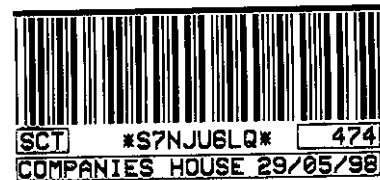


MONIACK TRUST LIMITED
DIRECTORS REPORT AND
FINANCIAL STATEMENTS
For the Year ended 30 April 1997

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W D JOHNSTON & CARMICHAEL
CHARTERED ACCOUNTANTS
NEVIS HOUSE, BEECHWOOD PARK
INVERNESS

MONIACK TRUST LIMITED

A Company Limited by Guarantee and Holding Charitable Status

(Registered in Scotland No 131468)

Registered Charity No Sc 017618

DIRECTORS:

David St John Thomas
Christopher James Fraser
Sarah Louise Fraser
Aiden Joseph Merry Gibbs

SECRETARY:

Christopher James Fraser

ACCOUNTANTS:

W D Johnston & Carmichael
Chartered Accountants
INVERNESS

BANKERS:

Royal Bank of Scotland
BEAULY

REGISTERED OFFICE:

Moniack Castle
Kirkhill
INVERNESS

MONIACK TRUST LIMITED

DIRECTORS REPORT

The directors present their report and the financial statements of the company for the year ended 30 April 1997

STATEMENT OF 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 the 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.

GOING CONCERN

The directors consider that the company has adequate resources to continue its operational existence for the foreseeable future. In coming to this conclusion, the directors have paid particular attention to the period of one year from the date of approval of the financial statements.

OBJECT AND PRINCIPAL ACTIVITY

The principal activity of the company is the ownership and letting of property at Kirkhill, Inverness for purposes of operating a writers centre .

DIRECTORS

The following served as directors of the company during the year:

Christopher John Fraser
David St John Thomas

Aiden Joseph Gibbs
Sarah Louise Fraser

All of the directors are members of the company. In accordance with the Articles of Association, the director who retires by rotation is Aiden Joseph Gibbs and being eligible, offers himself for re-election.

POLITICAL AND CHARITABLE DONATIONS /

MONIACK TRUST LIMITED

DIRECTORS REPORT (Continued)

POLITICAL AND CHARITABLE DONATIONS

During the year the company made no charitable donations . (1996 - £ 500).

The company made no political donations during the year (1996 - £nil).

EXEMPTIONS

The report of the directors 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 of directors



Secretary

MONIACK TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the Year ended 30 April 1997

	Note	1997	1996
		£	£
INCOME	1c	11,634	5,533
Operating Expenses	2	(3,827)	(9,086)
TRADING (DEFICIT) / SURPLUS	3	7,807	(3,553)
Interest Payable		(1,233)	(1,754)
<u>(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		6,574	(5,307)
Tax on (Deficit) / Surplus on Ordinary Activities	1e	-	-
<u>(DEFICIT)/SURPLUS FOR THE YEAR</u>	9	6,574	(5,307)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the two financial years highlighted.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses in 1997 and 1996 other than the result of each year.

The notes on pages seven to ten form part of these financial statements

MONIACK TRUST LIMITED

BALANCE SHEET

As at 30 April 1997

	Note	1997	1996
			£
<u>FIXED ASSETS</u>			
Tangible Assets	4	68,730	69,915
<u>CURRENT ASSETS</u>			
Debtors	5	-	-
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	6	(6,370)	(9,331)
<u>NET CURRENT LIABILITIES</u>		(6,370)	(9,331)
TOTAL ASSETS			
<u>CURRENT LIABILITIES</u>		62,360	60,584
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	7	(4,245)	(9,043)
<u>NET ASSETS</u>		58,115	51,541
<u>CAPITAL AND RESERVES</u>			
General Reserve	9	58,115	51,541

MONIACK TRUST LIMITED

BALANCE SHEET (Continued)

As at 30 April 1997

The directors :

- 1 *confirm that for the year ended 30 April 1997 the company was entitled to the exemption under subsection (1) of section 249A ;*
- 2 *confirm that no notice requiring an audit had been deposited under subsection (2) of section 249B in relation to the financial statements for the financial year ; and*
- 3 *acknowledge their responsibility for :*
 - a) *ensuring the company keeps accounting records which comply with section 221; and*
 - b) *preparing accounts which give a true and fair view of the state of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.*

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

The financial statements were approved by the board on

May 28 '98 .

CKravar

Director

May 28 '98 .

Date

MONIACK TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 30 April 1997

STATUS OF THE COMPANY

Moniack Trust Limited is a company limited by guarantee and having charitable status. Liability of a member is limited but is to not exceed £1.

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material to the financial statements in both the current and preceding year .

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with Statement of Recommended Practice No 2 (SORP2).

(b) Cash Flow Statement

The financial statements do not include a cash flow statement because the company, as a small company, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements " .

(c) Income

Income comprises of rent received.

(d) Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Furniture and Fittings	~	15 % on Net Book Value
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The land and buildings were recently revalued and the directors are of the opinion no depreciation should be charged.

(e) Taxation/

(e) Taxation

All income is applicable and supplied to charitable purposes and relief given to charity under section 505 Income and Corportion Taxes Act 1988.

(f) Government Grants

Government grants received of a capital nature are credited to the relevant cost of the assets to which they relate. We appreciate that this treatment does not follow the requirements of the Companies Act 1985 Schedule 4 paragraphs 5 and 17.

(g) Reimbursed Expenditure

The directors are entitled to reimbursement incurred on the day to day running of the charity on the production of authenticated receipts.

2.	<u>OPERATING EXPENSES</u>	<u>1997</u> £	<u>1996</u> £
	<i>Operating expenses include the following:</i>		
	Literary Bursaries	1,077	2,235
	Repairs and Maintenance	595	2,043
	Professional Fees and Outlays	843	2,536
	Other Expenses	1,312	2,272
		<u>3,827</u>	<u>9,086</u>

3.	<u>TRADING (DEFECIT) / SURPLUS</u>	<u>1997</u> £	<u>1996</u> £
	<i>Trading (deficit) / surplus is stated after charging:</i>		
	Directors Remuneration	-	-
	Depreciation of Owned Tangible Fixed Assets	<u>1,185</u>	<u>1,394</u>

4. TANGIBLE FIXED ASSETS /

4. TANGIBLE FIXED ASSETS

<u>Cost</u>	Freehold Land and Buildings £	Furniture and Fittings £	<u>Total</u> £
At 1 May 1996 and 30 April 1997	<u>62,017</u>	<u>13,620</u>	<u>75,637</u>
<u>Accumulated Depreciation</u>			
At 1 May 1996	-	5,722	5,722
Charge for Year	-	1,185	1,185
At 30 April 1997	<u>-</u>	<u>6,907</u>	<u>6,907</u>
<u>Net Book Value</u>			
At 30 April 1997	<u>62,017</u>	<u>6,713</u>	<u>68,730</u>
At 30 April 1996	<u>62,017</u>	<u>7,898</u>	<u>69,915</u>

5. DEBTORS

<u>Due Within One Year</u>	<u>1997</u> £	<u>1996</u> £
Other Debtors	<u>-</u>	<u>-</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR/

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	<u>1997</u>	<u>1996</u>
	£	£
Bank Overdraft	827	3,867
Bank Term Loan	4,000	4,000
Other Creditors	1,543	1,464
	<u>6,370</u>	<u>9,331</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£	£
Bank Term Loan	<u>4,245</u>	<u>9,043</u>

8. CAPITAL AND LIMITED LIABILITY

The company is limited by guarantee and does not have a share capital. It makes no distribution to its members by way of dividends or otherwise.

In the event of the company being wound up, every member of the company undertakes to contribute a sum not exceeding £1 to the assets of the company for payment of its debts and liabilities, and any surplus remaining upon winding up or dissolution shall not be paid to or distributed among the members of the company, but shall be donated or transferred to some other institution having similar objects to that of the company.

9. MOVEMENTS IN RESERVES

	<u>General Reserves</u>
	£
At 1 May 1996	51,541
Deficit for Year	6,574
At 30 April 1997	<u>58,115</u>

10. CONTINGENT LIABILITY

There is a contingent liability to repay all or part of the grants received from the European Regional Development Fund and the Foundation for Sport and the Arts in the event of the company being in default of the terms of agreements with the European Community and the Foundation of Sport and the Arts.