

Shetland Amenity Trust

Caring for Shetland's heritage



Shetland Amenity Trust

Annual Report and Financial Statements

Year Ended 31 March 2021

Scottish Charity Number: SC017505

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Trustees' Annual Report

The Trustees are pleased to present their annual Trustees' report together with the financial statements of the Trust for the year ended 31 March 2021.

Chair's Message

Welcome to Shetland Amenity Trust's 2020-21 Annual Report and Accounts.

As I reflect on the past year, and all the challenges it has brought us, I can't help but celebrate the strength, resilience and tenacity of people in our communities. In responding to unprecedented circumstances, they've demonstrated continuing care and respect for those around them, and the environment we live in. Covid-19 has changed all our lives, and will continue to do. It is right that we reflect on the difficulties that we have all faced and we must also recognise the need for time and space for people to get used to a new way of being; we all feel that loss in one way or another.

Despite that disruption and the restrictions under which we operated, the Trust has achievements to celebrate. Not least among these has been meeting the challenge of adapting very quickly to new ways of working, which has involved developing new skills, especially in the use of technology. As we move ahead, we will hold on to all the good things we learned, the innovative practices that we implemented and the way in which that technology enables us to be connected to others for contact, meetings, events and learning opportunities, wherever they are held.

In a year dominated by change, we also had to come to terms with the untimely passing of our friend and colleague David Cooper, fondly known to us as Davy. He was with us for more than 20 years and was at the very heart of efforts to conserve and nurture Shetland's heritage. Both through his job and on a voluntary basis, he brought his knowledge, experience and passionate commitment to innumerable projects, ranging from dialect and folklore to project fundraising or the creation of interpretation at historic sites. His insight and common sense were a huge asset in these efforts, as were his patience and sensitivity. Davy was a wonderful story-teller, too, delighting young and old with his tales of Vikings or pirates or trows. As the possessor of what must have been the most impressive dressing-up box in Shetland, he always looked the part, and so his performances were not only memorable but also magical, especially for bairns. We miss him very much.

Previous annual reports have documented the Trust's well-known financial difficulties. However, I am pleased to report a slightly improved financial position in the year ended 31 March 2021. The Trust has been able to reduce its underlying deficit and in an exceptionally difficult year, this is an encouraging result. The Trustees are committed to securing a sustainable financial future and work will continue, with all our funding partners, to improve the overall financial health of the Trust.

I would wish to record our thanks to our core funders. Shetland Charitable Trust has provided continued financial support and has offered flexibility and additional resources in this most unusual period of operation. We have longstanding contractual agreements with Shetland Islands Council for the provision of services, the largest element of which is the Shetland Museum and Archives,

and we are similarly grateful for their funding and support. We are supported by many other funding streams, as shown in the Annual Report and Accounts.

The restrictions imposed during the Covid-19 pandemic resulted in the closure of some of our services and facilities, and the furloughing of some of our staff. We opened services when we could, earlier in fact than many other organisations locally and nationally, and welcomed visitors back with safety procedures in place. I want to extend thanks to the staff who were furloughed for their fortitude during difficult times. I also want to thank the staff who were able to continue to work, in almost all cases by creating work-spaces in their homes. The 'new normal' staff working group also deserve great credit for their efforts to shape the policies and procedures needed to keep our staff and visitors safe. They showed patience and persistence in working through the rules and finding ways to apply those in practice.

We said farewell to several Trustees during 2020-21. The term of office of Frank Robertson, who had served for many years, came to an end at last year's Annual General Meeting; Frank had played a vital role in the development of the Shetland Museum and Archives and his insights were of great value to the Trust. I would also wish to acknowledge the skills and knowledge so generously given by Marek Barecki, Winston Brown, Colin Clark and Jonathan Williamson.

By the end of the financial year, three new trustees - Ronnie Eunson, James Paton and Robert Smith – had amply demonstrated their varied and valued experience. Each of them was recruited to fill a particular gap in our skill set and they met that challenge admirably. I wish also to thank all the Trustees for their energy, enthusiasm and commitment to the work of the Trust; they all give freely of their time to fulfilling our objects. However, I want to make special mention of Alison Moncrieff and Dr Linda Riddell, who served as Vice-Chairs during the year. As well as chairing, respectively, our Audit and Risk Management Committee and our Human Resources Committee, they also tackled – with extraordinary dedication, wisdom and good humour – some of the most challenging and time-consuming tasks that the Trust has had to face.

It is always difficult to single out particular aspects of our work for special attention. Overall, I believe that what we do makes a substantial contribution to the quality of life in Shetland, which in turn ought to increase the islands' appeal as a place to live and work or study. We want to play our part not only in welcoming new Shetlanders, from wherever they come, but in encouraging our own young folk to make the very most of life here.

The work that we do and the heritage that we cherish is also an essential element of visitors' experience of Shetland. However, I think it's important to observe that we have never set out to create 'visitor attractions', a concept of which I suspect an audience valuing authenticity would be rightly suspicious. What we have always done, and will continue to do, is highlight, celebrate and willingly share the varied and intriguing natural, cultural and built heritage of which our community is quietly but deeply proud.

There are some specific projects and initiatives to which I would wish to draw attention:

- The Between Islands project that resulted in the 'Fair Game' exhibition
- 'A peerie Hansel fae Hame'
- Virtual Shetland Wool Week
- Reopening of our sites
- Assisting *The New Shetlander*

The Between Islands project has, since 2014, explored the historical cultural links between the islands of Shetland, Orkney and the Western Isles. The 'Fair Game' exhibition, led by our Curator Dr Ian Tait, was scheduled to take the form of a physical exhibition in 2020. The Covid-19 restrictions forced a new approach, resulting in a permanent – and fascinating - online exhibition.

An initiative to remind Shetlanders away from home during lockdown, "A Peerie Hansel fae Hame", raised £518 in donations and saw 57 parcels being sent to students. These were connected to a garment in the Museum collection. This project was developed by our Lifelong Learning Officer, Yvonne Reynolds.

Shetland Wool Week went online in 2020 and was exceptionally well received both locally and internationally. With over 78k people engaging with online content during the week and a range of local businesses and experts providing content it was truly a collaborative effort. The feedback from participants has been excellent with many delighted by the inclusive and collaborative approach.

We closed the Shetland Museum and Archives during lockdown and delayed opening of Sumburgh Head Lighthouse. Extensive work was undertaken to reopen these sites in a safe and timely manner and to provide somewhere for Shetland residents to go once restrictions eased and many other venues remained closed. We took the opportunity to put in place innovative new approaches to visitor management and the staff have been quick to adapt and respond. Feedback from visitors and groups such as Ability Shetland has been outstanding.

The New Shetlander is Scotland's longest-established literary and cultural magazine. Over the decades, it has provided a vital outlet for creative writing, chronicled many aspects of Shetland's history and offered lucid commentary on the future of the islands. Through our grant aid endowment fund, we were able to offer assistance in order to secure its future.

The Trust holds many properties across Shetland which are of heritage and cultural interest. One of the frustrations arising from Covid-19 was that restrictions on staff and contractors meant that we were unable to undertake the necessary maintenance and improvements that we had planned in 2020, for example at the Croft House Museum in Dunrossness. We also faced financial constraints, no longer having access to the level of funding that was once available for building conservation; and there is no question that some of our properties, for example Bressay and Eshaness lighthouses, require significant investment. However, caring for buildings is one of our core objects and we are as determined as ever to discharge it, seeking funding wherever we can.

The year 2020-21 saw other changes to our senior management team, apart from the sad loss of Davy Cooper. Mat Roberts, who served as Chief Executive, and Adam Johnson, the Head of Operations, both left the Trust at the end of 2020 and we thank them for their service.

Whilst the year has brought challenges, there is much to be positive about. We are lucky to live in a community that so clearly values its culture, heritage and environment. Trustees and staff are united in their determination to ensure that Shetland Amenity Trust does all that it can to support that community, nurture its heritage and promote Shetland's shared priorities.

Alastair R Hamilton, Chair of Board of Trustees

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 Trust's Strategic Plan sets out five priorities for the period from 2019 to 2024, which are:
 - Innovate for heritage
 - Step up on biodiversity
 - Inspire wellbeing
 - Build communities
 - Foster partnership

3. The Trust's main areas of activity and the objectives associated with them are outlined below.

Shetland Museum and Archives

- Tell Shetland's cultural and natural heritage story
- Provide a high-quality Museum and Archives service for the benefit of the public, in line with the contract between the Trust and SIC
- 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
- Offer a programme of lectures on topics of local or wider interest
- Maintain links with schools and offer a range of educational resources
- Forge links with local museums and history groups
- Through links with national institutions, offer Shetland audiences exhibitions featuring nationally and internationally significant art and artefacts

Interpretation, Promotion and Engagement

- Co-ordinate, facilitate and promote the provision of high-quality, brand-aligned interpretative materials and facilities relating to Shetland's culture and heritage
- Engage Shetland's community and visitors in the islands' natural and cultural heritage at significant sites and through events and festivals
- Promote the collection, understanding and use of place 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 by assisting with their running costs
- Ensure community and business engagement with Geopark Shetland
- Create and support a calendar of events, publications and products promoting Shetland's heritage and culture, in partnership with other organisations
- Promote and enable public access to our own sites, including Sumburgh Head Visitor Centre, Viking Haroldswick and Old Scatness Broch and Iron Age Village.
- Undertake natural and cultural heritage projects that benefit Shetland's environment and communities.

Archaeology

- Develop and enhance the Shetland Sites and Monuments Record (SMR), adding new information and mapped site extents, as they come to light
- Use the SMR in assisting enquiries from people in all walks of life
- Develop and implement plans for the conservation and sustainability of Old Scatness
- Facilitate public access to Shetland's archaeology and heritage sites, including public opening; guiding tours and school groups at Old Scatness and other archaeological sites; and giving talks in schools and to general and academic audiences
- Facilitate, assist and monitor fieldwork undertaken by external research or commercial organisations
- Ensure Shetland's archaeology has a voice and is embedded in regional, national and international initiatives
- Promote and inform the public about Shetland's archaeology through 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 and the conservation of biodiversity
- Raise awareness of, monitor and help safeguard Shetland's biodiversity and geodiversity
- Help build capacity within the community so that people may contribute to initiatives that record, monitor, safeguard and enhance biodiversity and are able to influence decisions that may have an impact on biodiversity
- Protect, develop and improve facilities, access and resources for the enjoyment by the public of the Shetland countryside and its flora and fauna
- Develop and undertake peatland restoration projects both to protect and enhance peatland habitats for wildlife and to mitigate global climate change by increasing carbon sequestration and storage in Shetland's peatlands

- Preserve and develop existing relict woodland and amenity plantings, and propagate and re-establish native and other trees to support woodland planting in Shetland
- Foster interest and engagement in trees and participate in international conservation strategies through the horticultural unit and support for tree-planting initiatives and grants
- Maintain stocks of plants that are endemic to, or rare in, Shetland and seek to translocate these back into the wild.

Environmental Improvement

- Undertake 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, including the Trust's Authorised Treatment Facility in Yell
- Work with other local and national agencies to raise awareness of environmental campaigns and initiatives, supporting them locally where appropriate.

Grant Giving

- Award grants to applicants who wish to undertake repairs to buildings and other structures that are of national or local heritage value. Grants are also awarded for other appropriate projects, including publications.

Achievements and Performance 2020/21

4. The Strategic Plan guides us in fulfilling our charitable objects. As we care for Shetland's natural and cultural heritage, we ensure that the work that we do is innovative, and that we protect and enhance biodiversity, inspire wellbeing, support and enhance communities and foster partnerships. The Strategic Plan incorporates aims and measures of success for each of our priorities. Details of how our success is measured can be found in the plan.¹ The section below summarises our key achievements in over the year. We also produce an Annual Review which sets out our key achievements in the year².

Heritage Sites, Attractions and Accommodation

5. Physical access to our heritage sites has been limited by the Global Pandemic. Visitor numbers to our sites have been significantly reduced over the year as a result. Sumburgh Head was open for a much reduced season whilst the Museum and Archives was closed for five and a half months and when it reopened the capacity was significantly restricted to enable social distancing and compliance with Government Guidelines. The Crofthouse Museum remained closed due to the difficulty in implementing strict hygiene and social distancing measures on site. Old Scatness also remained closed.
6. The Shetland Museum and Archives was one of the first Museum and Archives and Visitor Attractions in the country to reopen post pandemic with extensive safety measures in place. Feedback from customers was excellent with customers feeling safe and positive about the opportunity to have somewhere to visit.

¹ The Strategic Plan can be found online at <https://www.shetlandamenity.org/strategic-plan>

² The Annual Review can be found online at <https://www.shetlandamenity.org/annual-accounts-and-annual-reports>

7. Feedback from one customer at the Museum said, "Great explanation at the entrance from the staff, well signposted one-way system and hand sanitising stations throughout the museum. The cafe is also being used as a picnic area, will definitely take advantage of that next time! Brilliant experience as usual."
8. A new booking system was introduced at Shetland Museum and Archives. With limited visitors travelling to the island we saw an increase in the proportion of local residents. Significant effort was put into developing safe learning and activity programmes at Shetland Museum and Archives and Sumburgh Head for families and children over the holiday periods to ensure residents had a safe place to visit whilst so many of the local venues were closed. Due to our programmes of family activities we saw an increase in the proportion of young people in the Museum during the last 6 months of the season.
 - Over 65's –16%
 - Adults – 57%
 - Teens – 4%
 - Children – 23%
 - Shetland Resident – 81%
 - Visitor – 19%
9. Camping Böds were closed for the season due to Covid-19. Two lighthouses reopened mid-August-December under restricted booking conditions due to Covid-19, and remained closed for the remainder of the period due to local lockdown. For the period they were open, they achieved 15.4% occupancy compared to 2019.

Moving our team and our heritage to a virtual world

10. During lockdown we moved all staff to working from home where possible and adapted quickly to working remotely and in a virtual world. We moved as much of our activity online as possible to ensure we continued to engage people in Shetland's heritage.
11. We made significant progress in delivering an enhanced online offering to a much wider audience. The number of website users and the growth in social media followers is testament to this. In previous years the majority of our website visitors have been looking directly for visitor information such as opening times. With the sites closed, our online activity has been driven by blogs, videos and engaging activity and web users remains reasonably high as a result.
12. Shetland Wool Week grew significantly during the period with a virtual event delivered in September engaging people throughout Shetland and across the world in Shetland's textile heritage. Feedback from our customers online was very positive with many praising the inclusivity of the virtual event and the positive impact it had on their wellbeing.
13. We added a significant number of images to our online photo archive including imagery and descriptions of some elements of the Museum collection including:
 - Agriculture collection
 - Domestic life collection
 - Subsistence fishery
 - Archaeology
 - Map collection

14. We delivered our first virtual exhibition and virtual event and through blogs, videos and social media engaged a significant number of people in our heritage. The virtual exhibition, *Between Islands*, is a major project originated by An Lanntair, the arts centre in the Western Isles of Scotland. The project, which has been running since 2014 highlights the historical cultural links between the islands of Shetland, Orkney, and the Outer Hebrides, while exploring and celebrating similarities and differences across the three island groups. Each museum has approached the project theme creatively and used it to produce their own online exhibition which is inspired by each other's history and collections.
15. The Shetland exhibition examines three customs that are nowadays seen by some as 'politically incorrect': hunting seabirds and eggs, whaling, and harvesting peat. Originally it was intended to be a physical exhibition with items from each island loaned to the other. However, due to the pandemic each partnering museum has had to adapt so that the information can be shared virtually. The result is an online show which is presented through a fantastic new website. It explores three customs, which are now viewed rather emotively - fowling, whaling and peat cutting.
16. We shared weekly blogs on Archaeology interest walks, natural heritage, woodlands and on Shetland Place Names which were well received. We also shared a series of blogs on heritage activities at the Museum and Archives. A number of our blogs were picked up in the Shetland Times. Online quizzes were developed for key areas and proved popular. We embraced the weekly *#CuratorBattle* with other museums starting with our 'creepiest object' – a whale's eyeball that has been turned into a lampshade - with an overwhelmingly positive response.
17. The Lifelong Learning Officer at the Museum and Archives delivered a series of online activities including videos, quizzes, downloadable activity sheets and more, designed to encourage families to work on together and for Schools and care homes to engage with. We were asked to develop our own section on the GLOW Scotland website as a result, Scotland's digital learning platform. We also developed resources for local schools and teachers. Subject included:
 - Fishing and crofting
 - Lerwick
 - Victorians
 - Vikings
 - Make your own museum

Inclusion and Wellbeing

18. A new Accessibility Guide has been created for Sumburgh Head Visitor Centre and a number of staff have completed Accessible Tourism training during lockdown. Ability Shetland were invited to use spaces within the Museum for their weekly group meetings. Their usual meeting spaces were closed during lockdown and we were able to provide a safe and accessible space for them to meet once guidelines allowed. We also provided activities connected to the collection. Many of the group had no interaction with others during lockdown and the provision of a safe space to meet was very well received. We also hosted the Shetland Young Carers group on a number of occasions.
19. Many customers praised the inclusivity of our online activity and in particular virtual Shetland Wool Week with many noting the positive impact it had on their wellbeing.

20. Following the news about students having a difficult experience being away from home during Covid, inspired by the story behind one of the Fair Isle jumpers in the Museum collection, we started an appeal to help local students away on the mainland have a peerie treat to raise their spirits. Called 'A Peerie Hansel Fae hame', we appealed to the public for financial and knitwear donations and sent parcels to 60 Shetland students, stranded far from home at university on the mainland. The parcels included a piece of knitwear, Shetland soap shower gel, 'Puffin Poo', a Shetland flag badge and a card. Feedback was heartwarming with many students expressing both thanks and emotion about the gift and the powerful feeling of the Shetland community supporting them.

Nature and Environment

21. Biological Records submitted were higher than would be usual for the summer months with 11,458 records added during the period, bringing the annual total to 17,157. A series of online natural heritage blogs resulted in a positive increase in volunteers and recordings.
22. The Trust has been driving a citizen science project since 2002 with over seventy volunteers contributing to surveys of breeding bird populations. Over the 19 years this volunteer effort is estimated to be worth over £150k of volunteer time. A scientific paper based on this work is about to be published in the journal Bird Study which looks at changes in the breeding bird populations. The data collected confirms that Shetland's breeding wader populations are either stable - Curlew, Snipe, Oystercatcher - or declining slightly - Lapwing and Redshank. This very much bucks the national and UK trend where all of these species are experiencing marked declines. This finding is important given the exceptional density of breeding waders in Shetland (all of the above are present in nationally important numbers) and provides strong evidence for the farming/crofting community that many current practices have positive outcomes for breeding waders.
23. Peatland Restoration projects were halted during lockdown and restarted as restrictions eased covering three key sites. The Peatland Project Officer assisted in securing approximately £350,000 for 3 restoration projects, all undertaken by local contractors, of which £241,000 has been received in this financial year.
24. The Woodlands team continued to care for the horticultural unit and plant stocks. However, due to the timing of the 2020 Covid-19 lockdown, germination of seedlings did not take place.
25. Da Voar Redd Up 2020 did not take place due to the global pandemic. Preparation for the 2021 Redd Up took place in this period with a new partnership approach with the Marine Conservation Society delivering a socially distanced event.
26. The uplift of scrap cars was halted under lock-down, however a great deal of administrative work was undertaken. The Team returned from furlough in November and 138 scrap vehicles have been uplifted.
27. During the year we reviewed and serviced renewable energy installation at key sites including our wind turbine at Staney Hill and Solar Panels and Ground Source Heat Pump at Sumburgh Head to maximise energy generation and return. We replaced lighting at our Garthspool Office cutting our energy usage for lighting in half.

Heritage Buildings

28. Whilst we were unable to undertake much of the required maintenance and repairs during lockdown, a great deal of work was done to review requirements, compliance and to get permissions in place for key areas of future work. When restrictions lifted, repairs to the Unst Boat Haven roof were undertaken as well as repairs to the roof and repointing at Quendale Mill. Materials were sourced for rethatching of the Crofthouse Roof including Shetland black oats and natural fibre rope. We also sourced and purchased lighthouse standard paint in anticipation of repainting at Sumburgh and Eshaness in the coming summer months.

Financial Review

29. At 31st March 2021, our surplus before depreciation, investment revaluations and actuarial losses, was £273,505 compared to a surplus of £71,540 in the previous year. Whilst this is an improvement on the previous year, the Trustees recognise that the cumulative performance over past years will require us to take measures to continue to show improvement. We have introduced improvements to our financial reporting, in line with one of the recommendations in our governance review, to ensure the Trustees have accurate and timely financial data in order that strategic decisions can be taken with confidence.
30. We continue to receive, and are grateful for, substantial core funding from SCT. This amounted to £1,142,988 in 2020/21.
31. Shetland Islands Council supports the Shetland Museum and Archives service under a 25-year contract dated January 2003. For the 2020/21 year this amounted to £938,585. This arrangement is subject to a formal review process. We are also funded by SIC to deliver the Natural Heritage Ranger Service (£44,975) and Regional Archaeology Service (£18,504).
32. The Trust participated in an in-depth review of the Trust's finances, undertaken by PwC and funded by Shetland Islands Council. This work complements the contractual review of the Museum and Archives service and is being done in collaboration with all our funding partners. The work concluded out with this reporting period but relates to the finances of the Trust as at 31 March 2021. The Trust has accepted the recommendations from this work in full, which is set out in more detail at the Risk Management section.
33. There is an opportunity from the work done by PwC to seek more clarity on the services which the Trust can expect to deliver, for and with our partners, as well as stabilise the funding arrangements to meet those costs. One aspect of that will be a better understanding of the Trust's ability to generate commercial income from trading activities.
34. The Trust was in a position to repay an outstanding mortgage of £262,786 in February 2021. It also sold a surplus asset and associated equipment in year, generating a net return of £63,542. These measures help the Trust to reduce its total debt of £873,336 which remains significant and will require further action to address over the coming years.

35. The Trust has in place an overdraft facility with the Clydesdale Bank of £630,000. This is used to manage the monthly cashflow, as the costs and income are not aligned over the year. As at 31 March 2021, the Trust required an overdraft of £514,836, compared to the previous year of £696,460. Our Trade Creditors position at 31 March 2021 was £70,292 compared to £114,235 in 2019/20.

Risk Management - General Statement of Risk Appetite

36. During 2020/21, the Board has considered the nature and extent of the principal risks the Trust is willing to take to achieve our Strategic Plan and maintain sound risk management and internal control systems.

37. The Trust has measures in place to identify, evaluate and mitigate risks. Principal among these is the Audit and Risk Management Committee, which regularly receives and carefully considers the Trust's corporate and operational risk registers. Mitigation measures are embedded in the risk registers. Our approach is designed to manage rather than eliminate risk and can only provide reasonable, not absolute, assurance.

38. The Risks have been informed by the Governance Review and the PwC Report and Recommendations.

Risk category	Identified Risks
Governance risks	Interim organisational structure
Operational risks	Shetland Islands Council review of Museum and Archives service Staff capacity, skills and training (in a period of change) Balancing ongoing service delivery with the change programme Extensive property portfolio with known liabilities
Financial risks	Insufficient financial and management information Inadequate reserves / cash flow sensitivity Dependency on limited income sources Uncertain commercial trading environment (e.g. Covid-19)
External risks	Poor public perception and reputation Changing government policy (e.g. project funding, UK exit from EU)
Compliance with law and regulation	Poor knowledge of contractual arrangements

39. The Trust will manage these risks through a detailed Implementation Plan for the change and improvement programmes, which will be monitored at Board level, focused on:

- governance and management arrangements;
- finance and management accounting;
- property portfolio; and,
- services to be delivered in future.

Reserves Policy

40. 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 long-term viability. The policy is that the Trust should hold adequate working capital levels for the continued operation of the

Trust and completion of existing projects. The net value of reserves at the year-end was £7,515,389. This sum comprised £13,305,780 in restricted funds and (£5,790,391) – a deficit – in unrestricted funds.

41. The overall restricted fund of £13,305,780 takes account of a deficit of £2,134,623 arising directly from revaluation of properties in the year ended 31 December 2018. 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.
42. The overall deficit in unrestricted funds of £5,790,391 is after recognising the pension reserve liability of £4,820,000 (2020: £3,283,000). The defined benefit pension fund is controlled by SIC. The latest formal valuation of the Pension Fund was at 31st March 2020 and this is updated on a triennial basis. Hymans Robertson has reviewed the most recent full actuarial valuation and has updated it on an annual basis as at the Trust's balance sheet date to reflect current conditions.
43. Excluding the pension liability, unrestricted funds shows a deficit of £970,392 as at 31 March 2021. We aim to address this by:
 - concluding the review of service provision and funding arrangements with our partners;
 - increasing income from commercial activities;
 - building on our success in securing external grant aid;
 - disposing of assets which are surplus to requirements; and,
 - continuously reviewing our costs.

Looking Forward: Going Concern Statement

44. The Trust will face uncertainties and challenges over the coming years. These are as follows:
 - an underlying structural deficit;
 - reducing opportunity for funding for specific projects from some existing sources and as yet unknown opportunities from new sources;
 - reliance on an overdraft facility, due for renewal on 9 November 2021; and,
 - limited assets which are surplus to requirements to sell.
45. Our plans to mitigate these uncertainties and challenges are as follows:
 - reviewing the Trust's strategic objectives and service offerings, supported by a robust 5 year business plan;
 - setting specific delivery and income targets for our commercial operations and improving the management information to support those activities so the trading position can be closely monitored;
 - undertaking a strategic review of the property portfolio with a view to disposing of or transferring assets which are no longer aligned to the strategic priorities;
 - investing in online digital platforms to support sales of merchandise across all activities;
 - we have regular communication with our bankers and have received confirmation that we have their continuing confidence and support;
 - an active dialogue with both the SIC and SCT indicates their continued long-term support for the Trust; and,
 - implementing a settled management structure, at an appropriate time.

Plans for Future Periods

46. Our five-year Strategic Plan aligns our strategic goals with those in Shetland's Partnership Plan. We believe that a well-maintained and presented heritage, in which the community is engaged and of which it can be proud, 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'. The Shetland Amenity Trust is not a statutory body, nor are our purpose and goals the same as Shetland's statutory agencies. Nevertheless, we believe that our voluntary alignment with the Partnership Plan is important as it ensures we are addressing the community's priorities and reflecting the agreed approach of the agencies, statutory and non-statutory.
47. As explained previously, we have established five priorities. The associated aims are set out below:
- Innovate for Heritage: We aim to ensure our heritage is more resilient to economic, social and environmental impacts
 - Step up on Biodiversity: We aim to ensure our unique biodiversity is protected, enhanced and restored
 - Inspire Wellbeing: We aim to encourage improved mental and physical wellbeing through engagement with Shetland's heritage
 - Build Communities: We aim to support and enhance sustainable communities through Shetland's heritage
 - Partnership: We aim to further Shetland's heritage through effective collaboration and partnership
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Coronavirus - Covid 19

48. Generally, although services have not been able to fully operate, the Trust has not been financially disadvantaged by the Covid-19 restrictions. The range of financial support made available by national and local funding agencies to support the continued operation of the Trust through difficult times has enabled the Trust to come through the year in a more positive financial position than might have been expected.
49. The restrictions on people's movement means locals and visitors are unable to fully enjoy our services. The actual number of users was down in the year, a reflection of periods of lockdown and restricted physical access. Our funding partners remain committed to a viable future and have put in place actual financial assistance packages, as well as flexibility on service delivery to acknowledge the restriction in place.
50. Our operations have been affected in several ways:
- all sites were closed for a period of time;
-

- when sites were able to open, some had to do so on a restricted basis with physical distance restrictions in place;
 - where practicable, staff have been working from home;
 - 35 staff were furloughed under the Government Coronavirus Job Retention Scheme but it was not possible to furlough staff who were majority funded by public money, predominantly those who work under the contract with SIC for the provision of Museum and Archives services;
 - the Shetland Museum and Archives and Sumburgh Head Lighthouse reopened in July 2020 with measures in place to protect staff and customers (e.g. advance booking to visit the museum and archives);
 - our Camping Böd network was unable to reopen; and,
 - the Lighthouse self-catering accommodation was open for a shorter season.
51. The Trust has successfully drawn down funding from several sources, which were put in place specifically to deal with the financial and economic difficulties. These were:
- Historic Environment Scotland Recovery Fund Grant
 - Museum Galleries Scotland COVID Adaptation Fund
 - HIE COVID 19 Improvements to Visitors Sites
 - SIC Large Self Catering Fund
52. The trust has received £25,000 Scottish Government Small Business Grant and further, smaller grants have been sought from specialist support programmes. A £50,000 loan from the Clydesdale bank has also been negotiated under the UK Government's Bounce Back loan scheme.
53. A Local Giving online donation page³ was established and donation buttons have been added to other web pages. By March 2021, over £22,500 had been received including Gift Aid. The majority of donations were for Wool Week but also for Shetland Museum and Archives, Sumburgh Head and a 'Peerie Hansel fae Hame' project.
54. The Shetland Wool Week, Shetland Nature Festival and Shetland Boat Week were cancelled. An online Shetland Wool Week 2020 was organised, which proved to be successful. The overall operating surplus for the year was £213,241 (excluding staff costs) and merchandise and products continue to sell well, across the world.
-

Structure, Governance and Management

Trustees and Organisational Structure

55. The Trust is an unincorporated Scottish Charity, originally registered as a Charity on 10th January 1983, Scottish Charity Number SC017505.
56. The Trust Deed allows for up to twelve Trustees to be appointed. Trustees are appointed for the period of four years, when they can stand for re-election. No Trustee may serve for more than three successive four-year terms. New Trustees are appointed after advertising for

³ The Local Giving page can be found at <https://www.shetlandamenity.org/donate>

interest in the local paper prior to the AGM. Nominations must be made on the official nomination form and elections are held by secret ballot. These ballots are finalised and counted at the Trust's AGM.

57. New Trustees receive relevant strategic documents and are invited to meet the Trust's Chair and Chief Executive to discuss the work of the Trust and their roles and responsibilities as a Trustee, including their legal obligations. Training for Trustees is provided as necessary.
58. The Trustees are responsible for the governance of the Trust and meet regularly throughout the year.
59. The Chief Executive takes responsibility for the day-to-day operation of the Trust and manages the staff on behalf of the Trustees.
60. The staff pay rates are currently benchmarked against the local authority's pay scale rates and adjusted as appropriate.

Governance Review

61. Previously, an independent governance review was conducted by Compass Partnership in line with the Scottish Governance Code for the Third Sector.
62. The Code focuses on five core principles for good governance:
 - **Organisational Purpose** - A well-run board is clear about the purpose and values of the organisation and how it will achieve its aims.
 - **Leadership** - A well-run board is clear about its role and responsibilities and provides strategic direction in line with the organisation's purpose, vision, and values.
 - **Board Behaviour** - A well-run board, both collectively and individually, embraces and demonstrates mutual respect, integrity, openness, and accountability.
 - **Control** - A well-run board will develop and implement appropriate controls to direct and oversee progress and performance of the organisation.
 - **Effectiveness** - A well-run board understands its role, powers and duties and works collectively and proactively, to achieve its organisational purpose.
63. The independent review concluded that SAT has a board of appropriate size, a dedicated chair and board members who are committed to strengthening governance. Meetings are well-attended, and papers are generally of a high standard. The organisation has a clear strategy and carefully considers its responsibilities to the wider community.
64. The key recommendations were:
 - a) The Board and executives should discuss their respective roles to ensure that board time is focused on the most strategic issues, where it can add greatest value, and operational matters are delegated to the executives.
 - b) Urgent action should be taken to improve financial reporting and training commissioned to help trustees gain a better grasp of the financial situation.
 - c) An annual cycle for board meeting agendas should be introduced to ensure all important topics are covered during the course of the year.
 - d) The Board should agree a routine for brief sessions with the Chief Executive alone and then Trustees alone at the end of one or two meetings per year.

- e) A Governance Committee should be established to oversee implementation of the action plan from this review, and to have responsibility for succession planning, induction, developing an appraisal system and continuing professional development for the Board and Trustees.
- f) The Board should periodically discuss its own performance and agree actions for continuous improvement.
- g) The Board should have an action plan to implement all of these recommendations over the next 12 months.

65. The key recommendations are overseen by a Working Group of Trustees. Several of the recommendations have been addressed and adopted as working practice. The work on Recommendation (b) to improve the financial reporting is progressing well and further improvements are in hand.

Relationships with Related Parties

66. 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, NatureScot and the RSPB, for the furtherance of its charitable objects.
67. The Trust maintains a record of Trustees' interests, including any relationship they may have with parties transacting business with the Trust. Trustees are expected to declare any potential or actual conflict of interest.

Reference and Administrative Information

Trustees and Senior Staff	
Trustees	Alastair Hamilton – September 2015 - present
	Pauline Megson – October 2017 - present
	Alison Moncrieff – June 2018 - present
	Linda Riddell – October 2017 - present
	Frank Robertson – August 2012 –term of office ended September 2020
	Marek Barecki – September 2019 – resigned September 2020
	Neville Martin – September 2019 – present
	Jonathan Williamson – September 2019 – resigned November 2020
	Colin Clark – September 2020 – November 2020
	Ronnie Eunson – September 2020 – present
	James Paton – September 2020 – present
	Robert Smith – September 2020 – present
Leadership Team	Mat Roberts, Chief Executive Officer – left December 2020

	Tracey Leslie, Head of Business Services
	Adam Johnson, Head of Operations – left December 2020
	Davy Cooper, Head of Development – passed away in post March 2021
	Sandy Middleton, Head of Engagement

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

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

Statement of Trustees' Responsibilities

68. 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).
69. 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 2019 (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.

70. 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.
71. 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.
-

Approved by Trustees on 31st August 2021

Alastair R Hamilton
Chair and Authorised Signatory



Independent Auditors Report to the Trustees: Year Ended 31 March 2021

Opinion

We have audited the financial statements of Shetland Amenity Trust for the year ended 31st March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 charity's affairs as at 31st March 2021, and of its income and expenditure, 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 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.

Material uncertainty related to going concern

We draw attention to note 1 (a) in the financial statements, which highlights the effects that the COVID-19 pandemic has had on the charity's operating environment. The charity is dependent on overdraft funding provided by bankers, which is due to be reviewed in the next six months. Further, the charity has a significant deficit in unrestricted reserves which stand in a deficit position of £5,790,391. Of this amount, £4,820,000 relates to the defined benefit pension liability. This deficit continues to be addressed by deficit recovery contributions spread over 20 years. Remaining deficit unrestricted funds total £970,392. As stated, these conditions indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a detailed review of budgets and cash flow projections, as well as discussions with management surrounding future funding and operations. The impact of COVID19 restrictions and funding support received by the charity were also reviewed in detail.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 financial statements is inconsistent in any material respect with the Trustees' report; or
- proper accounting records have not been kept; or
- the 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 18, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, pensions

legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and money laundering and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Charities and Trustee Investment (Scotland) Act 2005, Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities SORP (FRS 102).

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates. Also there is the risk of fraudulent misappropriation of: stock, cash or other assets.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.
- Reviewing legal fees incurred in the year for indications of non-compliance or litigation.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.
- Performing sales completeness testing and agreeing receipts from cash sales to subsequent bank lodgement.
- Attending the charity's year end stock take and carrying out test counts of stock items to confirm physical existence

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility for the prevention and detection of irregularities including fraud rests with management.

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

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

9th September 2021

SHETLAND AMENITY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2021 Total Funds £	2020 Total Funds £
INCOME AND ENDOWMENTS FROM:							
Donations and legacies	2	19,414	6,534	-	-	25,948	15,037
Charitable activities	3	925,548	2,320,925	(16,380)	-	3,230,093	3,469,229
Other trading activities	4	26,457	-	-	-	26,457	176,798
Investment income	5	15	45,409	-	-	45,424	51,587
Total income and endowments		971,434	2,372,868	(16,380)	-	3,327,922	3,712,651
EXPENDITURE ON:							
Raising Funds	6	88,417	-	-	7,405	95,822	145,118
Charitable activities	7	943,210	2,313,046	-	-	3,256,256	3,796,742
TOTAL EXPENDITURE		1,031,627	2,313,046	-	7,405	3,352,078	3,941,860
NET (EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS		(60,193)	59,822	(16,380)	(7,405)	(24,156)	(229,209)
Net gains/(losses) on Investments	14	-	-	-	181,747	181,747	(222,820)
NET (EXPENDITURE) FOR THE YEAR		(60,193)	59,822	(16,380)	174,342	157,591	(452,029)
Gross transfers between funds	27	465,761	(29,183)	(370,931)	(65,647)	0	-
NET INCOME/(EXPENDITURE)		405,568	30,639	(387,311)	108,695	157,591	(452,029)
OTHER RECOGNISED (LOSSES) AND GAINS							
Actuarial (losses)/gains on defined benefit pension scheme	23	(1,537,000)	-	-	-	(1,537,000)	851,000
NET MOVEMENT IN FUNDS		(1,131,432)	30,639	(387,311)	108,695	(1,379,409)	398,971
RECONCILIATION OF FUNDS							
TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL 2020		(4,658,959)	(1,871,449)	14,492,749	932,457	8,894,798	8,495,827
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2021	27	(5,790,391)	(1,840,810)	14,105,438	1,041,152	7,515,389	8,894,798

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 27 to 43 form part of these accounts

SHETLAND AMENITY TRUST

BALANCE SHEET

YEAR ENDED 31 MARCH 2021

	Note	2021		2020	
		£	£	£	£
FIXED ASSETS					
Intangible assets	12		-		-
Tangible assets	13		11,865,916		12,287,571
Endowment Investments (at market value)	14		1,041,152		932,457
Other Investments	15		-		-
Total fixed assets			<u>12,907,068</u>		<u>13,220,028</u>
CURRENT ASSETS					
Stocks	16		66,607		104,363
Debtors	17		317,947		376,153
Cash at bank and In hand	18		<u>2,591</u>		<u>1,662</u>
Total current assets			<u>387,145</u>		<u>482,178</u>
LIABILITIES:					
Creditors: Amounts falling due within one year	19		<u>(908,324)</u>		<u>(1,514,384)</u>
NET CURRENT LIABILITIES			<u>(521,179)</u>		<u>(1,032,206)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,385,889</u>		<u>12,187,822</u>
Creditors: Amounts falling due within more than one year	20		<u>(50,500)</u>		<u>(10,024)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>12,335,389</u>		<u>12,177,798</u>
Defined benefit pension scheme liability	23		<u>(4,820,000)</u>		<u>(3,283,000)</u>
TOTAL NET ASSETS			<u>7,515,389</u>		<u>8,894,798</u>
THE FUNDS OF THE CHARITY					
Endowment Fund	27		1,041,152		932,457
Restricted Income Funds	27		293,813		283,174
Restricted Capital Funds	27		14,105,438		14,492,749
Restricted Revaluation Reserve	27		<u>(2,134,623)</u>		<u>(2,154,623)</u>
Total Restricted Funds			<u>13,305,780</u>		<u>13,553,757</u>
Capital on Formation	27		1		1
Unrestricted income funds excluding pension liability	27		<u>(970,392)</u>		<u>(1,375,960)</u>
Pension reserve	27		<u>(4,820,000)</u>		<u>(3,283,000)</u>
Total Unrestricted Funds			<u>(5,790,391)</u>		<u>(4,658,959)</u>
TOTAL CHARITY FUNDS			<u>7,515,389</u>		<u>8,894,798</u>

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

TRUSTEE



TRUSTEE



DATE

31/8/21

The notes on pages 27 to 43 form part of these accounts

SHETLAND AMENITY TRUST
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	29	146,229	(215,942)
Cash flows from investing activities			
Dividends and interest from investments		45,424	51,587
Purchase of property, plant and equipment		(3,482)	(5,500)
Proceeds from sale of property, plant and equipment		160,167	-
Proceeds from sale of investments		173,231	102,230
Purchase of investments		(91,416)	(83,088)
Net cash provided by investing activities		<u>283,924</u>	<u>65,229</u>
Cash flows from financing activities			
Repayment of borrowing		(225,293)	(11,287)
Loan and overdraft interest paid		(13,543)	(11,767)
Net cash provided (used in) investing activities		<u>(238,836)</u>	<u>(23,054)</u>
Change in cash and cash equivalents in the reporting period		191,316	(173,767)
Cash and cash equivalents at 1st April 2020		<u>(682,618)</u>	<u>(508,851)</u>
Cash and cash equivalents at 31 March 2021		<u>(491,302)</u>	<u>(682,618)</u>

The notes on pages 27 to 43 form part of these accounts

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2021

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 on a going concern basis 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 charity'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 in October 2019, 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 impact of the Covid 19 pandemic and associated lock down procedures has had a significant impact upon the Trust, including the closure of sites, furlough of staff and the associated reduction in income for the Trust. As discussed in detail within the Annual Trustees' Report, the ongoing pandemic and the likelihood of further constraints on the Trust's ability to trade create uncertainty, particularly over the level of commercial income that can be secured through retail and large scale public events. The Trust continues to be reliant upon the overdraft facility, which is due for renewal in November 2021. The Trustees believe that the Trust maintains the confidence and support of the Trust's bankers. The forecasts and projections prepared show that the Trust should be able to operate within the level of its current overdraft facility.

The Trust is reliant on external grant funding, and key funding is provided by the Shetland Charitable Trust and the Shetland Islands Council. In relation to the provision of the Shetland Museum and Archives Service, the funding is considered to be secure.

The Trust also has a significant deficit level of unrestricted reserves. £4,820,000 of this is caused by the Defined Benefit Pension Fund. The Trustees consider this to be a long-term liability, unlikely to crystallise in the period of twelve months from the date of approval of the financial statements. The deficit per the actuarial valuation as at 31 March 2021 is being addressed by deficit recovery contributions spread over 20 years. The certified contribution rates, which are agreed on a three-yearly basis, include the deficit recovery contributions.

Taking these points into consideration, and the additional detail included in the Trustees' Annual Report, the Trustees have a reasonable expectation that the Trust 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

The charity has no group involvement.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)**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.

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.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)**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.

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.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)**l) Intangible Fixed Assets (continued)**

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.

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.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)**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.

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 FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

2 DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2021 Total Funds £	2020 Total Funds £
Donations	19,414	6,534	-	-	25,948	15,037
	<u>19,414</u>	<u>6,534</u>	<u>-</u>	<u>-</u>	<u>25,948</u>	<u>15,037</u>

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.

In 2020, all income from donations and legacies was attributable to unrestricted funds.

3 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2021 Total Funds £	2020 Total Funds £
Grant Funded Income						
Shetland Charitable Trust	-	1,142,988	-	-	1,142,988	1,142,988
Shetland Islands Council	37,000	3,982	-	-	40,982	7,384
Scottish Natural Heritage - Peatlands	-	34,077	-	-	34,077	34,057
EU Creative - Follow the Vikings	-	-	-	-	-	77,086
Grant Aid Account	-	-	-	-	-	31,410
Other Grants	-	150,217	-	-	150,217	53,473
	<u>37,000</u>	<u>1,331,264</u>	<u>-</u>	<u>-</u>	<u>1,368,264</u>	<u>1,346,398</u>
Other income from charitable activities						
Shetland Islands Council	-	1,002,064	-	-	1,002,064	975,304
Commercial Operations	731,058	(12,403)	(16,380)	-	702,275	1,147,527
HMRC Furlough Income	157,490	-	-	-	157,490	-
	<u>888,548</u>	<u>989,661</u>	<u>(16,380)</u>	<u>-</u>	<u>1,861,829</u>	<u>2,122,831</u>
Total charitable activities	<u>925,548</u>	<u>2,320,925</u>	<u>(16,380)</u>	<u>-</u>	<u>3,230,093</u>	<u>3,469,229</u>

In 2020 £2,321,702 of income from charitable activities was attributable to restricted funds. The balance of £1,147,527 was attributable to unrestricted funds.

4 OTHER TRADING ACTIVITIES

Museum shop - sale of goods	22,592	-	-	-	22,592	127,331
Sumburgh Head - sale of goods	3,865	-	-	-	3,865	49,467
Total other trading activities	<u>26,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,457</u>	<u>176,798</u>

All trading income in 2020 was considered to be unrestricted funds.

5 INVESTMENT INCOME

Investments listed on a recognised stock exchange	-	45,395	-	-	45,395	51,529
Bank interest	15	14	-	-	29	58
Total investment income	<u>15</u>	<u>45,409</u>	<u>-</u>	<u>-</u>	<u>45,424</u>	<u>51,587</u>

In 2020, investment income of £51,529 was considered to be restricted funds. The remaining £58 was considered to be unrestricted funds.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

6 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2021 Total Funds £	2020 Total Funds £
MUSEUM SHOP						
Museum Shop	36,589	-	-	-	36,589	63,727
Sumburgh Head Operational Budget	51,828	-	-	-	51,828	81,391
Investment management costs				7,405	7,405	
	<u>88,417</u>	<u>-</u>	<u>-</u>	<u>7,405</u>	<u>95,822</u>	<u>145,118</u>

All expenditure on raising funds in 2020 was considered to be unrestricted funds.

7 EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2021 Total Funds £	2020 Total Funds £
Activities Undertaken Directly						
Shetland Museum and Archives	-	66,241	-	-	66,241	51,724
Other Grant Funded Projects and Services	-	162,848	-	-	162,848	160,001
Commercial Operations	419,940	-	-	-	419,940	859,168
Direct Charitable Wages and Salaries	55,832	975,394	-	-	1,031,226	1,136,963
Depreciation	297,661	-	-	-	297,661	300,749
Grant Aid	11	6,477	-	-	6,477	10,250
Support costs						
Governance	8	37,338	-	-	37,338	49,248
Finance and Office Administration	169,777	272,110	-	-	441,887	516,697
Fleet Management	-	30,033	-	-	30,033	39,663
Repairs and Maintenance	-	60,461	-	-	60,461	58,436
Support Wages and Salaries	-	702,144	-	-	702,144	613,843
	<u>943,210</u>	<u>2,313,046</u>	<u>-</u>	<u>-</u>	<u>3,256,256</u>	<u>3,796,742</u>

In 2020, £2,303,315 of expenditure on charitable activities was attributable to restricted funds. The balance of £1,493,427 was attributable to unrestricted funds.

8 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2021 Total Funds £	2020 Total Funds £
Auditors Remuneration						
Audit Fees	-	9,330	-	-	9,330	9,500
Assurance Services other than audit	-	-	-	-	-	7,305
Tax Advisory Services	-	-	-	-	-	-
Other Financial Services	-	3,825	-	-	3,825	7,746
Other Governance Costs						
Trustees Allowances and Expenditure	-	211	-	-	211	598
Other Trustee Costs - Recruitment	-	142	-	-	142	142
Other Trustee Costs - Trustee Indemnity Insurance	-	1,810	-	-	1,810	4,302
Other Trustee Costs - Governance Review	-	-	-	-	-	10,163
Other Trustee Costs - Strategic Advice	-	8,701	-	-	8,701	-
Other Trustee Costs - Board Intelligence Tool	-	13,319	-	-	13,319	9,492
	<u>-</u>	<u>37,338</u>	<u>-</u>	<u>-</u>	<u>37,338</u>	<u>49,248</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 1 trustee totalling £211 (2020: 10 trustees totalling £598). An additional £142 (2020: £142) was paid in relation to advertising for new trustees.

Trustees are not remunerated by the Trust.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

9 STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2021	2020
	£	£
Wages and salaries	1,427,094	1,452,086
Employer's National Insurance	129,663	127,027
Pension contributions (including operating costs of defined benefit pension scheme)	218,867	224,379
	<u>1,775,624</u>	<u>1,803,492</u>

Redundancy and termination payments for the year were £49,074 (2020: £nil). These were accounted for when paid and calculated in the statutory method. Redundancy costs were met with funding from the charity's commercial operations.

	2021	2020
	No.	No.
The average number of employees employed during the year was	<u>59</u>	<u>60</u>
The number of higher paid employees was		
Taxable emoluments band £60,000 - £70,000	<u>-</u>	<u>1</u>
Taxable emoluments band £70,000 - £80,000	<u>-</u>	<u>-</u>
Taxable emoluments band £80,000 - £90,000	<u>-</u>	<u>-</u>
Taxable emoluments band £90,000 - £100,000	<u>-</u>	<u>-</u>
Taxable emoluments band £100,000 - £110,000	<u>-</u>	<u>-</u>
Taxable emoluments band £110,000 - £120,000	<u>1</u>	<u>-</u>
The number of higher paid employees accruing benefits under defined benefit pension schemes	<u>1</u>	<u>1</u>

The total employment benefits, including employer's pension contributions, of key management personnel was £395,577 (2020: £311,156).

11 GRANT AID - GRANTS PAID/COMMITTED

	Committed at 1 April 2020	Awarded during year	Grants written off	Paid during year	Committed at 31 March 2021
	£	£	£	£	£
SAT Drifting Apart	4,170	-	-	-	4,170
SMAA - Jenny Gilbertson Digitisation	1,500	-	(1,500)	-	-
The New Shetlander	-	2,500	-	(1,250)	1,250
Terry Gunnell - Shetland Legends	-	3,977	-	-	3,977
	<u>5,670</u>	<u>6,477</u>	<u>(1,500)</u>	<u>(1,250)</u>	<u>9,397</u>
	Committed at 1 April 2019	Awarded during year	Grants written off	Paid during year	Committed at 31 March 2020
	£	£	£	£	£
SAT Viking Unst	15,000	-	(15,000)	-	-
Shetland Boat Week	2,159	-	(2,159)	-	-
SAT Project Development	12,000	-	(4,000)	(8,000)	-
SAT Property Acquisition	10,500	-	-	(10,500)	-
SAT Boat Building Store	-	9,500	-	(9,500)	-
SAT Project Support	922	-	-	(922)	-
SAT Project Support 2019/20	4,061	-	-	(4,061)	-
SAT Drifting Apart	4,170	-	-	-	4,170
SAT Eshaness Lighthouse	-	750	-	(750)	-
Stonework repairs	5,000	-	-	(5,000)	-
Eve Eunson - Fair Isle Chair Project	1,086	-	-	(1,086)	-
SMAA - Jenny Gilbertson Digitisation	1,500	-	-	-	1,500
Yell Community Council	1,000	-	-	(1,000)	-
	<u>57,398</u>	<u>10,250</u>	<u>(21,159)</u>	<u>(40,819)</u>	<u>5,670</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

11 GRANT AID - GRANTS PAID/COMMITTED (continued)

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 dependent on the level of investment income received and can vary 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.

12 INTANGIBLE FIXED ASSETS

	Museum & Archives Branding £	Glass Recycling Centre £	Total £
COST			
At 1st April 2020	34,746	300	35,046
At 31st March 2021	34,746	300	35,046
DEPRECIATION			
At 1st April 2020	34,746	300	35,046
At 31st March 2021	34,746	300	35,046
NET BOOK VALUE			
At 31st March 2021	-	-	-
At 31st March 2020	-	-	-

13 TANGIBLE FIXED ASSETS

	Heritable Property £	Long Leasehold Property £	Equipment £	Motor Vehicles £	Total £
COST					
At 1st April 2020	12,197,500	550,000	2,815,062	191,476	15,754,038
Additions	-	-	3,482	-	3,482
Disposals	(110,000)	-	(183,793)	(28,991)	(322,784)
At 31st March 2021	12,087,500	550,000	2,634,751	162,485	15,434,736
DEPRECIATION					
At 1st April 2020	679,685	28,125	2,583,848	174,809	3,466,467
Provided in the year	271,124	11,250	8,004	7,283	297,661
Disposals	(15,000)	-	(152,775)	(27,533)	(195,308)
At 31st March 2021	935,809	39,375	2,439,077	154,559	3,568,820
NET BOOK VALUE					
At 31st March 2021	11,151,691	510,625	195,674	7,926	11,865,916
At 31st March 2020	11,517,815	521,875	231,214	16,667	12,287,571

All fixed assets are used directly for charitable purposes.

The Museum and Archives Collections remain the possession of 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 21 is £990,375. Should the building at Garthspool, included within Leasehold Property above, with a net book value of £510,625, 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, 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 £15,779,078. 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 FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

14 ENDOWMENT INVESTMENTS

	2021		2020	
	£	£	£	£
Market Value at 31st March 2021		932,457		1,155,277
Less: Disposals at opening book value				
Proceeds	173,231		102,230	
Loss on disposals	40,949	(214,180)	(13,678)	(88,552)
		718,277		1,066,725
Add: Acquisition at cost	91,416		83,088	
Dividends re-invested	11,684		1,259	
(Decrease)/Increase in cash deposits	(2,921)		1,647	
Net (Losses)/Gains on Revaluation	222,696	322,875	(220,262)	134,268
		1,041,152		932,457

ANALYSIS OF INVESTMENTS

	Market Value at 31.03.21	Cost Analysis at 31.03.21	Market Value at 31.03.20	Cost Analysis at 31.03.20
	£	£	£	£
Fixed and Variable Interest Securities:				
UK Fixed Interest	96,676	108,200	69,080	101,597
Overseas Fixed Interest	35,793	29,742	33,353	29,837
UK Equities	415,936	393,240	416,632	496,261
European Equities	55,994	42,109	43,367	42,109
Far East & Australian Equities	51,354	34,368	35,965	34,368
International Equities	194,408	149,108	145,511	157,342
Emerging Economies	33,638	28,272	22,540	28,272
UK Property	60,790	60,362	75,737	81,380
Alternative Assets	75,620	76,360	78,092	76,359
Funds on Deposit - unlisted	20,943	20,943	12,180	12,180
	1,041,152	942,704	932,457	1,059,705

The investments are held primarily for investment return.

15 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2021	2020
	£	£
COST		
At 1st April 2020	-	5,601
Additions	-	-
Disposals	-	(5,601)
At 31st March 2021	-	-

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. This subsidiary was closed in February 2020 and as a result the investment was fully disposed of in 2020.

The Trust purchased 1 share in its wholly-owned 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 operated a cafe/restaurant in the museum owned and run by the Trust. This ceased trading in 2019, and as a result, the investment was fully disposed of in 2020.

16 STOCK

	2021	2020
	£	£
Museum Shop Stock	57,236	57,358
Heritage Publications Stock	-	29,050
Sumburgh Head Shop Stock	9,371	17,955
	66,607	104,363

17 DEBTORS

	2021	2020
	£	£
Trade debtors	29,233	39,247
VAT	48,487	13,918
Prepayments and accrued income	240,227	322,988
	317,947	376,153

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

18 CASH AT BANK AND IN HAND	2021	2020
	£	£
Charity bank accounts	977	2
Euro Account - Follow the Vikings	964	1,010
Cash in hand	650	650
	<u>2,591</u>	<u>1,662</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 in note 19.

19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Bank overdraft	514,836	696,460
Trade creditors	70,603	114,235
Accruals and deferred income	266,071	367,943
Other creditors	14,766	26,745
PAYE/NI creditor	31,584	32,722
Follow the Vikings creditor 18	964	1,010
Loans 21	9,500	275,269
	<u>908,324</u>	<u>1,514,384</u>

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

Loans	9,500	275,269
Bank overdraft	514,836	696,460
	<u>524,336</u>	<u>971,729</u>

Analysis of movement in deferred income:	Opening Balance	Deferred in Year	Released in Year	Closing Balance
	£	£	£	£
Lighthouse and camping bod income prepaid	26,143	588	(26,143)	588
RSPB and Scottish Natural Heritage income prepaid	1,730	1,730	(1,730)	1,730
Shetland Wool Week	5,000	-	(5,000)	-
Woodland Trust - Delivery of Native Woodland	-	1,500	-	1,500
	<u>32,873</u>	<u>3,818</u>	<u>(32,873)</u>	<u>3,818</u>

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

20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2021	2020
	£	£
Loans 21	50,500	10,024
	<u>50,500</u>	<u>10,024</u>

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

Loans	50,500	10,024
	<u>50,500</u>	<u>10,024</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

21 LOANS

	2021 Due < One Year £	2021 Due > One Year £	2020 Due < One Year £	2020 Due > One Year £
Eshanness Lighthouse Mortgage	2,000	8,000	2,000	10,024
Boat Shed Mortgage	-	-	273,269	-
Bouncebank Loan	7,500	42,500	-	-
	<u>9,500</u>	<u>50,500</u>	<u>275,269</u>	<u>10,024</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 was repaid in full during the year. This loan had a variable interest rate of 4% above base rate.

The bounceback loan is repayable over 5 years, final repayment due July 2026, with a fixed interest rate of 2.5%.

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, the Former Keeper's Residence Eshanness Lighthouse Northmavine and Garthspool Lerwick.

22 OPERATING LEASES

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

	2021 £	2020 £
Operating lease payments	<u>6,122</u>	<u>6,122</u>
	<u>6,122</u>	<u>6,122</u>

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

Not later than 1 year	3,375	6,122
Later than 1 year and not later than 5 years	-	3,375
Later than 5 years	-	-
	<u>3,375</u>	<u>9,497</u>

23 PENSION: DEFINED BENEFIT SCHEME

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, Independent Qualified Actuaries.

The latest formal valuation of the Fund was at 31 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 has reviewed the most recent full actuarial valuation at 31 March 2017 and has updated it on an annual basis as 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	31st March 2021 % per annum	31st March 2020 % per annum
Inflation/pension increase rate	2.9%	1.9%
Salary increases	2.9%	2.4%
Discount rate	2.0%	2.3%
Proportion of employees opting for early retirement	0.0%	0.0%

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.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

23 PENSION: DEFINED BENEFIT SCHEME (Continued)

Mortality assumptions	31st March 2021 % per annum	31st March 2020 % per annum
Longevity at age 65 for current pensioners		
Men	20.8	21.4
Women	23.1	23.2
Longevity at age 65 for future pensioners		
Men	22.3	22.7
Women	25.3	25.0

Assets (Employer Share)	31st March 2021		31st March 2020	
	Percentage	Fair value of the total plan assets £ 000	Percentage	Fair value of the total plan assets £ 000
Equities	81%	10,775	78%	8,251
Bonds	8%	1,064	8%	846
Property	10%	1,330	12%	1,269
Cash	1%	133	2%	212
	<u>100%</u>	<u>13,302</u>	<u>100%</u>	<u>10,578</u>

Net Pension Liability as at	31st March 2021 £000	31st March 2020 £000
Fair value of Employer Assets	13,302	10,578
Present value of funded liabilities	(18,122)	(13,861)
Net (under)/overfunding in funded plans	(4,820)	(3,283)
Present value of unfunded liabilities	-	-
Unrecognised past service cost	-	-
Net (liability)/asset	(4,820)	(3,283)
Amount in the balance sheet		
Liabilities	(4,820)	(3,283)
Assets	-	-
Net Pension (liability)/asset	(4,820)	(3,283)

Amounts recognised in the SOFA	31st March 2021 £000	31st March 2020 £000
Current service cost	(460)	(617)
Past service cost	-	-
Net interest cost	(79)	(103)
Plan introductions, changes, curtailments and settlements	219	237
Remeasurements:		
Changes in demographic assumptions	194	540
Changes in financial assumptions	(4,026)	1,816
Other experience	(127)	76
Return on assets excluding amounts included in net interest	2,742	(1,098)
	<u>(1,537)</u>	<u>851</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

23 PENSION: DEFINED BENEFIT SCHEME (Continued)

	31st March 2021 £000	31st March 2020 £000
Actual return on plan assets		
Return on assets excluding amounts included in net interest	2,742	(1,098)
Interest income on plan assets included in net interest	<u>241</u>	<u>273</u>
Return on plan assets	<u>2,983</u>	<u>(825)</u>
Reconciliation of defined benefit obligation		
	31st March 2021 £000	31st March 2020 £000
Opening defined benefit obligation	13,861	15,452
Current service cost	460	617
Interest cost	320	376
Contributions by members	79	86
Actuarial losses/(gains)	4,026	(1,816)
Changes in demographic assumptions	(194)	(540)
Other experience	23	(76)
Benefits paid	<u>(453)</u>	<u>(238)</u>
Closing defined benefit obligation	<u>18,122</u>	<u>13,861</u>
Reconciliation of fair value of employer assets		
	31st March 2021 £000	31st March 2020 £000
Opening fair value of employer assets	10,578	11,318
Interest income	241	273
Contributions by members	79	86
Contributions by the employer	219	237
Return on assets excluding amounts included in net interest	2,638	(1,098)
Benefits paid	<u>(453)</u>	<u>(238)</u>
Closing fair value of employer assets	<u>13,302</u>	<u>10,578</u>

The pension scheme actuary estimates that employer's contributions for the year to 31 March 2022 will be approximately £219,000.

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.

24 CONTINGENT LIABILITY

The impact of the recent McCloud/Sargeant judgement in relation to Defined Benefit Pension Schemes at Government level has to be considered by local authorities and Local Government Pension Scheme ('LGPS') funds. The Government Actuary's Department has prepared a report, dated 10 June 2019, which demonstrates two scenarios whereby estimated costs are sensitive to the assumed rates of increases of the final salary and CPI. Scenario one has been calculated at CPI + 1.5% and Scenario two, CPI + 0%. This could impact the scheme liabilities and service costs in future years. At present, this is contingent on potential future litigation and there is currently insufficient information with which to quantify the impact of these decisions.

25 RELATED PARTY TRANSACTIONS

Total costs to the Trust of £16,428 and £14,721 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 until his term of office ended during the year.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

26 FINANCIAL INSTRUMENTS

	2021	2020
	£	£

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

Financial Liabilities

Loans payable falling due within 1 year	9,500	275,269
Loans payable falling due between 2 - 5 years	50,500	10,024
Loans payable falling due after 5 years	-	-
	<u>60,000</u>	<u>285,293</u>

The loan financing is in the form of:

- One secured loan with a fixed interest rate (being 2% per annum over the Bank's base rate) which is due to finish in July 2025.
- Bounceback loan with a fixed interest rate of 2.5% which is due to finish in July 2026.

The total interest paid during the year was £8,806 (2020: £11,767).

27 SUMMARY STATEMENT OF FUNDS

Restricted Funds	General Fund	Revaluation Reserve	Shetland Wildlife Fund	Grant Aid Fund	Permanent Grant Fund	Total
	£	£	£	£	£	£
At 1st April 2020	82,981	(2,154,623)	3,953	196,240	14,492,749	12,621,300
Income	2,327,459	-	-	45,409	(16,380)	2,356,488
Expenditure	(2,306,569)	-	-	(6,477)	-	(2,313,046)
Transfer of funds between funds	(2,245)	20,000	-	(46,938)	(370,931)	(400,114)
At 31st March 2021	<u>101,626</u>	<u>(2,134,623)</u>	<u>3,953</u>	<u>188,234</u>	<u>14,105,438</u>	<u>12,264,628</u>

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: 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; Bressay Carbon Sequestration; Drifting Apart; Nottingham Lace; Holbein loan; Perry Grayson Exhibition; Between Islands Project; Historic Scotland Recovery Fund Grant; Museum Galleries Scotland COVID 19 Adaptation Fund; HIE Improvements to Visitor Sites Funding and an underspend in Shetland Charitable Trust funding.

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.

Endowment Fund	2021		2020	
	£	£	£	£
Grants received to 31.03.21		800,000		800,000
Net recognised gains/(losses) on investments brought forward	132,457		355,277	
Realised (losses) on investments during year	(40,949)		(53,817)	
Movement in cash within fund	(73,052)		-	
Unrealised gains/(losses) on revaluation of investments at year end	<u>222,696</u>		<u>(169,003)</u>	
		<u>241,152</u>		<u>132,457</u>
		<u>1,041,152</u>		<u>932,457</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

27 SUMMARY STATEMENT OF FUNDS (continued)

Unrestricted Funds

	General Fund £	Capital on Formation £	Pension Fund £	Total £
At 1st April 2020	(1,375,960)	1 (3,283,000 )	(	4,658,959)
Income	971,434	-	-	971,434
Expenditure	(1,031,627)	-	-	(1,031,627)
Actuarial gain/(loss)	-	-	(1,537,000)	(1,537,000)
Transfer of funds between funds	<u>465,761</u>	<u>-</u>	<u>-</u>	<u>465,761</u>
At 31st March 2021	(<u>970,392</u>)	<u>1</u>	(<u>4,820,000</u>)	(<u>5,790,391</u>)

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

- £370,931 transferred from the Permanent Grant Fund to reflect the amortisation of capital funds as noted above;
- £2,245 transferred from General Restricted Funds to reflect overspends on different restricted projects, met by unrestricted charity reserves, and restricted donations received;
- £20,000 transferred from General Unrestricted Funds to the Revaluation Reserve to reflect the previous revaluation movement on sale of heritable property in the year; and
- £112,585 transferred from the Restricted Endowment Funds to Unrestricted Funds. These funds were authorised by the trustees to originally meet wage costs in the year. £99,500 of this amount was, however, met by the charity's commercial operations meaning that £99,500 of Unrestricted Funds are designated to be repaid to the Endowment Fund in the year ended 31 March 2022. A further notional transfer of £46,938 from restricted grant aid funds to endowment funds to account for dividends recognised in the restricted funds.

Designated Funds

A total of £139,726 of Unrestricted Funds has been designated by the Trust. Details are as follows:

- £15,226 of unrestricted donations received have been designated to deliver the Trust's objects and priorities as set out in the Trust's strategic plan. Expenditure is anticipated in the 2021/22 financial year.
- £25,000 of unrestricted funds have been designated to provide support to the Sumburgh Head site following the disruption caused by the COVID19 pandemic. Expenditure is anticipated in the 2021/22 financial year.
- As noted above, £99,500 of funds originally drawn down from the Endowment Fund and transferred to unrestricted funds is designated to be repaid back to the Endowment Fund in the 2021/22 financial year.

28 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2021 £
Fixed Assets	(104,899)	11,970,815	-	11,865,916
Investments	-	-	1,041,152	1,041,152
Current Assets	82,972	304,173	-	387,145
Current Liabilities	(897,964)	(10,360)	-	(908,324)
Long Term Liabilities	(<u>4,870,500</u>)	<u>-</u>	<u>-</u>	(<u>4,870,500</u>)
	(<u>5,790,391</u>)	<u>12,264,628</u>	<u>1,041,152</u>	<u>7,515,389</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £
Fixed Assets	(64,458)	12,352,029	-	12,287,571
Investments	-	-	932,457	932,457
Current Assets	(6,272)	488,450	-	482,178
Current Liabilities	(1,295,205)	(219,179)	-	(1,514,384)
Long Term Liabilities	(<u>3,293,024</u>)	<u>-</u>	<u>-</u>	(<u>3,293,024</u>)
	(<u>4,658,959</u>)	<u>12,621,300</u>	<u>932,457</u>	<u>8,894,798</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

29 NOTES TO STATEMENT OF CASHFLOWS

	2021 £	2020 £
(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net (expenditure) for the reporting period (as per the statement of financial activities)	157,591 (	452,029)
Adjustments for:		
Depreciation	297,661	300,749
Gains on sale of fixed assets	(32,691)	-
Gains on sale and revaluation of investments	(181,747)	210,926
Dividends and interest from investments	(45,424 ) (	51,587)
Interest paid	13,543	11,767
Decrease/(Increase) in stock	37,756	23,695
(Increase)/Decrease in debtors	58,206 (	197,518)
(Decrease) in creditors	(158,667 ) (	61,945)
	<u>146,229</u> (	<u>215,942</u>)
(b) Analysis of cash and cash equivalents	2021 £	2020 £
Cash in hand	2,591	1,662
Overdraft facility repayable on demand	(514,836 ) (	696,460)
Cash fund held in investment portfolio	<u>20,943</u>	<u>12,180</u>
	<u>(491,302 )</u> (	<u>682,618</u>)

Included within the cash in hand balance is an amount of £964 (2020: £1,010) 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 18 for further details.

(c) Analysis of Changes in Net Debt

	As at 01.04.20	Cash Flows	As at 31.03.21
<u>Cash and Cash Equivalents</u>			
Cash in hand	1,662	929	2,591
Overdraft facility repayable on demand	(696,460)	181,624 (	514,836)
Cash fund held in investment portfolio	12,180	8,763	20,943
<u>Borrowings</u>			
Debt due within one year	(275,269)	265,769 (	9,500)
Debt due after more than one year	(10,024 ) (	40,476 ) (	50,500)
Total	<u>(967,911)</u>	<u>416,609</u> (	<u>551,302</u>)