



# **Shetland Amenity Trust**

## **Annual Report**

**and**

## **Consolidated Financial Statements**

**Year Ended 31 March 2019**

Scottish Charity Number: SC017505

# Shetland Amenity Trust

## *Caring for Shetland's Heritage*



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# Trustee Annual Report

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The Trustees present their annual report along with the financial statements of the Trust for the year ended 31 March 2019.

## Charitable Objects

1. The Trust's objects are:
  - (a) the protection, improvement and enhancement of buildings and artefacts of architectural, historical, educational or other interest in Shetland with a view to securing public access to such buildings and the permanent display for the benefit of the public of such artefacts for the purposes of research, study or recreation;
  - (b) the provision, development and improvement of facilities for the enjoyment by the public of the Shetland countryside and its flora and fauna, the conservation and enhancement for the benefit of the public of its natural beauty and amenity and the securing of public access to the Shetland countryside for the purposes of research, study or recreation; and,
  - (c) such other purpose or purposes charitable in law as the Trustees shall from time to time determine.

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## Activities

2. The activities of the Trust in 2018/19 were guided by the Strategic Plan, which outlines a range of objectives designed to meet the objects of the Trust:

### Shetland Museum and Archives

- Tell Shetland's cultural and natural heritage story.
- Deliver a high quality Museum and Archives service for the benefit of the public, in line with the Service Level Agreement between the Trust and Shetland Islands Council.
- Safeguard, conserve, display, interpret and facilitate public access to the Shetland Museum and Archives collections and Shetland's cultural and natural heritage as a whole.
- Encourage and promote a sense of community ownership in the Shetland Museum and Archives and Shetland's cultural and natural heritage.
- Promote the Museum and Archives service and Shetland's cultural and natural heritage to a wider audience.
- Forge links with local museums and history groups.

### Interpretation, Promotion & Engagement

- Co-ordinate, facilitate and promote the provision of high quality interpretative materials and facilities relating to Shetland's culture and heritage.
- Engage Shetland's community and visitors in our natural and cultural heritage at our sites and through events & festivals.
- Promote the collection, understanding and use of places names and record evidence from oral and archive sources.
- Support community groups and agencies in developing appropriate interpretation of Shetland's heritage and culture.

- Support community museums and history groups through assistance with running costs and the provision of advice.
- Ensure community and business engagement with Geopark Shetland.
- Deliver and support a calendar of events, publications and products promoting Shetland's heritage and culture, in partnership with other organisations.
- Enable public access to, and promote, our own sites, including Sumburgh Head Visitor Centre, Viking Haroldswick and Old Scatness.
- Undertake natural and cultural heritage projects that benefits Shetland.

### **Archaeology**

- Continue to develop and enhance the Shetland Sites and Monuments Record (SMR), adding new information as it comes to light and mapping site extents..
- Utilise the SMR in assisting enquiries from people in all walks of life.
- Progress plans for the conservation and sustainability of Old Scatness Broch and Iron Age Village.
- Facilitate public access to Shetland's archaeology and heritage sites, including public opening, guiding tours and school groups at Old Scatness and at other archaeological sites; responding to requests to give talks in schools, and also to general and academic audiences.
- Facilitate, assist and monitor field work undertaken by outside institutions, whether research or commercial organisations.
- Ensure Shetland's archaeology has a voice at, and is embedded in, national, international and regional initiatives.
- Promote and inform the public about Shetland's archaeology through multiple media, including the local press, social media, articles, publications and other interpretive materials.

### **Natural Heritage**

- Maintain the Shetland Biological Records Centre to collect, collate, manage and disseminate information about Shetland's flora, fauna, habitats and geology to support policy and decision making.
- Raise awareness of, and help safeguard, Shetland's biodiversity and geodiversity.
- Protect, develop and improve facilities, access and resources for the enjoyment of the public of the Shetland countryside and its flora and fauna.
- Maintain the Shetland UNESCO Global Geopark as part of the Geoparks network and promote Shetland's rich and varied geology.
- Develop and deliver peatland restoration projects to protect and enhance habitats, reduce erosion, and encourage carbon storage and retention.
- Preserve and develop existing woodland and preserve, propagate and re-establish native trees and other plants.
- Through the horticultural unit, foster interest and engagement in trees, support tree planting initiatives, offer grants and participate in international conservation strategies.

### **Environmental Improvement**

- Organise the Dunna Chuck Bruck campaign and annual Voar Redd Up, supporting volunteers to collect rubbish and raise awareness of waste and its environmental impact.
- Continue the valued Environmental Improvement Service throughout the isles, including the Trust's Authorised Treatment Facility in Yell.
- Work with other local and national agencies to raise awareness of environmental campaigns and, where appropriate, support their environmental initiatives locally.

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### Grant Making Policy

3. The Trustees may award grants to assist in the conservation of Shetland's built, maritime, cultural or natural heritage. All grants awarded are in accordance with the objectives of the Trust Deed.

### Voluntary Help

4. Certain Trust activities are dependent on the services of unpaid volunteers. These activities include our annual clear up exercise, "Da Voar Redd Up", and various archaeological excavations. During the year we had over 4,500 unpaid volunteers, working in the region of 19,500 hours. Trustees are also one of the greatest sources of voluntary support provided to the Trust.
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## Achievements and Performance – review of Activities 2018/19

5. This has been the first full year with our new Chief Executive who has helped the board to restructure the Trust's workforce so that it can offer a more integrated service to our customers across Shetland. The financial and operational issues of the previous two years are behind us and we are looking to focus the work of the charity on its main purposes of environmental and cultural heritage.
6. The operation of the Shetland Museum and Archives, under a 25-year service level agreement with Shetland Islands Council, is central to our work. We are wholly committed to the tasks of conserving, preserving and interpreting the artefacts and documents housed in the building, which include two nationally recognised collections. A highlight of the year was the successful exhibition of the exquisite painting by Hans Holbein the Younger, 'Lady with squirrel and a starling', which we received on loan from London's National Gallery. Initiatives begun during the year, with the welcome assistance of two grants from Museums Galleries Scotland, involved work on the lace collection – part of a world-class textile collection – and research on ecclesiastical architecture in Shetland and Orkney, known as the Three Kirks Project.
7. We also introduced a much more appealing donations box and the income received from museum visitors rose substantially. We attribute a downturn in attendance at the museum during the year to two main factors, namely the prolonged period of good weather in the summer months (leading many local residents to prefer the outdoors) and the temporary closure of Hay's Dock Café Restaurant.
8. The work of our ranger and information service continues and has included inspections of the core path network, walks and talks during Boat Week and Nature Week and the maintenance of a very wide range of leaflets that are updated on a rolling cycle. In all of this work, we are grateful for the support of Shetland Islands Council.
9. The peatland project has been engaging with communities and crofters across the islands to restore valuable peat bogs that are not only part of our heritage but are also a vital component in global and national action to reverse biodiversity loss and tackle climate what is now acknowledged to be a climate crisis. In this work, we are grateful for the support of Scottish Natural Heritage.
10. Our many years of experience in working in partnerships such as those above has been at the heart of our Creative Europe Follow the Vikings project. We have been the lead partner in this 14-member programme which has been building the audience for the story of Vikings across Europe. The highlight of the project was a touring roadshow that came to Shetland in October, highlighting the central part Vikings played in the evolution of navigation, law and civil rights as well as exploration and trade. This multimedia performance, involving professional and local amateurs, has played to sell-out crowds across the eight nations involved in the project, which concludes in 2019.

11. Our Woodlands team, based at our horticultural unit in Lerwick and our tree nursery at Kergord, has been managing the many small natural sites for which the Trust is responsible. Their work also includes growing and conserving some of Shetland's rarest plant, shrub and tree species and providing advice to Shetland residents on planting, protecting and maintaining trees and shrubs.
12. Archaeology has been a core part of the Trust throughout its life and 2018/19 has been no different. Our archaeology staff team has continued to plan for the longer-term future of our large and highly significant Iron Age site at Old Scatness, which it is hoped will form part of a south mainland World Heritage Site. They have also liaised with visiting archaeologists and promoted Shetland's archaeology to audiences outwith Shetland. They also advise the Planning Service of Shetland Islands Council on archaeological issues arising from development proposals.
13. The Biological Records Centre holds a large and growing repository of information relating to Shetland's natural heritage. Our Biological Records Manager has continued to advise a wide range of individuals and organisations, including developers and the local Planning Service, on all matters relating to the islands' fauna and flora.
14. The Trust has always sought to understand and strengthen the connection between the Shetland community and its heritage. An important aspect of this is the recording and study of place-names, which reflect the islands' Norse period. The Shetland Amenity Trust has been curating their evolution and history for more than 20 years and the results of this work were moved into the Shetland Archives during the year. There, many more researchers can have access to what is a unique and valuable record.
15. The Trust has a long record of restoring and conserving Shetland's built heritage and this continued with our project team formulating a stage one Heritage Lottery Fund bid for Halligarth, the Unst home of generations of naturalists, which has a fascinating history. We did this as local agents for the National Trust for Scotland. Whilst our works team has reduced over recent years, we still have many of the skills needed to advise and support owners of historic properties across Shetland.
16. Action to engage Shetland's population in the protection of its landscape and environment is at the front of our minds every day. One facet of this is the removal of scrap cars, an activity that has been much appreciated by islanders for more than three decades. We continued to successfully operate the UK Government's Car Scrapage scheme across all of Shetland. The scrap car removal team, along with their crane-equipped lorry are a familiar sight on Shetland's roads as they recover scrap cars. These are taken back to our quarry storage facility on Yell for depolluting prior to crushing and onward transport for full recycling outwith Shetland. It may not be the most glamorous work, but those who remember Shetland's landscape before the service began are particularly aware of its value.
17. The environmental improvements team ran another very successful 'Voar Redd up' in 2018. This continues to be the UK's most actively supported annual community litter and beach clean-up; almost a quarter of Shetland residents took part.
18. For many years we have operated a cash for cans scheme that kick-started many homes and business to recycle their steel and aluminium cans. This function has now been taken over by Shetland Islands Council kerbside collection operation. Our scheme was therefore drawn to a close within the year, allowing us to redirect those resources to implement our new strategy.
19. In 2018/19, we disposed of three properties. The Hamars on Unst was sold on the open market in recognition that the Trust was unlikely to have the resources to undertake the restoration of this Grade B listed building. A redundant workshop facility, also on Unst, was sold to the adjacent residential owner at an agreed independent valuation.

20. A former Northern Lighthouse board storage building on the unoccupied island of Grunay was transferred at no cost to the Trust to the owner of the adjacent island, who will undertake restoration and find a new use for the building.

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## Measurement of the Achievement of Aims and Strategies

### Strategic Plan

21. The Shetland Amenity Trust has a current Strategic Plan for the period 2017-21 which identifies 12 key strategic areas in which the Trust operates. The activities identified within the section above have all been taken forward in line with the Strategic Plan and associated objectives.
22. We have undertaken a review of the current Strategic Plan. Activities for the coming year will be re-aligned to this plan with associated performance monitoring.

### Hays Dock Café and Restaurant Ltd

23. The Hays Dock Café and Restaurant was closed in October after a very long period of difficult trading. The company ceased trading with one main creditor; the Shetland Amenity Trust, which had extended a credit facility to the wholly owned subsidiary for many years. The full loss of £132,000 has been recognised as a bad debt in the Charity's own Statement of Financial Activities. An agreement with a tenant has been negotiated and a café operation in place for the coming financial year.

### Investments

24. The Amenity Trust is fortunate to have an endowment to help support its work. This fund was established in 1984 with an initial grant of £800,000 from the Shetland Islands Council. The income from the fund has been used to support a wide variety of environmental and cultural heritage projects through a grants scheme.
25. The Trustees withdrew £200,000 in 2017 to bridge the charity through its financial challenges. This will be replaced through subsequent years by re-investing the income back into the fund. It is our intention to have fully replaced this amount by 2021.
26. The overall policy for the Trust's Grant Aid Endowment Fund is set by the Trustees with regard to the terms set out by Shetland Islands Council in August 1984. These are:
- a. that all grants made by the Amenity Trust be in pursuit of the Trust's declared objectives as stated in the 1983/84 Annual Report;
    - I. the protection and improvement of buildings or artefacts of historic interest to ensure that they are retained in Shetland and wherever possible made freely available to the public.
    - II. the provision and improvement of facilities for the enjoyment by the public of the Shetland Countryside.
  - b. that on a year-to-year basis the Endowment Fund be not eroded (excluding any temporary reduction through bridging finance arrangements), and that grants therefore be restricted to interest earned; and,
  - c. that the Endowment Fund be invested in accordance with the investment powers available to the Trust, and that, apart from a sum of up to £100,000, the fund monies be invested generally in long term securities unless in the opinion of the Trustees and their advisers a better return could be otherwise obtained; and that all investments be in pursuit of maximising the return to the Fund.

27. In accordance with the above, the fund is managed by Investec. It is a medium risk, broad-spread portfolio with a 10 year investment horizon, seeking to optimise income to support the grants programme.

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## Financial Review

28. Our year end operating position is an improvement over our previous year. Our focus has been on reducing our levels of short term debt represented by our overdraft performance. Finishing the year at £630,929 compared to the previous £712,988 is material progress. The same applies to our overall operational loss of £84,568 compared to 2017/18 £152,466 before depreciation. This all has to be viewed in the light of a 15% reduction in turnover, down from £4,218,279 in 2017/18 to £3,571,553. This reduction is as a result of the end of a number of European Union projects and the closure of the Promote Shetland Contract. The latter resulted in one redundancy agreement being reached in the year for the contract manager. Two other redundancies were made, including one project manager that asked for and received statutory, voluntary redundancy when their project was closed.

29. The closure of Hays Dock Café and Restaurant has brought the accrued losses of the subsidiary company into the Charity's Statement of Financial Activities. Further information on this is included in our "Measurement of the Achievement of Aims and Strategies."

30. We are very grateful for the substantial core funding that continues to be provided by the Shetland Charitable Trust. However, this income was reduced by £46,000 compared with 2017/18; this was the latest in a series of such reductions which, cumulatively, have substantially reduced the Trust's capacity to address its remit.

31. We are also dependent on, and very grateful for, Shetland Islands Council's support for the Shetland Museum and Archives, which is provided under the 25 year service level agreement. It has also been reduced; the 2018/19 grant was £886,147, down from £913,554 in the previous year. In this case, too, this reduction was only the latest in a series and presented a further challenge. The costs of running the museum are significant and we are investing more time and effort in building our commercial income to offset the anticipated further reduction in funding.

### Reserves Policy

32. The main aim of the reserves policy is to ensure that the Trust holds adequate funds to manage short term volatility in income or liquidity and to maintain its longer sustainability. The policy aims for the Trust to hold enough funds in order to provide adequate working capital levels for the continued operation of the Trust and completion of existing projects. Total funds currently stand at £8,496,953, with a total of £14,071,802 being restricted and negative funds of (£5,574,849) in unrestricted funds. The major component of the Trust's financial assets is its extensive property portfolio rather than cash.

33. The overall restricted fund of £14,071,802 is after recognising a deficit of £2,154,623, which resulted as a direct result of the revaluation of properties in the prior year. A loss on revaluation of £3,063,913 in 2017/18 resulted in a net deficit of £2,154,623 in the revaluation reserve. This reserve is entirely dependent on the fair values of the properties in question at each subsequent revaluation and would be met by outstanding funds in the restricted capital fund on the disposal of any such asset.

34. The overall deficit in Unrestricted Funds of £5,574,849 is after recognising the pension reserve liability of £4,143,000 (2018: £2,985,000). During the current year, an increase in the pension liability of £1,149,000 has been experienced. The defined benefit pension funds are controlled by the Shetland Islands Council with triennial review performed by the appointed actuaries. The pension liability is being



addressed by deficit recovery contributions. These form part of the certified contribution rates which are agreed on a 3 yearly basis.

35. Excluding the pension liability, unrestricted funds shows a deficit of £1,431,849. The charity has recently gone through a period of restructuring and review of the internal operations of the charity to reduce costs and generate additional income in the future to address the continuing deficit position.

### Risk Management

36. The Trust has conducted its own review of the major risks to which it is exposed and systems have been established to mitigate those risks. These include the Trust's commitment to a clear heritage vision as set out in its Strategic Plan; the development and delivery of high quality projects; and the ongoing identification of funding sources and opportunities, all so as to establish a successful track record and a broad diversification of activities.
37. Internal risks are minimised by the implementation of procedures for authorisation of transactions and projects to ensure consistent quality of delivery for all operational aspects of the Trust. These procedures are periodically reviewed to ensure that they still meet the needs of the Trust.

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## Looking Ahead – Plans for Future Periods

38. We have invested significant time during the year in developing and consulting on our new 6 year strategy. It is our intention to align our strategic goals with those in Shetland's Partnership Plan. The Amenity Trust is not a statutory body and any alignment is voluntary as our purpose and goals are not the same as Shetland's statutory agencies. We believe, however, that alignment with the Partnership Plan is important as it ensures we are delivering what is most important to Shetland at this time, based on the evidence and the agreed approach of all statutory agencies and the community in Shetland.
39. We believe that a well maintained and presented heritage in which the community are engaged and can have pride, will support the vision of the Partnership Plan to ensure that, "Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges."
40. We completed a number of independently facilitated workshops for trustees and staff in January. This work has been steered by a Strategy and Business Planning board made up of three trustees and five staff. Having established our five future priorities, smaller groups of staff and trustees have been developing the strategy and the subsequent corporate and business plans. This work is continuing into 2019/20, along with stakeholder and public consultation and we hope to agree the strategy in the summer 2019.
41. Our draft future priorities and associated aims are:
- Innovate for *Heritage*: *secure* our heritage, making it more resilient to economic, social and environmental impacts
  - Step up on *Biodiversity*: *ensure* our unique biodiversity is safeguarded and being restored
  - Inspire *wellbeing*: *enable* our heritage to support improved physical and mental wellbeing
  - Build *Communities*: *empower* our heritage to support and enhance sustainable communities
  - *Partnership*: *connect* our heritage, so that it is supported by effective collaboration and partnership working

42. This new strategy, alongside an improved overall business performance, gives the Trustees the confidence that the Shetland Amenity Trust has a successful and relevant future ahead of it.

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## Structure, Governance and Management

### Trustees and Organisational Structure

43. The Trust is an unincorporated Scottish Charity, originally registered as a charity on 10 January 1983, Scottish Charity Number SC017505.
44. The Trust Deed allows for up to 12 Trustees to be appointed. Trustees are appointed for the period of four years, when they can stand for re-election. New trustees are attracted by advertising for interest in the local paper prior to the AGM. Nominations must be made on the official nomination form and elections are held by secret postal ballot. These ballots are opened and counted at the Trust's AGM.
45. All new trustees receive relevant strategic documents and have the opportunity to meet the Trust's CEO to discuss the ongoing work of the Trust and their roles and responsibilities as a trustee. This includes their legal obligations. As part of an ongoing review of the Trust, training for trustees will be investigated and provided as necessary.
46. The Trustees are responsible for the governance of the Trust and meet on a bi-monthly basis. From time to time, they also participate in development days in order to consider strategy, develop their skills or assist in consultation with the public or partners.
47. The Trust has established two committees in order to improve scrutiny of policy and efficiency in decision-making. The Audit and Risk Management Committee oversees activity in relation to risk governance, reviews financial and information management procedures and seeks legislative compliance. The Human Resources Committee oversees the development of policy and procedure on all aspects of staffing and also considers recruitment and development in relation to trustees. Further short-life working groups are established as necessary in connection with particular projects.
48. The CEO takes responsibility for the day-to-day operation of the Trust and manages the staff of the Trust on behalf of the Trustees.
49. Pay rates are, for the most part, benchmarked against the local authority's, and adjusted accordingly when changes in the latter occur.

### Relationships with Related Parties

50. The Trust has relationships with various funding partners whose funding assists the Trust in pursuing its charitable objectives. The Trust also works in partnership with other organisations, e.g. VisitScotland, Scottish Natural Heritage and the RSPB, for the furtherance of its charitable objectives.

## Reference and Administrative Information

Trustees and Senior Staff	
<b>Trustees</b>	Ruth Mackenzie - co-opted May 2016 - present
	Alastair Hamilton - September 2015 - present
	Andrew Blackadder - March 1988 - present
	Richard Jones - June 2018 - present
	Pauline Megson - October 2017 - present
	Alison Moncrieff - June 2018 - present
	Linda Riddell - October 2017 - present
	Frank Robertson - August 2012 - present
	George Sutherland – August 2006 – August 2018
<b>Leadership Team</b>	Mat Roberts, Chief Executive Officer
	Tracey Leslie, Head of Business Services
	Adam Johnson, Head of Operations
	Davy Cooper, Head of Development
	Sandy Middleton, Head of Engagement

Professional Advice	Organisation
<b>Auditors</b>	The A9 Partnership Ltd., 47 Commercial Road, Lerwick, Shetland ZE1 0NJ
<b>Bankers</b>	Clydesdale Bank Plc., Commercial Street, Lerwick, Shetland, ZE1 0JJ
<b>Investment Fund Managers</b>	Investec Wealth and Investment Ltd, 5 George Square, Glasgow, G2 1DY
<b>Solicitors</b>	Harper Macleod LLP, St. Olaf Hall, Lerwick, Shetland, ZE1 0FD

Administrative Details	
<b>Founding Trust Deed</b>	Registered BC&S on 10 <sup>th</sup> January 1983
<b>Supplementary Trust Deed</b>	Registered BC&S on 17 <sup>th</sup> August 1993
<b>Scottish Charity Number</b>	SC017505
<b>VAT Registration Number</b>	716 8439 12
<b>Principal Office</b>	Garthspool, Lerwick, Shetland, ZE1 0NY

**Statement of Trustees' Responsibilities**

51. The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).
52. The 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 state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:
- select suitable accounting policies and then apply them consistently;
  - observe the methods and principles in the Charities SORP 2015 (FRS102);
  - make judgements and estimates that are reasonable and prudent;
  - state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.
53. The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the terms of the charity's constitution. 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.
54. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
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**Approved by Trustees on**

**Mrs Ruth Mackenzie**  
**Chair and authorised signatory**

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## Independent Auditors Report to the Trustees: Year Ended 31 March 2019

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### Opinion

We have audited the financial statements of Shetland Amenity Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31<sup>st</sup> March 2019 which comprise the Consolidated Statement of Financial Activities, the Statement of Financial Activities, the Consolidated Balance Sheet, the Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31<sup>st</sup> March 2019, and of the group's incoming resources and application of resources, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....

THE A9 PARTNERSHIP LIMITED  
Chartered Accountants & Statutory Auditor

The A9 Partnership Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

47 Commercial Road  
Lerwick  
Shetland  
ZE1 0NJ

## SHETLAND AMENITY TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES: YEAR ENDED 31 MARCH 2019

	Note	2019				2018	
		Unrestricted Funds £	Restricted Funds £	Restricted Grant Funds £	Restricted Endowment Funds £	Total Funds £	Total Funds £
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies	2	10,414	-	-	-	10,414	46,585
Charitable activities	3	573,174	2,578,018	-	-	3,151,192	3,550,570
Other trading activities	4	357,777	-	-	-	357,777	563,904
Investment income	5	73	52,097	-	-	52,170	57,220
<b>Total income and endowments</b>		<b>941,438</b>	<b>2,630,115</b>	<b>-</b>	<b>-</b>	<b>3,571,553</b>	<b>4,218,279</b>
<b>EXPENDITURE ON:</b>							
Raising funds	6	395,269	-	-	-	395,269	658,025
Charitable Activities	7	994,270	2,639,118	-	-	3,633,388	3,908,874
<b>Total expenditure</b>		<b>1,389,539</b>	<b>2,639,118</b>	<b>-</b>	<b>-</b>	<b>4,028,657</b>	<b>4,566,899</b>
<b>Net income/(expenditure) before gains and losses on investments</b>		<b>(448,101)</b>	<b>(9,003)</b>	<b>-</b>	<b>-</b>	<b>(457,104)</b>	<b>(348,620)</b>
Net (losses)/gains on investments	15	-	-	-	41,364	41,364	(63,857)
<b>Net income/(expenditure) for the year</b>		<b>(448,101)</b>	<b>(9,003)</b>	<b>-</b>	<b>41,364</b>	<b>(415,740)</b>	<b>(412,477)</b>
Net (losses) on the revaluation of fixed assets		-	-	-	-	-	( 3,063,913)
<b>Net (expenditure) for the year</b>		<b>(448,101)</b>	<b>(9,003)</b>	<b>-</b>	<b>41,364</b>	<b>(415,740)</b>	<b>(3,476,390)</b>
<b>Transfers between funds</b>	27	408,909 (	11,000) (	397,909)	-	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(39,192)</b>	<b>(20,003)</b>	<b>(397,909)</b>	<b>41,364</b>	<b>(415,740)</b>	<b>(3,476,390)</b>
<b>Other recognised gains/(losses)</b>							
Actuarial gains/(losses) on defined benefit pension schemes	24	( 1,149,000)	-	-	-	( 1,149,000)	2,097,000
<b>Net movement in funds</b>		<b>(1,188,192)</b>	<b>(20,003)</b>	<b>(397,909)</b>	<b>41,364</b>	<b>(1,564,740)</b>	<b>(1,379,390)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		( 4,386,657)	( 1,925,205)	15,259,642	1,113,913	10,061,693	11,441,083
<b>Total funds carried forward</b>		<b>(5,574,849)</b>	<b>(1,945,208)</b>	<b>14,861,733</b>	<b>1,155,277</b>	<b>8,496,953</b>	<b>10,061,693</b>

The Statement of Financial Activities includes all gains and losses in the year.

All incoming resources and resources expended derive from continuing activities.



## SHETLAND AMENITY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES: YEAR ENDED 31 MARCH 2019

	Note	2019				2018	
		Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	Total Funds £	Total Funds £
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies	2	10,414	-	-	-	10,414	46,585
Charitable activities	3	573,174	2,578,018	-	-	3,151,192	3,550,570
Other trading activities	4	166,367	-	-	-	166,367	158,226
Investment income	5	73	52,097	-	-	52,170	57,220
<b>Total income and endowments</b>		<b>750,028</b>	<b>2,630,115</b>	<b>-</b>	<b>-</b>	<b>3,380,143</b>	<b>3,812,601</b>
<b>EXPENDITURE ON:</b>							
Raising funds	6	157,657	-	-	-	157,657	252,160
Charitable Activities	7	980,562	2,639,118	-	-	3,619,680	3,898,134
Bad debt write off	8	132,752	-	-	-	132,752	-
<b>Total expenditure</b>		<b>1,270,971</b>	<b>2,639,118</b>	<b>-</b>	<b>-</b>	<b>3,910,089</b>	<b>4,150,294</b>
<b>Net income/(expenditure) before gains and losses on investments</b>		<b>(520,943)</b>	<b>(9,003)</b>	<b>-</b>	<b>-</b>	<b>(529,946)</b>	<b>(337,693)</b>
Net (losses)/gains on investments	15	-	-	-	41,364	41,364	(63,857)
<b>Net (expenditure) for the year</b>		<b>(520,943)</b>	<b>(9,003)</b>	<b>-</b>	<b>41,364</b>	<b>(488,582)</b>	<b>(401,550)</b>
Net (losses) on the revaluation of fixed assets		-	-	-	-	-	(3,063,913)
<b>Net (expenditure) for the year</b>		<b>(520,943)</b>	<b>(9,003)</b>	<b>-</b>	<b>41,364</b>	<b>(488,582)</b>	<b>(3,465,463)</b>
<b>Transfers between funds</b>	27	408,909	(11,000)	(397,909)	-	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(112,034)</b>	<b>(20,003)</b>	<b>(397,909)</b>	<b>41,364</b>	<b>(488,582)</b>	<b>(3,465,463)</b>
<b>Other recognised gains/(losses)</b>							
Actuarial gains/(losses) on defined benefit pension schemes	24	(1,149,000)	-	-	-	(1,149,000)	2,097,000
<b>Net movement in funds</b>		<b>(1,261,034)</b>	<b>(20,003)</b>	<b>(397,909)</b>	<b>41,364</b>	<b>(1,637,582)</b>	<b>(1,368,463)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		(4,314,941)	(1,925,205)	15,259,642	1,113,913	10,133,409	11,501,872
<b>Total funds carried forward</b>		<b>(5,575,975)</b>	<b>(1,945,208)</b>	<b>14,861,733</b>	<b>1,155,277</b>	<b>8,495,827</b>	<b>10,133,409</b>

The Statement of Financial Activities includes all gains and losses in the year.

All incoming resources and resources expended derive from continuing activities.

## SHETLAND AMENITY TRUST

## CONSOLIDATED BALANCE SHEET: YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible Assets	13	-	-
Tangible Assets	14	12,582,820	12,926,234
Endowment Investments (at market value)	15	1,155,277	1,113,913
Other Investments	16	5,600	5,600
<b>Total fixed assets</b>		<b>13,743,697</b>	<b>14,045,747</b>
<b>CURRENT ASSETS</b>			
Stocks and work-in-progress	17	128,058	120,521
Debtors	18	177,815	350,469
Cash at Bank and in hand	19	117,738	652,649
<b>Total current assets</b>		<b>423,611</b>	<b>1,123,639</b>
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	20	( 1,251,053)	( 1,826,145)
<b>Net current liabilities</b>		<b>( 827,442)</b>	<b>( 702,506)</b>
<b>Total assets less current liabilities</b>		<b>12,916,255</b>	<b>13,343,241</b>
Creditors: Amounts falling due after more than one year	21	( 285,302)	( 296,548)
<b>Net assets excluding pension asset or liability</b>		<b>12,630,953</b>	<b>13,046,693</b>
<b>Defined Benefit Pension Scheme Liability</b>	24	( 4,134,000)	( 2,985,000)
<b>NET ASSETS</b>		<b>8,496,953</b>	<b>10,061,693</b>
<b><u>THE FUNDS OF THE CHARITY</u></b>			
Endowment Fund	27	1,155,277	1,113,913
Restricted Income Funds	27	209,415	229,418
Restricted Capital Funds	27	14,861,733	15,259,642
Restricted Revaluation Reserve	27	( 2,154,623)	( 2,154,623)
<u>Unrestricted Income Funds</u>			
Capital on formation	27	1	1
Unrestricted income funds excluding pension liability	27	( 1,440,850)	( 1,401,658)
Pension reserve	27	( 4,134,000)	( 2,985,000)
		( 5,574,849)	( 4,386,657)
<b>TOTAL CHARITY FUNDS</b>	28	<b>8,496,953</b>	<b>10,061,693</b>

Approved by the Board of Trustees and signed on its behalf by;

TRUSTEE: .....

TRUSTEE: .....

DATE: .....

## SHETLAND AMENITY TRUST

## BALANCE SHEET: YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible Assets	13	-	-
Tangible Assets	14	12,582,820	12,926,234
Endowment Investments (at market value)	15	1,155,277	1,113,913
Other Investments	16	5,601	5,601
<b>Total fixed assets</b>		<b>13,743,698</b>	<b>14,045,748</b>
<b>CURRENT ASSETS</b>			
Stocks and work-in-progress	17	128,058	116,844
Debtors	18	178,635	397,230
Cash at Bank and in hand	19	111,545	640,814
<b>Total current assets</b>		<b>418,238</b>	<b>1,154,888</b>
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	20	( 1,246,807)	( 1,785,679)
<b>Net current liabilities</b>		<b>( 828,569)</b>	<b>( 630,791)</b>
<b>Total assets less current liabilities</b>		<b>12,915,129</b>	<b>13,414,957</b>
Creditors: Amounts falling due after more than one year	21	( 285,302)	( 296,548)
<b>Net assets excluding pension asset or liability</b>		<b>12,629,827</b>	<b>13,118,409</b>
<b>Defined Benefit Pension Scheme Liability</b>	24	( 4,134,000)	( 2,985,000)
<b>NET ASSETS</b>		<b>8,495,827</b>	<b>10,133,409</b>
<b><u>THE FUNDS OF THE CHARITY</u></b>			
Endowment Fund	27	1,155,277	1,113,913
Restricted Income Funds	27	209,415	229,418
Restricted Capital Funds	27	14,861,733	15,259,642
Restricted Revaluation Reserve	27	( 2,154,623)	( 2,154,623)
<u>Unrestricted Income Funds</u>			
Capital on formation	27	1	1
Unrestricted income funds excluding pension liability	27	( 1,441,976)	( 1,329,942)
Pension reserve	27	( 4,134,000)	( 2,985,000)
		( 5,575,975)	( 4,314,941)
<b>TOTAL CHARITY FUNDS</b>	28	<b>8,495,827</b>	<b>10,133,409</b>

Approved by the Board of Trustees and signed on its behalf by;

TRUSTEE: .....

TRUSTEE: .....

DATE: .....

## SHETLAND AMENITY TRUST

## CONSOLIDATED STATEMENT OF CASH FLOWS: YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
<b>Cash flows from operating activities:</b>					
<b>Net cash provided by/(used in) operating activities</b>	<b>29 (a)</b>		<b>( 452,478)</b>		<b>225,680</b>
<b>Cash flows from investing activities:</b>					
Dividends and interest from investments		52,170		57,220	
Purchase of property, plant and equipment	(	6,388)	(	62,155)	
Proceeds from sale of fixed assets		22,676		11,250	
Proceeds from sale of investments		50,180		397,659	
Purchase of investments and additional cash available for investments	(	39,790)	(	195,869)	
<b>Net cash provided by investing activities</b>			<b>78,848</b>		<b>208,105</b>
<b>Cash flows from financing activities:</b>					
Repayment of borrowing	(	10,906)	(	10,612)	
Release of borrowing	(	47,752)		-	
Cash inflows from new borrowing		-		6,686	
Interest paid	(	21,426)	(	11,349)	
<b>Net cash (used in)/provided by financing activities</b>			<b>( 80,084)</b>		<b>( 15,275)</b>
<b>Change in cash and cash equivalents in the reporting period</b>					
<b>Cash and cash equivalents at the beginning of the reporting period</b>			<b>( 48,944)</b>		<b>( 467,454)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>29 (b)</b>		<b>( 502,658)</b>		<b>( 48,944)</b>

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 1. ACCOUNTING POLICIES

**a) Basis of Accounting and Going Concern**

Shetland Amenity Trust is a registered Scottish charity and is constituted by its trust deed. The address of the charity's registered office and a description of the charity's operations and principal activities are further discussed in the Trustees' Report. The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are prepared under the historical cost convention with items recognised at cost of transaction value unless otherwise stated in the relevant notes to these accounts, and include the results of the charitable group's operations which are described in the Trustees' Report and all of which are continuing.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The functional currency of Shetland Amenity Trust is considered to be pounds sterling because that is the currency of the primary economic environment in which the charity operates.

The trustees have a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**b) Group Accounts**

These financial statements consolidate the results of the charity and its wholly owned subsidiary, Hay's Dock Café Restaurant Ltd. The subsidiary, Robertsons (Lerwick) Ltd has not been consolidated as the company is dormant and the results are not material to the group.

The financial statements of Hay's Dock Café Restaurant Limited have been prepared on a break up basis. The company ceased trading in the year and is not therefore considered to be a going concern.

**c) Critical Accounting Estimates and Areas of Judgement**

The charity makes estimates and assumptions concerning the future. The charity has not identified any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

**d) Income**

As a general principle, income is recognised in the Statement of Financial Activities when a transaction or other event results in an increase in the charity's assets or a reduction in its liabilities. Income is only recognised when all of the following criteria are met:

- Entitlement: control over the rights or other access to the economic benefit has passed to the charity;
- Probable: it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity; and
- Measurement: the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

**1. ACCOUNTING POLICIES (continued)****d) Income (continued)**

Incoming resources are analysed and directly attributed to the appropriate activity that produced the resources.

Grants are recognised when the entitlement to the grant is confirmed. Grants for the purchase of equipment and towards initial setting up of projects are credited in full to the various activities in furtherance of the Charity's objects in the year in which they are received.

Where grant income received is subject to donor imposed conditions that specify the time period in which the expenditure can take place, such incoming resources are accounted for as deferred income and recognised as a liability until the accounting period in which the Trust is allowed by the conditions to expend the resources.

Where grant income is received with conditions attached that must be fulfilled before the Trust has unconditional entitlement of the resources, and uncertainty exists as to whether the Trust can meet conditions within its control, such incoming resources are accounted for as deferred income and recognised as a liability until certainty exists that the conditions imposed can be met.

Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

**e) Expenditure**

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

Support costs are those functions that assist the work of the charity but do not undertake charitable activities. These costs include staff salaries, overheads and governance costs. All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis that reflects the use of the resource.

**f) Termination Benefits**

Termination benefits are payable when employment is terminated by the charity before the normal retirement date, or whenever an employee accepts voluntary redundancy. Such benefits are recognised when the charity is demonstrably committed to terminating the employment without withdrawal or when an offer of voluntary redundancy is accepted.

**g) Grant Aid**

Grant Aid is accounted for when committed.

**h) Operating Leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against surpluses on a straight line basis over the period of the lease.

**i) Value Added Tax**

Irrecoverable value added tax is written off when the expenditure to which it relates is incurred.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 1. ACCOUNTING POLICIES (continued)

**j) Pensions – Defined Benefit Scheme**

Employees are eligible for membership of the Local Government Pension Scheme, a multi-employer defined benefit statutory scheme, administered by Shetland Islands Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining work lives of current members in the scheme.

**k) Donated Goods and Services**

Where donations of assets, other goods, services or facilities are received by the charity free of charge, and the benefit to the charity is reasonably quantifiable, in the Statement of Financial Activities, the estimated value to the charity of these goods, services or facilities received is included in incoming resources and equivalent amounts of expenditure are included as expenditure under the appropriate headings.

**l) Tangible Fixed Assets**

No single equipment purchase with a cost below £2,000 is to be capitalised. Any item of equipment costing more than £2,000 is initially capitalised at cost.

Heritable and Leasehold properties, whose fair value can be measured reliably, are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, based on their remaining useful lives. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in net income/(expenditure) for the year and accumulated in the total funds of the charity

Depreciation is charged on fixed assets, other than investments, from the month of purchase so as to write off each asset's net cost less any residual value over its anticipated useful economic life. The following rates of depreciation are used:

Heritable Property	-	straight line over the useful life of the building, varying from 10 to 15 years
Long Leasehold Property	-	straight line over the remaining useful life, deemed to be 40 years
Equipment	-	10 - 20% straight line
Motor Vehicles	-	20% straight line

Artwork is not depreciated as it is considered to have a useful life of greater than 50 years and therefore any depreciation is considered immaterial. The Trustees consider that this departure from United Kingdom Generally Accepted Accounting Practice (UK GAAP) is necessary in order to provide a true and fair view.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

**m) Intangible Fixed Assets**

Patents and other intangible assets are capitalised at cost. Amortisation is charged using the straight line method from the month of purchase so as to write off the cost of these assets less any residual value over their useful economic life. Assets currently held are being written off over 5 years.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 1. ACCOUNTING POLICIES (continued)

**n) Investments**

Listed investments are initially capitalised at cost value, but are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Investments in subsidiaries are stated at cost.

**o) Stock**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the Statement of Financial Activities. Reversals of impairment losses are also recognised in the Statement of Financial Activities.

**p) Debtors**

Trade and other debtors, that are receivable within one year, are measured at their recoverable amounts and include amounts owed to the charity for the provision of goods and services or amounts paid in advance for goods and services that the charity will receive.

**q) Cash at Bank and in Hand**

Cash at bank and in hand is held to meet the short-term cash commitments as they fall due rather than for any investment purposes.

**r) Liabilities**

Liabilities arise from legal or constructive obligations that commit the charity to expenditure. A liability and related expenditure is recognised when all of the following criteria are met:

Obligation: a present legal or constructive obligation exists at the reporting date as a result of a past event;

Probable: it is more likely than not that a transfer of economic benefits, often cash, will be required in settlement; and

Measurement: the amount of the obligation can be measured or estimated reliably.

Liabilities that are classified as payable within one year on initial recognition are measured at the undiscounted amount of cash or other consideration expected to be paid. Amounts are included in liabilities when authorised and committed.

**s) Funds**

With the adoption of the statement of recommended practice, funds require to be classified between restricted funds which are subject to specific terms as to their use laid down by the donor and unrestricted funds which can be used at the discretion of the Trustees in the furtherance of the objectives of the Trust.

All funds held as Restricted Funds are funds that have restrictions imposed by donors and can only be applied for the particular purposes specified by the donors.



## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 1. ACCOUNTING POLICIES (continued)

s) **Funds (continued)**

Endowment funds are capital funds where the capital cannot be spent although the income may be spent. The investment income is added to restricted funds and is utilised in the furtherance of delivering the charity's objectives.

Permanent Restricted Grant funds are grant funding that has been received in respect of specific capital expenditure. The amount transferred between funds relates to the amortisation of the capitalised grants. These grants are amortised over the useful economic life of the assets the grants were received for.

t) **Foreign Currencies**

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.

u) **Financial Instruments**

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially measured at their transaction value and subsequently measured at their settlement value.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

Note	Group				Charity			
	2019	2019	2019	2018	2019	2019	2019	2018
	£	£	£	£	£	£	£	£
	Unrestricted Funds	Restricted Funds	Total	Total	Unrestricted Funds	Restricted Funds	Total	Total
<b>2 Donations and legacies</b>								
Donations	10,414	-	10,414	24,985	10,414	-	10,414	24,985
Sponsorship	-	-	-	21,600	-	-	-	21,600
<b>Total donations</b>	<b>10,414</b>	<b>-</b>	<b>10,414</b>	<b>46,585</b>	<b>10,414</b>	<b>-</b>	<b>10,414</b>	<b>46,585</b>

The charity benefits from the involvement and enthusiastic support of its volunteers, details of which are given in the trustees' report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

Group and Charity:

In the prior year, donations and sponsorship of £11,082 were unrestricted with the remaining £35,503 being considered to be restricted funds.

**3 Charitable activities****Grant funded income**

Shetland Charitable Trust	-	1,189,045	1,189,045	1,235,102	-	1,189,045	1,189,045	1,235,102
Shetland Islands Council	-	4,061	4,061	8,433	-	4,061	4,061	8,433
Scottish Natural Heritage - Peatlands	-	55,604	55,604	107,366	-	55,604	55,604	107,366
EU Creative - Follow the Vikings	-	132,925	132,925	113,204	-	132,925	132,925	113,204
Causeway Coast - Drifting Apart	-	82,097	82,097	53,787	-	82,097	82,097	53,787
Historic Scotland	-	11,416	11,416	24,245	-	11,416	11,416	24,245
Grant Aid Account	-	45,360	45,360	40,988	-	45,360	45,360	40,988
Other Grants	-	109,612	109,612	84,875	-	109,612	109,612	84,875
	-	1,630,120	1,630,120	1,668,000	-	1,630,120	1,630,120	1,668,000

**Other income from charitable activities**

Shetland Islands Council	-	947,898	947,898	1,148,805	-	947,898	947,898	1,148,805
Commercial Operations	573,174	-	573,174	733,765	573,174	-	573,174	733,765
	573,174	947,898	1,521,072	1,882,570	573,174	947,898	1,521,072	1,882,570

**Total charitable activities**

	<b>573,174</b>	<b>2,578,018</b>	<b>3,151,192</b>	<b>3,550,570</b>	<b>573,174</b>	<b>2,578,018</b>	<b>3,151,192</b>	<b>3,550,570</b>
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Group and Charity:

Total grant funded income of £1,668,000 was considered to be restricted funds in 2018. Charitable activities income of £1,148,805 from the Shetland Islands Council was also considered to be restricted in 2018. The remaining £733,765 was considered to be unrestricted funds in the prior year.

**4 Other trading activities**

Hay's Dock Café Restaurant Ltd	191,410	-	191,410	405,678	-	-	-	-
Museum Shop - sale of goods	80,414	-	80,414	80,942	80,414	-	80,414	80,942
Sumburgh Head - sale of goods	85,953	-	85,953	77,284	85,953	-	85,953	77,284
<b>Total income from other trading activities</b>	<b>357,777</b>	<b>-</b>	<b>357,777</b>	<b>563,904</b>	<b>166,367</b>	<b>-</b>	<b>166,367</b>	<b>158,226</b>

Group and Charity:

All trading income in 2018 was considered to be unrestricted funds.

**5 Investment income**

Investments listed on a recognised stock exchange	-	52,097	52,097	57,199	-	52,097	52,097	57,199
Bank interest received	73	-	73	21	73	-	73	21
<b>Total investment income</b>	<b>73</b>	<b>52,097</b>	<b>52,170</b>	<b>57,220</b>	<b>73</b>	<b>52,097</b>	<b>52,170</b>	<b>57,220</b>

Group and Charity:

Investment income of £57,199 was considered to be restricted funds in 2018. The remaining £21 was considered to be unrestricted funds.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

Note	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
	Unrestricted Funds	Unrestricted Funds	Unrestricted Funds	Unrestricted Funds
<b>6 Expenditure on raising funds</b>				
<b>MUSEUM SHOP</b>				
Museum Shop	48,650	113,009	48,650	113,009
Sumburgh Head Operational Budget	109,007	139,151	109,007	139,151
	<u>157,657</u>	<u>252,160</u>	<u>157,657</u>	<u>252,160</u>
<b>HAYS DOCK CAFÉ RESTAURANT LIMITED</b>				
Cost of Sales	78,694	153,068	-	-
Administrative Expenses	158,918	252,797	-	-
	<u>237,612</u>	<u>405,865</u>	<u>-</u>	<u>-</u>
<b>Total expenditure on raising funds</b>	<b><u>395,269</u></b>	<b><u>658,025</u></b>	<b><u>157,657</u></b>	<b><u>252,160</u></b>

7 Expenditure on charitable activities	Group				Charity			
	2019	2019	2019	2018	2019	2019	2019	2018
	£	£	£	£	£	£	£	£
	Unrestricted Funds	Restricted Funds	Total	Total	Unrestricted Funds	Restricted Funds	Total	Total
<b>Activities undertaken directly</b>								
Shetland Museum and Archives	-	97,116	97,116	300,807	-	97,116	97,116	300,807
Other Grant Funded Projects and Services	-	332,928	332,928	431,107	-	332,928	332,928	431,107
Commercial Operations	294,867	-	294,867	430,148	295,544	-	295,544	430,148
Direct Charitable Wages and Salaries	32,628	1,203,443	1,236,071	1,582,717	32,628	1,203,443	1,236,071	1,582,717
Depreciation	331,172	-	331,172	260,011	331,172	-	331,172	260,011
Grant Aid	-	75,498	75,498	58,615	-	75,498	75,498	58,615
<b>Support Costs</b>								
Governance	14,385	34,060	48,445	46,886	-	34,060	34,060	36,146
Finance and Office Administration	320,498	176,531	497,029	26,549	320,498	176,531	497,029	26,549
Fleet Management	-	37,996	37,996	-	-	37,996	37,996	-
Repairs and Maintenance	720	68,228	68,948	243,478	720	68,228	68,948	243,478
Support Wages and Salaries	-	613,318	613,318	528,556	-	613,318	613,318	528,556
	<u>994,270</u>	<u>2,639,118</u>	<u>3,633,388</u>	<u>3,908,874</u>	<u>980,562</u>	<u>2,639,118</u>	<u>3,619,680</u>	<u>3,898,134</u>

Group:

£2,847,639 of expenditure on charitable activities in 2018 was considered to be restricted, including expenditure on grant funding of activities of £58,615. £1,061,235 was considered to be unrestricted.

Charity:

£2,847,639 of expenditure on charitable activities in 2018 was considered to be restricted, including expenditure on grant funding of activities of £58,615. £1,050,495 was considered to be unrestricted.

**8 Bad debt write off**

As described in greater detail in the Trustees' Annual Report, during the year the wholly owned subsidiary, Hays Dock Café Restaurant Limited, ceased trading. As a result of this decision, the credit facility historically extended by the Charity to its subsidiary was recognised as a bad debt. This amounted to amounts of £132,752.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

	Note	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
<b>9 GOVERNANCE COSTS</b>					
<u>Auditor's Remuneration</u>					
Audit Fees		11,950	21,650	8,700	17,400
Assurance Services other than audit or independent examination		2,950	3,545	2,950	3,545
Tax Advisory Services		350	350	-	350
Other Financial Services		18,130	15,990	7,345	9,500
<u>Other Governance costs:</u>					
Legal fees		-	1,820	-	1,820
Trustees Allowances and Expenditure		1,887	1,925	1,887	1,925
Other Trustee Costs - Recruitment		950	-	950	-
Other Trustee Costs - Trustee Indemnity Insurance		1,228	1,606	1,228	1,606
Other Trustee Costs - Board Intelligence Tool		11,000	-	11,000	-
		<u>48,445</u>	<u>46,886</u>	<u>34,060</u>	<u>36,146</u>

Trustees are paid an attendance allowance to reimburse them for the cost of their travel to meetings.

During the year, reimbursements were made to 3 trustees totalling £1,887 (2018: 5 trustees totalling £1,631). An additional £950 was paid in relation to advertising for new trustees (2018: £294).

Trustees are not remunerated by the Trust.

10 DEPRECIATION		2019 £	2018 £	2019 £	2018 £
Depreciation	14	331,172	260,011	331,172	260,011
		<u>331,172</u>	<u>260,011</u>	<u>331,172</u>	<u>260,011</u>

11 STAFF COSTS AND EMOLUMENTS		2019 £	2018 £	2019 £	2018 £
Wages and salaries		1,681,863	1,973,194	1,546,640	1,764,128
Employers National Insurance		144,375	159,077	138,236	152,333
Pension Costs		235,697	325,667	234,758	324,908
		<u>2,061,935</u>	<u>2,457,938</u>	<u>1,919,634</u>	<u>2,241,369</u>

Average number of staff 73 92 64 75

Number of staff with emoluments between:- £60,000-£70,000 1 1 1 1

Redundancy costs for the year were £52,791 (2018: £99,728). These were accounted for when paid and were calculated in the statutory method. Redundancy costs were met with funding from the charity's commercial operations.

Additional redundancy costs were incurred in the subsidiary, Hay's Dock Cafe Restaurant Ltd totalling £7,325. These were also accounted for when paid and calculated in the statutory method. costs were met with funding from the charity's commercial operations.

The total employment benefits, including employers pension contributions, of key management personnel was £343,833 (2018: £257,212).

12 GRANT AID		2019 £	2018 £	2019 £	2018 £
Grants Paid		18,100	22,195	18,100	22,195
Grants Committed	12a	57,398	36,420	57,398	36,420
		<u>75,498</u>	<u>58,615</u>	<u>75,498</u>	<u>58,615</u>

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

12a GRANTS PAID/COMMITTED	Committed at 1st April 2018 £	Awarded during the Year £	Grants written off £	Paid during the Year £	Committed at 31 March 2019 £
SAT Viking Unst	15,000	-	-	-	15,000
Shetland Boat Week	7,500	-	-	( 5,341)	2,159
Edinburgh World Heritage Trust	4,000	-	( 4,000)	-	-
SAT Project Development	-	12,000	-	-	12,000
SAT Property Acquisition	-	10,500	-	-	10,500
SAT Boat Building Store	-	9,500	-	( 9,500)	-
SAT Project Support	-	35,281	-	( 34,359)	922
SAT Project Support 2019/20	-	4,061	-	-	4,061
SAT Drifting Apart	4,170	-	-	-	4,170
Eshaness Lighthouse	750	750	-	( 1,500)	-
Stonework repairs	5,000	-	-	-	5,000
Claire White - Shetland Song	-	2,733	-	( 2,733)	-
Eve Eunson - Fair Isle Chair Project	-	2,173	-	( 1,087)	1,086
SMAA - Jenny Gilbertson Digitisation	-	1,500	-	-	1,500
Yell Community Council	-	1,000	-	-	1,000
					-
	36,420	79,498	( 4,000)	( 54,520)	57,398

## GRANT AID SCHEME

The Trust operates a grant aid scheme financed by investment income from its endowment fund. The ability to offer grant assistance is dependant on the level of investment income received and can vary from year to year depending on stock market performance.

Grants are offered for projects in environmental improvement and interpretation including access to the countryside and publications promoting Shetland's heritage. Applications are also considered for the restoration, renovation and preservation of artefacts considered to have significance in the interpretation of Shetland's history. Projects being submitted must demonstrate a tangible benefit for the people of Shetland and ensure the furtherance for the Trust's objectives.

## ANALYSIS OF GRANTS AWARDED DURING THE YEAR

The grants awarded during the year were for projects as follows:

	2019 £	2018 £
Claire White - Shetland Song	2,733	-
Drifting Apart Viking project	-	9,170
Eshaness Lighthouse	750	750
Eve Eunson - Fair Isle Chair Project	2,173	-
Project Development	12,000	12,000
Property acquisition	10,500	10,500
SAT Salary Uplifts	39,342	8,820
Shetland Boat Building	9,500	9,500
SMAA - Jenny Gilbertson Digitisation	1,500	-
Stonework repairs	-	5,875
Wool Week	-	5,000
Yell Community Council	1,000	-
	79,498	61,615

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 13 INTANGIBLE FIXED ASSETS

	Group			Charity		
	Museum & Archives Branding £	Glass Recycling Patent £	Total £	Museum & Archives Branding £	Glass Recycling Patent £	Total £
<u>COST</u>						
At 31st March 2018	34,746	300	35,046	34,746	300	35,046
At 31st March 2019	34,746	300	35,046	34,746	300	35,046
<u>AMORTISATION</u>						
At 31st March 2018	34,746	300	35,046	34,746	300	35,046
At 31st March 2019	34,746	300	35,046	34,746	300	35,046
<u>NET BOOK VALUE</u>						
At 31st March 2018	-	-	-	-	-	-
At 31st March 2019	-	-	-	-	-	-

## 14 TANGIBLE FIXED ASSETS GROUP AND CHARITY

	Heritable Property £	Long Leasehold Property £	Equipment £	Motor Vehicles £	Total £
<u>COST OR VALUATION</u>					
At 31st March 2018	12,217,500	550,000	2,803,175	191,476	15,762,151
Additions	1	-	6,387	-	6,388
Disposals	( 20,001)	-	-	-	( 20,001)
Revaluations	-	-	-	-	-
At 31st March 2019	12,197,500	550,000	2,809,562	191,476	15,748,538
<u>DEPRECIATION</u>					
At 31st March 2018	136,437	5,625	2,546,595	147,260	2,835,917
Charge for Year	272,745	11,250	27,494	19,683	331,172
Disposals	( 1,371)	-	-	-	( 1,371)
Revaluations	-	-	-	-	-
At 31st March 2019	407,811	16,875	2,574,089	166,943	3,165,718
<u>NET BOOK VALUE</u>					
At 31st March 2019	11,789,689	533,125	235,473	24,533	12,582,820
At 31st March 2018	12,081,063	544,375	256,580	44,216	12,926,234

All fixed assets are used directly for charitable purposes.

The Museum & Archives Collections remain the possession of the Shetland Islands Council and as such are not included by the Trust. All additions to the collections are paid directly from Shetland Islands Council funding through the service level agreement.

The net book value of tangible fixed assets pledged as security detailed in note 22, is £1,109,125. Should the building at Garthspool, included within Leasehold Property above, with a net book value of £533,125, be sold or transferred, any proceeds from such a transaction are immediately payable to the Shetland Charitable Trust in accordance with grant documentation accepted on 14th May 1999.

All Heritable and Leasehold property was revalued at 30 September 2017 by FG Burnett Ltd, independent valuers not connected with the charity on the basis of Fair Value. The valuations have been prepared in accordance with the contents of the RICS Valuation - Professional Standards UK July 2017 and specifically the appropriate basis of valuation under the Financial Reporting Standards (FRS). The carrying value of those assets revalued that would have been recognised had the assets been carried under the cost model, and the charity's previous accounting policies, totals £15,793,034. The trustees are of the opinion that the valuation of such buildings has not materially changed since the last valuation.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 15 ENDOWMENT INVESTMENTS

Group and Charity	2019		2018	
	£	£	£	£
Market Value at 31st March		1,113,913		1,377,770
Less: Disposals at opening book value				
Proceeds	50,180		397,659	
Gain on disposals	( 17,586)	32,594	71,473	469,132
		<u>1,081,319</u>		<u>908,638</u>
Add: Acquisition at cost	39,790		195,869	
(Decrease)/Increase in cash deposits	( 862)		( 20,222)	
Net Gains on Revaluation	35,030	73,958	29,628	205,275
Market Value at 31st March		<u><u>1,155,277</u></u>		<u><u>1,113,913</u></u>

## ANALYSIS OF INVESTMENTS

	Market	Cost	Market	Cost
	Value at	Analysis at	Value at	Analysis at
	31.03.19	31.03.19	31.03.18	31.03.18
	£	£	£	£
Fixed and Variable Interest Securities:				
UK Fixed Interest	163,323	162,676	190,909	193,436
UK Equities	534,848	497,213	491,615	489,974
European Equities	47,808	42,109	49,899	42,109
Far East & Australian Equities	44,090	34,368	56,585	47,622
International Equities	181,496	169,178	157,473	158,924
Emerging Economies	29,555	28,272	29,555	28,272
Property Funds - listed	79,719	81,380	70,629	79,840
Alternative assets	63,905	63,663	55,853	6,363
Funds on Deposit - unlisted	10,533	10,533	11,395	11,395
	<u><u>1,155,277</u></u>	<u><u>1,089,392</u></u>	<u><u>1,113,913</u></u>	<u><u>1,057,935</u></u>

The investments are held primarily for investment return.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 16 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Value as at 31st March 2019	5,600	5,600	5,601	5,601
Value as at 31st March 2018	5,600	5,600	5,601	5,601

The Trust acquired all the shares in Robertsons (Lerwick) Limited (a dormant company) in March 2007 as a means of obtaining the rights to the Wreck of the Oceanic.

The Trust purchased 1 share in its wholly-owned trading subsidiary, Hay's Dock Café Restaurant Ltd (company number: SC324266) when it was incorporated on 23 May 2008 at a cost of £1. This company operates a café/restaurant in the museum owned and run by the Trust. The subsidiary results are consolidated in the group results.

	Hay's Dock Café Restaurant Limited		Hay's Dock Café Restaurant Limited		
	2019 £	2018 £	2019 £	2018 £	
Turnover	191,815	409,934			
Cost of Sales	( 78,694)	( 153,068)			
Gross Profit	113,121	256,866			
Administration and distribution expenses	( 173,303)	( 267,793)			
Other operating income	272	-			
Release of related balance	132,752	-			
Net Profit/(Loss)	72,842	( 10,927)			
			Current assets	6,534	18,091
			Creditors due within one year	( 5,407)	( 89,806)
				1,127	( 71,715)
			Share capital	1	1
			Profit and loss account	1,126	( 71,716)
				1,127	( 71,715)

## 17 STOCK

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Hay's Dock Café Restaurant Ltd Stock	-	3,677	-	-
Museum Shop Stock	61,266	60,873	61,266	60,873
Heritage Publications Stock	42,880	29,590	42,880	29,590
Sumburgh Head Shop Stock	23,912	26,381	23,912	26,381
	128,058	120,521	128,058	116,844

## 18 DEBTORS

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade Debtors	83,943	159,820	85,104	158,988
Amounts due from group companies	-	-	-	47,752
VAT	25,193	17,051	25,129	17,051
Prepayments and accrued income	68,679	173,598	68,402	173,439
	177,815	350,469	178,635	397,230



## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 19 CASH AT BANK AND IN HAND

	Note	Group		Charity	
		2019	2018	2019	2018
		£	£	£	£
HDCR bank account		6,193	11,835	-	-
BACS Trade Payments		60	400	60	400
Telebank Investment Account		11	700	11	700
Euro Account - Follow The Vikings		109,952	638,195	109,952	638,195
Cash in hand		1,522	1,519	1,522	1,519
		<u>117,738</u>	<u>652,649</u>	<u>111,545</u>	<u>640,814</u>

The Follow The Vikings funds are included in the financial statements for completeness. The charity is the custodian trustee of these funds which are applied for and released to partners in the Follow The Vikings programme in line with the terms and conditions of the award from the EU Creative Europe programme. Hence there is also a matching creditor included in note 20.

## 20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	Group		Charity	
		2019	2018	2019	2018
		£	£	£	£
Bank overdraft		630,929	712,988	630,929	712,988
Trade creditors		201,943	229,015	201,745	205,115
Balance due to Robertsons (Lerwick) Ltd		5,335	5,335	5,335	5,335
Accruals and Deferred Income		233,301	156,288	229,253	144,423
Other creditors		27,256	34,091	27,256	34,091
PAYE/NI creditor		31,059	34,175	31,059	34,594
VAT creditor		-	5,120	-	-
Follow The Vikings creditor		109,952	638,195	109,952	638,195
Loans	21	11,278	10,938	11,278	10,938
		<u>1,251,053</u>	<u>1,826,145</u>	<u>1,246,807</u>	<u>1,785,679</u>

The following liabilities disclosed under creditors falling due within one year are secured by the charity:

Loans	11,278	10,938	11,278	10,938
Bank overdraft	630,929	712,988	630,929	712,988
	<u>642,207</u>	<u>723,926</u>	<u>642,207</u>	<u>723,926</u>

Analysis of movement in deferred income	Group and Charity			
	Opening Balance	Deferred in Year	Released in Year	Closing Balance
	£	£	£	£
Lighthouse and camping bod income prepaid	30,033	30,512 (	30,033)	30,512
RSPB and Scottish Natural Heritage income prepaid	1,500	2,370 (	1,500)	2,370
Loan of Holbein	5,000	- (	5,000)	-
Interpretive panels for Sletts pathway	2,700	- (	2,700)	-
Nottingham Lace Project	2,285	- (	2,285)	-
Follow the Vikings	-	19,300	-	19,300
	<u>41,518</u>	<u>52,182 (</u>	<u>41,518)</u>	<u>52,182</u>

Deferred income is recognised in circumstances where the charity is not yet entitled to the income.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

**21 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Loans	285,302	296,548	285,302	296,548
	<u>285,302</u>	<u>296,548</u>	<u>285,302</u>	<u>296,548</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the charity:

Loans	<u>285,302</u>	<u>296,548</u>	<u>285,302</u>	<u>296,548</u>
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**22 LOANS**

	Group and Charity					
	Due < One Year £	2019 Due > One Year £	Total £	Due < One Year £	2018 Due > One Year £	Total £
Eshanness Lighthouse Mortgage	2,000	12,033	14,033	2,000	14,000	16,000
Boat Shed Mortgage	9,278	273,269	282,547	8,938	282,548	291,486
	<u>11,278</u>	<u>285,302</u>	<u>296,580</u>	<u>10,938</u>	<u>296,548</u>	<u>307,486</u>

The Eshanness Lighthouse loan is repayable over 20 years, final repayment due, 1 July 2025, with an interest rate of approx 6%.

The Boat Shed loan is repayable over 5 years, final repayment due 2 March 2021, with a variable interest rate of 4% above base rate.

Standard securities are held by the Clydesdale Bank Plc over 0.5 acres and subjects at Staneyhill Industrial Estate Lerwick, North Staneyhill Industrial Estate Lerwick, Site 3 Cunningsburgh Industrial Estate, the Former Keeper's Residence, Eshanness Lighthouse, Northmavine and Garthspool, Lerwick, Shetland.

**23 OPERATING LEASES**

Amounts paid by the Trust during the year in respect of operating leases were as follows:

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Operating lease payments	<u>6,492</u>	<u>5,619</u>	<u>6,492</u>	<u>5,619</u>

Total future minimum lease payments under non-cancellable operating leases are as follows:

Not later than 1 year	7,000	7,000	7,000	7,000
Later than 1 year and not later than 5 years	8,619	15,111	8,619	15,111
Later than 5 years	-	-	-	-
	<u>15,619</u>	<u>22,111</u>	<u>15,619</u>	<u>22,111</u>

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 24 PENSION SCHEME (GROUP AND CHARITY)

Shetland Amenity Trust provides pension arrangements to eligible employees through the Shetland Islands Council administered multi employer defined benefits scheme and the related costs are assessed in accordance with the advice of Hymans Robertson LLP, Independent Qualified Actuaries.

The latest formal valuation of the Fund was at 31st March 2017 and this is updated on a triennial basis. A summary of the membership data used and the benefits valued at the latest formal valuation are set out in the formal valuation report. Hymans Robertson LLP has reviewed the most recent full actuarial valuation at 31st March 2017 and has updated it annually at the charity's balance sheet date to reflect current conditions.

Arrangements have been put in place whereby the employer's annual contributions include deficit funding of 2.9% of pensionable payroll costs spread over 20 years.

Assumptions as at	31 March 2019 % per annum	31 March 2018 % per annum
Pension Increase Rate	2.50%	2.40%
Salary Increase Rate	3.10%	3.02%
Discount Rate	2.40%	2.70%
Proportion of employees opting for early retirement	0.00%	0.00%

The discount rate used to place a value on the liabilities is determined by reference to market yields on high quality corporate bonds at the reporting date. The approach adopted by Hymans Robertson to setting the discount rate involved constructing a corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

Mortality assumptions	31 March 2019 Years	31 March 2018 Years
Longevity at age 65 for current pensioners		
Men	22.1	22.1
Women	24.0	24.0
Longevity at age 65 for future pensioners		
Men	23.9	23.9
Women	26.1	26.1

**Assets (Employer Share)**

	Percentage	31st March 2019 Fair value of the total plan assets £ 000	Percentage	31st March 2018 Fair value of the total plan assets £ 000
Equities	79.0%	8,941	79.0%	8,233
Bonds	8.0%	905	9.0%	938
Property	12.0%	1,358	12.0%	1,250
Cash	1.0%	114	0.0%	-
	<u>100.0%</u>	<u>11,318</u>	<u>100.0%</u>	<u>10,421</u>

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 24 PENSION SCHEME (Continued)

<b>Net Pension Asset as at</b>	<b>31 March 2019 £ 000</b>	<b>31 March 2018 £ 000</b>
Fair value of Employer Assets	11,318	10,421
Present value of funded liabilities	( 15,452)	( 13,406)
Net (under)/overfunding in funded plans	( 4,134)	( 2,985)
Present value of unfunded liabilities	-	-
Unrecognised past service cost	-	-
Net asset/(liability)	( 4,134)	( 2,985)
Amount in the balance sheet		
Liabilities	( 4,134)	( 2,985)
Assets	-	-
Net Pension (liability)/asset	( 4,134)	( 2,985)
<b>Amounts recognised in the SOFA</b>	<b>31 March 2019 £ 000</b>	<b>31 March 2018 £ 000</b>
Current service cost	( 522)	( 613)
Past service cost	-	( 17)
Interest cost	( 84)	( 136)
Plan contributions and benefits paid	229	324
Remeasurements:		
Changes in demographic assumptions	-	( 57)
Changes in financial assumptions	( 1,331)	1,141
Other experience	-	2,018
Return on assets excluding amounts included in net interest	559	( 563)
<b>Total</b>	<b>( 1,149)</b>	<b>2,097</b>
<b>Actual return on plan assets</b>	<b>31 March 2019 £ 000</b>	<b>31 March 2018 £ 000</b>
Return on assets excluding amounts included in net interest	559	( 563)
Interest income on plan assets included in net interest	282	277
Return on plan assets	841	( 286)
<b>Reconciliation of defined benefit obligation</b>	<b>31 March 2019 £ 000</b>	<b>31 March 2018 £ 000</b>
<b>Opening defined benefit obligation</b>	13,406	15,678
Current service cost	522	613
Past interest cost	-	17
Interest cost	366	413
Contributions by members	82	100
Actuarial losses/(gains)	1,331	( 1,141)
Changes in demographic assumptions	-	57
Other experience	-	( 2,018)
Benefits paid	( 255)	( 313)
<b>Closing defined benefit obligation</b>	<b>15,452</b>	<b>13,406</b>

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 24 PENSION SCHEME (Continued)

Reconciliation of fair value of employer assets	31 March 2019 £ 000	31 March 2018 £ 000
<b>Opening fair value of employer assets</b>	10,421	10,596
Interest income	282	277
Contributions by members	82	100
Contributions by the employer	229	324
Return on assets excluding amounts included in net interest	559	( 563)
Benefits paid	( 255)	( 313)
<b>Closing fair value of employer assets</b>	<u>11,318</u>	<u>10,421</u>

Shetland Amenity Trust estimates that employer's contributions for the year to 31 March 2019 will be approximately £229,000.

Hymans Robertson confirm the figures presented above are prepared only for the purposes of Financial Reporting Standard 102 and have no validity in other circumstances. In particular, they are not relevant for calculations undertaken for funding purposes, for accounting under the International Accounting Standard IAS19, for bulk transfers or for other statutory purposes under LGPS Regulations.

## 25 RELATED PARTY TRANSACTIONS

Shetland Amenity Trust own 100% of the share capital of Hay's Dock Café Restaurant Ltd. Services were provided to the Trust to the gross value of £677 (2018: £3,647). At the year end, amounts of £nil were owed the subsidiary (2018: £1,314). The Trust also paid for goods and services on behalf of the company, to the gross value of £1,648 (2018: £1,379). At the year end, amounts of £1,161 were owed from the subsidiary (2018: £274) and this was included within trade debtors.

Historically, an inter-group balance has been owed to the Trust from the subsidiary. During the year, this was forgiven in total to an amount of £132,752. See further information in note 8 to the accounts.

Total costs to the Trust of £15,560 and £30,812 were incurred in the year relating to the respective employment of Mr H Robertson and Mrs A Robertson. Mr and Mrs Robertson are the son and daughter in law of Mr F Robertson, a trustee of the charity.

## 26 FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument, measured at amortised cost, is as follows:

GROUP AND CHARITY	2019 £	2018 £
<b>Financial liabilities</b>		
Loans payable falling due within 1 year	11,278	10,938
Loans payable falling due between 2 - 5 years	281,269	290,548
Loans payable falling due after 5 years	4,033	6,000
	<u>296,580</u>	<u>307,486</u>

The loan financing is in the form of two secured loans with a fixed interest rate (being 2% and 4% per annum over the Bank's base rate) and are due to finish in July 2025 and March 2021. The total interest paid during the year was £11,071 (2018: £11,349).

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 27 SUMMARY STATEMENT OF FUND MOVEMENTS

Restricted Funds	Group					
	General Fund	Revaluation Reserve	Shetland Wildlife Fund	Grant Aid Fund	Permanent Grant Fund	TOTAL
	£	£	£	£	£	£
As at 31st March 2018	68,262	( 2,154,623)	3,953	157,203	15,259,642	13,334,437
Income	2,578,018	-	-	52,097	-	2,630,115
Expenditure	( 2,563,620)	-	-	( 75,498)	-	( 2,639,118)
Transfer of Funds between Funds	( 11,000)	-	-	-	( 397,909)	( 408,909)
<b>As at 31st March 2019</b>	<b>71,660</b>	<b>( 2,154,623)</b>	<b>3,953</b>	<b>133,802</b>	<b>14,861,733</b>	<b>12,916,525</b>

  

Restricted Funds	Charity					
	General Fund	Revaluation Reserve	Shetland Wildlife Fund	Grant Aid Fund	Permanent Grant Fund	TOTAL
	£	£	£	£	£	£
As at 31st March 2018	68,262	( 2,154,623)	3,953	157,203	15,259,642	13,334,437
Income	2,578,018	-	-	52,097	-	2,630,115
Expenditure	( 2,563,620)	-	-	( 75,498)	-	( 2,639,118)
Transfer of Funds between Funds	( 11,000)	-	-	-	( 397,909)	( 408,909)
<b>As at 31st March 2019</b>	<b>71,660</b>	<b>( 2,154,623)</b>	<b>3,953</b>	<b>133,802</b>	<b>14,861,733</b>	<b>12,916,525</b>

The general restricted fund represents funding received for specific projects run by the trust which fall within its charitable objectives. Included within this balance are the following projects: Donated painting; Interpretation; Halligarth; OSB: A Walk Through the Iron Age; Archaeology, Geoparks, Peatlands and Woodlands Projects; Gordon Fraser Charitable Trust; Sea Changers; Shetland Knitted Lace; Year of Young People; Three Kirks; Bressay Carbon Sequestration; Maritime Project; Drifting Apart; Nottingham Lace and Holbein loan.

The Shetland Wildlife Fund was established from compensation monies received following the Braer tanker oil spill in Shetland in 1993. The remainder of the fund was given to the Trust in February 2006 to be distributed to projects which support Shetland Wildlife.

The Grant Aid Fund was established to offer assistance to heritage related projects of exceptional quality which accord with the objects of the Trust Deed. Funding is generated from Investment Interest from the Endowment Fund.

The Permanent Grant Fund has been established to record funding of a capital nature. A transfer is made from this fund to show the amortisation of such funding over the expected useful lifetimes of the capital assets to which the specific grants relate. This transfer is made to unrestricted reserves to coincide with the recognition of the depreciation of assets.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 27 SUMMARY STATEMENT OF FUND MOVEMENTS CONTINUED

## Group and Charity

Endowment Fund	2019 £	2018 £
Grants received to 31.03.18	800,000	800,000
Net recognised gains and losses on investments brought forward		
	313,913	577,770
Realised (losses) on investments during year	6,334	( 93,485)
Transfer of funds to general unrestricted fund	-	( 200,000)
Unrealised gains/(losses) on revaluation of investments at year end	35,030	29,628
	<u>355,277</u>	<u>313,913</u>
As at 31st March 2019	<u><u>1,155,277</u></u>	<u><u>1,113,913</u></u>

## Unrestricted Funds

	Group			
	General Fund £	Capital on Formation £	Pension Fund £	TOTAL £
As at 31st March 2018	( 1,401,658)	1	( 2,985,000)	( 4,386,657)
Income	941,438	-	-	941,438
Expenditure	( 1,389,539)	-	-	( 1,389,539)
Other recognised gains or losses in year	-	-	( 1,149,000)	( 1,149,000)
Transfer of Funds between Funds	408,909	-	-	408,909
	-	-	-	-
<b>As at 31st March 2019</b>	<u><u>( 1,440,850)</u></u>	<u><u>1</u></u>	<u><u>( 4,134,000)</u></u>	<u><u>( 5,574,849)</u></u>

## Unrestricted Funds

	Charity			
	General Fund £	Capital on Formation £	Pension Fund £	TOTAL £
As at 31st March 2018	( 1,329,942)	1	( 2,985,000)	( 4,314,941)
Income	750,028	-	-	750,028
Expenditure	( 1,270,971)	-	-	( 1,270,971)
Other recognised gains or losses in year	-	-	( 1,149,000)	( 1,149,000)
Transfer of Funds between Funds	408,909	-	-	408,909
	-	-	-	-
<b>As at 31st March 2019</b>	<u><u>( 1,441,976)</u></u>	<u><u>1</u></u>	<u><u>( 4,134,000)</u></u>	<u><u>( 5,575,975)</u></u>

The transfer of funds into General Unrestricted Funds is represented as follows:

- £397,909 transferred from the Permanent Grant Fund to reflect the amortisation of capital funds as noted above; and
- £11,000 transferred from Restricted Funds to reflect Grant Aid awarded for the Charity's own capital expenditure, including the repayment of loans.

## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 28 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2019 are represented by;	Group			
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
Fixed Assets	( 138,193)	12,721,013	-	12,582,820
Investments	5,600	-	1,155,277	1,160,877
Current Assets	86,849	336,762	-	423,611
Current Liabilities	( 1,109,803)	( 141,250)	-	( 1,251,053)
Long Term Liabilities	( 4,419,302)	-	-	( 4,419,302)
<b>Total Net Assets</b>	<b>( 5,574,849)</b>	<b>12,916,525</b>	<b>1,155,277</b>	<b>8,496,953</b>

Fund balances at 31 March 2018 are represented by;	Group			
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
Fixed Assets	( 192,688)	13,118,922	-	12,926,234
Investments	5,600	-	1,113,913	1,119,513
Current Assets	181,979	941,660	-	1,123,639
Current Liabilities	( 1,100,000)	( 726,145)	-	( 1,826,145)
Long Term Liabilities	( 3,281,548)	-	-	( 3,281,548)
<b>Total Net Assets</b>	<b>( 4,386,657)</b>	<b>13,334,437</b>	<b>1,113,913</b>	<b>10,061,693</b>

Fund balances at 31 March 2019 are represented by;	Charity			
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
Fixed Assets	( 138,193)	12,721,013	-	12,582,820
Investments	5,601	-	1,155,277	1,160,878
Current Assets	81,476	336,762	-	418,238
Current Liabilities	( 1,105,557)	( 141,250)	-	( 1,246,807)
Long Term Liabilities	( 4,419,302)	-	-	( 4,419,302)
<b>Total Net Assets</b>	<b>( 5,575,975)</b>	<b>12,916,525</b>	<b>1,155,277</b>	<b>8,495,827</b>

Fund balances at 31 March 2018 are represented by;	Charity			
	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
Fixed Assets	( 192,688)	13,118,922	-	12,926,234
Investments	5,601	-	1,113,913	1,119,514
Current Assets	213,231	941,660	-	1,154,891
Current Liabilities	( 1,059,537)	( 726,145)	-	( 1,785,682)
Long Term Liabilities	( 3,281,548)	-	-	( 3,281,548)
<b>Total Net Assets</b>	<b>( 4,314,941)</b>	<b>13,334,437</b>	<b>1,113,913</b>	<b>10,133,409</b>



## SHETLAND AMENITY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2019

## 29 CASHFLOW STATEMENT

(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities	2019 £	2018 £
<b>Net (expenditure) for the reporting period (as per the statement of financial activities)</b>	( 415,740)	( 3,476,390)
<b>Adjustments for:</b>		
Depreciation	331,172	260,011
Losses/(Gains) on disposal of fixed assets	( 4,045)	884
Losses/(Gains) on investments	( 52,616)	41,845
Loss on revaluation of fixed assets	-	3,063,913
Dividends and interest from investments	( 52,170)	( 57,220)
Interest paid	21,426	11,349
Decrease in stock	( 7,537)	84,417
(Increase)/decrease in debtors	271,333	( 52,820)
Increase/(decrease) in creditors	( 544,301)	349,691
<b>Net cash provided by (used in) operating activities</b>	<u>( 452,478)</u>	<u>225,680</u>
<b>(b) Analysis of cash and cash equivalents</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Cash in hand	117,738	652,649
Overdraft facility repayable on demand	( 630,929)	( 712,988)
Cash fund held in investment portfolio	<u>10,533</u>	<u>11,395</u>
	<u>( 502,658)</u>	<u>( 48,944)</u>

Included within the cash in hand balance is an amount of £109,952 (2018: £638,195) held on behalf of the Follow The Vikings project and as such is unavailable for use to further the Trust's charitable activities. See note 19 for further details.