

Charity Registration No. SCO30292

Company Registration No. 131468 (Scotland)

MONIACK MHOR LIMITED

DIRECTORS REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006



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COMPANIES HOUSE 18/11/2006

LEGAL AND ADMINISTRATIVE INFORMATION

Directors

Christopher J Fraser
Sophia M Fraser (resigned 24/4/2006)
Aiden Joseph Merry Gibbs
Lorraine Mann
Katrina M Beaton (resigned 24/4/2006)
Sonia J Rose (appointed 5/12/2005)
Melissa Gray (appointed 5/12/2005)
Morag Stewart (resigned 4/10/2005)
Hamish MacDonald (appointed 5/12/2005)

Secretary

Christopher J Fraser

Charity Number

SCO30292

Company Number

SC131468

Principal Address

Moniack Mhor Limited
Teavarran
Kiltarlity
Inverness
IV4 7HT

Registered Office

Moniack Castle
Kirkhill
Inverness
IV5 7PQ

Accountants

Johnston Carmichael
Nevis House, Beechwood Park
Inverness
IV2 3BW

MONIACK MHOR LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and accounts for the year ended 31 March 2006

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued in 2005 and applicable accounting standards

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities

Objects of the charity

The charity is a company limited by guarantee The charity's objects are that of the operation of a writers centre

Structure, governance and management

On 31 March 2005 Moniack Trust ceased its activities and on 1 April 2005 net funds of £69,766 and activities were transferred to Moniack Mhor Limited The company, in conjunction with the Arvon Foundation, runs a full program of seminars and courses for writers The programmes are assisted with grants from the Scottish Arts Council

Directors

The directors who served during the year were

Christopher J Fraser

Sophia M Fraser (resigned 24/4/2006)

Aiden Joseph Merry Gibbs

Lorraine Mann

Katrina M Beaton (resigned 24/4/2006)

Soma J Rose (appointed 5/12/2005)

Melissa Gray (appointed 5/12/2005)

Morag Stewart (resigned 4/10/2005)

Hamish MacDonald (appointed 5/12/2005)

None of the directors has any beneficial interest in the company All of the directors are members of the company and guarantee to contribute £1 in the event of a winding up

Company and charity 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 charity and of the surplus or deficit of the charity for that period In preparing those financial statements, the directors have

- selected suitable accounting policies and then applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepared the financial statements on the going concern basis

The directors have overall responsibility for ensuring that the charity has appropriate system of controls, financial and otherwise They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985 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 directors 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

MONIACK MHOR LIMITED
DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Objectives and activities

The primary purpose of Moniack Mhor Limited is to provide excellence in furthering literature and language in Scotland. By providing residential courses at Moniack Mhor, new literature is created, the skills of writers are enhanced, schools have the opportunity to develop the creative writing skills of young people, and writers benefit from space and time to write by taking a retreat at the centre. Moniack Mhor is working to develop its full potential as the literature hub for writers nationally and locally.

Achievements and performance

Throughout the year, Moniack Mhor Limited has provided,

- 2 Retreats (9 participants)
- 4 Partnership Courses (34 participants + 8 tutors + 4 guest readers)
- 12 Arvon Courses (156 participants + 24 tutors + 12 guest readers)
- 1 Women's Aid Course and book production (6 participants + 1 tutor + 3 helpers)
- 1 Pushkin Prize winners Course (12 participants aged 14 - 18 from UK and Russia + 2 tutors, 3 chaperones)
- 1 Gaelic School Course (14 participants – aged 16 - 18 + 2 tutors + 1 guest reader + 1 chaperone)
- 2 School Courses (28 participants – aged 16 - 18 + 4 tutors + 2 guest readers, 4 chaperones)
- 1 Open Day – Teachers to Teach Creative Writing (20 participants + 1 tutor)

Financial review

During the year the company added £8,956 to reserves from activities. This includes the transfer of net funds from the Moniack Trust following the merger of the two entities into one, since significant maintenance expenditure and the write off of professional fees were incurred in the redevelopment. Whilst it is considered prudent at this time to write off costs incurred, the directors still consider that capital improvements are required and will be researching sources of funding to facilitate the works required.

These exceptional items distort the operating results for the year which can be seen from the unrestricted funds statement which shows that a deficit has been incurred. The directors are however satisfied that there are sufficient reserves and ongoing funding to support the operation whilst the strategy referred to in the following paragraph is formulated.

Plans for future periods

Plans for a major capital project came to an end in December 2005 when European funding that had been expected was not forthcoming. The Board and staff are working closely on developing a future strategy which builds our activity provision within current restraints. This organisation development will lead to increased revenue and fulfilment of our remit. Future capital development will be fully analysed and investigated before further steps are taken.

MONIACK MHOR LIMITED
DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2006

Reserves policy

The assets of the charity are held within restricted and unrestricted reserves as detailed in Note 10 of the financial statements

The unrestricted fund represents the accumulation of previous operating results

The restricted fund comprises specific donations to be used as contributions towards assisting low income applicants with their course fees. The reserve also includes funding received from the Scottish Arts Council towards the costs of the Writers Across Frontiers residencies

The directors have assessed that these assets are sufficient to meet the charity's ongoing obligations, and in the event of a significant drop in funding, they will be able to continue the charity's current activities whilst consideration is given to ways in which additional funds may be raised

Signed on behalf of the board of directors



Christopher J Fraser
Secretary

Dated 3 November 2006

MONIACK MHOR LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF MONIACK MHOR LIMITED

We report on the accounts for the year ended 31 March 2006 set out on pages 5 to 11

Respective responsibilities of directors and reporting accountants

As described on page 1 the trustees, who are also the directors of Moniack Mhor Limited for the purposes of company law, are responsible for the preparation of the accounts, and they consider that 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 considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion

- a the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985,
- b having regard only to, and on the basis of, the information contained in those accounting records
 - i the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act, and
 - ii the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act as modified by section 249A(5) 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)



Johnston Carmichael
Chartered Accountants



Nevis House
Beechwood Park
Inverness
IV2 3BW

Moniack Mhor Limited

**Statement of Financial Activities
for the year ended 31 March 2006**

| | Notes | Unrestricted Funds £ | Restricted Funds £ | 12 months 2006 £ | 11 months 2005 £ |
|--|--------------|-------------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Incoming resources | | | | | |
| Activities in furtherance of the Charity's objectives | | | | | |
| Course fees | 2a | 100,105 | | 100,105 | |
| Grants | 2a | 47,960 | | 47,960 | 16,830 |
| Activities for generating funds | | | | | |
| Letting income | 2a | 1,465 | | 1,465 | |
| Other income | 2a | 4,271 | | 4,271 | |
| Donation from Moniack Trust | | 56,682 | 13,084 | 69,766 | |
| Investment income | | 1,349 | | 1,349 | |
| Total incoming resources | | 211,832 | 13,084 | 224,916 | 16,830 |
| Resources Expended | | | | | |
| Cost of generating funds | | | | | |
| Fund raising costs | 2b | 6,510 | | 6,510 | |
| | | 6,510 | | 6,510 | |
| Charitable expenditure | | | | | |
| Costs of activities in the furtherance of the charity's objectives | | | | | |
| Provision of materials and tuition | 2c | 66,613 | | 66,613 | |
| Running and maintenance costs | 2c | 107,572 | 24,626 | 132,198 | 220 |
| Management and administration | 2c | 10,639 | | 10,639 | 2,245 |
| | | 184,824 | 24,626 | 209,450 | 2,465 |
| Total resources expended | | 191,334 | 24,626 | 215,960 | 2,465 |
| Gross Transfers between Funds | | 3,963 | (3,963) | | |
| Net (expenditure) / incoming resources | | 20,498 | (11,542) | 8,956 | 14,365 |
| Fund balance at 1 April 2005 | | 61,573 | 28,589 | 90,162 | 75,797 |
| Fund balance at 31 March 2006 | | 86,034 | 13,084 | 99,118 | 90,162 |

The notes on pages 7 to 11 form an integral part of these financial statements.

Moniack Mhor Limited

Balance Sheet as at 31 March 2006

| | Notes | 2006 £ | 2005 £ |
|---|-------|-----------------|-----------------|
| Fixed Assets | | | |
| Tangible assets | 5 | 74,111 | 63,560 |
| Current Assets | | | |
| Stocks | 6 | 300 | |
| Debtors | 7 | 5,456 | 50,405 |
| Cash at bank and in hand | | 45,420 | |
| | | <u>51,176</u> | <u>50,405</u> |
| Creditors: amounts falling due within one year | 8 | <u>(26,169)</u> | <u>(23,803)</u> |
| Net Current Assets | | <u>25,007</u> | <u>26,602</u> |
| Total Assets Less Current Liabilities | | <u>99,118</u> | <u>90,162</u> |
| Funds | | | |
| Unrestricted reserves | 9 | 86,034 | 28,589 |
| Restricted reserves | 9 | <u>13,084</u> | <u>61,573</u> |
| Total Funds | | <u>99,118</u> | <u>90,162</u> |

The company is entitled to the exemption from the audit requirements contained in section 249A(1) of the Companies Act 1985, for the year ended 31 March 2006. No member of the company has deposited a notice, pursuant to section 249B(2), requiring an audit of these accounts.

The directors acknowledge their responsibilities for

- (a) ensuring that the company keeps accounting records which comply with section 221 of the Act, and
- (b) preparing accounts which give a true and fair view of the state of affairs of the company at 31 March 2006 and of its surplus for the year then ended in accordance with section 226, and otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board on

C J Fraser

Director



and signed on its behalf by

H MacDonal

Director

H MacDonal
02/11/06

The notes on pages 7 to 11 form an integral part of these financial statements

MONIACK MHOR LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006

1. Accounting Policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention

The accounts have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued in 2005

1.2 Incoming resources

Income represents the total invoice value of course fees, grants and donations, letting and retreats received during the year from its activities, all of which are in the UK

Grants towards revenue expenditure are released to the Income and Expenditure Account as the related expenditure is incurred

The funds of the scheme are as follows

Unrestricted Fund – the General Fund and the interest thereon may be applied towards expenditure, as determined by the directors

Restricted Fund – This represents designated funding towards specific purposes as identified on pages 2 and 10

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

| | |
|----------------------------------|--------------------------------|
| Land & building | No depreciation |
| Fixtures, fittings and equipment | 15% per annum Reducing Balance |
| Motor vehicles | 25% per annum Straight Line |

No depreciation has been provided on Freehold Property as it is the directors' opinion that the depreciation is immaterial given the expected residual value of the property. The directors have carried out an annual impairment review of the property in line with the requirements of FRS11 "Impairment of Tangible Assets"

1.4 Stock

Stock is valued at the lower of cost and net realisable value

Moniack Mhor Limited

**Notes to the Financial Statements
for the year ended 31 March 2006**

continued

| | | | |
|----------|---|------------------|------------------|
| 2 | (a) Incoming resources | 2006 £ | 2005 £ |
| | Course fees | 100,105 | |
| | Grants and donations | 47,960 | 16,830 |
| | Letting and retreats | 1,465 | |
| | Other income | 4,271 | |
| | | <u>153,801</u> | <u>16,830</u> |
| | Included in grants and donations are the following amounts | | |
| | Scottish Arts Council | 47,630 | 12,868 |
| | RLF grants for tutors | 330 | |
| | INE funding | - | 3,962 |
| | | <u>47,960</u> | <u>16,830</u> |
| | (b) Cost of generating fund | | |
| | Advertising | <u>6,510</u> | |
| | (c) Costs of activities in furtherance of charitable objectives | | |
| | Provision of materials and tuition | 2006 £ | 2005 £ |
| | Writers fees | 38,470 | |
| | Tutor expenses | 6,651 | |
| | Writer in residence | 5,670 | |
| | Provisions | 14,164 | |
| | Training costs | 1,658 | |
| | | <u>66,613</u> | |
| | Running costs and maintenance | 2006 £ | 2005 £ |
| | Staff costs | 50,472 | |
| | Rent, rates and insurance | 1,076 | |
| | Heat & light | 5,940 | |
| | Repairs and maintenance | 12,329 | |
| | Laundry and cleaning | 3,597 | |
| | Support costs | 12,840 | |
| | Depreciation | 2,177 | 220 |
| | Write off capital redevelopment expenditure | 43,767 | |
| | | <u>132,198</u> | <u>220</u> |
| | The write off of capital redevelopment costs reflects professional fees incurred in respect of a proposed redevelopment of the writers centre. These costs have been written off in the year as the decision has now been taken not to proceed with the project | | |
| | Management & Administration costs | 2006 £ | 2005 £ |
| | Support costs | 5,831 | 506 |
| | Legal and Accountants fees | 4,808 | 1,739 |
| | | <u>10,639</u> | <u>2,245</u> |

Moniack Mhor Limited

**Notes to the Financial Statements
for the year ended 31 March 2006**

Continued

| | | |
|--|--------------|-------------|
| 3 Operating surplus/(deficit) | 2006 | 2005 |
| | £ | £ |
| Operating surplus/(deficit) is stated after charging | | |
| Depreciation and other amounts written off tangible assets | <u>2,177</u> | <u>220</u> |

4 Employees

The average monthly numbers of employees
(excluding the directors) during the year were

| | | |
|------------------|-----------------|-------------|
| | 2006 | 2005 |
| Centre Manager | 1 | |
| Centre Assistant | 1 | |
| Administration | 1 | |
| | <u>3</u> | |

| | | |
|-------------------------|---------------|-------------|
| Employment costs | 2006 | 2005 |
| | £ | £ |
| Wages and salaries | <u>50,472</u> | |

No directors received any remuneration or reimbursement of expenditure during the period
There were no higher paid directors during the year

5 Tangible Fixed Assets

| | Land and buildings | Fixture fittings & equipment | Motor vehicles | Total |
|-------------------------|-------------------------------|---|---------------------------|---------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2005 | 62,017 | 14,069 | | 76,086 |
| Additions | | 1,620 | | 1,620 |
| Transfer from Trust | | 8,716 | 2,392 | 11,108 |
| At 31 March 2006 | <u>62,017</u> | <u>24,405</u> | <u>2,392</u> | <u>88,814</u> |
| Depreciation | | | | |
| At 1 April 2005 | | 12,526 | | 12,526 |
| Charge for the year | | 1,579 | 598 | 2,177 |
| At 31 March 2006 | | <u>14,105</u> | <u>598</u> | <u>14,703</u> |
| Net book value | | | | |
| At 31 March 2006 | <u>62,017</u> | <u>10,300</u> | <u>1,794</u> | <u>74,111</u> |
| At 31 March 2005 | <u>62,017</u> | <u>1,543</u> | | <u>63,560</u> |

Moniack Mhor Limited

**Notes to the Financial Statements
for the year ended 31 March 2006**

Continued

| | | |
|------------------------------------|--------------|---------------|
| 6 Stock | 2006 | 2005 |
| | £ | £ |
| Consumables | 300 | |
| 7 Debtors | 2006 | 2005 |
| | £ | £ |
| Amounts owed by group undertakings | | 3,752 |
| Other debtors | 4,637 | 4,185 |
| Prepayments and accrued income | 819 | 42,468 |
| | 5,456 | 50,405 |

Prepayments and accrued income in 2005 included £42,468 of defrayed expenses in relation to the proposed building of an additional facility for the centre, these costs have been written off during the year (note 2c)

| | | |
|---|---------------|---------------|
| 8 Creditors: amounts falling due within one year | 2006 | 2005 |
| | £ | £ |
| Bank overdraft | | 21,328 |
| PAYE and other taxes | 3,166 | |
| Accruals and deferred income | 23,003 | 2,475 |
| | 26,169 | 23,803 |

| | | | | | |
|--------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|------------------------------------|----------------------------------|
| 9 Reserves | As at 01-Apr 05 £ | Incoming Resources £ | Resources Expended £ | Transfer of Funds £ | As at 31 Mar 06 £ |
| Restricted Funds | 28,589 | 13,084 | 24,626 | (3,963) | 13,084 |
| Unrestricted/Designated Funds | 61,573 | 211,832 | 191,334 | 3,963 | 86,034 |
| Total Reserves | 90,162 | 224,916 | 215,960 | | 99,118 |

Restricted fund:

Restricted funds represent £13,084 of restricted funds arising from the donation of net funds on 1 April 2005 from Moniack Trust. The restricted fund comprises specific donations to be used as contributions towards assisting low income applicants with course fees of £3,084 and £10,000 received from the Garfield Weston Foundation towards the cost of redeveloping the Writers Centre. The restrictions attached to this funding will be reconsidered by the appropriate parties, following the decision not to proceed with this project.

Moniack Mhor Limited

Notes to the Financial Statements for the year ended 31 March 2006

Continued

9 Reserves (Continued)

Included within the unrestricted funds is a designated capital fund of £3,963 this has been set aside towards specific refurbishment and capital works

Unrestricted funds include £15,370 arising from the donation of net funds from Moniack Trust which have been designated as follows

- a) £5,000 has been allocated to additional Bursary monies to bring the centre in line with the other Arvon centres
- b) The extended partnership programme and ongoing development of the centre has resulted in additional revenue. However, there is now an additional need for administration staff to continue this development. The directors have designated £3,600 to this additional cost
- c) The Centre is required to comply with the new Disability legislation which has recently come into effect. The directors have allocated £5,000 to cover necessary upgrades to the Centre to comply with this legislation and costs of £4,230 have been incurred in respect of this work
- d) The directors have allocated £3,000 to the upgrade of printers and computers in the Centre to ensure that the IT structure is brought up to date. This will assist the Centre to attract writers in the future
- e) With the increased activity at the Centre the directors recognise the increased wear and tear to the Centre fixtures and fittings. The directors have agreed to allocate £714 of this surplus to the future refurbishment of the Centre

10 Analysis of net assets between funds

| | Unrestricted Funds £ | Restricted Funds £ | Total £ |
|---|----------------------------|--------------------------|---------------|
| Fund balances at 31 March 2006 | | | |
| Tangible fixed assets | 74,111 | | 74,111 |
| Current assets | 38,092 | 13,084 | 51,176 |
| Creditors amounts falling due within one year | (26,169) | | (26,169) |
| | <u>86,034</u> | <u>13,084</u> | <u>99,118</u> |

11 Share Capital

The company is limited by guarantee and does not have a share capital. 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. 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 objectives to that of the company.