

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

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2018
for
Caithness Horizons**



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

Caithness Horizons

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for the Year Ended 31 March 2018**

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**Report of the Trustees
for the Year Ended 31 March 2018**

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 2018. The trustees have adopted the provisions of 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

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.

**Report of the Trustees
for the Year Ended 31 March 2018**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Visitors

During the year Caithness Horizons received 60,720 visitors. This is comparable to previous years when taking in to consideration one off events such as the 2016 Viking Festival, the implementation of a fee to enter the museum, and the decrease in opening hours. The total visitor numbers since opening in 2008 at March 2017 was 670,047 visitors. During 2017/18 Caithness Horizons hosted 35 school visits. Caithness Horizons continues to be a central hub for the local community and visitors to the area, providing a variety of services.

The building was used 351 times for private hires.

Museum

10,809 objects from the Collection of Caithness Horizons have now been catalogued to inventory level. Work cataloguing the Collection is still in progress. All the objects in the Collection of Caithness Horizons that are not on display have now been packed and stored using conservation grade materials.

Forty-six objects were accessioned into the Collection between 1st April 2017 and 31st March 2018. Twenty-six objects from the Dounreay Collection were loaned to Nucleus the Nuclear and Caithness Archives for display. Six objects from the Dounreay Collection were loaned out to Timespan for inclusion in their Yellowcake exhibition, a moving image work by Gair Dunlop that traced the rise and fall of UK nuclear fission. The Bronze Age beaker from Achavanich was loaned to the Archaeology Department of the National Museum of Scotland for research. Specimens from the Robert Dick, Jane Horne and Richard Lindsay Herbarium Collections were loaned out to the Royal Botanic Garden Edinburgh for research. Ten Robert Dick herbarium specimens were loaned to Caithness Horizons for display by the Royal Botanic Garden Edinburgh.

One hundred and three objects from Caithness Horizons Social History Collection which had no provenance and did not fit the Museum's collecting areas were deaccessioned and ownership transferred to Castlehill Heritage Centre. One object from Caithness Horizons Miscellaneous Collection which was from Wick and did not fit the Museum's collecting areas was deaccessioned and ownership transferred to the Wick Sea Cadet Unit.

Caithness Horizons has a signed Service Delivery Agreement with Highland Council and Highlife Highland for the provision of Museum activity from April 2014 and reviewed annually. Specific provisions in the agreement cover regular reporting of visitor numbers etc., curatorial support for Strathnaver Museum, contribute to the Highland Council's annual report and act as a Museum representative on the Highland Museums Forum Committee, and representative on the Our Collective Future project steering committee.

In 2017/2018 Caithness Horizons was a partner in an EU funded Erasmus+ programme which funded cultural exchange trips for Museum staff and volunteers to Iceland, Bulgaria, Cyprus and Estonia. The Curator of Caithness Horizons participated in an exchange to Estonia in May 2017 to study how Industrial Museums in Estonia were interpreting their Collections.

In 2017 Caithness Horizons ran a programme of monthly talks based on themes from the Museum's Collection and temporary exhibition programme which were aimed at adults on a Thursday evening. Over 200 people attended these talks.

Between April 2017 and March 2018, the Museum continued to run its Peter's Pals: Young Curators Club. The Young Curators participated in a number of workshop and exhibition activities to help to interpret and bring to life the Museum Collection for children and families.

Between April 2017 and March 2018, the Curator received and answered 138 specific enquiries about the Collection.

In 2017 Caithness Horizons worked in partnership with the Caithness Broch Project to run a programme of activities linked in with national events such as Festival of Museum (May) and Highland Archaeology Fortnight (October). This includes an academic conference in October 2017, a temporary exhibition featuring a Lego broch and a programme of schools workshops in partnership with ImmersiveMinds who delivered MineCraft broch building activities and the School of Ancient Crafts who used brochs a means of exploring the STEM (Science, Technology, Engineering and Maths) elements of the Curriculum for Excellence. Over 700 primary school children attended these workshops and a special education pack was developed as part of the project. This project was funded by the Baillie Wind Farm Community Benefit Fund and Foundation Scotland: Spirit of Caithness Programme.

**Report of the Trustees
for the Year Ended 31 March 2018**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The natural history section of the Main Exhibition Hall was refurbished in partnership with the Peatlands Partnership in 2017. The exhibition which opened to the public in August 2017 included artwork generated by members of Caithness Horizons Peter's Pals: Young Curators Club. This artwork later featured in a 2018 calendar circulated free of charge to all householders in Caithness and North Sutherland by the Peatlands Partnership.

Caithness Horizons introduced a £4 per adult entry fee for the museum from April 2017.

In January 2018 as part of the Commercial Operating Plan the Curator of Caithness Horizons role was altered and the position reduced from 40 hours per week to 24 hours per week. In March 2018 the Curator decided to take voluntary redundancy due to the changes in her role.

EARNED INCOME

VisitScotland continue to rent space in the foyer area as they have since April 2013. This source of income will cease in 2018/19.

Shop stock continues to be developed to reflect the museum collection and represent local place. In 2017/18 there were 1,671 sales in the shop, a 1% drop on the previous year and a 12% decrease in income from shop sales. This is due to a decrease in art sales based on the previous year. Cafe sales similar to shop and art sales illustrated a drop with a decrease in income of c£5,000 with the number of transactions reduced by 3%.

The Trustees recognise the importance of growing the earned income areas of the organisation and will continue to focus closer on the development of the café in particular as well as the shop.

The activities relating to the café and shop are managed through a wholly owned subsidiary called Caithness Horizons Trading Ltd.

GRANT FUNDING

Fundraising was achieved during the year for education workshops and art exhibitions from Creative Scotland, Artfund, Foundation Scotland and Baillie Wind farm.

FINANCIAL REVIEW

Principal funding sources

Funding is received annually from the Highland Council and DSRL as part of the ten year agreement that concluded in March 2018. DSRL have committed to on-going funding for the next two years. Discussions with Highland Council are on-going. Highland Council also provide funding through their provision for accredited museums in the Highlands.

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. The Board acknowledge the museum needs some refurbishment and will include this in the 2018-21 operating plan

Staffing

As part of the introduction of changes in December 2017, the redundancy process was invoked. The manager decided to accept redundancy, effective from 1st January. The curator decided to accept redundancy effective 15th January. All staff roles were reviewed, job descriptions updated, and key performance indicators put in place. An experienced financial manager was engaged to implement the changes outlined in the 2018 commercial operating model and move the organisation forward on a more commercially focussed platform.

**Report of the Trustees
for the Year Ended 31 March 2018**

FINANCIAL REVIEW

Reserves policy

Caithness Horizons operates two types of Reserve. A General Reserve which has a balance in surplus at the year end of £99,271 and is used to fund day to day operations and Restricted Reserves with a total surplus balance at the year end of £41,044. Of the Restricted Reserves, the Donated Asset Fund was used in the refurbishment of the Town Hall and the establishment of the Visitor Centre. The Project Activities Reserve reflects funding received for specific projects undertaken by the Charity.

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.

In the trustees' view, the reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future.

Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. From this the trustees recognise a material uncertainty related to going concern in respect of continued funding from Highland Council going forward. Confirmation of funding will not be received until February 2019. Highland Council have confirmed funding up to and including August 2019 which together with a reciprocal donation from DSRL and other Caithness Horizons revenue streams will be sufficient to continue operations until the longer term financial decision is made by Highland Council in February 2019. To mitigate this risk and until the donations are confirmed the Trustees are applying special measures going forward such that Caithness Horizons long term commitments are by exception and only with financial security. The Trustees will also ensure there are sufficient funds to cover all current debts payable.

FUTURE PLANS

Work is ongoing on the business case for the organisation identifying the maximum and minimum levels of provision for the museum and the associated income and expenditure. This includes a thorough review of staffing, opening hours, entrance fees etc. In December 2017 the trustees engaged the services of an experienced financial manager to drive a more commercially focussed operating model. This includes improved planning and the introduction of an annual activities calendar.

Caithness Horizons has an agreement in place with DSRL and the Highland Council which commits funding to the organisation until August 2019. DSRL have committed to continue funding until 2022 on condition there is a reciprocal agreement with the Highland Council, please refer to 'Going Concern' section..

The Museum is an Account Managed organisation with Highlands and Islands Enterprise. This provides access to support for development in agreed areas including business development, staff training and merchandising. Further funds for identified and approved work and projects during 2016/17 were released and the project in its current iteration was completed by 31 March 2017.

Caithness Horizons' policy is to maintain, but not exceed, an adequate level of reserves to support the activities of the group, taking into account the risks to which Caithness Horizons is exposed, and existing and projected future levels of income and expenditure. We will continue to monitor our reserves position very closely to ensure an adequate level of capital is maintained to support the activities of the organisation.

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.

**Report of the Trustees
for the Year Ended 31 March 2018**

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

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 (Craig Brown) and the Centre management team 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.

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.

Key management remuneration

In the year to 31 March 2018, total remuneration payable to key management personnel amounted to £70,774 (2017 - £60,770). Other charges raised by key management personnel in the year to 31 March 2018 amounted to £14,280 (2017 - NIL).

Related parties

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

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC269929 (Scotland)

Registered Charity number

SC036061

Registered office

The Old Town Hall
Thurso
Caithness
KW14 8AJ

Trustees

Miss T Wrighton

Ms H M Lamont

W J Mackay

Ms D Foss

- resigned 4.7.17

P R G Arthur

R Saxon

C W Brown

D J Y Martin

- appointed 6.7.17

K Rosie

- appointed 22.12.17

Company Secretary

Mrs T A Dodson

**Report of the Trustees
for the Year Ended 31 March 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

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

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; the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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

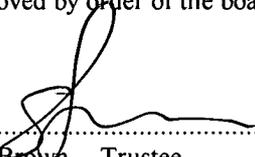
The auditors, Reid & Fraser, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Caithness Horizons (Registered number: SC269929)

**Report of the Trustees
for the Year Ended 31 March 2018**

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

Approved by order of the board of trustees on 20/12/18 and signed on its behalf by:


.....
C W Brown - Trustee

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

Opinion

We have audited the financial statements of Caithness Horizons (the 'charitable company') for the year ended 31 March 2018, which comprise a Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of 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 Trustees Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 19 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the Trustees' Report and Note 1 of the financial statements, which indicates that continued funding has not yet been confirmed by one of the two principle funding bodies. As stated in Note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, included within the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

**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

- adequate and proper accounting records have not been kept, [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' exemptions in preparing the directors' report, included within the trustees' annual report, and from the requirements to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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.



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: 20.12.18

Caithness Horizons

**Statement of Financial Activities
for the Year Ended 31 March 2018**

	Notes	Unrestricted fund £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	92,285	-	92,285	78,342
Charitable activities	5				
Charitable activities		188,842	39,197	228,039	227,674
Other trading activities	3	50,602	-	50,602	50,392
Investment income	4	23,503	-	23,503	36,118
Total		355,232	39,197	394,429	392,526
EXPENDITURE ON					
Charitable activities					
Charitable activities		356,494	45,513	402,007	369,456
Other		475	-	475	587
Total		356,969	45,513	402,482	370,043
NET INCOME/(EXPENDITURE)		(1,737)	(6,316)	(8,053)	22,483
Transfers between funds	17	(642)	642	-	-
Net movement in funds		(2,379)	(5,674)	(8,053)	22,483
RECONCILIATION OF FUNDS					
Total funds brought forward		101,650	46,718	148,368	125,885
TOTAL FUNDS CARRIED FORWARD		99,271	41,044	140,315	148,368

The notes form part of these financial statements

Caithness Horizons (Registered number: SC269929)

Balance Sheet
At 31 March 2018

	Notes	Unrestricted fund £	Restricted funds £	2018 Total funds £	2017 Total funds £
FIXED ASSETS					
Intangible assets	11	-	12	12	27
Tangible assets	12	6,836	25,312	32,148	45,735
Heritage assets	13	81,300	-	81,300	81,300
Investments	14	1	-	1	1
		<u>88,137</u>	<u>25,324</u>	<u>113,461</u>	<u>127,063</u>
CURRENT ASSETS					
Debtors	15	38,488	1,635	40,123	29,085
Cash at bank and in hand		<u>26,252</u>	<u>14,085</u>	<u>40,337</u>	<u>10,814</u>
		<u>64,740</u>	<u>15,720</u>	<u>80,460</u>	<u>39,899</u>
CREDITORS					
Amounts falling due within one year	16	(53,606)	-	(53,606)	(18,594)
		<u>11,134</u>	<u>15,720</u>	<u>26,854</u>	<u>21,305</u>
NET CURRENT ASSETS					
		<u>99,271</u>	<u>41,044</u>	<u>140,315</u>	<u>148,368</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>99,271</u>	<u>41,044</u>	<u>140,315</u>	<u>148,368</u>
NET ASSETS					
		<u>99,271</u>	<u>41,044</u>	<u>140,315</u>	<u>148,368</u>
FUNDS					
	17				
Unrestricted funds:					
General fund				99,271	101,650
Restricted funds:					
Donated assets				25,324	37,445
Project activities				15,720	9,273
				<u>41,044</u>	<u>46,718</u>
TOTAL FUNDS					
				<u>140,315</u>	<u>148,368</u>

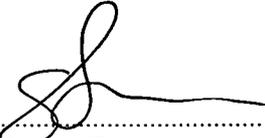
The notes form part of these financial statements

Caithness Horizons (Registered number: SC269929)

**Balance Sheet - continued
At 31 March 2018**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on^{20/12/18}.....and were signed on its behalf by:



.....
C W Brown -Trustee

Notes to the Financial Statements
for the Year Ended 31 March 2018

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

In determining the appropriate basis of preparation of the financial statements, the Trustees are required to consider whether the charitable company can continue in existence for the foreseeable future.

The charitable company is largely dependent on funding from two sources, DSRL and Highland Council to meet its day-to-day expenditure.

DSRL have committed to continue funding until 2022 on condition there is a reciprocal agreement with Highland Council. Highland Council will be unable to confirm its commitment until February 2019.

Although there is a material uncertainty regarding continued funding, the Trustees believe that on the assumption reciprocal funding is available it will continue in existence and therefore the going concern basis of preparing the accounts is appropriate.

The presentation currency is £ sterling.

INCOME

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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

HERITAGE ASSETS

The heritage assets currently recorded in the balance sheet were acquired by donation. The value as disclosed in the balance sheet has been ascertained by reference to an independent insurance valuation. The Trustees consider that the items in the Collection have an indefinite useful life and therefore consider that it would be inappropriate to account for depreciation on the assets.

TAXATION

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

1. ACCOUNTING POLICIES - continued

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 10 years.

2. DONATIONS AND LEGACIES

	2018	2017
	£	£
Highland Council - notional rent foregone	77,500	61,000
Other donations	937	12,522
Grants	-	-
Admissions	13,848	-
Donated services and facilities	-	4,820
	<u>92,285</u>	<u>78,342</u>

3. OTHER TRADING ACTIVITIES

	2018	2017
	£	£
Staff costs recharged to subsidiary at cost	50,593	49,751
Other income	9	641
	<u>50,602</u>	<u>50,392</u>

4. INVESTMENT INCOME

	2018	2017
	£	£
Rents received	21,880	28,880
Distribution from subsidiary	1,604	7,220
Deposit account interest	19	18
	<u>23,503</u>	<u>36,118</u>

Included in rents received is £8,000 (2017 - £15,000) in respect of income from subsidiary undertaking Caithness Horizons Trading Ltd for their share of facilities.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2018 £	2017 £
Grants	Charitable activities	<u>228,039</u>	<u>227,674</u>

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

	2018 £	2017 £
Highland Council	98,839	101,406
Museum Galleries Scotland	-	4,973
Creative Scotland	2,565	7,695
Highlands & Islands Enterprise	-	9,076
Caithness & North Sutherland Fund	-	5,209
Artfund	1,635	3,815
Foundation Scotland	2,000	3,000
Baillie Wind Farm	3,000	2,500
Dounreay Site Restoration Ltd	120,000	90,000
	<u>228,039</u>	<u>227,674</u>

6. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Charitable activities	<u>14,280</u>	<u>4,388</u>	<u>18,668</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2018 £	2017 £
Auditors' remuneration	1,900	1,860
Depreciation - owned assets	14,354	17,584
Deficit on disposal of fixed asset	-	54
Licences amortisation	15	16
	<u>17,269</u>	<u>19,514</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2018 nor for the year ended 31 March 2017.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 31 March 2018 nor for the year ended 31 March 2017.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

9. STAFF COSTS

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

	2018	2017
Management	2	1
Office	1	2
Other	8	9
	<u>11</u>	<u>12</u>

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

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	78,058	284	78,342
Charitable activities			
Charitable activities	191,686	35,988	227,674
Other trading activities	49,822	570	50,392
Investment income	36,118	-	36,118
Total	<u>355,684</u>	<u>36,842</u>	<u>392,526</u>
EXPENDITURE ON			
Charitable activities			
Charitable activities	322,201	47,255	369,456
Other	587	-	587
Total	<u>322,788</u>	<u>47,255</u>	<u>370,043</u>
NET INCOME/(EXPENDITURE)	<u>32,896</u>	<u>(10,413)</u>	<u>22,483</u>
Transfers between funds	<u>466</u>	<u>(466)</u>	<u>-</u>
Net movement in funds	<u>33,362</u>	<u>(10,879)</u>	<u>22,483</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>68,288</u>	<u>57,597</u>	<u>125,885</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>101,650</u></u>	<u><u>46,718</u></u>	<u><u>148,368</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

11. INTANGIBLE FIXED ASSETS

	Licences £
COST	
At 1 April 2017	155
AMORTISATION	
At 1 April 2017	128
Charge for year	15
At 31 March 2018	143
NET BOOK VALUE	
At 31 March 2018	12
At 31 March 2017	27

12. TANGIBLE FIXED ASSETS

	Film production £	Museum equipment £	Fixtures and fittings £	Office equipment £	Totals £
COST					
At 1 April 2017	38,835	290,730	56,954	41,238	427,757
Additions	-	-	767	-	767
At 31 March 2018	38,835	290,730	57,721	41,238	428,524
DEPRECIATION					
At 1 April 2017	34,209	261,377	51,463	34,973	382,022
Charge for year	3,884	7,339	1,564	1,567	14,354
At 31 March 2018	38,093	268,716	53,027	36,540	396,376
NET BOOK VALUE					
At 31 March 2018	742	22,014	4,694	4,698	32,148
At 31 March 2017	4,626	29,353	5,491	6,265	45,735

13. HERITAGE ASSETS

	Total £
MARKET VALUE	
At 1 April 2017 and 31 March 2018	81,300
NET BOOK VALUE	
At 31 March 2018	81,300
At 31 March 2017	81,300

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

13. HERITAGE ASSETS

The Trust's collection of heritage assets are held in support of its primary objective of providing an educational and interpretative appreciation of the history of Caithness and its people and environs. The permanent Collection comprises over 8,000 artefacts relating to the following categories:

Archaeology: material from Caithness, elsewhere in Scotland and beyond.

Archival material: books & ephemera and photographic material, consisting of material relating to local people, places and special events.

Decorative art: a small part of the Collection containing artefacts made by local craftspeople.

Ethnology: a small number of objects from Africa and Asia

Fine Art: prints, drawings, oil and watercolour paintings, many of which have a local connection in terms of the subject matter and or painted by local artists.

Geology & palaeontology: rocks, minerals, crystals and fossils including fossil fish belonging to the Devonian period approximately 380 million years ago.

Natural history: mounted specimens representative of birds native to Caithness as well as migrant species, birds' eggs, shells and three herbarium collections.

Social & industrial history: relating to Thurso in particular and Caithness in general covering areas such as agriculture, domestic life, fishing, medals and tokens, military history, social life, technology and the nuclear industry, Thurso Burgh history, trade and transport and vernacular furniture.

The valuation of the Collection has been derived from an insurance value placed on the Collection which the Trustees consider is a reasonable estimate of its cost in the open market.

The Trust has developed a Collections Development Policy for the maintenance of The Collection in accordance with the Trust's aims and objectives.

Five year summary of heritage asset transactions:

	2018	2017	2016	2015
	£	£	£	£
Additions	-	-	-	-
Purchases	-	-	-	-
Donations	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total additions	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Disposals				
Carrying value	-	-	-	-
Sale proceeds	-	-	-	-

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
At 1 April 2017 and 31 March 2018	<u>1</u>
NET BOOK VALUE	
At 31 March 2018	<u>1</u>
At 31 March 2017	<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 Trading Ltd
Nature of business: Café, shop & room hire

Class of share:	%	2018	2017
Ordinary	holding	£	£
	100	169	4,150
Aggregate capital and reserves		(2,377)	1,285
(Loss)/profit for the year		<u> </u>	<u> </u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	1,919	6,177
Amounts owed by group undertakings	34,073	17,616
Other debtors	978	-
Accrued income	3,153	5,292
	<u>40,123</u>	<u>29,085</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	5,490	3,193
Other creditors	48,116	15,401
	<u>53,606</u>	<u>18,594</u>

Other creditors include £9,119 (2017 - £7,400) in respect of taxation and social security. Also included within other creditors is £134 (2017 - £261) in respect of outstanding employer pension contributions

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

17. MOVEMENT IN FUNDS

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.18 £
Unrestricted funds				
General fund	101,650	(1,737)	(642)	99,271
Restricted funds				
Donated assets	37,445	(12,121)	-	25,324
Project activities	9,273	5,805	642	15,720
	<u>46,718</u>	<u>(6,316)</u>	<u>642</u>	<u>41,044</u>
TOTAL FUNDS	<u>148,368</u>	<u>(8,053)</u>	<u>-</u>	<u>140,315</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	355,232	(356,969)	(1,737)
Restricted funds			
Donated assets	(2)	(12,119)	(12,121)
Project activities	39,199	(33,394)	5,805
	<u>39,197</u>	<u>(45,513)</u>	<u>(6,316)</u>
TOTAL FUNDS	<u>394,429</u>	<u>(402,482)</u>	<u>(8,053)</u>

Comparatives for movement in funds

	At 1.4.16 £	Net movement in funds £	Transfers between funds £	At 31.3.17 £
Unrestricted Funds				
General fund	68,288	32,896	466	101,650
Restricted Funds				
Donated assets	52,378	(14,931)	(2)	37,445
Project activities	5,219	4,518	(464)	9,273
	<u>57,597</u>	<u>(10,413)</u>	<u>(466)</u>	<u>46,718</u>
TOTAL FUNDS	<u>125,885</u>	<u>22,483</u>	<u>-</u>	<u>148,368</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

17. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	355,684	(322,788)	32,896
Restricted funds			
Project activities	36,842	(32,324)	4,518
Donated assets	-	(14,931)	(14,931)
	<u>36,842</u>	<u>(47,255)</u>	<u>(10,413)</u>
TOTAL FUNDS	<u><u>392,526</u></u>	<u><u>(370,043)</u></u>	<u><u>22,483</u></u>

RESTRICTED FUNDS

The Donated Asset Fund represents the net book value of assets, purchased for the original refurbishment of the building and which were funded by donations. The annual depreciation charge which is treated as a deduction in the General Fund is matched by an equivalent annual transfer from the Donated Asset Fund.

The Restricted Fund for Project Activities represents funding and donations received for a specific project less related expenditure.

18. RELATED PARTY DISCLOSURES

During the year to 31 March 2018, the company purchased goods and services amounting to £2,230 (2017 - £1,847) 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 2018, the company provided services to its subsidiary undertaking Caithness Horizons Trading Ltd amounting to £50,593 (2017 - £49,751).

During the year to 31 March 2018, the company charged rent for facilities to its subsidiary undertaking Caithness Horizons Trading Ltd amounting to £8,000 (2017 - £15,000).

Included in investment income is £1,604 (2017 - £7,220) in respect of a distribution from subsidiary undertaking Caithness Horizons Trading Ltd.

The balance owing by Caithness Horizons Trading Ltd at the year end was £34,073 (2017 - £17,615).

19. 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.

20. ULTIMATE CONTROLLING PARTY

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

21. IRRECOVERABLE VAT

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

22. GOODS AND SERVICES DONATED

Included in "Donations and legacies" is £77,500 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 2018**

	2018 £	2017 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Highland Council - notional rent foregone	77,500	61,000
Other donations	937	12,522
Grants	-	-
Admissions	13,848	-
Donated services and facilities	-	4,820
	<u>92,285</u>	<u>78,342</u>
Other trading activities		
Staff costs recharged to subsidiary at cost	50,593	49,751
Other income	9	641
	<u>50,602</u>	<u>50,392</u>
Investment income		
Rents received	21,880	28,880
Distribution from subsidiary	1,604	7,220
Deposit account interest	19	18
	<u>23,503</u>	<u>36,118</u>
Charitable activities		
Grants	228,039	227,674
	<u>228,039</u>	<u>227,674</u>
Total incoming resources	394,429	392,526
EXPENDITURE		
Charitable activities		
Wages	173,905	159,242
Social security	7,624	7,311
Pensions	917	2,127
Rent and rates	91,448	76,899
Insurance	11,771	11,059
Light and heat	28,291	25,883
Telephone	5,249	5,548
Postage and stationery	1,017	1,396
Marketing and publicity	3,280	2,050
Irrecoverable VAT	5,147	5,290
Project activities	13,141	23,911
Travel and subsistence	993	2,575
Memberships and subscriptions	344	360
Cleaning	11,048	11,142
Training	21	615
Repairs and renewals	12,887	6,254
IT support	1,889	1,418
Carried forward	368,972	343,080

This page does not form part of the statutory financial statements

Caithness Horizons

**Detailed Statement of Financial Activities
for the Year Ended 31 March 2018**

	2018	2017
	£	£
Charitable activities		
Brought forward	368,972	343,080
Amortisation of licences	15	15
Depreciation of film production	3,883	3,883
Depreciation of museum equipment	7,339	9,785
Depreciation of fixtures & fittings	1,564	1,830
Depreciation of office equipment	1,566	2,088
Loss on disposal of tangible fixed assets	-	54
	<u>383,339</u>	<u>360,735</u>
Other		
Bank interest	4	-
Bank charges	471	587
	<u>475</u>	<u>587</u>
Support costs		
Management		
Consultancy fees	14,280	4,820
Governance costs		
Auditors' remuneration	1,900	1,860
Accountancy fees	1,875	1,340
Legal fees	613	701
	<u>4,388</u>	<u>3,901</u>
Total resources expended	<u>402,482</u>	<u>370,043</u>
Net (expenditure)/income	<u><u>(8,053)</u></u>	<u><u>22,483</u></u>