

CLAN MUNRO HERITAGE LIMITED

FINANCIAL STATEMENTS

28TH FEBRUARY 2017

Registered number: SC159810

GRAEME SCOTT & CO.

CHARTERED ACCOUNTANTS

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CLAN MUNRO HERITAGE LIMITED

FINANCIAL STATEMENTS

for the Year ended 28th February 2017

CONTENTS

| | Page |
|---|-------------|
| Directors' report | 1 |
| Independent examiner's report | 4 |
| Statement of Financial Activities (incorporating Income and Expenditure account) | 5 |
| Balance sheet | 6 |
| Notes | 8 |

CLAN MUNRO HERITAGE LIMITED

DIRECTORS' REPORT

28th February 2017

The directors (trustees) present their report and the financial statements for the year ended 28th February 2017. The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives

In accordance with the company's Memorandum, the object of the company is to advance the education of the general public concerning the Clan Munro and the social and natural history of the Ferindonald and Cromarty Firth areas.

To further its objects the company's policies are:

- to establish and maintain an exhibition and visitors centre and museum open to the general public
- to carry out further study and research for the benefit of the public, into the history of the Clan Munro and the social and natural history of the area;
- to restore, preserve and maintain, for the benefit of the public, other buildings in the Ferindonald area which have historic connections with the Clan Munro.

Structure, governance and management of the Charity

Clan Munro Heritage Limited is a company limited by guarantee and is a registered charity, governed by its Memorandum and Articles of Association. The company has two members, Clan Munro (Association) and Foulis Ferry Limited. The minimum number of directors permitted is two, although each member has the right to appoint up to three directors each. Management of the company is carried out by the Board of Directors. The company had no employees during the year.

Achievements, performance and plans for future periods

During the year, Clan Munro Heritage Limited operated an Exhibition and Visitor Centre, open to the general public. The Exhibition and Visitor Centre interprets the history of the Clan Munro and the social and natural history of the area and is located in the restored historic giral/storehouse at Foulis Ferry, Easter Ross. During the year, the trustees adopted a policy of free entrance to the Exhibition and Visitor Centre. The directors (trustees) intend to continue the policy of free entrance for the foreseeable future. The building also houses a library/study room, which is also open free to the general public for research into the heritage and genealogy of the Clan Munro. During the year the charity also added to its archives. In March 2010, Clan Munro Heritage Limited extended its sub-lease with a commercial operator to 2025 to operate the adjacent shop and restaurant building at Foulis Ferry. Under this arrangement, the shop and restaurant continue to provide facilities for members of the general public visiting the Exhibition and Visitor Centre. The directors (trustees) intend to continue to develop the activities outlined above for the foreseeable future.

Review of Financial position

During the year ended 28th February 2017, Clan Munro Heritage Limited recorded net income of £7,993 after charging depreciation of £4,000 and recognising unrealised gains on investments (comprising listed shares) of £2,679. At 28th February 2017, the Net Assets of Clan Munro Heritage Limited were £743,623 (2016, £735,630), comprising unrestricted funds of £726,680 and restricted funds of £16,943.

Reserves policy

The directors (trustees) have reviewed the reserves of the charity at 28th February 2017 and consider that it will have adequate reserves/resources to support the continuation of its current activities for the foreseeable future. It is the company's policy to continue to build up Net Current Assets (£70,767 at 28th February 2017), in the knowledge that at some future date, the company will require liquid funds to finance:

- Repairs (foreseen and unforeseen) to maintain the fabric of the historic Storehouse (a schedule A listed building) and visitor centre, and
- Maintenance or upgrade to the exhibition, visitors centre and museum, which was first established in 1998.

CLAN MUNRO HERITAGE LIMITED

DIRECTORS' REPORT CONTINUED

28th February 2017

Reference and Administrative details*Company and Charity details*

| | |
|-------------------------|---|
| Company number | SC159810 |
| Scottish Charity Number | SC023942 |
| Registered Office | Foulis Ferry Evanton Ross-shire IV16 9UX |

Directors

The directors (trustees) of the company who served during the year were as follows

M N C Gascoigne
F G Munro

None of the directors (trustees) has any beneficial interest in the company. The directors (trustees) do not receive any remuneration for their services as directors (trustees)

| | |
|-------------------|-----------|
| Company Secretary | H W Munro |
|-------------------|-----------|

Advisors

| | |
|---------|---|
| Bankers | Royal Bank of Scotland Plc 29 Harbour Road Inverness IV1 1NU |
|---------|---|

| | |
|------------|--|
| Solicitors | Gillespie Macandrew LLP 5 Atholl Crescent Edinburgh EH3 8EJ |
|------------|--|

| | |
|----------------------|---|
| Independent Examiner | Graeme Scott, Chartered Accountant Graeme Scott & Co Chartered Accountants 1A Huntly Terrace Inverness IV3 5PS |
|----------------------|---|

Risk management

The Directors have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the charitable company and are satisfied that systems are in place to mitigate the company's exposure to the major risks.

CLAN MUNRO HERITAGE LIMITED**DIRECTORS' REPORT CONTINUED****28th February 2017****Statement of Directors' (Trustees') responsibilities**

The charity trustees (who are also directors of Clan Munro Heritage Limited for the purposes of company law) are responsible for preparing a trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors (charity trustees) to prepare financial statements for each financial period 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 directors (trustees) are required to:

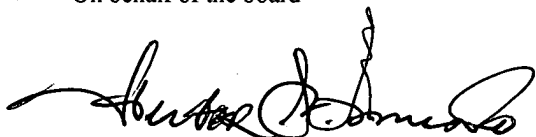
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures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

The directors' (trustees) are responsible for keeping proper accounting records that 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.

Small company exemptions

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

On behalf of the board



H W Munro
Secretary
Foulis Ferry
Evanton
Ross-shire
IV16 9UX

28th November 2017

CLAN MUNRO HERITAGE LIMITED**Independent Examiner's report to the members
on the unaudited financial statements of
Clan Munro Heritage Limited**

I report on the financial statements of Clan Munro Heritage Limited for the year ended 28th February 2017 set out on pages 5 to 13. These comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors (trustees) and independent examiner

The charity's directors (trustees) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity directors (trustees) consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as directors (trustees) concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

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

28th November 2017



Graeme Scott
Chartered Accountant &
Independent Examiner
Graeme Scott & Co.
Chartered Accountants
Inverness IV3 5PS

CLAN MUNRO HERITAGE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE STATEMENT)

for the Year ended 28th February 2017

| | | Unrestricted Funds | Restricted Funds | Total Funds 2017 | Total Funds 2016 |
|--|------|-----------------------|----------------------|------------------------|------------------------|
| | Note | £ | £ | £ | £ |
| Income | | | | | |
| Donations and legacies | 4 | 331 | - | 331 | 300 |
| Investment income | 5 | 33,195 | - | 33,195 | 33,245 |
| Total income | | <u>33,526</u> | <u>-</u> | <u>33,526</u> | <u>33,545</u> |
| Expenditure | | | | | |
| Charitable activities | 6 | 27,672 | 540 | 28,212 | 31,252 |
| Total expenditure | | <u>27,672</u> | <u>540</u> | <u>28,212</u> | <u>31,252</u> |
| Net income/(expenditure) before other recognised gains/(losses) | | 5,854 | (540) | 5,314 | 2,293 |
| Other recognised gains/(losses) Gains/(losses) on investment assets | 8 | <u>2,679</u> | <u>-</u> | <u>2,679</u> | <u>(4,168)</u> |
| Net Income/(expenditure) and net movement in funds for the year | | 8,533 | (540) | 7,993 | (1,875) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | 12 | <u>718,147</u> | <u>17,483</u> | <u>735,630</u> | <u>737,505</u> |
| Total funds carried forward | 12 | <u><u>726,680</u></u> | <u><u>16,943</u></u> | <u><u>743,623</u></u> | <u><u>735,630</u></u> |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities.

CLAN MUNRO HERITAGE LIMITED

BALANCE SHEET

at 28th February 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|---|------|---------------|----------------|---------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 654,821 | | 658,821 |
| Investments | 8 | | 18,035 | | 15,356 |
| | | | <u>672,856</u> | | <u>674,177</u> |
| Current assets | | | | | |
| Debtors | 9 | 4,987 | | 3,759 | |
| Cash at bank and in hand | | 74,605 | | 69,686 | |
| | | <u>79,592</u> | | <u>73,445</u> | |
| Creditors: amounts falling due within one year | 10 | (8,825) | | (11,992) | |
| Net current assets | | | <u>70,767</u> | | <u>61,453</u> |
| Net assets | | | <u>743,623</u> | | <u>735,630</u> |
| Funds and reserves | | | | | |
| Unrestricted | 12 | | 726,680 | | 718,147 |
| Restricted | 12 | | 16,943 | | 17,483 |
| Total members' funds | | | <u>743,623</u> | | <u>735,630</u> |

continued

CLAN MUNRO HERITAGE LIMITED**BALANCE SHEET**
(continued)**at 28th February 2017**

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

For the financial year ended 28th February 2017 the company was entitled to exemption from audit conferred by Section 477 of the Companies Act 2006; and no notice has been deposited at the registered office of the company pursuant to Section 476 requesting that an audit be conducted for the year.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus or deficit for the financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the board of directors on 28th November 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'F G Munro', written in a cursive style.

F G Munro
Director

Registration number: SC159810

CLAN MUNRO HERITAGE LIMITED

NOTES ON FINANCIAL STATEMENTS

28th February 2017

1 Status of the company

Clan Munro Heritage Limited is a company limited by guarantee and does not have a share capital. The liability of members is limited and will not exceed £500 per member in the event of the company being wound up.

2 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with 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) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets. The financial statements are prepared in sterling, which is the functional currency of the entity.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, any restatement of comparative items was required. The trustees have concluded that no restatement of comparative figures was required.

Income

Items of income are recognised and included in the accounts when the charity has entitlement to the funds, any performance conditions are met (or are fully within the control of the charity), there is sufficient certainty that receipt of the income is considered probable and the amount can be measured reliably. Income is classified into the following categories:

Donations and legacies – This comprises all income received by the charity that is in substance a gift made to it on a voluntary basis. It includes donations, membership fees, and grants, other than those whose conditions make them similar in economic terms to trading income (see Charitable activities below).

Charitable activities – This comprises all income received, earned both from the supply of goods or services under contractual arrangements and from performance-related grants which have conditions that specify the provision of particular goods or services to be provided by the charity. The activities specified under such contractual arrangements or grant conditions must fall within the charitable purposes of the charity.

Investment income – This comprises income earned from holding assets for investment purposes and includes dividends, interest receivable and rents from investment property.

Income from government and other grants, whether capital or revenue in nature, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants are met (or are fully within the control of the charity), it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of members is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market: a corresponding amount is then recognised in expenditure in the period of receipt.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified into the following headings:

Charitable Activities – This comprises all expenditure incurred in undertaking activities that further the charitable aims for the benefit of the charity's beneficiaries, including support costs and costs relating to the governance of the charity.

Fund accounting

Unrestricted funds - These are funds which the trustees are free to spend on activities that further any of the purposes of the charity.

Restricted funds - These are funds, which the donor has specified are to be solely used for particular purposes or areas of the charity's work.

CLAN MUNRO HERITAGE LIMITED
NOTES ON FINANCIAL STATEMENTS

28th February 2017

2 Accounting policies (cont'd)

Lease and hire purchase contracts

Tangible Fixed Assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to the income and expenditure account over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

Rentals paid under operating leases are charged to Income and Expenditure as incurred.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

| | |
|---|-------------------|
| Heritage Assets - Land and Buildings (Leasehold improvements) | 2% straight line |
| Exhibition and Equipment | 10% straight line |

The leasehold subjects include the historic giral/storehouse at Foulis Ferry, which is a heritage asset and the restaurant/shop building, which is an investment property.

Fixed Asset investments (comprising the investment property) are stated in the balance sheet at market value. No depreciation is provided for on investment property in accordance with FRS 102.

Investments

Investments (comprising listed investments) are stated at market valuation.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net incoming/(outgoing) resources for the year.

3 Taxation

Clan Munro Heritage Limited is recognised as a charity for the purposes of application of taxation legislation and is therefore not subject to taxation on its charitable activities

4 Donations and legacies

| | 2017 | 2016 |
|-----------|------|------|
| | £ | £ |
| Donations | 331 | 300 |

Income from donations and legacies was £331 (2016 £300), all of which was unrestricted.

CLAN MUNRO HERITAGE LIMITED
NOTES ON FINANCIAL STATEMENTS

28th February 2017

5 Investment income

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Rent receivable including recovery of overheads from tenant | 32,119 | 32,137 |
| Meeting room hire | 555 | 435 |
| Dividend income | 491 | 641 |
| Interest receivable | 30 | 32 |
| | <u>33,195</u> | <u>33,245</u> |

Income from Investment income was £33,195 (2016 £33,245), all of which was unrestricted.

6 Direct charitable expenditure

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Rental payment to Foulis Ferry Limited | 12,000 | 12,000 |
| Insurance | 4,873 | 4,746 |
| Office and administration | 87 | 87 |
| Utilities | 4,451 | 5,077 |
| Depreciation | 3,460 | 3,460 |
| Depreciation - restricted | 540 | 540 |
| Repairs and maintenance | 921 | 4,008 |
| General expenses | 146 | - |
| Bank interest and charges | 84 | 84 |
| Accountancy and independent examiner's fees | 1,650 | 1,250 |
| | <u>28,212</u> | <u>31,252</u> |

Expenditure on charitable activities was £28,212 (2016 £31,252) of which £27,672 was unrestricted (2016 £30,712) and £540 was restricted (2016 £540).

CLAN MUNRO HERITAGE LIMITED
NOTES ON FINANCIAL STATEMENTS

28th February 2017

7 Tangible fixed assets

| | Heritage Asset (Leasehold improvements) | Investment Property (Leasehold improvements) | Plant and machinery | Total |
|--------------------------|--|---|------------------------|------------------|
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| At 1st March 2016 | 200,000 | 529,265 | 371,353 | 1,100,618 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| At 28th February 2017 | <u>200,000</u> | <u>529,265</u> | <u>371,353</u> | <u>1,100,618</u> |
| Depreciation | | | | |
| At 1st March 2016 | 70,444 | - | 371,353 | 441,797 |
| Charge for the year | 4,000 | - | - | 4,000 |
| Disposals | - | - | - | - |
| At 28th February 2017 | <u>74,444</u> | <u>-</u> | <u>371,353</u> | <u>445,797</u> |
| Net book values | | | | |
| At 28th February 2017 | <u>125,556</u> | <u>529,265</u> | <u>-</u> | <u>654,821</u> |
| At 28th February 2016 | <u>129,556</u> | <u>529,265</u> | <u>-</u> | <u>658,821</u> |

The Directors have apportioned the historic cost of Land and Buildings - leasehold improvements into: a) Heritage asset (comprising the Storehouse/girnal); and b) Investment property (comprising the Restaurant/shop building). It has not been possible to determine the cost of building works relating to each building, as the original building contract (completed between 1997 and 1999) related to both buildings. Accordingly, in these circumstances, the Directors have estimated the apportionment of cost between the Heritage Asset and the Investment property. The Directors consider the Net Book Value of the Investment property at 28th February 2017 (as shown above) to be the market value.

Investment properties are accounted for in accordance with the FRS 102. No depreciation is provided in respect of such properties.

All fixed assets are used in direct furtherance of the charity objectives.

8 Investments

| | Listed Investments £ |
|------------------------------------|-------------------------------------|
| Market value at 1st March 2016 | 15,356 |
| Acquisitions | - |
| Unrealised losses on revaluation | 2,679 |
| Market value at 28th February 2017 | <u>18,035</u> |

Listed Investments comprise holdings of 289 Conocophillips Common Stock and 144 Phillips 66 Common Stock, both US quoted companies. Dividends received during the year ended 28 February 2017 from these holdings totalled £491.

CLAN MUNRO HERITAGE LIMITED
NOTES ON FINANCIAL STATEMENTS

28th February 2017

9 Debtors

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Amounts falling due within one year | | |
| Trade debtors | 4,987 | 3,759 |

10 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|--------------|---------------|
| Bank overdraft | 740 | - |
| Trade creditors and prepaid income | 5,373 | 6,465 |
| Accruals | 1,450 | 2,450 |
| VAT payable | 1,262 | 3,077 |
| | <u>8,825</u> | <u>11,992</u> |

11 Analysis of Net Assets between Funds

| | Unrestricted £ | Restricted £ | Total £ |
|----------------------------------|-------------------|-----------------|----------------|
| Fixed Assets and Investments | 655,913 | 16,943 | 672,856 |
| Current Assets | 79,592 | - | 79,592 |
| Current Liabilities | (8,825) | - | (8,825) |
| Net assets at 28th February 2017 | <u>726,680</u> | <u>16,943</u> | <u>743,623</u> |

12 Movements in Funds

| | Balance b/f at 1 March 2016 £ | Incoming Resources £ | Outgoing Resources £ | Unrealised Gains/(Losses) on Investments £ | Balance c/f at 28 Feb'y 2017 £ |
|--------------------------------------|---|----------------------------|----------------------------|---|--|
| Restricted Funds | | | | | |
| Historic Scotland – Giral/Storehouse | 17,483 | - | (540) | - | 16,943 |
| Unrestricted Funds | 718,147 | 33,526 | (27,672) | 2,679 | 726,680 |
| Total Funds | <u>735,630</u> | <u>33,526</u> | <u>(28,212)</u> | <u>2,679</u> | <u>743,623</u> |

Purpose of Funds

Restricted Fund: Historic Scotland – Giral/Storehouse

This fund is in respect of a grant received from Historic Scotland in 1998 of £27,000, specifically for the purpose of carrying out repairs to the historic giral/storehouse at Foulis Ferry, less cumulative depreciation to date.

Unrestricted Funds

These represent funds which the directors are free to use in accordance with the charitable objects.

CLAN MUNRO HERITAGE LIMITED

NOTES ON FINANCIAL STATEMENTS

28th February 2017

13 Commitments**Lease commitments – operating leases**

At 28th February 2017 the company had formal annual commitments of £12,000 per annum under a non-cancellable operating lease which expires after 5 years (2016 £12,000 per annum).

These commitments are rental payments to Foulis Ferry Limited (a member of Clan Munro Heritage Limited) and relate to the company's 99 year lease of the site at Foulis Ferry, Ross-shire, on which the Exhibition and Visitor Centre are located. The lease commenced in 1997. The annual rental has been assessed by an independent professional at open market value and is subject to review every five years.

14 Contingent liabilities

Grants received from the trustees of the National Heritage Memorial Fund between 1997 and 1999 towards the project to establish a visitor centre at Foulis Ferry, Ross-shire totaled £1,098k. Under the terms of the contract, signed in 1997 and applying for 25 years from that date, a contingent liability exists in respect of all grants received, to the extent that if the company fails to comply with the specified terms or conditions of the agreement (including those relating to material changes in company status or operating arrangements) all grants could become repayable. The directors consider that these circumstances are unlikely to arise in the foreseeable future and consequently have made no provision for any potential repayment in these accounts.