

THE CROMARTY ARTS TRUST



**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 JULY 2010**

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THE CROMARTY ARTS TRUST

OFFICERS AND ADVISORS

Charity Trust Number SC003018

**Ardyne
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Trustees

John Nightingale of Cromarty
Philip Hamilton-Grierson OBE
Alexander Nightingale
Lindy Cameron
Bryan Beattie (Retired 29 August 2009)
Sandy Thomson
Rachel Robertson
Patrick Zentler-Munro
Torquil Macleod

Solicitors

Robin Stimpson WS
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1 Rutland Court
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Bankers

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Independent Examiner

John Dunthorne
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Craigmhor
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THE CROMARTY ARTS TRUST

FORMATION AND OBJECTIVES

Formation

The Trust was established by a Declaration of Trust executed on 22nd August 1987 and is registered as a charitable trust, no: SC003018.

Purposes

The purposes of the trust are

- the conservation of buildings of historical or architectural importance especially in Cromarty
- the advancement of education especially within Cromarty including the establishment and running of an Arts/Design Centre
- the conservation of natural features, the landscape, ecology and character of the area
- the stimulation of public interest in the history, character, beauty and wildlife of the area.

In implementing these objectives, the Trustees have agreed to embrace the following vision, mission, values and aims:

Vision

To develop appetite and capacity for cultural creativity in individuals and communities in Cromarty and the Black Isle.

Mission

To break barriers to participation and interest in all aspects of creative activity (particularly arts, environment and education) by presenting them in intriguing combinations.

Values

International (our perspective will be broad and encompassing, with particular attention to those areas and countries with a special relevance for the Highlands)

Young people (our emphasis will be on engaging with people at an early stage in their experience of creativity to help stimulate a lifelong interest)

Quality of experience (we acknowledge that nothing stimulates interest more readily than a good experience).

Aims

To engage the people of Cromarty and the Highlands in the work and the mission of the Trust

To encourage and broaden a range of partners to support our work and mission

To effectively promote the value of creativity to the individual and communities.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2010

Introduction: Objectives, Achievements and Performance

In last year's report three objectives were mapped out for the current year: first, to maintain and build up the Trust's programmes of chamber music, traditional music and singing workshops at the Stables and its programme of Gaelic lessons in Cromarty; second, to build up other activities which promote the mission, values and aims of the Trust – in particular the relaunch of the annual workshop for Highland Art teachers which the Trust successfully ran in the past and the securing of funding for some pilot school workshops in the visual arts and music; third, to lay the ground work for the celebration of the 2011 quatercentenary of Sir Thomas Urquhart of Cromarty in the form of a major academic conference on Urquhart in April 2011 and a series of inscriptions from Urquhart's work set in the paths around the Stables. I am delighted to report significant progress on all three fronts.

Before turning to describe this progress and activity, I would like to record that the Trustees are enormously grateful to the bodies that continued to support it both with grants for work undertaken during the year and offers of support for its planned activities in 2010-11. During the year grants were received from Homecoming Scotland (£810) and Cromarty 2007 (£850) for the Trust's projects connected with the Homecoming Festival. Enterprise Music Scotland provided support (£1400) for the Trust's programme of classical recitals. Cromarty's Common Good Fund, the Black Isle Ward Councillors and the Hugh Fraser Foundation each contributed £1,000 to the costs of the Sir Thomas Urquhart Conference planned for April 2011. The Cromarty Trust provided further funding of £10,000 of which £5,000 was a contribution to the costs of the arts development manager and £5,000 was a contribution to the projects to celebrate Sir Thomas Urquhart's quatercentenary. At the year end offers of grants were secured from the Scottish Arts Council (two grants of £4,000 and £9,255 for the Trust's programme of music events, performances and workshops) and from Bord na Gaidhlig (£3,600 for the Trust's Gaelic classes and events). This support has made it possible for the Trust to develop a range of exciting and innovative programmes which deliver its vision, mission and aims.

Objective One: Classical and Traditional Music, Singing Workshops, Gaelic lessons:

The Trust continued its programme of classical recitals, with recitals by the Cruiteran Quartet in December and the Austrian Harpist Monika Stadler in April. The Brabants Wind Quintet from the Netherlands were due to play in January but this had to be postponed to October 2010 due to the atrocious weather. Partly in the light of this experience the Trust decided in 2010 to refocus much of its classical programme on the month of August with three recitals by the Robin Tobin Duo (flute and cello) from Ireland, the Wanderer String Quartet, the Eris Quartet. Trustee Patrick Zentler-Munro continued to act as a wonderful impresario for each recital and has done much to build up a loyal and enthusiastic audience for this series.

On the Traditional Music front, in September an appreciative audience was entertained by Simply Burns, a touring revue of song poetry and prose dedicated to Scotland's best loved bard. The first in a series of partnership projects with the annual Blas Festival began in early September with two workshops featuring performers with a strong local connection. Frank MacConnell ran a very successful step dancing workshop and Corrina Hewat launched her series of harmony workshops at the Stables. In October the Traditional Music and Song Association's Young Trad Tour was welcomed featuring Catriona Watt, who arrived fresh from winning the silver pennant at the Mod in Oban. This was soon followed by a moving evening of stories and songs of Emigration performed by Margaret Bennett, as part of the Homecoming Festival. Moving to the end of the year, June 2010 saw a

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dazzling performance by the Bevvie Sisters and a stunning display of virtuosity and energy by the Outside Track – its five members from Scotland, Ireland, Cape Breton and Vancouver combined fiddle, accordion, harp, guitar, flute, step-dance and vocals to weave together a synthesis of Canadian, Scottish and Irish music and song. Perhaps fittingly the last day of the Trust's year saw the Feis Rois Ceilidh Trail return to Cromarty for an evening of sheer exuberant talent from Rossshire's finest young musicians.

The Trust's first objective included the development of a series of workshops in traditional music and Gaelic. Here the way was led by a pilot singing workshop with harpist Corrina Hewat in September; thanks to its success, it was repeated on a monthly basis throughout the rest of the year, with those attending forming a community singing group, the Cromarty Voices. In October a workshop for school children was devoted to singing in Gaelic accompanied by fiddle, guitar, pipes and whistles. March and April 2010 saw the start of a weekly Gaelic conversation class led by Ruairidh MacIlleathain. The Trust was able to purchase 20 chanters from the Piping Centre in Glasgow with funding from Bord na Gaidhlig to create a series of chanter classes for children aged 8-16. The classes were run weekly and were tutored by Mel Langille, a Canadian piper and local priest. The class had its first performance piping in the local Primary Schools Sports Day in June 2010 and the Trust hopes that this will eventually provide Cromarty with the makings of its own pipe band.

Objective Two: Visual Arts:

Last year the relaunch of an annual workshop for Highland art teachers was highlighted as a key target. This was initially accomplished with a workshop in November 2009 led by tutors from Edinburgh School of Art. Although numbers attending were low, the feedback was overwhelmingly positive other than the wishful comments that it could have been longer. In the light of this the Trust held a further two day workshop in May 2010 again led by tutors from Edinburgh School of Art, including one of the Trust's former artists in residence, tapestry artist Fiona Hutchison. This attracted a larger attendance (word of the first had clearly travelled) and a repeat is planned for 2011 as a part of a continuing professional development programme.

In July the Trust organised a further three day workshop in mixed media with another of its former artists in residence, the illustrator Brigid Collins. The enthusiasm with which previous artists-in-residence have jumped at the chance to return to Cromarty to run courses is particularly noteworthy. But so too is the extent to which the Trust is also able to draw on those who have built up reputations whilst based at the Stables studios: shortly after the year end, in August 2010, a second mixed media workshop was run by Rosie Newman, one of the artists based in the Stables studios.

Alongside this programme of workshops in music and visual arts, the Trust continued to run its annual student prize residency. In 2009 this was awarded to Lynn Baxter who took up her residency in August. Her work sparked much interest and intrigue throughout the town, as mysterious fragments of Haiku appeared in unexpected places around Cromarty, before she proceeded to weave her ideas and images together into a series of beguiling artworks, culminating in an exhibition and talk in early September. The impact of her work within the community encouraged the Trust to publish a collection of her work in May 2011 with a series of Gaelic interpretations from Dr Anne C Frater of Lews Castle College.

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A theme of Lynn's residency, the subsequent workshop led by Brigid Collins, and many of the other workshops and events at the Stables was the enriching combination of different media: poems, images, music and songs. This rich cross fertilisation of different art forms was nicely encapsulated by the Trust's inaugural Creative Cromarty Prize. The theme was Cromarty's fishertown and it attracted a rich array of drawings, paintings, music, mixed media, sculpture, poems, collage, plays and photographs from members of the local community.

Objective Three: Sir Thomas Urquhart 2011 Quatercentenary Celebrations:

During the year the Trust began to map out and secure funding for a two day international conference on Sir Thomas Urquhart, to be held 15-16 April 2011. It was very much a question of laying the initial groundwork, but thanks to Trustee Sandy Thomson's considerable efforts, the necessary funding was secured after the year end and an impressive array of speakers looks set both to deliver an exciting tour d'horizon and open up some exciting avenues of enquiry.

Alongside the plans for a conference, the Trustees developed a proposal for a series of inscriptions from Urquhart's work set in the paths around the Stables in conjunction with the letter carver Richard Kindersley. The project would combine a number of different aims: it would provide an arresting visual marker to Urquhart's rich vocabulary, it would greatly improve the access around the Stables with a series of Caithness slate paths, it would foster the skill of letter carving in the Highlands through a series of master classes, and it would rekindle wider interest in the rich and innovative calligraphic tradition of the east coast of Scotland which has left such a rich heritage in many Highland graveyards, not least in Cromarty. Building on his previous talks and workshops in Cromarty, Richard Kindersley would not only seek to train a group of local craftsmen to carve some of the inscriptions in the paths but would also give a series of talks and workshops on calligraphy in local schools. Having mapped out a clear plan, the challenge for 2010-11 will be to secure the necessary funding to deliver this exciting proposal.

Wider Activities, Management and Funders:

Alongside work to deliver these key objectives, the Trust continued to manage the seven vaulted workshop bays on the ground floor and the adjoining game store to provide studio space for artists. The Trustees continue to watch with pleasure at the way in which the occupying artists have developed professionally and artistically – their quality was highlighted by the fact that the work of one of them, Leon Patchett, was picked as the best work amongst the 200 pieces exhibited by 51 different artists at the 2009 Big Art Sale in Summer 2009 and another of them, Rosie Newman, led a three day mixed media workshop for the Trust shortly after the year end.

Following the success of the 2009 Big Art Sale, the Trust organised a very successful repeat over a nine day period in June 2010. It was opened with an inaugural performance by Cromarty Voices to much acclaim; indeed it was a pleasure to note that a visitor to the opening was inspired to write a letter to the Ross Shire Journal enthusing about the fine combination of singing and artworks which he had experienced. The Stables also continues to act as an inspiring venue for the events of other organisations. To note just two examples, it again hosted a successful art exhibition by the Cromarty Group in the Autumn of 2009 and in December 2009 saw the showing of a series of films as part of the Cromarty Film Festival. These included the Man who Fell to Earth, Lucky Number Sleven, and The Piano introduced by Charles Kennedy MP, the director Paul McGuigan and Andrea Calderwood. Looking back over the year what is clear is that there has been a significant increase in the use of the Stables for a whole range of arts and community uses and that an increasing people from Cromarty and further afield are coming through its doors – not least when it attracted over 200 adults and 45 children during doors open day in September.

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What the Trust does in terms of providing facilities at the Stables and Ardyne, putting on exhibitions and performances, and attracting applicants for its residencies, requires effective communication with a wide audience. The complete overhaul and redesign of the Trust's website shortly before the beginning of the year was an important milestone. Feedback has been positive and the ever growing use of the website, particularly the events page, attests to its effectiveness in communicating the Trust's events, activities and wider strategy.

It hardly needs to be said that the credit for these achievements belongs to the unstinting work of the Trust's staff, trustees and the many volunteers who agreed to serve on its selection juries. Since Caroline Hewat took the helm as the Trust's arts development manager in October 2008, there has been a real step change in the activity at the Stables, particularly on the musical front, and she has adroitly secured a succession of much needed grants to support the Trust's exciting programme of work. She has been ably assisted by the Trust's administrator, Gail Stewart Martin, and janitor, Gail Pocock, who worked tirelessly to ensure that the stays of successive artists-in-residence were successful, and that events ran smoothly.

As noted in last year's report, Bryan Beattie stood down as a Trustee in August 2009. Bryan's experience of national and Highlands arts policy was of great value to the Trust and he did much to help the Trustees think strategically about their mission and objectives. Although the Trustees miss his continuing input they are still benefiting from the strategic direction which he helped establish.

Looking forward to 2010-11, the Trust's first objective will be to continue to steer the course it has set over the last couple of years, namely maintaining the programmes and workshops in music, the visual arts and mixed media which it has already developed and continuing to build up arts activity at the Stables which deliver the Trust's strategic vision. A number of key milestones will be the successful delivery of Harp Village, a weekend of Harp workshops throughout Cromarty, in September 2011; the Sir Thomas Urquhart International Conference in April 2011; the Trust's first CPD workshop for Art School Teachers in May 2011. As noted above a key challenge will be to secure a full funding package for the project designed by Richard Kindersley to carve a series of inscriptions from Urquhart's work set in new paths around the Stables.

Background Information

i) The Stables

The conversion of the Grade A Stables Building and Game Store was completed in 1994-5 to provide workshop, studio and exhibition spaces with a flat for an artist or academic in residence. The first floor gallery is used by the Trust for its own programme of recitals, performances, workshops and exhibitions as well as being hired to other charitable and community organisations for uses which are in accordance with the Trust's aims and its charitable objectives; to help with overheads it is also made available for occasional commercial hire such as wedding receptions but the trustees have set clear limits to such activity so that it does not diminish the charitable and artistic use of the building in any way. Since February 2002 the Trust has used the vaulted ground floor workshop to provide studio facilities for up to seven local artists (one to each vaulted bay) in a number of different mediums with a view to nurturing their talent and encouraging their development from amateur to professional status.

In August 2007 the Trust installed ground source heating at the Stables. This not only did much to reduce the Trust's carbon footprint but also contributed to the

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long-term financial sustainability of the building; the previous electric heating system was prohibitively expensive and made it difficult to sustain the community use which the Trust has been keen to foster. In 2008 with support of a grant from Awards for All, the Trust installed a new lighting and hanging system in the first floor gallery which did much to transform the gallery as an exhibition and performance space. The Trustees' next aim is to begin to improve access arrangements – external Caithness paths which can be used by wheelchairs, better external lighting and an overhaul of the car park.

ii) Ardyne

Previous reports have described the restoration and refurbishment of Ardyne to provide not only a handsome addition to Cromarty's townscape but a productive and sustainable one which offers five units of accommodation for academic, educational and arts use. Since it was first occupied it has more than proved its worth, providing essential accommodation for a succession of academics and researchers from the University of Aberdeen's Marine Research Station at the Cromarty Lighthouse as well as a number of musicians and artists who have come to Cromarty for short stays associated with the Trust's own residency programme and a number of other arts bodies such as Highland Printmakers in Inverness. The fact that the accommodation has been almost fully booked since March 2005 has amply demonstrated both the need for the facility and the contribution which it is now making to the development of academic and artistic activities in Cromarty.

iii) The Brewery (The Cromarty Training Centre)

In 1988-89 the Trust restored and converted this fine building which provides residential accommodation for up to 22 students together with a large studio and smaller rooms for teaching and seminars. It was managed by Robert Gordon University (RGU) as a Study Centre in the Highlands until October 2004 when it was agreed that the Centre's continued development would be better served by a more locally based management. In connection with the termination of its lease, RGU paid for some outstanding maintenance work and also agreed to contribute £120,000 to the Trust to provide a capital fund for the building; the Trustees have treated this as a deferred payment for the reasons set out in the accounts. At the same time a new ten year lease was granted by the trustees to the Cromarty Training Company established by Cromarty residents Bill Alexander and Mairi MacNeil. The lease is a rent-free full repairing lease with specific obligations to spend at least £10,000 per annum on maintenance and renewal of equipment, and to use the building for educational and community use.

Much has been achieved at the Centre since it opened in 1989. It has become an established base for regular courses, seminars and meetings on the environment and vernacular architecture of the Highlands and has come to play a key role in the life of the community. The aim of the new operators has been to build on this existing mix of educational and community use, ensuring that it remains a vibrant hub for the community. Five years on, it is clear that they are succeeding in doing just that. The University of Aberdeen's Marine Research Station, Robert Gordon University and a number of local societies have continued to use its facilities but there has also been a successful build-up of other community activity. For example, the Centre has hosted a series of the annual Black Isle book festivals, the second Cromarty Film Festival and an exciting programmes of traditional music and jazz evenings. By helping to bring more visitors to Cromarty whether for education, entertainment or tourism, the Centre continues to contribute considerable economic and social benefits to the community.

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Future Opportunities

The Trustees' vision of Cromarty as a town which flourishes through learning and the arts has reaped rich dividends over the years. The Cromarty Training Centre and the Marine Research Station of the University of Aberdeen have brought lasting benefits to Cromarty and the Highlands. The Trust's programme of conferences on Hugh Miller in 1999-2002 generated academic activity in the field of geology and history. More recently the Trust has concentrated on developing its contribution to the arts through the provision of studio spaces for local artists, the organisation of art workshops for teachers and the building up of its programme of arts residencies and musical recitals. But the Trustees see this as a beginning not an end and look forward to encouraging future opportunities, particularly the development of research, education and training in the architectural, historic, cultural and natural heritage of Cromarty and the surrounding area. Cromarty's unique architecture, wealth of vernacular buildings and natural setting make it an excellent location for studies connected with the built and natural heritage. The Trustees will continue to seek support for the needs of the University of Aberdeen's Marine Research Station at the Cromarty Lighthouse. Since the Research Station was established in 1987, it has attracted funding of over £3 million for its research on seals, dolphins and the wider marine life of the Moray Firth. It is now the base for a considerable group of scientists and is the leading research base in the Highlands with a strong international reputation. The Trustees would like to find a way in which Cromarty could have a role in the emerging University of the Highlands and Islands. But they believe that the facilities they have established in Cromarty can and should reach out to the learning needs of the community as a whole. The Trustees remain committed to their original aim of contributing to the economic and social regeneration of the community in ways which are compatible with the town's architectural and natural heritage. Much has been achieved over the past decade but Cromarty remains a fragile peninsular community and many challenges lie ahead.

Trustees, Advisors and Organisational Structure

The Trustees and advisors are listed on page 2 of this Report. The retirement of Bryan Beattie as a Trustee is noted in the introduction to this report. Trustees are appointed by the existing trustees on the basis of the relevant experience and commitment which they can bring to the work of the Trust. The Trustees undertake periodic appraisals of the skill sets which the Trustees can offer with a view to identifying areas where further experience would be desirable. Care is taken to ensure all new Trustees are given a full induction into the work of the Trust.

During the year under review the Trust's day-to-day management was undertaken by Caroline Hewat who provided overall direction as the Trust's Arts Development Manager and by Gail Stewart-Martin who fulfilled the role of administrator with responsibility for book-keeping and the day to day management of Ardyne. Both work for the Trust on a part-time basis. Staff appraisal is undertaken on an annual basis and additional staff training is provided where this is considered appropriate.

The Arts Development Manager reports formally to the Trustees who normally meet three times a year to review activities, to approve budgets and reports, set strategy, and take major decisions. A Local Management Group consisting of four of the trustees, Arts Development Manager, Administrator and Janitor meet monthly to discuss and take decisions associated with the detailed delivery of the Trust's programme. Other Trustees take particular responsibility for individual areas such as financial oversight, or the programme for the installation of alternative energy heating at the Stables, and take a regular part in appointment and selection panels.

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All grant applications and grant acceptances are approved in advance by the Chairman or a delegated trustee. The Trust has a detailed health and safety policy and is currently reviewing its procedures for risk management. The Trust is committed to equal opportunities.

Summary of results and reserves policy

The financial statements show income of £62,885 and expenditure of £64,641 resulting in a £1,756 net deficit which was met from accumulated reserves; this was an improvement on the net deficit of £8,373 in 2008/9. The Trustees have a reserves policy and have established a series of designated funds to hold monies donated for particular purposes and to provide the necessary funds for future repairs to the Stables and Ardyne; the notes to the accounts provide detailed information on each fund. The Trust held part of these designated funds in the form of a £68,749 investment in M&G Charifund, the Accommodation Fund for Charities, and the Charities Property Fund; the latter was a new addition during the year with an opening investment of £18,749. The market value of these investments at 31 July 2010 was £62,060.74 (relying on 25 June 2010 and 30 June 2010 valuations for the Accommodation Fund and Charities Property Fund which are only valued quarterly). The remainder of the Trust's designated funds and reserves were held on deposit in a Charities Official Investment Fund Account.

Statement of Trustees' responsibilities

Law applicable to charities in Scotland requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing Financial Statements giving a true and fair view, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practices have been followed subject to any 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 Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Charity and which enable them to ensure that the Financial Statements comply with applicable law. 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.

Signed on behalf of the Trustees

John Nightingale

22 April 2011

THE CROMARTY ARTS TRUST

INDEPENDENT EXAMINER'S REPORT

Independent Examiner's Report to the Trustees of the Cromarty Arts Trust

I report on the accounts of the Trust for the year ended 31 July 2010, which are set out on pages 12 to 19

Respective responsibilities of Trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) 2005 Act and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of Regulation 10(1) (d) 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 is 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 seeks explanations from the 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 accounts.

Independent examiner's statement

In connection with my examination I draw your attention to Note 11, which outlines that a receipt from Robert Gordon University of £120,000 has been deferred. While this is not in accordance with the "Statement of recommended practice - Accounting and reporting by Charities 2000", the Trustees are of the view that to take this amount to income in one year would mislead potential readers of the accounts as to the resources of the Trust. By taking an amount each year to income this will match the revenue with any costs as they arise over the period of the lease that has been renounced.

Full disclosure of this matter has been given in Note 11.

In the course of my examination, no other matter has come to my attention

1. 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 comply with Regulation 9 of the 2006 Accounts Regulationshave not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

John Dunthorne
Craigmhor Consultants

Craigmhor
Castle Avenue
Invergordon IV18 0AH

22 April 2011

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STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 July 2010

		Unrestricted funds	
	Notes	2010 £	2009 £
Incoming resources			
Donations, Grants & Tax Reclaim		26,762	16,050
Activities in furtherance of the Trust's objectives		29,101	24,278
Investment Income – interest & dividends		3,105	8,030
Transfer from Deferred Income	11	3,750	3,750
Total Incoming resources		62,885	52,108
 Resources Expended			
Costs of activities in furtherance of the Trust's Objectives		64,641	60,481
Total resources expended		64,641	60,481
 Net movement in funds for the year		-1,756	-8,373
 Funds brought forward		196,135	204,508
 Total funds at the end of the year		<u>194,379</u>	<u>196,135</u>

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INCOME AND EXPENDITURE ACCOUNT For the year ended 31 July 2010

	Notes	2010 £	2009 £
Income			
Donations, Grants and Tax Reclaim		26,762	16,050
Transfer from Deferred Income	11	3,750	3,750
Sale of Publications and Prints	99	516	
Arts Events and Activities	9,187	4,976	
Stables Hire	11,332	9,620	
Ardyne Rental	8,430	8,986	
Sundry	220	180	
Activities in furtherance of the Trust's objectives		29,268	24,278
Investment Income – Interest & Dividends			
Gross		3,105	8,030
Total Income		62,885	52,108

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INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 July 2010 (cont.)

	Notes	2010	2009
		£	£
Expenditure			
Ardyne – Depreciation	5	6,840	6,840
General Fund:			
Stables: Repair & Refurbishment		1,356	12,074
Stables: Maintenance, heat, water, council tax		8,252	6,740
Ardyne: Maintenance, heating, water, rates		2,055	3,282
Staff Costs: Stables and Ardyne		5,147	1,431
Staff Costs: Manager & Administrator	2	16,968	10,280
Staff Costs: Training	2	95	313
Office Costs & Website		5,227	5,425
Marketing		498	2,868
Insurance		2,833	2,742
Arts Events and Activities		12,910	4,956
Artist Residencies		1,886	2,734
Governance Costs: Examination of Accounts		517	500
Trustees' expenses	3	57	0
Sundry		0	296
Total resources expended		64,641	60,481
Total Income		62,885	52,108
Surplus / (Deficit) for the year		-1,756	-8,373
Net changes to Designated Funds (see note 12)		3,340	3,340
Credit /(Charge) to General Fund on Balance Sheet		1,584	-5,033

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BALANCE SHEET As at 31 July 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Ardyne Property	5	88,936	95,776
CURRENT ASSETS			
Debtors	4	2,658	2,922
Cash on deposit		139,828	153,942
Cash at bank		5,898	807
Petty Cash		25	68
Investments at Book Value		68,749	50,000
Net Current assets		306,094	303,515
CURRENT LIABILITIES			
Creditors	4	10,465	2,380
Deferred payment	11	101,250	105,000
Total assets less current liabilities		<u>194,379</u>	<u>196,135</u>
FUNDS			
Designated Funds	12		
Ardyne project fund	6,13	89,688	96,528
Ardyne repairs fund		5,000	3,000
Arts fund	7	8,500	8,500
Development fund	8	9,000	9,000
Marine Research fund	10	14,650	14,650
Stables repairs fund	9	25,627	23,127
General Funds B/fwd		40,330	45,363
Charge to General Fund for the Year		1,584	(5,033)
General Funds C/Fwd	12	41,914	40,330
Total funds		<u>194,379</u>	<u>196,135</u>

Signed on behalf of the Trustees

John Nightingale

22 April 2011

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NOTES TO THE ACCOUNTS

1. Accounting policies

The following is a summary of significant accounting policies:

- Historical cost convention
These financial statements are prepared under the historical cost convention. In preparing the financial statement the Trust follows best practise as laid down by the Statement of Recommended Practice "Accounting and Reporting by Charities"(SORP 2000 revised).
- Income and expenditure
Donations from other charities, companies and individuals, and grants from public bodies are included in the Income and Expenditure statement as and when the cash is received or becomes payable.

Property income derives from the sub let of buildings to groups and individuals and is not treated as Investment income as it forms an essential part of income received in furtherance of the Trust's objectives.

Expenditure is included in the Income and Expenditure account as and when the cash is paid.

All property expenditure has been treated as resources expended on the furtherance of the Trust's objects rather than as administrative costs as the conservation and management of these historic buildings is a fundamental objective of the Trust.

- Tangible Fixed Assets and Depreciation
Buildings and land acquired by, or gifted to, the Trustees for charitable purposes prior to 1 August 2001 are not valued in the Balance Sheet. These buildings are inalienable and historic in nature and in the opinion of the Trustees the costs associated with valuing these assets is onerous compared with the additional benefit derived by the users of the accounts in assessing the Trustees' stewardship of the assets.

Since 1 August 2001, the major improvements to Ardyne were capitalised and are depreciated on a straight line basis over 20 years. The depreciation charge is charged annually to the Expenditure account.

- Deferred payment
£120,000 was received from Robert Gordon University in 2004 in respect of the Trustees resumption of responsibility for the repair and maintenance of the Brewery and Stables building. This income has been deferred and will be matched with the corresponding costs and taken to income in 32 equal instalments over the remaining life of the lease (*Note 11 and 14*).

2. Staff costs

Staff costs comprise £16,968 for the employment of an Arts Manager and an Administrator (2009: £10,280) and £5,147 for cleaning, gardening, internal painting and janitor services at the Stables and Ardyne (2009: £1,431).

3. Trustees' expenses

Trustees claimed £57 expenses during the year (2009: £Nil).

4. Debtors & Creditors

	2010	2009
<u>Debtors</u>	£	£
Accounts Receivable	826	1,489
Electricity Refund	1,832	
VAT repayments	0	1,433
	-----	-----
	2,658	2,922

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	2010	2009
<u>Creditors</u>	£	£
Grants Received in Advance (Urquhart Centenary)	8,000	0
Accounts Payable	840	0
Deposits Received	1,125	1,880
Sundry Accruals	500	500
	-----	-----
	10,465	2,380

5. Tangible Fixed Assets

	2010	2009
	£	£
Cost		
At 1 August	136,816	136,816
Additions	0	0
	-----	-----
At 31 July	136,816	136,816
Depreciation		
At 1 August	41,040	34,200
Charge for the year	6,840	6,840
	-----	-----
At 31 July	47,880	41,040
Net Book Value		
At 1 August	95,776	102,616
At 31 July	88,936	95,776

See *Notes 13 and 14* for the properties owned or leased by the Trust.

6. The Ardyne Project Fund

This fund was established to receive donations given towards the restoration and refurbishment costs of this property in Cromarty. At the year end the value of the fund was £89,688 of which £88,936 represented the Book Value of the improvements carried out by the Trust in 2003 and 2004.

7. The Arts Fund

This fund was established to receive donations given towards the commissioning of works of public art in Cromarty.

8. The Development Fund

This fund was established to receive donations given in support of the Trust's future plans with specific reference to Cromarty's marine environment; the last payment from the fund was made in 2002-3 when the Trustees donated £12,000 from the fund to the University of Aberdeen in support of its Marine Research Station in Cromarty.

9. The Stables Repairs Fund

The Trustees remain responsible for the ongoing maintenance and repair of the Stables and to this end they have established this fund as a sinking fund to cover the cost of major repairs to the Stables.

10. Marine Research Fund

In 1996 the Trustees purchased a research vessel for the University of Aberdeen's Marine Field Station at Cromarty. At the request of the Field Station the vessel was sold during the proceeds and the Trustees have agreed to retain the proceeds on behalf of the Field Station pending the purchase of a replacement vessel.

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11. Deferred Payment

The Trustees received £126,200 from Robert Gordon University on 29 October 2004 in connection with the early surrender of its full maintaining lease on the Brewery.

Of this total, £6,200 was in respect of outstanding repairs and the balance of £120,000 was in respect of the Trustees' resumption of responsibility for the repair and maintenance of the building for the remaining 32 years of the lease (below *Note 14*). The Trustees agreed that the latter amount should be taken to profit in equal instalments of £3,750 per annum commencing in the year ending 31 July 2006.

	2010	2009
	£	£
Deferred Income at 1 August	105,000	108,750
Transfer to current income	3,750	3,750
	-----	-----
At 31 July	101,250	105,000

This is not the accounting treatment recommended by "Statement of recommended practice - Accounting and reporting by Charities 2000" However it reflects the Trustees' more prudent view that this sum should be a long term fund to cover shortfalls in maintenance over the coming years.

The Trustees are of the view that to take this amount to income in one year would mislead potential readers of the accounts as to the resources of the Trust. By taking an amount each year to income this will match the revenue with any costs as they arise over the period of the lease that has been renounced.

12. Allocation of trust funds during the period

	Ardyne Project	Ardyne Repairs	Arts	Development	Marine Research	Stables	General	Total
	£	£	£	£	£	£	£	£
Income	0	0	0	0	0	0	62,885	62,885
Transfer	0	1,000	0		0	2,500	-3,500	0
Expend- iture	-6,840	0	0	0	0	0	-57,801	-64,641
	-----	-----	-----	-----	-----	-----	-----	-----
Annual Surplus /Deficit	-6,840	1,000	0	0	0	2,500	1,584	-1,756
Balance B/f 2009	96,528	4,000	8,500	9,000	14,650	23,127	40,330	196,135
	-----	-----	-----	-----	-----	-----	-----	-----
C/f 2010	89,688	5,000	8,500	9,000	14,650	25,627	41,914	194,379

13. Ardyne Property

This property was gifted to the Trust by Michael Nightingale & Co Ltd on the 4 June 1999. In accordance with the accounting policy of the Trust no value has been given to this property in the accounts although major improvements to the property were capitalised and the resulting value is depreciated annually (see note 4).

In connection with the grant aid received from Historic Scotland for the restoration of Ardyne, the Trustees granted a Standard Security over the property to the Scottish Ministers in September 2003 in support of the on-going conditions of Historic Scotland's grant-aid. These conditions include, *inter alia*, that the Trustees fully maintain and insure the building and that a proportion of the grant aid will be repayable in the event that the Trustees sell or grant a long-lease over Ardyne within 10 years of the grant-aid being paid. The Trustees do not plan to sell or grant a long-lease over Ardyne.

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14. Property leases

i) Brewery and Stables

The Trust entered into a 50 year lease with Michael Nightingale & Co Ltd on the 1 April 1987 for the premises known as the Brewery and the Stables. The lease is at an annual rent of £1, with full repairing obligations. The Trust entered into a sublet of the Brewery to Robert Gordon University from 2 March 1989 to 31 March 2037; rent of £1 per annum was payable and the sublease assumed full repairing obligations on the Tenant including full insurance costs. During 2004 the Trustees and Robert Gordon University agreed that the latter might renounce and surrender its lease with effect from 29 October 2004 in return for a payment to the Trustees of £120,000, the surrender to the Trustees of all fixtures, fittings, furnishings and equipment in the building, and a further payment of £6,200 for outstanding repairs and maintenance to the building. With effect from the same date of 29 October 2004 the Trustees entered into a new sublet of the Brewery to the Cromarty Training Centre. The new sub-lease is for a period of ten years to 28 October 2014, with a rent of £1 per annum and other terms which, *inter alia*, include full repairing and insurance obligations, a binding commitment to expend £18,000 in the first six months and £10,000 per annum thereafter on maintenance and the improvement of the Trustees' furnishings and equipment, and further to contribute £4,000 per annum in the last four and half years of the lease for expenditure on further improvements to the building or on the stimulation of educational activities in Cromarty.

ii) Eathie Salmon Fishing Bothy

The Trust entered into a 99 year lease with Broadland Estates Ltd on 24 August 2002 for the premises known as the Eathie Salmon Fishing Bothy which they subsequently restored as one of the Trust's Hugh Miller Bicentenary Projects in order to house interpretation panels and to provide a rest place for walkers. The lease is at an annual rent of £1 and the Trustees are obliged to maintain it against fair wear and tear but, in view of its remote, unsecured and unoccupied nature, they are not required to maintain it in the event of acts of vandalism or irresponsible use. The Trustees may terminate the lease at one month's notice if they are unable to secure public liability insurance at a reasonable cost.

15. Related Parties

As in previous years the Trust received significant financial support from the Cromarty Trust which shares the same Chairman and a second Trustee. The trustees of the Cromarty Trust were instrumental in establishing the Cromarty Arts Trust and the two trusts share the same objectives in Cromarty. Accordingly no material conflict of interest is anticipated but in the event of a material conflict the affected Trustees would exclude themselves from discussions of the matter by the Cromarty Arts Trust.

The same two Trustees are also directors of Michael Nightingale & Co Ltd. The Trust entered into a 50 year lease with Michael Nightingale & Co Ltd on the 1 April 1987 for the premises known as the Brewery and the Stables. The lease is at an annual rent of £1, with full repairing obligations. The two Trustees would exclude themselves from any material discussion relating to this lease.