

**Company Registration No. SC294897 (Scotland)**

**THE APPLECROSS TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
COMPANY INFORMATION**

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<b>Company number</b>	SC294897
<b>Scottish charity number</b>	SC020693
<b>Registered office</b>	5 Atholl Crescent Edinburgh EH3 8EJ
<b>Trustees and directors</b>	R A Wills R R Harvey-Jamieson K R McDiarmid A Mackinnon L H Lumsden
<b>Secretary</b>	Gillespie Macandrew Secretaries Limited
<b>Business address</b>	S.A.C. Drummondhill Stratherrick Road Inverness IV2 4JZ
<b>Auditors</b>	Saffery Champness Kintail House Beechwood Park Inverness IV2 3BW
<b>Bankers</b>	Clydesdale Bank 15 Academy Street Inverness IV1 1JN
<b>Solicitors</b>	Gillespie Macandrew LLP 5 Atholl Crescent Edinburgh EH3 8EJ
<b>Investment managers</b>	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA

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**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
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**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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The trustees present their report and the financial statements of the charity for the year ended 31 March 2014. The financial statements are prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's founding deed, applicable charity and company law, and the requirements of the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

**Structure, governance and management**

*Legal and administrative details*

The legal and administrative details are listed on the company information page.

*Trustees and directors*

The trustees are also directors of the company for the purposes of company law.

The following trustees held office since 1 April 2013:

R A Wills  
R R Harvey-Jamieson  
K R McDiarmid  
A Mackinnon  
L H Lumsden

*Governing document*

The Trust is a charitable company, limited by guarantee. It was incorporated on 28 December 2005, and its charitable status was confirmed by H M Revenue & Customs by way of charity recognition letter dated 6 February 2006. The company's Memorandum and Articles of Association reflect the objects and powers set out in the Deed of Trust dated 2 September 1992, registered in the books of Council and Session on 13 November 1992, under which the charity was established. The management of the Trust is now the responsibility of the trustees of the charitable company.

*Recruitment and appointment of trustees*

The rules governing the appointment of trustees are laid down in the company's Articles of Association. Those holding trustee positions have experience in legal matters, land management, investment management and trust administration, and have long standing connections with Applecross. It is anticipated that any future appointments will complement the abilities already held by the present trustees.

*Risk management*

The trustees keep in close touch, and receive comprehensive monthly reports from the administrator. Formal meetings take place at least three times each year, usually at Applecross.

The trustees have formally reviewed the major strategic, business and operational risks which the charity faces, and they believe that those risks are appropriately contained in the context of asset backing, the nature and pattern of activities and the contractual arrangements associated with them, and compliance with current safety and employment legislation.

**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

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**Objectives and activities**

The aims of the Trust are to preserve the special character of the Applecross peninsula in a responsible and progressive manner whilst acknowledging its wilderness heritage and its importance as an area of outstanding natural beauty in terms of the original charitable Trust Deed dated 2 September 1992. In furtherance of this objective, public access is encouraged and projects undertaken to improve accessibility to all areas.

**Achievements and performance**

***Woodlands***

During the winter an outbreak of phytopthera ramorum was identified in the larch plantation near Applecross House. The affected area was clear felled to produce approximately 1,000 tonnes of timber. Much of the timber will be processed on site to produce both firewood and building material for local use.

The programme of spraying to control the spread of both bracken and rhododendron ponticum continued.

Surplus funds provided by the Trust during the establishment of the North Applecross Woodlands project were returned to the Trust. The Trust continues to contribute to the deer fence maintenance fund established by North Applecross Woodlands Company Limited.

***Hydro electric projects***

A small hydro electric scheme at Kishorn was completed and commissioned, and lease terms were signed for the development of another scheme on the Alt na Moine.

***Tourism and holiday lets***

Bookings of the holiday houses increased over the year. The windows in Clachan Manse were replaced; Coillemhuridh was vacated by the Venture Trust and upgrading works were undertaken; plans for the comprehensive refurbishment of The Old Estate Office House were approved, with work due to commence in the next financial year.

***Other properties***

New terms were agreed with the Venture Trust for the use of the Hartfield complex to allow for the establishment of a Youth Hostel; the lease to the long term operators of the Campsite has been extended; a site at Aird previously occupied by a fish farm has been offered for sale to a local business; the lease of the grazings at Inverbain was renewed.

A fire risk assessment and a condition report in respect of Applecross House were received by the trustees for consideration in conjunction with the expiry and renewal of the existing lease.

**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

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***Community engagement***

In June the trustees made a short presentation to the local community on the work of The Applecross Trust, which continued with informal discussions over a sandwich lunch.

In September representatives from the Applecross Community Company met with the trustees to discuss matters of a mutual interest, including the provision of suitable sites for affordable housing. Various proposals were examined in conjunction with the Highland Small Communities Housing Trust, but none was found to be ideal for development in the manner envisaged.

A donation of £9,000 was made to the Applecross Historical Society to enable it to continue its research.

***Achievements under the Applecross Landscape Partnership Scheme (ALPS)***

The restoration of the two Hebridean Barns was completed. A replica iron age thatched roundhouse was constructed nearby, using traditional materials and methods, which has become a focus for educational events and workshops.

A series of booklets on specialist walks was produced, covering the Carnach and Celtic Rainforest, Wildlife, Heritage, Geology and Archaeology, and more.

Land Conditioning projects have been undertaken, including selective native tree planting, ditching, bracken control, and bee friendly hedges. The extensive restoration of dry stone dyking was also continued.

Plans for the last major project, Gateway Woodland, were finalised at a budget of more than £900,000, involving the felling of some 13,000 tonnes of uncommercial windblown lodgepole pine on the approach to Applecross, and reshaping and restocking the original plantation with more natural native species. Access will be facilitated to allow the public to enjoy woodland walks linking into the existing path network.

The Trust's total contribution to ALPS projects has already exceeded £250,000, and a further £200,000 has been advanced on loan to cover cash flow requirements. It is anticipated that a maintenance fund of approximately £100,000 will be established at the completion of all of the ALPS projects.

**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

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**Financial review**

***Principal funding sources***

The Trust accepts donations, but its main sources of funding are from income derived from its own activities.

The Trust's principal revenue generating activities are commercial and residential rents, royalties and wayleaves, as well as the sale of game and livestock. The total income from all of these sources totalled £488,846 for the year, an increase of 5% compared to the previous year, reflecting an increase in rents derived from commercial, residential, agricultural and holiday lets.

Dividend income from the Trust's endowment and interest on cash deposits totalled £34,284, an increase of 5.8% over that of the previous year.

There were no significant sales of land during the year.

***Reserves policy***

In view of the ongoing commitment of the Trust, it is the policy of the trustees to maintain its free reserves up to a level that equates to at least three month's average expenditure, plus sufficient funds to meet commitments given for building and conservation projects.

The General Reserve Fund also includes the Trust's heritable property, the bulk of which is to be held in perpetuity, as well as the investments within the endowment. The trustees have power to resort to capital from the endowment in order to further the aims of the Trust at any time.

***Investment policy***

The Trust's investments are managed by Cazenove Capital Management Ltd who have been given discretionary powers within guidelines set by the trustees aimed at a mix of capital growth and income. The trustees monitor the performance of the investments against FT indices, and are satisfied with the performance achieved over the period.

***Trustees' remuneration and expenses***

Trustees are not remunerated. Reimbursement of expenses and incidental costs incurred for attendance at meetings amounted in aggregate to £2,615.

**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

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**Plans for future periods**

The Trust is committed to the completion and future maintenance of the ALPS projects, and investment in the Estate will continue in accordance with the Trust's ten year plan.

**Auditors**

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

**Statement of trustees' responsibilities**

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the trustees to prepare financial statements for each financial year. Under company law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2014**

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**Statement of disclosure to auditors**

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

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

.....  
R A Wills  
**Trustee**

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**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE APPLECROSS TRUST**

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We have audited the financial statements on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the company's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's trustees and members 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 trustees, the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibility Statement, the trustees (who are also the directors of the 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.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the charity's state of affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITORS' REPORT (continued)  
TO THE MEMBERS OF THE APPLECROSS TRUST**

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- adequate 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

**David Hughes (Senior Statutory Auditor)  
for and on behalf of Saffery Champness**

.....

**Chartered Accountants  
Statutory Auditors**

Kintail House  
Beechwood Park  
Inverness  
IV2 3BW

**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE INCOME & EXPENDITURE**  
**ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	Unrestricted Funds 2014 £	Restricted Funds 2014 £	Total Funds 2014 £	Total Funds 2013 £
<b>Incoming resources</b>					
<u>Incoming resources from generated funds</u>					
Voluntary income:	2				
- Grants and subsidies		31,106	-	31,106	35,439
- Donations		20,716	1,860	22,576	1,094
		<u>51,822</u>	<u>1,860</u>	<u>53,682</u>	<u>36,533</u>
Investment income:					
- Dividends from quoted investments		33,866	-	33,866	29,689
- Interest on cash deposits		418	-	418	2,708
		<u>34,284</u>	<u>-</u>	<u>34,284</u>	<u>32,397</u>
<u>Incoming resources from charitable activities</u>					
- Charitable trading activities	2	488,846	-	488,846	466,046
		<u>574,952</u>	<u>1,860</u>	<u>576,812</u>	<u>534,976</u>
<b>Total incoming resources</b>					
<b>Resources expended</b>					
<u>Costs of generating funds</u>					
- Investment management costs		5,150	-	5,150	4,938
<u>Costs of charitable activities</u>	3	446,221	819	447,040	352,185
<u>Governance costs</u>	3	14,424	-	14,424	32,163
<u>Other resources expended</u>	3	1,750	-	1,750	200
		<u>467,545</u>	<u>819</u>	<u>468,364</u>	<u>389,486</u>
<b>Total resources expended</b>					

**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE INCOME & EXPENDITURE ACCOUNT)**  
**(continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

<b>Notes</b>	<b>Unrestricted Funds 2014 £</b>	<b>Restricted Funds 2014 £</b>	<b>Total Funds 2014 £</b>	<b>Total Funds 2013 £</b>
<i>Net incoming resources before other recognised gains and losses</i>	107,407	1,041	108,448	145,490
<b>Other recognised gains</b>				
Gains on the revaluation and disposal of investment assets:				
- Income from property sales	2,500	-	2,500	3,300
- Quoted investments - realised gains	12,258	-	12,258	10,772
- Quoted investments - unrealised gains	54,860	-	54,860	105,143
<i>Net movement in funds</i>	177,025	1,041	178,066	264,705
<b>Reconciliation of funds</b>				
Total funds brought forward	5,176,640	8,835	5,185,475	4,920,770
<i>Total funds carried forward</i>	<u>5,353,665</u>	<u>9,876</u>	<u>5,363,541</u>	<u>5,185,475</u>

The notes on pages 12 to 21 form part of these financial statements.

**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2014**

	Notes	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Heritage assets	8	3,280,432		3,305,489	
Tangible assets	8	85,031		45,900	
Investments	9	1,386,995		1,339,515	
		<u>4,752,458</u>		<u>4,690,904</u>	
<b>Current assets</b>					
Stocks	10	31,410		29,460	
Debtors	11	447,608		391,575	
Cash at bank and in hand	12	198,981		164,676	
		<u>677,999</u>		<u>585,711</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(66,916)</u>		<u>(89,256)</u>	
<b>Net current assets</b>		<u>611,083</u>		<u>496,455</u>	
<b>Total assets less current liabilities</b>		<u>5,363,541</u>		<u>5,187,359</u>	
<b>Creditors: amounts falling due after more than one year</b>	14	<u>-</u>		<u>(1,884)</u>	
		<u>5,363,541</u>		<u>5,185,475</u>	
<b>Funds</b>					
<b>Restricted funds</b>	15		9,876		8,835
<b>Unrestricted funds</b>	15				
General reserve		5,036,929		4,914,764	
Revaluation reserve		<u>316,736</u>		<u>261,876</u>	
		<u>5,353,665</u>		<u>5,176,640</u>	
		<u>5,363,541</u>		<u>5,185,475</u>	

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

The notes on pages 12 to 21 form part of these financial statements.

Approved by the Board and authorised for issue on .....

.....  
R A Wills  
Trustee

**Company Registration No. SC294897**

**THE APPLECROSS TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (revised 2005), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

**1.3 Incoming resources**

Incoming resources are accounted for on an accruals basis and are disclosed net of VAT. Income is recognised in the period in which the charity is entitled to receipt, and is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Grants are recognised in full in the Statement of Financial Activities when receivable. Grants relating to capital expenditure are treated as restricted funds and are released to the general reserve over the expected useful lives of the assets to which they relate.

**1.4 Resources expended**

Resources expended are accounted for on an accruals basis and are disclosed net of VAT. Expenditure is allocated as appropriate to the specific activities of the charity. Governance costs are shown separately and include those costs associated with meeting the constitutional and statutory requirements of the charity, and include the audit fees and other professional fees linked to the strategic management of the charity.

**1.5 Tangible fixed assets and depreciation**

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

Heritage land and buildings	0-2% per annum straight line basis
Plant and equipment	20% per annum straight line and reducing balance basis
Furniture and fittings	10% per annum straight line basis
Motor vehicles	25% per annum reducing balance basis

**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**1 Accounting policies**

**(continued)**

The heritage assets are held at cost, representing the valuation attached to the assets on 28 December 2005, when the assets and liabilities of the unincorporated Trust were acquired by the company.

Owing to the incomparable nature of the peninsula, it is considered that conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the benefits that would be derived by the Trust, and the users of the accounts.

Expenditure, which in the Trustee's view is required to maintain the special character of the peninsula, is recognised in the income and expenditure account when it is incurred.

**1.6 Investments**

Investments are stated at market value. Gains and losses on disposal and revaluation of investments are charged or credited in the Statement of Financial Activities. Where there is a permanent diminution in the value of an investment, the loss arising is charged to the general reserve. No such charge is recorded in respect of temporary fluctuations in market values, which may result in a negative balance on the revaluation reserve.

**1.7 Stock**

Stock is valued at the lower of cost and net realisable value. Livestock is valued in accordance with HMRC guidelines.

**1.8 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**1.9 Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are subject to restrictions on their expenditure imposed by the donor.



**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**2 Incoming resources**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<i>Unrestricted funds:</i>		
<u>Incoming resources from generated funds</u>		
Donations		
- North Applecross Woodlands Co Ltd	20,716	-
Grants		
- Forestry grants	-	249
- Rural Priorities Scheme and Farm Woodland Premium Scheme grants	17,125	21,446
- Single Farm Payment Scheme and livestock subsidies	5,376	5,139
- Wildlife management grant	8,605	8,605
	<u>51,822</u>	<u>35,439</u>
<u>Incoming resources from charitable activities</u>		
Charitable trading activities:		
- Commercial, residential, and site rents	132,874	124,006
- Farm, land leasing, and grazing rents	174,157	170,730
- Fish farm leases	38,290	41,693
- Sporting rents	21,165	19,451
- Holiday cottage lettings	61,263	54,410
- Sales of game, livestock and silage crop	25,936	24,998
- Sale of timber	-	200
- Quarry and borrow pit income	10,000	10,000
- Hydro electric and option agreement income	18,609	14,055
- Wayleaves	1,379	848
- Miscellaneous income	5,173	5,655
	<u>488,846</u>	<u>466,046</u>
<i>Restricted funds:</i>		
<u>Incoming resources from generated funds</u>		
Voluntary income:		
Donations		
- Clachan Church Appeal	1,860	1,094
	<u>1,860</u>	<u>1,094</u>

**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**3 Resources expended**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<i>Unrestricted funds:</i>		
<u>Costs of charitable activities</u>		
Costs relating to charitable trading activities:		
- Rented properties	168,110	115,771
- Sporting and deer management	61,590	55,779
- Holiday cottages	47,603	42,070
- Farming	45,713	46,244
- Woodlands	16,155	17,069
	<u>339,171</u>	<u>276,933</u>
Unallocated administration and support costs:		
- Management, consultancy, and accounting support	52,128	50,485
- Subscription - Scottish Land & Estates	1,759	1,665
- Other costs	9,834	9,167
Conservation projects:		
- Footpath network and hedge planting	19,641	13,935
- Gorse and rhododendron clearance	4,688	-
- Applecross Landscape Partnership projects	19,000	-
	<u>446,221</u>	<u>352,185</u>
<u>Governance costs</u>		
Audit fee	5,000	6,000
Accountancy and other non-audit fees	6,700	10,450
Legal fees	109	274
Other professional fees	-	12,968
Trustees' travel and meeting expenses	2,615	2,471
	<u>14,424</u>	<u>32,163</u>
<u>Other resources expended</u>		
Donations	<u>1,750</u>	<u>200</u>
<i>Restricted funds:</i>		
<u>Costs of charitable activities</u>		
Clachan Church expenses	<u>819</u>	<u>-</u>

**THE APPLECROSS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

<b>4 Net incoming resources</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Net incoming resources is stated after charging:		
Depreciation of tangible assets	64,660	49,905
Auditors' remuneration	5,000	6,000
and after crediting:		
Government grants and subsidies	31,106	35,439
Profit on disposal of tangible assets	5,435	2,275
	<u>          </u>	<u>          </u>
<b>5 Employees and staff costs</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<i>Unrestricted fund</i>		
Wages and salaries	56,266	54,564
Social security costs	4,565	4,206
Pension costs	2,400	1,715
	<u>          </u>	<u>          </u>
	63,231	60,485
	<u>          </u>	<u>          </u>
The average weekly number of employees calculated on a full time equivalent basis was		
	<u>          </u> 3	<u>          </u> 3

No employee's emoluments exceeded £60,000.

Pension costs represent the company's contribution to a defined contribution scheme.

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**6 Related party transactions**

R A Wills, chairman of the board of trustees, rents stag stalking from the company through Deer Management Consultants (DMC), a partnership in which he is a partner. The rent, based on numbers of deer shot, is independently negotiated on an annual basis. The rent received by the Trust during the year was £20,800 (2013 £19,125). In addition DMC rented one of the holiday cottages during the year, on normal commercial terms, for £1,167 (2013 £1,083).

DMC also leases Applecross House from the company at an annual rent of £7,538 paid in advance. The rent prepaid as at 31 March 2014 was £1,884 (2013 £9,422). The lease was independently negotiated and expires in June 2014. After the year end the trustees received further independent professional advice that the current open market rental value, on the basis of an arm's length lease, is £10,200 per annum, subject to five year upwards only reviews. After considering various options, and the benefit to the Trust, the trustees determined to offer DMC a new lease for 15 years on these terms.

The Hon Mrs Elizabeth Wills, the widow of one of the co-settlers and mother of R A Wills, is a tenant of Applecross River, let to her by the company on arms length terms, on the basis of independent advice. The rent received by the Trust during the year was £10 (2013 £10). That lease has since expired, and the trustees have determined that it is in the interests of the Trust that the lease of the Applecross River should in future run with that of Applecross House.

R A Wills did not participate in any of these negotiations and discussions.

**7 Trustees' remuneration**

Trustees are not remunerated, however, five trustees received reimbursement of expenses for attending meetings amounting in total to £2,615 (2013 £2,471).

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**8 Heritage and tangible fixed assets**

	<b>Heritage land and buildings £</b>	<b>Plant and equipment £</b>	<b>Furniture and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2013	3,453,726	31,747	25,000	59,581	3,570,054
Additions	10,443	450	-	70,439	81,332
Disposals	-	-	-	(17,552)	(17,552)
At 31 March 2014	<u>3,464,169</u>	<u>32,197</u>	<u>25,000</u>	<u>112,468</u>	<u>3,633,834</u>
<b>Depreciation</b>					
At 1 April 2013	148,237	28,138	12,500	29,790	218,665
On disposals	-	-	-	(14,954)	(14,954)
Charge for the year	35,500	2,253	2,500	24,407	64,660
At 31 March 2014	<u>183,737</u>	<u>30,391</u>	<u>15,000</u>	<u>39,243</u>	<u>268,371</u>
<b>Net book value</b>					
At 31 March 2014	<u>3,280,432</u>	<u>1,806</u>	<u>10,000</u>	<u>73,225</u>	<u>3,365,463</u>
At 31 March 2013	<u>3,305,489</u>	<u>3,609</u>	<u>12,500</u>	<u>29,791</u>	<u>3,351,389</u>

The heritage assets relate to the land and buildings of the Applecross peninsula, which were gifted to the Trust by the former landowner on its inception in 1992. There is no intention to dispose of the heritage assets. There have been no acquisitions or significant disposals of heritage assets during the last five years. Major improvements to the properties are treated as additions to heritage land and buildings in the year in which the expenditure is incurred.

The Trust aims to preserve the special character of the peninsula, and costs incurred to improve the buildings and footpath networks over the last five years have been capitalised in the balance sheet in the appropriate period. Public access to the peninsula is permitted at all times.

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**9 Fixed asset investments**

<b>Quoted investments</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Market value brought forward	1,339,515	1,234,722
Acquisitions in year at cost	239,375	174,305
Disposals in year at opening market value or cost if acquired during year	(251,617)	(180,961)
Net gain/(loss) on revaluation of investments	59,722	111,449
	<u>1,386,995</u>	<u>1,339,515</u>
Market value at 31 March 2014	<u>1,386,995</u>	<u>1,339,515</u>
Cost as at 31 March 2014	<u>1,070,259</u>	<u>1,077,639</u>
Analysis of investments held:		
UK Bonds	179,255	176,739
UK Equities	430,160	366,193
International Bonds	62,310	74,010
International Equities	424,956	359,624
Portfolio Funds	225,051	292,707
Hedge and Other Funds	65,263	70,242
	<u>1,386,995</u>	<u>1,339,515</u>

Investments in individual entities held that are over 5% of portfolio by value:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
	<b>Mkt. value</b>	<b>Mkt. value</b>
AXA Framlington Unit Management UK Growth Fund	118,682	80,238
Capital Financial Managers Trojan Income Fund	109,949	77,930
Capital Financial Managers Trojan Accumulation Fund	-	121,460
Invesco Fund Managers Perpetual Income	-	73,040
J O Hambro Capital Management UK Opportunities	117,451	80,055
M&G Investment Management Global Div. Fund	71,526	-
Schroder MM International Fund	173,660	157,692
Schroder Strategic Credit Fund	98,620	99,610
Schroder UK Dynamic Smaller Cos. Fund	84,078	-
Veritas Asset Management Global Equity	75,961	74,495
C G Portfolio Fund Real Return	-	74,010
C G Portfolio Fund Cym CG Portfolio	137,750	143,217
	<u>1,386,995</u>	<u>1,339,515</u>

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<b>10 Stocks</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Cattle	21,910	19,960
Ponies	9,500	9,500
	<u>31,410</u>	<u>29,460</u>
<b>11 Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	48,511	14,859
Other debtors and amounts receivable	396,613	355,436
Prepayments	2,484	21,280
	<u>447,608</u>	<u>391,575</u>
<b>12 Cash at bank and in hand</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank and cash balances	115,308	94,461
Funds with investment managers for re-investment	83,673	70,215
	<u>198,981</u>	<u>164,676</u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	22,968	42,711
Taxation and social security	1,177	3,953
Payments received on account	23,760	28,743
Other creditors and accruals	19,011	13,849
	<u>66,916</u>	<u>89,256</u>
<b>14 Creditors: amounts falling due after more than one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Deferred income - rents received in advance	-	1,884
	<u>-</u>	<u>1,884</u>

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<b>15 Analysis of funds</b>	<b>Unrestricted Funds</b>	<b>Restricted</b>	<b>2014</b>	<b>2013</b>	
	<b>General Reserve</b>	<b>Funds Reserve</b>	<b>Funds</b>	<b>Total Funds</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Funds at 1 April 2013	4,914,764	261,876	8,835	5,185,475	4,920,770
Net incoming resources before investment gains and losses	107,407	-	1,041	108,448	145,490
Realised gains on investments sold	12,258	-	-	12,258	10,772
Unrealised gains on investments:					
- adjustment in respect of investments sold in year	-	(4,862)	-	(4,862)	(6,306)
- revaluation of investments held at year end	-	59,722	-	59,722	111,449
Income from sale of property	2,500	-	-	2,500	3,300
<b>Funds at 31 March 2014</b>	<b>5,036,929</b>	<b>316,736</b>	<b>9,876</b>	<b>5,363,541</b>	<b>5,185,475</b>
Represented by:					
Tangible fixed assets	3,365,463	-	-	3,365,463	3,351,389
Investments	1,070,259	316,736	-	1,386,995	1,339,515
Net current assets	601,207	-	9,876	611,083	496,455
Creditors due after more than one year	-	-	-	-	(1,884)
	<b>5,036,929</b>	<b>316,736</b>	<b>9,876</b>	<b>5,363,541</b>	<b>5,185,475</b>
<b>Analysis of Restricted Funds</b>					
		<b>Funds at</b>		<b>Expensed or</b>	<b>Funds at</b>
		<b>1 April 2013</b>	<b>Received in</b>	<b>released in</b>	<b>31 March</b>
			<b>year</b>	<b>year</b>	<b>2014</b>
Clachan Church Restoration Fund		8,835	1,860	(819)	9,876
		<b>8,835</b>	<b>1,860</b>	<b>(819)</b>	<b>9,876</b>