Trust £122,827 (2005 £116,291) (see note 12). The loan is interest free and repayable over 10 years. Nil expenses payments were outstanding to M P Stanfield at 31 March 2006 (2005 £11,535).

Creditors at the year end included £5,500 of costs charged by The Seamark Trust to The Hebridean Trust for services provided in the year. The Seamark Trust was a related party as it has two Trustees (M P Stanfield and Prof I L Boyd) in common.

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15 NOTES ON SPECIFIC FUNDS

a Lower Square - This includes the following projects:

Alan Stevenson House

This development at Hynish comprises the Information Office, Hynish Harbour Scouring System, Boom Gates and A.S. House. A.S. House is used as an activity centre. All these buildings are listed Category A.

The Barracks

This Category A building at Hynish House has been restored and upgraded to give 6 apartments. These are all let to islanders at affordable rents.

Hynish Harbour and Other Developments

This includes the harbour and the conversion of the Old Stores, cowsheds, pigsty and Old Stable at Hynish to workshops, storerooms and accommodation, all listed Category A.

b Sandaig

This thatched house museum of island life is open to the public.

c Canna

This project is to restore St Edwards' Chapel and Point House Sanday.

d Endowment

The endowment fund represents monies received which may not be spent as such but must be used so as to generate further income for the Trust's general use.

e Upper Square

This is the project for the restoration of properties and buildings at Upper Square, Hynish, which is now complete. All properties are listed Category A.

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16 ANALYSIS OF MOVEMENT ON AND COMPOSITION OF THE FUNDS

	General £	Upper Square £	Lower Square £	Sandraig £	Canna £	Treshnish Islands £	Total Restricted £	Endowment £	Total £
Income	115,047	-	24,313	5,733	-	12,186	42,232	-	157,279
Expenditure	(109,785)	-	(24,313)	(5,733)	-	(12,186)	(42,232)	-	(152,017)
Transfers between funds	-	-	-	-	-	-	-	-	-
Movement for the year	5,262	-	-	-	-	-	-	-	5,262
Balance on funds:									
At 31 March 2005	<u>12,236</u>	<u>876,943</u>	<u>1,646,188</u>	<u>52,799</u>	<u>779,900</u>	<u>255,687</u>	<u>3,611,517</u>	<u>74,037</u>	<u>3,697,790</u>
At 31 March 2006	<u>17,498</u>	<u>876,943</u>	<u>1,646,188</u>	<u>52,799</u>	<u>779,900</u>	<u>255,687</u>	<u>3,611,517</u>	<u>74,037</u>	<u>3,703,052</u>
Analysis of funds balances between the net assets:									
Fixed assets	139,607	876,943	1,646,188	52,799	779,900	255,687	3,611,517	74,037	3,825,161
Net current assets	718	-	-	-	-	-	-	-	718
Long term liability	(122,827)	-	-	-	-	-	-	-	(122,827)
	<u>17,498</u>	<u>876,943</u>	<u>1,658,845</u>	<u>52,799</u>	<u>779,900</u>	<u>255,687</u>	<u>3,611,517</u>	<u>74,037</u>	<u>3,703,052</u>

All the funds except the general reserve are restricted.