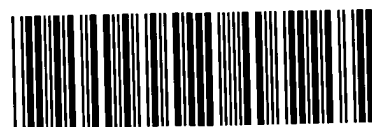


Charity Registration No. SC043771 (Scotland)

Company Registration No. SC409596 (Scotland)

**THE CABRACH TRUST**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

THURSDAY



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# THE CABRACH TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr G Gordon	
	Mrs P J Nelson	
	Mr D R Thomson	
	Mr A Wilson	
	Mrs V Irvine-Fortescue	(Appointed 24 January 2017)
	Mr P Harvey	(Appointed 24 January 2017)
	Mr C A MacKenzie	(Appointed 27 April 2017)
<b>Secretary</b>	Mr D R Thomson	
<b>Charity number (Scotland)</b>	SC043771	
<b>Company number</b>	SC409596	
<b>Principal address</b>	The Acorn Centre Lower Cabrach Huntly Aberdeenshire AB54 4EU	
<b>Registered office</b>	The Acorn Centre Lower Cabrach Huntly Aberdeenshire AB54 4EU	
<b>Independent examiner</b>	Cathedral Accountancy Ltd. 4 North Guildry Street Elgin Moray IV30 1JR	
<b>Bankers</b>	Santander Bootle Merseyside L30 4GB	

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# THE CABRACH TRUST

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# THE CABRACH TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

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The trustees present their report and accounts for the year ended 31 March 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the current statutory requirements, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

### **Objectives and activities**

The charity's objects and purposes for which the Company is established are wholly charitable and are to facilitate rural regeneration, for public benefit, within and around the Cabrach area, including the advancement of education and the arts, heritage and culture.

The board has been actively canvassing for new trustees, with a view to strengthening the board's capabilities to support the growth of the Trust, and in 2016/17 a number of new trustees joined. The new trustees were selected on the basis of experience and knowledge of the proposed project and of the local area and are given appropriate training according to the requirements of the position.

In recognition of the progress being made with the Trust's plans for development, during the year the board agreed to appoint its second staff member. Justin Livesey, an experienced business development manager, joined the Trust at the beginning of our new financial year. Justin Livesey will support the Executive Director, Sue Savege in delivery of the distillery and heritage centre project.

The main activities conducted during the year were progressing the development plans for the distillery and heritage centre at Inverharroch Farm together with the preparation of an application for a Community Asset Transfer (CAT) of the group of buildings known as the Acorn Centre. The objective of the Asset Transfer is to provide long-term security for the community as regards offering a public meeting space.

The CAT application for the Acorn Centre was successful. In addition all of the necessary reports, drawings and detailing of the conversion of Inverharroch Farm steadings into a distillery with associated visitor centre are now complete. A planning application was submitted to the Moray Council in June 2017. Together these activities mark two major milestones in the progress of the Cabrach Trust.

A further related element of work undertaken in the year was an historical research project explaining the heritage and history of whisky distilling & smuggling in the Cabrach area, all with the intention of providing valuable source materials for the heritage centre and supplying the information needed to complete the specification for a working historical distillery at Inverharroch.

During the course of the year the farm continued to be leased to local tenants who have grazed sheep in the fields over the course of most of the year, thus maintaining the farm in active use. Inverharroch House was transferred from residential use into offices for the Cabrach Trust with the intention to convert the first floor into accommodation for future trainees and interns.

During the year the Cabrach Trust also accomplished work on a number of strategic documents. These include; development of a ten year master plan, undertaking of a social impact audit, conducting a full community consultation report and carrying out a resource efficiency study. The Trust has made all of these documents available on its website [www.cabrachtrust.org](http://www.cabrachtrust.org).

A media campaign was launched during the year in order to raise the profile of the Cabrach Trust with key stakeholders. The campaign generated extensive coverage across a range of media including national & local press, as well as TV and social media, including Facebook.

# THE CABRACH TRUST

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

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### Achievements and performance

During the year the charity incurred expenditure of £142,055 in connection with the work related to the development of the visitor centre and distillery and operating costs. The sources of income for the year were rentals of £9,783, restricted grants of £35,000 and unrestricted donations of £100,000. Overall the Trust generated a small surplus for the year of £2,728.

### Financial review

It is the policy of the charity to maintain unrestricted funds, which are the free reserves of the charity, at a level which covers unrestricted expenditure and provides sufficient funds to cover management, administration and support costs.

The level of unrestricted funds held at the year end was £532,677 of which £530,688 represented the value of fixed assets, £8,076 the value of the charity's trademark and £6,087 the value of net current liabilities.

The level of restricted funds held at the year end was £35,000.

The board discussed the funding position with its main benefactors and were given reassurance that funding would normally continue to be forthcoming, at least for the following twelve months, while plans to grow the charity continue to make good progress.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

In 2017/2018 the Cabrach Trust will continue to progress plans to establish the distillery and heritage centre at Inverharroch. Work will focus on obtaining the estimated £6m of funding for the project. In order to provide the necessary capital funds to commence works, it is planned that an application will be submitted to the Heritage Lottery Fund and further funding will be sought through grants and donations from Trusts, Foundations and other sources.

In the coming year, we will also build on our understanding of the cultural heritage of the Cabrach and its unique distilling and smuggling history by establishing a community heritage project.

A trading subsidiary, Cabrach Heritage Ltd, has been established to deliver the Trust's commercial activities, including the day to running and operation of a working historical distillery. The trading subsidiary will operate as a social enterprise, gifting all of its surplus profits back to the Cabrach Trust'.

### Structure, governance and management

The Cabrach Trust is a registered charity, number SC043771. It is a company limited by guarantee, not having a share capital and is governed by the rules set out in its Memorandum and Articles of Association. The company number is SC409596. The charity is a public benefit entity.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr G Gordon

Mrs P J Nelson

Mr D R Thomson

Mr A Wilson

Mrs V Irvine-Fortescue

Mr P Harvey

(Appointed 24 January 2017)

(Appointed 24 January 2017)

# THE CABRACH TRUST

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

---

Mr C A MacKenzie

(Appointed 27 April 2017)

New trustees are appointed at the annual general meeting or may be appointed by the existing trustees during the year.

None of the trustees of the charity have any beneficial interest in the company.

The charity is administered by a board of trustees.

### **Statement of trustees' responsibilities**

The trustees who are also the directors of The Cabrach Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

*In preparing these accounts, the trustees are required to:*

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The trustees' report was approved by the Board of Trustees.



Mr G Gordon

Trustee

Dated: 20 June 2017

# THE CABRACH TRUST

## INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE CABRACH TRUST

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I report on the accounts of the charity for the year ended 31 March 2017, which are set out on pages 5 to 12.

### Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations do 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 connection with my examination, no matter has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
  - (i) to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
  - (ii) to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;have not been met, or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Munro Rankine CA  
Independent examiner  
Cathedral Accountancy Ltd.  
4 North Guildry Street  
Elgin  
Moray  
IV30 1JR

Dated: 20 June 2017

# THE CABRACH TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b><u>Income from:</u></b>					
Donations and legacies	2	100,000	35,000	135,000	80,055
Charitable activities	3	9,783	-	9,783	10,500
<b>Total income</b>		<b>109,783</b>	<b>35,000</b>	<b>144,783</b>	<b>90,555</b>
<b><u>Expenditure on:</u></b>					
Charitable activities	4	140,493	-	140,493	117,962
Other	7	1,562	-	1,562	1,012
<b>Total expenditure</b>		<b>142,055</b>	<b>-</b>	<b>142,055</b>	<b>118,974</b>
<b>Net (outgoing)/incoming resources</b>					
<b>Net movement in funds</b>		<b>(32,272)</b>	<b>35,000</b>	<b>2,728</b>	<b>(28,419)</b>
Fund balances at 1 April 2016					
As originally reported		608,367	-	586,658	593,368
Prior year adjustment	15	(21,709)	-	(21,709)	-
As restated		586,658	-	564,949	593,368
<b>Total fund carried forward</b>		<b>532,677</b>	<b>35,000</b>	<b>567,677</b>	<b>564,949</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.



# THE CABRACH TRUST

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

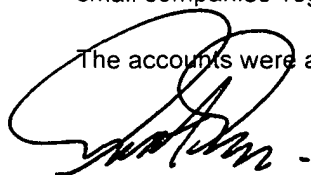
	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Goodwill	9		8,076		9,422
Property, plant and equipment	10		530,688		530,000
			<u>538,764</u>		<u>539,422</u>
<b>Current assets</b>					
Trade and other receivables	11	25,495		275	
Cash at bank and in hand		56,387		67,832	
		<u>81,882</u>		<u>68,107</u>	
<b>Current liabilities</b>	12	(52,969)		(42,580)	
Net current assets			<u>28,913</u>		<u>25,527</u>
<b>Total assets less current liabilities</b>			<u>567,677</u>		<u>564,949</u>
<b>Income funds</b>					
Restricted funds	13		35,000		-
Unrestricted funds			532,677		564,949
			<u>567,677</u>		<u>564,949</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2017. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts.

The trustees' responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 20 June 2017



Mr G Gordon  
Trustee

Company Registration No. SC409596

# THE CABRACH TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

#### Charity information

The Cabrach Trust is a private company limited by guarantee incorporated in Scotland. The registered office is The Acorn Centre, Lower Cabrach, Huntly, Aberdeenshire, AB54 4EU.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the historical cost convention, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The accounts are prepared in sterling, which is the functional currency of the charity.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These accounts for the year ended 31 March 2017 are the first accounts of The Cabrach Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

#### 1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

# THE CABRACH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 1 Accounting policies

(Continued)

#### 1.5 Resources expended

All expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to that category. Resources expended include attributable VAT which cannot be recovered.

#### 1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The charity's property is subject to annual revaluation to market value by the directors and periodically by independent valuers.

Land and buildings	Nil depreciation
Fixtures, fittings & equipment	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Expenditure under £500 is not capitalised.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Trademarks

Trademarks are amortised over their expected useful lives of ten years as assessed by the trustees.

#### 1.9 Governance costs

These represent the costs incurred by finance, human resources, accounting, legal and other costs attributable to the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

### 2 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	100,000	-	100,000	80,055
Grants receivable	-	35,000	35,000	-
	<u>100,000</u>	<u>35,000</u>	<u>135,000</u>	<u>80,055</u>

# THE CABRACH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 3 Charitable activities

	2017 £	2016 £
Rent received	9,783	10,500

### 4 Charitable activities

	2017 £	2016 £
Bank charges	668	614
Legal fees	12,553	8,730
Rates	2,018	3,100
General expenses	38	13
Feasibility study for proposed visitor centre	66,259	100,392
Amortisation of trademark	1,346	1,346
Insurance	2,660	2,384
Travel	4,151	1,278
Heat and light	3,000	105
Repairs	1,116	-
Telephone and internet	1,876	-
Wages	44,578	-
Depreciation	230	-
	140,493	117,962

### 5 Trustees

No trustees received any remuneration nor reimbursement of expenses during the year.

### 6 Employees

#### Number of employees

The average monthly number employees during the year was one (2016 none).

	2017 Number	2016 Number
Executive Director	1	-

There were no employees whose annual remuneration was £60,000 or more.

# THE CABRACH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 7 Other

	2017	2016
	£	£
Postage and stationery	140	-
Independent examination fees	1,422	1,012
	<u>1,562</u>	<u>1,012</u>

### 8 Taxation

The company has no liability to Corporation Tax for the year ended 31 March 2017 due to its charitable status.

### 9 Intangible fixed assets

	Trademarks £
<b>Cost</b>	
At 1 April 2016 and 31 March 2017	<u>13,460</u>
<b>Amortisation and impairment</b>	
At 1 April 2016	4,038
Amortisation charged for the year	<u>1,346</u>
At 31 March 2017	<u>5,384</u>
<b>Carrying amount</b>	
At 31 March 2017	<u>8,076</u>
At 31 March 2016	<u>9,422</u>

# THE CABRACH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 10 Property, plant and equipment

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2016	530,000	-	530,000
Additions	-	918	918
	<u>530,000</u>	<u>918</u>	<u>530,918</u>
At 31 March 2017	530,000	918	530,918
<b>Depreciation and impairment</b>			
Depreciation charged in the year	-	230	230
	<u>-</u>	<u>230</u>	<u>230</u>
At 31 March 2017	-	230	230
<b>Carrying amount</b>			
At 31 March 2017	530,000	688	530,688
	<u>530,000</u>	<u>688</u>	<u>530,688</u>
At 31 March 2016	530,000	-	530,000
	<u>530,000</u>	<u>-</u>	<u>530,000</u>

The charity's property is subject to annual revaluation to market value by the directors and periodically by independent valuers. The charity's property was revalued during the year by the directors.

### 11 Trade and other receivables

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Other receivables	25,000	-
Prepayments and accrued income	495	275
	<u>25,495</u>	<u>275</u>

### 12 Current liabilities

	2017	2016
	£	£
Trade payables	51,709	37,557
Other payables	-	1,033
Accruals and deferred income	1,260	3,990
	<u>52,969</u>	<u>42,580</u>

# THE CABRACH TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 13 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2016 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 March 2017 £
Local Energy Scotland	-	10,000	-	10,000
Foundation Scotland	-	25,000	-	25,000
	-	35,000	-	35,000

The Local Energy Scotland grant was for consultancy services and feasibility studies towards the visitor centre.

The Foundation Scotland grant was to help achieve certain outputs and milestones towards the redevelopment of Inverharroch Farm, and the community asset transfer of the Acorn Centre.

#### 14 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Intangible fixed assets	8,076	-	8,076
Property, plant and equipment	530,688	-	530,688
Current assets/(liabilities)	(6,087)	35,000	28,913
	532,677	35,000	567,677

#### 15 Prior year adjustment

The charity has recently been made aware of charges that related to the year ended 31 March 2016 amounting to £21,709. This has been treated as a prior year adjustment and the effect has been to increase the deficit and creditors for 2016 by £21,709 relating to the feasibility study for the proposed visitors centre.