

194021

**CLAN SINCLAIR TRUST**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2003**



***Saffery Champness***  
CHARTERED ACCOUNTANTS

# **CLAN SINCLAIR TRUST**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003**

### **CONTENTS**

---

Page

|        |                                   |
|--------|-----------------------------------|
| 1      | Company information               |
| 2 - 4  | Directors' and Trustees' report   |
| 5      | Accountants' report               |
| 6      | Statement of financial activities |
| 7      | Income and expenditure account    |
| 8      | Balance sheet                     |
| 9 - 11 | Notes to the financial statements |

**COMPANY INFORMATION**

---

**Directors**

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

**Secretary**

Euan Sinclair

**Registered Office**

Clan Sinclair Study Centre  
Nosshead  
Wick  
Caithness

**Company Number**

SC194021

**Scottish Charity Number**

SC028778

**Accountants**

Saffery Champness  
Kintail House  
Beechwood Park  
Inverness  
IV2 3BW

**Bankers**

Bank of Scotland  
Teviot House  
41 South Gyle Crescent  
Edinburgh

**DIRECTORS' AND TRUSTEES' REPORT****FOR THE YEAR ENDED 31 DECEMBER 2003**

---

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 2003.

The financial statements are presented in a form to comply with current statutory requirements and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in October 2000.

This Directors' and Trustees' Report and full accompanying financial statements are published and distributed to all members in accordance with statutory regulations for registered companies.

**Legal and administrative details**

The legal and administrative details are listed on page 1.

The following directors have held office since 1 January 2003.

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

**Objects**

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.

**Organisation**

The Trust was 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 March 1999. The Trust changed its name to Clan Sinclair Trust on 19 October 1999 to reflect its wider objects.

**Review of the development, activities and achievements of the Trust during the year**

- Preservation and promotion of the Castles

As expected, it has been a landmark year for the Trust with the publication of the Conservation Plan by Field Archaeology Specialists of the University of York. Their work proved that much of the history of the Castle that has been handed down to us is inaccurate. As a result the social, cultural and military history of the north of Scotland is starting to be rewritten. The main points are

- *The West Gatehouse* (mistakenly called Sinclair Castle). This was thought to have been built in the early seventeenth century. There are now strong indications the lower part formed part of a gate-keep tower of an enclosure castle built in the late fourteenth century/early fifteenth century nearly one hundred years earlier than we believed any buildings were erected on site. Other parts of the Castle also date from this time and it has to be assumed that other elements

**DIRECTORS' AND TRUSTEES' REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2003**

---

on the site, thus far not identified, also date to this early period. The upper part of the tower was remodelled in the sixteenth century and included the building of a fine oriel window. During excavation enough glass and leaded frame has enabled the archaeologists to determine the design of this window.

- *The Tower House* (often known as Girnigoe Castle). This has traditionally been dated to the end of the fifteenth century. It is now clear that it is a significantly later building, and was probably only finally completed in its current form at the end of the sixteenth century. However, it is erected on buildings of the fifteenth century, and the rest of the site contains impressive fabric from this period. Furthermore, there is now evidence that this building did not form the first castle on the site.
- *Curtain walling*. Some of the curtain wall remains, the best piece adjoins the east of the Tower House, and this can be dated to the mid fifteenth century and thus earlier than the Tower House. The walling was remodelled then to take account of the increasingly common use of guns.
- *Confusion over the name of the Castle*. This is likely because in 1606 George (4<sup>th</sup> Earl) obtained an Act of Parliament to change the name from Castle Girnigoe to Castle Sinclair and that is what it should be called. However as it is still called Girnigoe the Trustees agreed that, as it always was just one Castle, the name Castle Sinclair Girnigoe should be used.

The identification of at least three major phases of development makes the history and importance of this site much greater than had been previously thought. In addition excavation has revealed considerable evidence of occupation and neglect by Cromwell's troops who were billeted there.

The first restoration works for over three hundred years were carried out when the north-west corner of the lodgings building was secured from further collapse.

Following the completion of the Conservation Plan on and offsite meetings were held with Historic Scotland, Highland Council and Caithness and Sutherland Enterprise and the way forward for the preservation of the Castle was agreed, subject to detailed consents being granted.

- Clan Study Centre at Noss Head

Cataloguing of new books in the library continues and due to the number some new shelving was required.

**Finance**

As last year fundraising was kept to a minimum to complete the Conservation Plan. Following agreement in principle the fundraising programme is being substantially increased both in the UK and overseas. Grants from the Robert Wilson Challenge and Kress Foundation have been secured through the World Monuments Fund in New York to help with next year's work. Further grants will be sought from Historic Scotland, Heritage Lottery Fund, Caithness and Sutherland Enterprise and Highland Council who all helped with the Conservation Plan.

**DIRECTORS' AND TRUSTEES' REPORT (Continued)****FOR THE YEAR ENDED 31 DECEMBER 2003**

---

**Future plans**

Historic Scotland has agreed in principle the way forward and this is backed by Highland Council and Caithness and Sutherland Enterprise. Detailed consents will be needed for each piece of work and negotiations have already started for next year's work. The Conservation Plan sets out the priorities and works to be done. The programme starts in 2004 with emergency works on the oldest part of the Castle which is at the west end of the peninsula. This includes restoring the old entrance way, stabilising the chimney above, removal of surplus rubble to medieval ground level both inside and outside the buildings and the building of a causeway at the west end of the site to create a new access. It is intended in future years to work eastwards along the site. The Castle will be closed to visitors initially but, because the work will be phased from the landward side, it will be reopened as work on each phase is completed.

**Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



Euan Sinclair  
Director

**ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS  
TO THE TRUSTEES OF CLAN SINCLAIR TRUST****FOR THE YEAR ENDED 31 DECEMBER 2003**

---

We report on the financial statements for the year ended 31 December 2003 set out on pages 6 to 11.

**Respective responsibilities of directors and reporting accountants**

As described on page 3 the company's directors are responsible for the preparation of the financial statements and they consider the company is exempt from an audit. 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  
Chartered Accountants  
Reporting Accountants  
Inverness



.....12 May..... 2004

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2003**

|  | Notes | Restricted<br>Funds<br>£ | Unrestricted<br>Funds<br>£ | 2003<br>Total<br>£ | 2002<br>Total<br>£ |
|--|-------|--------------------------|----------------------------|--------------------|--------------------|
| <b>Incoming resources</b>  |       |                          |                            |                    |                    |
| Grants   | 2     | -                        | 68,733                     | 68,733             | -                  |
| Donations  | 3     | 100,000                  | 26,731                     | 126,731            | 18,650             |
| Investment income and interest   | 4     | -                        | 103                        | 103                | 104                |
| <b>Total incoming resources</b>  |       | <u>100,000</u>           | <u>95,567</u>              | <u>195,567</u>     | <u>18,754</u>      |
| Cost of generating funds   | 5     | -                        | (5,990)                    | (5,990)            | (684)              |
| <b>Net incoming resources<br/>available for charitable application</b> |       | <u>100,000</u>           | <u>89,577</u>              | <u>189,577</u>     | <u>18,070</u>      |
| <b>Charitable expenditure</b>  |       |                          |                            |                    |                    |
| Costs of activities in furtherance of<br>charitable objectives:        |       |                          |                            |                    |                    |
| Conservation costs   | 6     | -                        | 88,865                     | 88,865             | 4,741              |
| Noss Head library costs  | 6     | -                        | -                          | -                  | 750                |
| Management and administration  | 7     | -                        | 2,610                      | 2,610              | 324                |
| <b>Total charitable expenditure</b>                                    |       | <u>-</u>                 | <u>91,475</u>              | <u>91,475</u>      | <u>5,815</u>       |
| <b>Total resources expended</b>  |       | <u>-</u>                 | <u>97,465</u>              | <u>97,465</u>      | <u>6,499</u>       |
| <b>Net incoming resources</b>  |       | <u>100,000</u>           | <u>(1,898)</u>             | <u>98,102</u>      | <u>12,255</u>      |
| Total funds at 1 January 2003  |       | -                        | 20,753                     | 20,753             | 8,498              |
| <b>Total funds at 31 December 2003</b>                                 |       | <u>100,000</u>           | <u>18,855</u>              | <u>118,855</u>     | <u>20,753</u>      |



**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

|   | Notes    | 2003<br>£             | 2002<br>£            |
|---|----------|-----------------------|----------------------|
| <b>Income</b>   |          | 95,464                | 18,650               |
| Operating expenses  |          | (97,441)              | 6,499                |
| <b>Operating surplus</b>                                  |          | <u>(1,977)</u>        | <u>12,151</u>        |
| Interest receivable                                       |          | 103                   | 104                  |
| Interest payable  |          | (24)                  | -                    |
| <b>Surplus on ordinary<br/>activities before taxation</b> | <b>7</b> | <u>(1,898)</u>        | <u>12,255</u>        |
| Taxation  | <b>8</b> | -                     | -                    |
| <b>(Deficit) surplus for the year</b>                     |          | <u><u>(1,898)</u></u> | <u><u>12,255</u></u> |

The Company has no recognised gains or losses other than the surplus for the year.

The Company's income and expenses all relate to continuing operations.

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


**BALANCE SHEET  
AS AT 31 DECEMBER 2003**

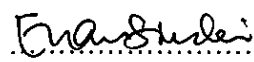
|   |       |              | 2003           |            | 2002          |
|---|-------|--------------|----------------|------------|---------------|
|   | Notes | £            | £              | £          | £             |
| <b>Fixed assets</b>                                   |       |              |                |            |               |
| Tangible assets                                       | 10    |              | 100,001        |            | 1             |
| Investments   | 11    |              | -              |            | 2             |
|   |       |              | <u>100,001</u> |            | <u>3</u>      |
| <b>Current assets</b>                                 |       |              |                |            |               |
| Cash at bank and in hand                              |       | 22,389       |                | 19,947     |               |
| Debtors   | 12    | <u>1,015</u> |                | <u>803</u> |               |
|   |       | 23,854       |                | 20,750     |               |
| <b>Creditors: amounts falling due within one year</b> | 13    | <u>5,000</u> |                | -          |               |
|   |       |              | <u>18,854</u>  |            | <u>20,750</u> |
| <b>Net assets</b>                                     |       |              | <u>118,855</u> |            | <u>20,753</u> |
| <b>Funds</b>  |       |              |                |            |               |
| Restricted  | 14    |              | 100,000        |            | -             |
| Unrestricted  | 14    |              | <u>18,855</u>  |            | <u>20,753</u> |
|   |       |              | <u>118,855</u> |            | <u>20,753</u> |

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

The financial statements were approved by the Board on *26 April 2004*

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

  
.....  
The Rt Hon The Earl of Caithness

  
.....  
Euan Sinclair

For the year ended 31 December 2003 the company was entitled to exemption under Section 249A (2) 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).

- i) The directors acknowledge their responsibility for:  
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 relating to accounts, so far as applicable to the company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

---

**1 Accounting Policies**

**(a) Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 1992 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) issued in October 2000.

**(b) Incoming resources**

Income is recognised in the period in which the charity is entitled to receipt. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

**(c) Resources expended**

Resources expended are accounted for on an accruals basis and are allocated to the specific activities of the charity.

The Trust is not registered for VAT and accordingly expenditure includes VAT where applicable.

**2 Grants**

|                                   | 2003<br>£     | 2002<br>£ |
|-----------------------------------|---------------|-----------|
| Highland Council                  | 10,000        | -         |
| Caithness & Sutherland Enterprise | 5,000         | -         |
| Historic Scotland                 | 5,487         | -         |
| Heritage Lottery Fund             | 48,246        | -         |
|                                   | <u>68,733</u> | <u>-</u>  |

**3 Donations**

|                            | 2003<br>£     | 2002<br>£     |
|----------------------------|---------------|---------------|
| Deeds of Covenant          | 962           | 962           |
| Other donations – U.K.     | 6,500         | 3,000         |
| Other donations – Overseas | 19,269        | 14,688        |
|                            | <u>26,731</u> | <u>18,650</u> |

**4 Investment income and interest**

|                           | 2003<br>£  | 2002<br>£  |
|---------------------------|------------|------------|
| Interest on cash deposits | 103        | 53         |
| Tax repayment supplements | -          | 51         |
|                           | <u>103</u> | <u>104</u> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

|          |  |               |              |
|----------|--|---------------|--------------|
| <b>5</b> | <b>Cost of generating funds</b>                                    | <b>2003</b>   | <b>2002</b>  |
|          |  | <b>£</b>      | <b>£</b>     |
|          | Travelling expenses -- Lord Caithness                              | 3,622         | -            |
|          | Advertising and promotion  | 2,068         | 684          |
|          |  | <u>5,990</u>  | <u>684</u>   |
| <b>6</b> | <b>Costs of activities in furtherance of charitable objectives</b> | <b>2003</b>   | <b>2002</b>  |
|          |  | <b>£</b>      | <b>£</b>     |
|          | Conservation costs   |               |              |
|          | Sinclair and Girnigoe Castles                                      |               |              |
|          | Shoring up of archway and structural engineers' survey             | -             | 4,741        |
|          | Strengthening and pinning of weak column                           | 12,612        | -            |
|          | Conservation Plan fees   | 76,253        | -            |
|          |  | <u>88,865</u> | <u>4,741</u> |
|          | Noss Head library (Clan archive)                                   |               |              |
|          | Insurance  | <u>-</u>      | <u>750</u>   |
| <b>7</b> | <b>Management and administration</b>                               | <b>2003</b>   | <b>2002</b>  |
|          |  | <b>£</b>      | <b>£</b>     |
|          | Public liability insurance   | 1,575         | -            |
|          | Bank interest  | 24            | -            |
|          | Miscellaneous expenses   | 12            | 30           |
|          | Accountancy and other professional fees                            | 999           | 294          |
|          |  | <u>2,610</u>  | <u>324</u>   |

**8 Taxation**

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

**9 Related party transactions**

There were no related party transactions during the year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**

**10 Tangible assets**

The ruins of Sinclair and Girmigoe Castle, which were gifted to the Trust, are included in the accounts at a nominal value of £1. The directors do not consider the cost of valuing the sites to be justified in terms of assessing their performance.

During the year 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 have been included at a value of £100,000.

**11 Investments**

|                                  | 2003<br>£ | 2002<br>£ |
|----------------------------------|-----------|-----------|
| Shares in subsidiary             |           |           |
| Sinclair Bay Trading Company Ltd | <u>-</u>  | <u>2</u>  |

The Trust's wholly owned subsidiary, Sinclair Bay Trading Company Ltd, is in the process of being wound up.

**12 Debtors**

|                        | 2003<br>£    | 2002<br>£  |
|------------------------|--------------|------------|
| Income tax recoverable | <u>1,015</u> | <u>803</u> |

**13 Creditors: amounts falling due within one year**

|                                      | 2003<br>£    | 2002<br>£ |
|--------------------------------------|--------------|-----------|
| Trade creditors and accrued expenses | <u>5,000</u> | <u>-</u>  |

**14 Reconciliation of movements in funds**

|                                | 2003                     |                            | 2002                     |                            |
|--------------------------------|--------------------------|----------------------------|--------------------------|----------------------------|
|                                | Restricted<br>Funds<br>£ | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Unrestricted<br>Funds<br>£ |
| Opening funds                  | -                        | 20,753                     | -                        | 8,498                      |
| Surplus (deficit) for the year | -                        | (1,898)                    | -                        | 12,255                     |
| Books donated (Note 10)        | 100,000                  | -                          | -                        | -                          |
| Closing funds                  | <u>100,000</u>           | <u>18,855</u>              | <u>-</u>                 | <u>20,753</u>              |

**15 Share capital**

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

**DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

|                                       | £      | 2003<br>£      | £      | 2002<br>£     |
|---------------------------------------|--------|----------------|--------|---------------|
| <b>Income</b>                         |        |                |        |               |
| Grants:                               |        |                |        |               |
| Highland Council                      | 10,000 |                | -      |               |
| Caithness & Sutherland Enterprise     | 5,000  |                | -      |               |
| Historic Scotland                     | 5,487  |                | -      |               |
| Heritage Lottery Fund                 | 48,246 |                | -      |               |
|                                       |        | 68,733         |        | -             |
| Donations:                            |        |                |        |               |
| Deeds of Covenant                     | 962    |                | 962    |               |
| Other donations – UK                  | 6,500  |                | 3,000  |               |
| Other donations - Overseas            | 19,269 |                | 14,688 |               |
|                                       |        | 26,731         |        | 18,650        |
| Bank interest (net)                   |        | 103            |        | 53            |
| Tax repayment supplement              |        | -              |        | 51            |
|                                       |        | 95,567         |        | 18,754        |
| <b>Expenditure</b>                    |        |                |        |               |
| Conservation plan fees                | 76,253 |                | -      |               |
| Structural repairs                    | 12,612 |                | 4,741  |               |
| Public liability insurance            | 1,575  |                | 750    |               |
| Travelling expenses – Lord Caithness  | 5,000  |                | -      |               |
| Advertising and promotion             | 990    |                | 684    |               |
| Accountancy                           | 999    |                | 294    |               |
| Miscellaneous expenses                | 12     |                | 30     |               |
| Bank interest                         | 24     |                | -      |               |
|                                       |        | 97,465         |        | 6,499         |
| <b>(Deficit) surplus for the year</b> |        | <b>(1,898)</b> |        | <b>12,255</b> |