

THE HIGHLAND COUNCIL

PLANNING ENVIRONMENT AND DEVELOPMENT COMMITTEE

12th February 2014

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| Agenda Item | 20 |
| Report No | PED 22/14 |

CAITHNESS HORIZONS ANNUAL REPORT

Report by Director of Education, Culture and Sport Service

Summary

This report details the activities of Caithness Horizons Limited during the financial year 2012/13 and recommends that members accept the Financial Statement 31st March 2013 on behalf of Highland Council.

1. BACKGROUND

- 1.1 Caithness Horizons was jointly founded by the Highland Council, the United Kingdom Atomic Energy Authority (later superseded by Dounreay Site Restoration Limited - DSRL) and Thurso Heritage Society. The Company operates a community facility/museum in the former Thurso Town Hall and Carnegie Library building.
- 1.2 The Company is run by a board of Trustees to which the Council is entitled to nominate members. Councillors J. Rosie and W. MacKay were appointed by Highland Council on 31 May 2012.
- 1.3 To satisfy the requirements of the external funders who provided the original capital funding to refurbish the building and were keen to ensure a period of financial stability for the organisation, both the Council and DSRL agreed to provide revenue funding of £90k for a period of years. This arrangement comes to an end in 2018.
- 1.4 In addition, the organisation receives financial assistance from the Education, Culture & Sport Service through the established scheme of support for the independent museums' sector in Highland governed by Service Delivery Contracts. During the 2012/13 financial year, this was £12,377 (a 15% reduction from the previous year) and is due to reduce by a further 3% in 2014/15.
- 1.5 During the course of the current financial year, it was agreed that instead of two council services being involved with the organisation, ECS should become the lead service within the Council. This means that future annual reports will be presented to the Adult & Children's Services Committee rather than the Planning Environment and Development Committee (or, with effect from 1 April 2014, the Education, Children and Adult Services and Planning, Development and Infrastructure Committees).

2. ANNUAL REPORTS HIGHLIGHTS

- 2.1 The Company's audited accounts for 2012/13 are appended to this report.

- 2.2 The auditors have confirmed that they are satisfied that the accounts have been properly prepared, and they have made no adverse comments.
- 2.3 During the year there were 74,368 visitors. Eighteen temporary exhibitions and forty four public events were organised in addition to an off-site festival, *Wave North*, which attracted 13,422 participants. On-going feedback highlights the excellent visitor experience.
- 2.4 The Company organised an extensive annual programme, including offering curatorial support to two local heritage groups and museums, three festivals, an artist residency, a summer exhibition in collaboration with North Lands Creative Glass, a wide programme of events and thirty school visits.

3. IMPLICATIONS

- 3.1 There are currently no resource, legal, equalities, climate change or risk implications arising from this report.

4. RECOMMENDATION

- 4.1 Members are recommended to:
- (i) Note the activities of Caithness Horizons Limited; and
 - (ii) Accept the Financial Statements for the year ending 31st March 2013 of Caithness Horizons Limited on behalf of the Highland Council.

Designation: Director of Education, Culture and Sport

Date: 17th January 2014

Author: Ron MacKenzie, Head of Support Services, Education, Culture and Sport

Background Papers: Annual Report for Year Ended 31 March 2013

REGISTERED COMPANY NUMBER: SC269929 (Scotland)
REGISTERED CHARITY NUMBER: SC036061

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2013
for
Caithness Horizons**

Reid & Fraser
Statutory Auditors
Chartered Accountants
15 Princes Street
Thurso
Caithness
KW14 7BQ

Caithness Horizons

**Contents of the Financial Statements
for the Year Ended 31 March 2013**

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Caithness Horizons (Registered number: SC269929)

**Report of the Trustees
for the Year Ended 31 March 2013**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC269929 (Scotland)

Registered Charity number
SC036061

Registered office
The Old Town Hall
Thurso
Caithness
KW14 8AJ

Trustees

P Cariss
A McIvor - resigned 29.1.13
Miss T Wrighton
Ms H M Lamont
W J Mackay
Ms D Foss - appointed 22.8.12
D Flear

Company Secretary
Miss R L Pope

Auditors
Reid & Fraser
Statutory Auditors
Chartered Accountants
15 Princes Street
Thurso
Caithness
KW14 7BQ

Bankers
Bank of Scotland
25 Orlig Street
Thurso
Caithness
KW14 7HQ

Solicitors
Morton Fraser LLP
Quartermile Two
2 Lister Square
Edinburgh
Midlothian
EH3 9GL

Honorary Patron
John Thurso, MP

Caithness Horizons (Registered number: SC269929)

**Report of the Trustees
for the Year Ended 31 March 2013**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

The three founder members of the company (UKAEA, Highland Council and Thurso Heritage Society) each have the right to appoint two Trustees to the Board. Having shown considerable interest in the project from both financial investment and general support perspectives, the Nuclear Decommission Authority (NDA) were invited to become Corporate Members of the Company and to propose a Trustee. Up to four places on the Board may be filled by co-options. Co-opted Trustees are selected with the aim of adding the Board's range of experience and skills. The maximum number of Trustees permitted is 15.

Induction and training of new trustees

New Trustees are briefed by the Chairman and/or Centre Manager and are supplied with key past documents before attending a Board meeting.

Organisational structure

The Board usually meets as required to enable all significant decisions to be taken formally during Board meetings, on the basis of papers or other reports. Following the opening of the building in December 2008, the frequency of Board meetings has reduced from monthly to quarterly.

Between meetings, the Chairman and Centre Manager are authorised to take urgent decisions on the commitment of minor sums consistent with current policy (eg to procure equipment), which are then reported to the Board at its next meeting.

Related parties

The company owns 100% of the issued share capital of Caithness Horizons Ltd.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. Following the award of "Accredited Museum" status by the Museums Libraries Association (now Museums Galleries Scotland), all risk management and management processes are in place and actively employed. This suite of documentation is subject to regular review and is update as required.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal activity of the company in the period under review was the operation of a Museum, based in the former Town Hall and Carnegie Library, maintaining, displaying and caring for the Collection in accordance with the objects of the Company, delivering a comprehensive education and interpretation programme to all ages, and the delivery of a programme of events, temporary activities and other activities.

The wholly owned subsidiary, Caithness Horizons Trading Ltd provides a café, shop and room hire facilities to complement the museum's principal activities.

Caithness Horizons is the key location for the interpretation of the story of Thurso and Caithness, for the benefit of local people and visitors to the area alike. The museum has a core aim of providing a range of services, resources and facilities to enable education and learning at all levels and to maintain a range of community uses, which are compatible with the Museum Collection.

Caithness Horizons (Registered number: SC269929)

**Report of the Trustees
for the Year Ended 31 March 2013**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

During the year Caithness Horizons received 74,368 visitors, an increase of 1% on the previous year. This makes a total of 320,174 visitors since the building opened in December 2008.

Of the visitors in 2012-13:

30 school visits were organised with 827 attendees;

58 formal community visits were organised with 705 attendees;

Caithness Horizons put on 18 temporary exhibitions lasting between 1 week and 3 months in duration and receiving 67,544 visitors;

Caithness Horizons organised 44 public events with 3,525 attendees;

Caithness Horizons organised 1 off-site festival with 13,422 participants;

In addition the building was used 260 times for private hires, bringing 4,893 people into the building.

8,977 objects from the Collection of Caithness Horizons Collections Trust have now been catalogued to inventory level. Work on the inventory is still in progress.

All of the objects in the Collection of Caithness Horizons Collections Trust that are not on display have now been packed and stored using conservation grade materials.

116 objects were accessioned into the Collection of Caithness Horizons Collections Trust in 2012. A framed photograph depicting the 1956 intake of Dounreay Apprentices and a portrait of Sir David Robertson MP were loaned to Caithness Horizons for display in the Dounreay exhibition.

109 specimens from the Robert Dick Herbarium were conserved by the Scottish Conservation Studio with grant aid from the Association of Independent Museums and Museums Galleries Scotland.

Curatorial Advice

In 2012 curatorial advice was provided to Wick Heritage Society during the redevelopment of the fishing hall exhibition at the Wick Heritage Museum. Curatorial advice was also provided to Strathnaver Museum for their digitisation project and application for Museum Accreditation. A fee was charged to both organisations for these services.

The organisation collaborated with North Lands Creative Glass on an exhibition that juxtaposed glass artworks with Museum objects and created displays not only of the finished works of art in glass, but also test pieces and sketches. Contemporary glass pieces were placed in display cases beside Museum objects with the aim of getting visitors to question whether an object was an artwork or an actual Museum object. A small publication was produced. 4,646 people visited the exhibition and some of the work remains on display in the Museum.

In 2012 Caithness Horizons participated in national events such as Festival of Museums (May); the Big Draw (October) and Highland Archaeology Fortnight (October).

In 2012 Caithness Horizons received and answered 96 specific enquiries about the Collection of Caithness Horizons Collections Trust.

There were 1,794 sales in the shop, 12% fewer than the previous year. Income totalled £22,253, an increase of 3.5% from 2011/12, so therefore a higher per head spend than previous years. There were 11,097 covers in the café, with sales totalling £64,935, a 2% increase on the previous year. The café provided catering to hires and events with income of £6,499 which is a 50% drop on the previous year.

Caithness Horizons (Registered number: SC269929)

**Report of the Trustees
for the Year Ended 31 March 2013**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Museum aims to produce a Visitor Survey report every six months. In 2012 the Museum produced a report for the period January - June 2012 and a further one for the period October - December 2012. During the period July - September 2012 the Museum participated in a Highland-wide Museum visitor survey commissioned by the Highlands Museums Forum. The last report, for the period October - December 2012 found that for that period, the majority of visitors were in the 60+ age group, they came from all over the world from Scotland to Brazil, the majority of visits lasted over one hour. All of the visitors who took part in the survey said they would visit again and would recommend Caithness Horizons to their friends.

FINANCIAL REVIEW

Reserves policy

Caithness Horizons operates two types of Reserve. A General Reserve with a balance at the year end of £17,609 which is used to fund day to day operations. A Restricted Reserve with a balance at the year end of £142,279 which was used in the refurbishment of the Town Hall and the establishment of the Visitor Centre. The Restricted Reserve is sub-divided into funds that reflect the purpose for which the finance was received and any conditions attached to its use.

Interest on the Restricted Reserve is transferred on a monthly basis to the General Reserve to fund the operating activities of Caithness Horizons. This is undertaken with the consent of the donors.

Principal funding sources

On-going Conservation

The Robert Dick Herbarium is in need of on-going remedial conservation treatment before it can be put on display. Due to the large number of specimens in the Herbarium Collection this is a long term project, with small applications made annually to a variety of funders. In this financial year successful applications were made to the Association of Independent Museums (AIM) and Museums Galleries Scotland which enabled us to conserve 109 specimens.

Wave North

To raise the profile of surfing in the area, in partnership with the UK Pro Surf Tour funding was secured from Creative Scotland to deliver a Festival in October 2012.

Iconic Artists in Iconic Places

Funding was secured from Creative Scotland and Museums Galleries Scotland for the delivery of a project working with artist Joanne B. Kaar. The outcome of this project was the creation of a 'Portable Museum of Curiosity' that was designed to be both an art object in its own right and an interpretation device for the Museum to use to tell the story of Robert Dick.

Gaelic Translation for Labels

Funding was received from CNAG towards the cost of including a Gaelic translation on all existing Museum object labels.

Other Grants

The Caithness and North Sutherland Fund and The Highland Council Ward Discretionary Fund provided funding for new Museum Collection management software and training in the use of the software. Museums Galleries Scotland provided a contribution towards the delivery of the Festival of Museums, and also the development of the Young Curators Club 'Peter's Pals'. The Highland Council Ward Discretionary Fund and Museums Galleries Scotland contributed towards an events programme associated with the summer exhibition developed in partnership with North Lands Creative Glass.

Caithness Horizons (Registered number: SC269929)

**Report of the Trustees
for the Year Ended 31 March 2013**

FUTURE DEVELOPMENTS

Looking ahead

Caithness Horizons is focused on meeting and maintaining the exacting standards required by Museums Libraries Archives (MLA) to achieve full accreditation, and accreditation was secured in September 2010. The organisation will be invited to apply for accreditation under the new 2011 Accreditation Standard in March 2014 for a deadline of October 2014.

The organisation is a member of Visit Scotland's Quality Assurance Scheme and has achieved the recognition of a 5 star award for a visitor attraction each year since opening. This is a crucial achievement for the organisation and will be a specific target to be achieved for 2013-14.

NDA has committed to continue funding at existing levels until 2018. Highland Council have an ongoing commitment to continue funding at existing levels.

In February 2013 Caithness Horizons learnt they were successful in an application to EventScotland for a Pictish and Norse Heritage themed year long event programme which will run during the Year of Homecoming 2014. The event proposed runs from January - November 2014. Additional fundraising will be needed to deliver the project and applications will be submitted shortly for this.

As the organisation is approaching its 5th year of opening, there will be a review of the current displays. Areas earmarked for re-display include the Robert Dick area to allow for appropriate display of the conserved herbarium specimens, the Dounreay areas as more artefacts become available, and the Pictish Stones area as important examples of Early Medieval sculpture have recently been acquired by the Museum.

The organisation is moving towards a position where funding is done at least a year ahead for projects.

Using outputs from existing projects i.e. the 'Portable Museum of Curiosity' from the project Iconic Artists in Iconic Places, more partnership working is planned for forthcoming years. This item is designed to be an outreach item that can be transported without a member of staff to other locations i.e. schools, Museums etc. A programme is being developed around this, and interest has been wide ranging including from Museums Galleries Scotland as an example of good practice.

As the reputation of the Museum grows contacts are being developed with other like-minded organisations, for example the Science Museum in London, the University of the Highlands and Islands, Royal Botanic Garden Edinburgh, Botanic Society of Scotland and the National Museum of Nuclear History and Science in America. Partnership projects will be an important part of the direction for the Museum in future years. The Museum has been included in the nationwide ARTIST ROOMS exhibition programme for 2014.

The Museum is in talks with Highlands and Islands Enterprise about the potential for becoming an 'Account Managed' organization.

Caithness Horizons (Registered number: SC269929)

**Report of the Trustees
for the Year Ended 31 March 2013**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Caithness Horizons for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- 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 charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Reid & Fraser, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



Miss R L Pope - Secretary

Date: 17 - 12 - 13

**Report of the Independent Auditors to the Trustees and Members of
Caithness Horizons (Registered number: SC269929)**

We have audited the financial statements of Caithness Horizons for the year ended 31 March 2013 on pages nine to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page six, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 18 to the financial statements

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Trustees and Members of
Caithness Horizons (Registered number: SC269929)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.


Stuart Walker (Senior Statutory Auditor)
for and on behalf of Reid & Fraser
Statutory Auditors
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
15 Princes Street
Thurso
Caithness
KW14 7BQ

Date: 18.12.13

Caithness Horizons

Statement of Financial Activities
for the Year Ended 31 March 2013

| | Not es | Unrestricted fund £ | Restricted funds £ | Total 2013 funds £ | Total 2012 funds £ |
|---|-----------|---------------------------|--------------------------|-----------------------------|-----------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 2 | 249,247 | - | 249,247 | 218,939 |
| Activities for generating funds | 3 | 61,786 | - | 61,786 | 37,067 |
| Investment income | 4 | 14,430 | 571 | 15,001 | 42,335 |
| Other incoming resources | | <u>-</u> | <u>-</u> | <u>-</u> | <u>150</u> |
| Total incoming resources | | <u>325,463</u> | <u>571</u> | <u>326,034</u> | <u>298,491</u> |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | | | | | |
| Charitable activities | 5 | 410,064 | 410 | 410,474 | 427,578 |
| Governance costs | 6 | <u>3,445</u> | <u>-</u> | <u>3,445</u> | <u>3,575</u> |
| Other resources expended | | <u>463</u> | <u>-</u> | <u>463</u> | <u>358</u> |
| Total resources expended | | <u>413,972</u> | <u>410</u> | <u>414,382</u> | <u>431,511</u> |
| NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS | | | | | |
| | | (88,509) | 161 | (88,348) | (133,020) |
| Gross transfers between funds | 15 | <u>90,625</u> | <u>(90,625)</u> | <u>-</u> | <u>-</u> |
| Net incoming/(outgoing) resources | | <u>2,116</u> | <u>(90,464)</u> | <u>(88,348)</u> | <u>(133,020)</u> |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | <u>15,493</u> | <u>232,743</u> | <u>248,236</u> | <u>381,256</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>17,609</u></u> | <u><u>142,279</u></u> | <u><u>159,888</u></u> | <u><u>248,236</u></u> |

Caithness Horizons (Registered number: SC269929)

Balance Sheet
At 31 March 2013

| | Notes | Unrestricted fund £ | Restricted funds £ | Total £ | 2013 funds £ | Total £ | 2012 funds £ |
|--|-------|------------------------|-----------------------|----------------|-----------------|------------|-----------------|
| FIXED ASSETS | | | | | | | |
| Intangible assets | 10 | - | 1,218 | 1,218 | | | 4,624 |
| Tangible assets | 11 | 1,021 | 141,061 | 142,082 | | | 180,401 |
| Investments | 12 | <u>1</u> | <u>-</u> | <u>1</u> | | | <u>1</u> |
| | | 1,022 | 142,279 | 143,301 | | | 185,026 |
| CURRENT ASSETS | | | | | | | |
| Debtors | 13 | 18,588 | - | 18,588 | | | 32,972 |
| Cash at bank and in hand | | <u>24,432</u> | <u>-</u> | <u>24,432</u> | | | <u>69,571</u> |
| | | 43,020 | - | 43,020 | | | 102,543 |
| CREDITORS | | | | | | | |
| Amounts falling due within one year | 14 | (26,433) | - | (26,433) | | | (39,333) |
| NET CURRENT ASSETS | | | | | | | |
| | | <u>16,587</u> | <u>-</u> | <u>16,587</u> | | | <u>63,210</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | | | |
| | | <u>17,609</u> | <u>142,279</u> | <u>159,888</u> | | | <u>248,236</u> |
| NET ASSETS | | | | | | | |
| | | <u>17,609</u> | <u>142,279</u> | <u>159,888</u> | | | <u>248,236</u> |
| FUNDS | | | | | | | |
| Unrestricted funds: | 15 | | | | | | |
| General fund | | | | 17,609 | | | 15,493 |
| Restricted funds: | | | | | | | |
| Donated asset | | | | 142,279 | | | 165,743 |
| Advanced Revenue | | | | <u>-</u> | | | <u>67,000</u> |
| | | | | <u>142,279</u> | | | <u>232,743</u> |
| TOTAL FUNDS | | | | | | | |
| | | | | <u>159,888</u> | | | <u>248,236</u> |

The notes form part of these financial statements

Caithness Horizons (Registered number: SC269929)

Balance Sheet - continued
At 31 March 2013

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 17 December 2013 and were signed on its behalf by:

A black rectangular box redacting the signature of the trustee.

.....
P Cariss -Trustee

Notes to the Financial Statements
for the Year Ended 31 March 2013

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Preparation of consolidated financial statements

The financial statements contain information about Caithness Horizons as an individual charity and do not contain consolidated financial information as the parent of a group. The charity has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

INCOMING RESOURCES

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

RESOURCES EXPENDED

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|------------------------|
| Film production | - 10% straight line |
| Museum equipment | - 25% reducing balance |
| Fixtures and fittings | - 25% reducing balance |
| Office equipment | - 25% reducing balance |

TAXATION

The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds 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.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

LICENCES

The expenditure to which the licences relate is being written off over the period of the relevant licence, which is either 5 or 10 years.

Caithness Horizons

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2013**

2. VOLUNTARY INCOME

| | 2013 | 2012 |
|---|----------------|----------------|
| | £ | £ |
| Dounreay Site Restoration Ltd | 90,000 | 90,000 |
| Highland Council - Notional rent foregone | 61,000 | 61,000 |
| Highland Council | 13,678 | 14,561 |
| Other grants and donations | 54,871 | 20,986 |
| Museum Galleries Scotland | 13,480 | 19,611 |
| Creative Scotland | 11,218 | 3,000 |
| Trad Arts | - | 2,790 |
| Highland Leader | - | 6,991 |
| Caithness & North Sutherland Fund | <u>5,000</u> | <u>-</u> |
| | <u>249,247</u> | <u>218,939</u> |

Grants received, included in the above, are as follows:

| | 2013 | 2012 |
|--------------|---------------|---------------|
| | £ | £ |
| Other grants | <u>54,871</u> | <u>20,986</u> |

3. ACTIVITIES FOR GENERATING FUNDS

| | 2013 | 2012 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Staff costs re-charged | 50,340 | 37,067 |
| Curatorial & archivist services | 9,598 | - |
| Ticket sales | 1,649 | - |
| Other income | <u>199</u> | <u>-</u> |
| | <u>61,786</u> | <u>37,067</u> |

4. INVESTMENT INCOME

| | 2013 | 2012 |
|--------------------------|---------------|---------------|
| | £ | £ |
| Rents received | 14,430 | 41,432 |
| Deposit account interest | <u>571</u> | <u>903</u> |
| | <u>15,001</u> | <u>42,335</u> |

5. CHARITABLE ACTIVITIES COSTS

| | Direct costs | Totals |
|-----------------------|----------------|----------------|
| | £ | £ |
| Charitable activities | <u>410,474</u> | <u>410,474</u> |

Caithness Horizons

Notes to the Financial Statements - continued for the Year Ended 31 March 2013

6. GOVERNANCE COSTS

| | 2013 | 2012 |
|------------------------|--------------|--------------|
| | £ | £ |
| Accountancy | 1,250 | 1,357 |
| Legal fees | 445 | 445 |
| Auditors' remuneration | <u>1,750</u> | <u>1,773</u> |
| | <u>3,445</u> | <u>3,575</u> |

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

| | 2013 | 2012 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | 1,750 | 1,773 |
| Depreciation - owned assets | 44,634 | 53,062 |
| Deficit on disposal of fixed asset | 410 | - |
| Licences amortisation | 3,406 | 3,405 |
| Operating lease rentals | <u>67,540</u> | <u>67,540</u> |

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2013 nor for the year ended 31 March 2012.

TRUSTEES' EXPENSES

| | 2013 | 2012 |
|--------------------|----------|------------|
| | £ | £ |
| Trustees' expenses | <u>-</u> | <u>249</u> |

There were no trustees' expenses paid for the year ended 31 March 2013.

Caithness Horizons

Notes to the Financial Statements - continued for the Year Ended 31 March 2013

9. STAFF COSTS

| | 2013 | 2012 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 170,384 | 174,510 |
| Social security costs | 13,139 | 14,222 |
| Other pension costs | <u>3,060</u> | <u>3,060</u> |
| | <u>186,583</u> | <u>191,792</u> |

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

| | 2013 | 2012 |
|------------|-----------|-----------|
| Management | 1 | 1 |
| Office | 4 | 4 |
| Other | <u>5</u> | <u>5</u> |
| | <u>10</u> | <u>10</u> |

No employees received emoluments in excess of £60,000.

10. INTANGIBLE FIXED ASSETS

| | Other intangible assets £ |
|-----------------------------------|------------------------------------|
| COST | |
| At 1 April 2012 and 31 March 2013 | <u>17,104</u> |
| AMORTISATION | |
| At 1 April 2012 | 12,480 |
| Charge for year | <u>3,406</u> |
| At 31 March 2013 | <u>15,886</u> |
| NET BOOK VALUE | |
| At 31 March 2013 | <u>1,218</u> |
| At 31 March 2012 | <u>4,624</u> |

Caithness Horizons

Notes to the Financial Statements - continued
for the Year Ended 31 March 2013

11. TANGIBLE FIXED ASSETS

| | Film production £ | Museum equipment £ | Fixtures and fittings £ | Office equipment £ | Totals £ |
|------------------------|-------------------------|--------------------------|-------------------------------|--------------------------|----------------|
| COST | | | | | |
| At 1 April 2012 | 38,362 | 292,230 | 58,072 | 30,867 | 419,531 |
| Additions | - | - | - | 6,725 | 6,725 |
| Disposals | - | - | (1,111) | - | (1,111) |
| At 31 March 2013 | <u>38,362</u> | <u>292,230</u> | <u>56,961</u> | <u>37,592</u> | <u>425,145</u> |
| DEPRECIATION | | | | | |
| At 1 April 2012 | 14,839 | 167,983 | 36,748 | 19,560 | 239,130 |
| Charge for year | 3,836 | 31,061 | 5,229 | 4,508 | 44,634 |
| Eliminated on disposal | - | - | (701) | - | (701) |
| At 31 March 2013 | <u>18,675</u> | <u>199,044</u> | <u>41,276</u> | <u>24,068</u> | <u>283,063</u> |
| NET BOOK VALUE | | | | | |
| At 31 March 2013 | <u>19,687</u> | <u>93,186</u> | <u>15,685</u> | <u>13,524</u> | <u>142,082</u> |
| At 31 March 2012 | <u>23,523</u> | <u>124,247</u> | <u>21,324</u> | <u>11,307</u> | <u>180,401</u> |

12. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|-----------------------------------|---|
| MARKET VALUE | |
| At 1 April 2012 and 31 March 2013 | <u>1</u> |
| NET BOOK VALUE | |
| At 31 March 2013 | <u>1</u> |
| At 31 March 2012 | <u>1</u> |

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Caithness Horizons

Notes to the Financial Statements - continued
for the Year Ended 31 March 2013

12. FIXED ASSET INVESTMENTS - continued

Caithness Horizons Trading Ltd:

Nature of business: Café, shop & room hire

| | |
|-----------------|----------------|
| Class of share: | % |
| Ordinary | holding 100 |

| | | |
|--------------------------------|--------------|----------------|
| | 2013 | 2012 |
| | £ | £ |
| Aggregate capital and reserves | 404 | (2,567) |
| Profit/(loss) for the year | <u>2,971</u> | <u>(5,394)</u> |

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|------------------------------------|---------------|---------------|
| | 2013 | 2012 |
| | £ | £ |
| Trade debtors | - | 176 |
| Amounts owed by group undertakings | 15,740 | 9,258 |
| Other debtors | 2,791 | 22,437 |
| Prepayments | <u>57</u> | <u>1,101</u> |
| | <u>18,588</u> | <u>32,972</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|------------------------------|---------------|---------------|
| | 2013 | 2012 |
| | £ | £ |
| Trade creditors | 3,044 | 8,585 |
| Accruals and deferred income | <u>23,389</u> | <u>30,748</u> |
| | <u>26,433</u> | <u>39,333</u> |

15. MOVEMENT IN FUNDS

| | At 1.4.12 | Net movement in funds | Transfers between funds | At 31.3.13 |
|---------------------------|----------------|-----------------------------|-------------------------------|----------------|
| | £ | £ | £ | £ |
| Unrestricted funds | | | | |
| General fund | 15,493 | (88,509) | 90,625 | 17,609 |
| Restricted funds | | | | |
| Donated asset | 165,743 | (410) | (23,054) | 142,279 |
| Advanced Revenue | <u>67,000</u> | <u>571</u> | <u>(67,571)</u> | <u>-</u> |
| | 232,743 | 161 | (90,625) | 142,279 |
| | <u>248,236</u> | <u>(88,348)</u> | <u>-</u> | <u>159,888</u> |

Caithness Horizons

Notes to the Financial Statements - continued for the Year Ended 31 March 2013

15. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 325,463 | (413,972) | (88,509) |
| Restricted funds | | | |
| Donated asset | - | (410) | (410) |
| Advanced Revenue | <u>571</u> | <u>-</u> | <u>571</u> |
| | 571 | (410) | 161 |
| TOTAL FUNDS | <u><u>326,034</u></u> | <u><u>(414,382)</u></u> | <u><u>(88,348)</u></u> |

16. OTHER FINANCIAL COMMITMENTS

The company has the following commitments under non-cancellable operating leases as follows:

| | 2013 £ | 2012 £ |
|-----------------|----------------------|----------------------|
| Within one year | 6,540 | 6,540 |
| Over one year | <u>16,895</u> | <u>23,435</u> |
| | <u><u>23,435</u></u> | <u><u>29,975</u></u> |

17. RELATED PARTY DISCLOSURES

The Trustees have identified the following which fall to be disclosed under the terms of FRS 8:

During the year to 31 March 2013, the company purchased goods and services amounting to £1,809 (2012 - £2,655) from Greendale Computer Services Ltd. Employee and museum curator, Joanne Howdle-Orange is a shareholder of Greendale Computer Services Ltd.

During the year to 31 March 2013, the company provided services to its subsidiary undertaking Caithness Horizons Trading Ltd amounting to £50,340 (2012 - £37,067).

During the year to 31 March 2013, the company charged rent to its subsidiary undertaking Caithness Horizons Trading Ltd amounting to £5,000 (2012 - £30,000).

18. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

19. ULTIMATE CONTROLLING PARTY

The company is limited by guarantee, having no share capital. It is therefore under the control of its members.

20. IRRECOVERABLE VAT

Irrecoverable VAT is included in administrative expenses or asset account to which it relates.

Caithness Horizons

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2013**

21. GOODS AND SERVICES DONATED

Included in voluntary income is £61,000 being an estimate of the rent foregone by Highland Council which is the rateable value of the premises for which a rent of £1 is being charged per annum over the period of the lease.

Caithness Horizons

Detailed Statement of Financial Activities
for the Year Ended 31 March 2013

| | 2013 £ | 2012 £ |
|---|--------------|------------|
| INCOMING RESOURCES | | |
| Voluntary income | | |
| Dounreay Site Restoration Ltd | 90,000 | 90,000 |
| Highland Council - Notional rent foregone | 61,000 | 61,000 |
| Highland Council | 13,678 | 14,561 |
| Other grants and donations | 54,871 | 20,986 |
| Museum Galleries Scotland | 13,480 | 19,611 |
| Creative Scotland | 11,218 | 3,000 |
| Trad Arts | - | 2,790 |
| Highland Leader | - | 6,991 |
| Caithness & North Sutherland Fund | <u>5,000</u> | <u>-</u> |
| | 249,247 | 218,939 |
| Activities for generating funds | | |
| Staff costs re-charged | 50,340 | 37,067 |
| Curatorial & archivist services | 9,598 | - |
| Ticket sales | 1,649 | - |
| Other income | <u>199</u> | <u>-</u> |
| | 61,786 | 37,067 |
| Investment income | | |
| Rents received | 14,430 | 41,432 |
| Deposit account interest | <u>571</u> | <u>903</u> |
| | 15,001 | 42,335 |
| Other incoming resources | | |
| Other incoming resources | <u>-</u> | <u>150</u> |
| Total incoming resources | 326,034 | 298,491 |
| RESOURCES EXPENDED | | |
| Charitable activities | | |
| Trustees' expenses | - | 249 |
| Wages | 170,384 | 174,510 |
| Social security | 13,139 | 14,222 |
| Pensions | 3,060 | 3,060 |
| Rent and rates | 77,040 | 74,811 |
| Insurance | 9,249 | 11,495 |
| Light and heat | 26,789 | 22,853 |
| Telephone | 4,475 | 4,387 |
| Postage and stationery | 3,073 | 3,652 |
| Marketing and publicity | 4,616 | 6,851 |
| Irrecoverable VAT | 6,994 | 9,618 |
| Project activities | 21,984 | 20,378 |
| Travel and subsistence | 1,080 | 669 |
| Carried forward | 341,883 | 346,755 |

Caithness Horizons**Detailed Statement of Financial Activities
for the Year Ended 31 March 2013**

| | 2013 £ | 2012 £ |
|---|------------------------|-------------------------|
| Charitable activities | | |
| Brought forward | 341,883 | 346,755 |
| Memberships and subscriptions | 581 | 490 |
| Cleaning | 10,140 | 10,351 |
| Training | 30 | 153 |
| Repairs and renewals | 7,866 | 11,203 |
| IT support | <u>1,525</u> | <u>2,158</u> |
| | 362,025 | 371,110 |
| Amortisation of licences | 3,405 | 3,405 |
| Depreciation of film production | 3,836 | 3,836 |
| Depreciation of museum equipment | 31,062 | 38,350 |
| Depreciation of fixtures & fittings | 5,228 | 7,108 |
| Depreciation of office equipment | <u>4,508</u> | <u>3,769</u> |
| | 48,039 | 56,468 |
| Loss on disposal of tangible fixed assets | <u>410</u> | <u>-</u> |
| | <u>410</u> | <u>-</u> |
| | 410,474 | 427,578 |
| Governance costs | | |
| Accountancy | 1,250 | 1,357 |
| Legal fees | 445 | 445 |
| Auditors' remuneration | <u>1,750</u> | <u>1,773</u> |
| | 3,445 | 3,575 |
| Other resources expended | | |
| Bank interest | - | 6 |
| Bank charges | <u>463</u> | <u>352</u> |
| | <u>463</u> | <u>358</u> |
| Total resources expended | 414,382 | 431,511 |
| Net expenditure | <u><u>(88,348)</u></u> | <u><u>(133,020)</u></u> |