

Shetland Amenity Trust
Caring for Shetland's heritage



Shetland Amenity Trust

Annual Report and Financial Statements

Year Ended 31 March 2022

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 2022.

Chair's Message

Welcome to Shetland Amenity Trust's 2021-22 Annual Report and Accounts.

While reflecting on our year that's past, I am bound to contemplate how, in these ever-challenging times, we are delivering on our mission to care for Shetland's heritage on behalf of Shetland and its community.

Back in 2019 we embarked upon a five-year Strategy setting out the ways in which we, through protection and improvement of our Cultural and Natural Heritage for the benefit of the public, would achieve our aims.

We set out five key priorities, linking in with the Shetland Partnership, in which we would do this:

- Innovate for heritage
- Step up on biodiversity
- Inspire wellbeing
- Build communities
- Foster partnership

We looked at the many challenges we saw at that time which we envisaged Shetland would face in the coming years, from climate adversities to population and visitor changes, yet none of us could have anticipated the Covid-19 pandemic which was to shortly follow the publication of our new Strategy. Last year, our then Chair Alastair Hamilton wrote of the achievements during the first year of these exceptional times, and this year has been more of the same.

I was appointed Chair at the AGM in August 2021, having served on the board for three years at that time and heading up the Audit and Risk Committee. Those preceding years had been challenging due to a number of well publicised factors, however, I strongly believed that the Shetland Amenity Trust had a lot still to offer Shetland and was confident a positive future awaited us, and so was honoured and delighted to take up the mantle. My confidence was in no small part bolstered due to the appointment of Hazel Sutherland as our CEO. Having come to the Trust as a financial adviser, Hazel stepped up when required and agreed to remain with us to help us realise our vision. Hazel has worked tirelessly with all the staff to ensure we are moving forward in a positive and healthier direction.

All those involved with the Trust, staff, partners, volunteers and Trustees, have continued to work flexibly over the past year, often remotely and often missing the camaraderie that being physically

present can bring. Everyone involved has embraced the continued need to work differently and I offer my thanks to them all.

We have continued to work hard to redress the underlying financial deficit position, as a result our 2021-22-year end Income Statement shows a small in year deficit of £70,702, which is about half the deficit recorded in the previous financial year.

In particular we undertook a full review of our Museum and Archive Service, which although confirming what we already knew, allowed us to focus on some key improvements required to address our legacy financial struggles. This was done in collaboration with our funder the Shetland Islands Council and with their support and renewed enthusiasm we now have a two-year plan in place to address the key areas which were highlighted.

Of course, none of our aims would be possible without the backing of our funders. Both the Shetland Charitable Trust and the Shetland Islands Council, continue to believe in the value that our organisation brings to Shetland, and I echo the thanks of those who have gone before me for their ongoing support and look forward to working together with them to bring out the best Shetland has to offer as we emerge from the events of the past few years.

In addition to our annual funding, the Shetland Charitable Trust also awarded us a revenue grant to complete repair work to the Sumburgh Head Visitors Centre and the Shetland Museum and Archives. Ongoing maintenance and repairs are always a challenge given the heritage nature of what we look after. Specialised knowledge and equipment is often required, and strict guidelines need to be followed. This usually comes with a hefty price tag, and we are incredibly grateful for this extra support.

Whilst the Shetland Charitable Trust and Shetland Islands Council form the main part of our operation, we also have achieved grant funding for various one-off or ad hoc projects. Between the Shetland Charitable Trust revenue grant and these we managed to draw in over £1.2 million of extra funding. I wish to acknowledge and thank those funders for their support, particularly throughout this difficult period, as well as thanks to those staff involved in working together with these organisations to secure the funding.

Last but not least we also generate some income from Commercial Activities, this income has been invaluable and helped us keep our heads above water. The staff involved in making this happen have been exceptional. To keep those lifeline funds coming to the Trust at a time when physical contact, whether it be in the form of visitors to our heritage sites, Shetland Wool Week or the shop, has been at times impossible, and has taken a mammoth effort. I offer the staff involved my sincerest thanks. We have learnt many skills from those innovative methods, and we will continue to use this to our best advantage in the future.

We welcomed three new Trustees to the Board at the AGM last year, Esther Renwick, Sophie Riise and Vic Thomas. All three bring a fantastic diverse range of knowledge and experience, immersing themselves in 'Trust life' and sitting on a range of committees. At the same time we also reappointed Pauline Megson and Dr Linda Riddell, with Dr Riddell continuing as Vice Chair. With my appointment to Chair, Ronnie Eunson was appointed into the vacant second Vice Chair post. I wish to thank both Linda and Ronnie, along with previous Chair Alastair Hamilton, for their unwavering help and support to me, it is very welcome and much appreciated. Each Trustee gives up their time freely, and it is

always given with energy and enthusiasm, for which I am immensely grateful, and give my thanks to all.

Within the staff we were delighted to welcome back Rory Tallack to the position of Natural Heritage Officer. We also greeted new starts to our permanent team; James Adamson and Neil McTaggart as Maintenance Technicians; Jordan Clark, Sarah MacKintosh, Heather Christie, Eleanor Pottinger and Elaine Hughes at the Museum and Archives; and seasonal staff Tara Thompson at the Museum and Archives and Kiera Munro joined the team at Sumburgh Head.

Some of the funding we secured allowed us to take on project / placement staff, and we gained temporary members to our Trust 'family' in the Woodlands Team and at the Museum and Archives.

Alongside all the challenges the staff have faced, they have continued to deliver an outstanding service. To list everything done would take considerably more pages than I have here, however, I want to personally thank each and every one for their contribution and dedication to the Trust and to Shetland. What follows is a snapshot of just some of the immense amount done in our 'year at's awaa'.

Sumburgh Head Lighthouse turned 200 in 2021 and a year of events to celebrate this took place. The building was painted and a new sign with artwork by fabulous local artist Gilly B was commissioned.

At Old Scatness, the board reviewed an options appraisal as to how to best preserve the site whilst making it accessible. A way forward was agreed and work is underway to secure funding to ensure this excellent example of a Broch and Iron Age Village is preserved for all.

The Croft House Museum underwent thatching and repair work whilst closed, in preparation for reopening in summer 2022.

We received significant community interest in two of our properties, Bressay Lighthouse and Park Hall, which we were delighted to get, and discussions are ongoing as to how we can release these properties.

The Shetland Biological Records centre had 124 new volunteer contributors over the year.

Our Peatlands Restoration work continued to grow, with two new projects secured and 11 events held to engage with people to help their understanding of how important this work is.

A second virtual Shetland Wool Week was held, a huge thanks goes to Wilma Malcomson for agreeing to be patron for two years running. The event was a great success with over 90 events and activities taking place for the 2,000 online members, 79% of which hadn't been to Shetland Wool Week before. Thanks to Highlands and Islands Enterprise for grant support to enable this event to take place.

Da Voar Redd Up was done under Covid-19 restrictions and in collaboration with the Marine Conservation Society, thanks again to everyone who took part in what continues to be an extremely valued community event.

We continue to delight in running the Shetland and Museum Archives service for the people of Shetland. The team have achieved numerous awards and accreditations, not least the TripAdvisor

Travellers Choice Award this year, giving a five-star rating, with customers placing us in the top 10% worldwide. Just writing that gives me an immense sense of pride, a huge thanks to the team for once again showing that we are world class!

Year on year my passion and enthusiasm for Shetland's heritage and culture is kept alight by the fantastic achievements of the team. In many of the challenges we have faced we have not been alone, and I strongly believe that through fostering partnerships with other groups and members of our Shetland community we can deliver even more for us and future generations to be, in our Shetland way, quietly but fiercely proud of.

Alison Moncrieff, 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 2021/22

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 over the year. We also produce an Annual Review which sets out our key achievements in the year².
5. During 2021 we began the process of adjusting to our 'new normal'. We continued to adapt and respond to ever changing Covid restrictions and gradually welcomed more and more visitors back to our sites. Staff returned to the offices in part with many choosing to do hybrid working. We gradually saw overseas visitors return to the islands. We used the quieter times to refresh and adapt our sites.

Organisational Development

6. We embarked on an exercise with partners to review our governance and financial arrangements and implemented an ambitious change programme which is still ongoing. We reviewed our contractual arrangements in collaboration with the Shetland Islands Council for the Shetland Museum and Archives Service, ensuring they are fit for purpose and up to date.
7. With the support of HIE we undertook a Fair Work self-assessment tool and developed a workplan to help improve our practices as an employer and build on already positive work we have undertaken in this area.
8. We signed up to the SME Climate Hub Climate Pledge, committing to Net Zero by 2040 or sooner and have begun our work to measure and improve our environmental impact as an organisation. We have also contributed to conversations on the Shetland Route to Net Zero and are developing options to support other organisations to reach net Zero and to support climate change mitigation and adaptation through our work on peatlands, woodlands, environmental improvement and support for heritage organisations.
9. We welcomed three new Trustees in the year and thirteen new members of staff including temporary, seasonal and permanent posts. These appointments filled empty posts, retirement vacancies and a number were new posts, funded by external partners as graduate or employment placements. In addition to these funded posts we secured project funding to support key activities relating to energy efficiency, capital works, Shetland Wool Week, Year of Stories and peatland restoration.

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

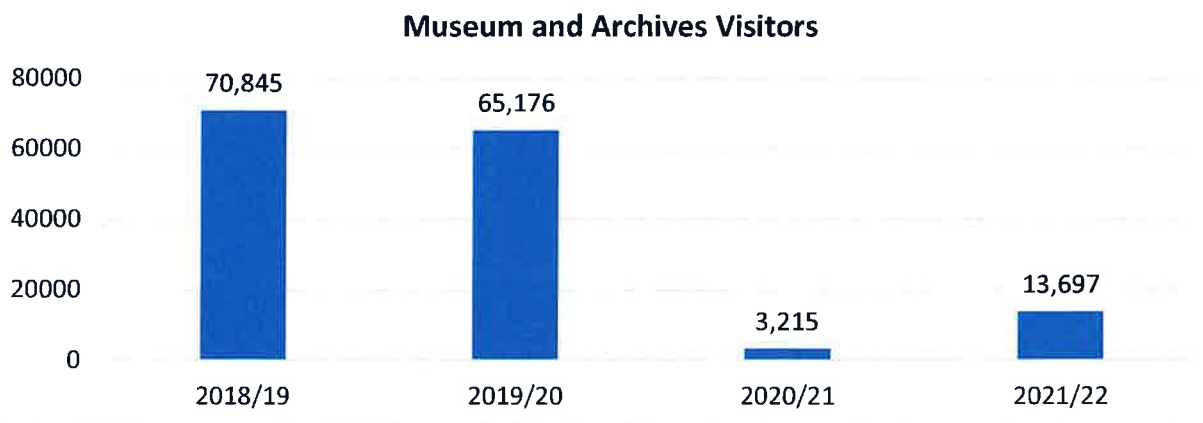
² The Annual Review can be found online at <https://www.shetlandamenity.org/annual-accounts-and-annual-reports>

Heritage Sites

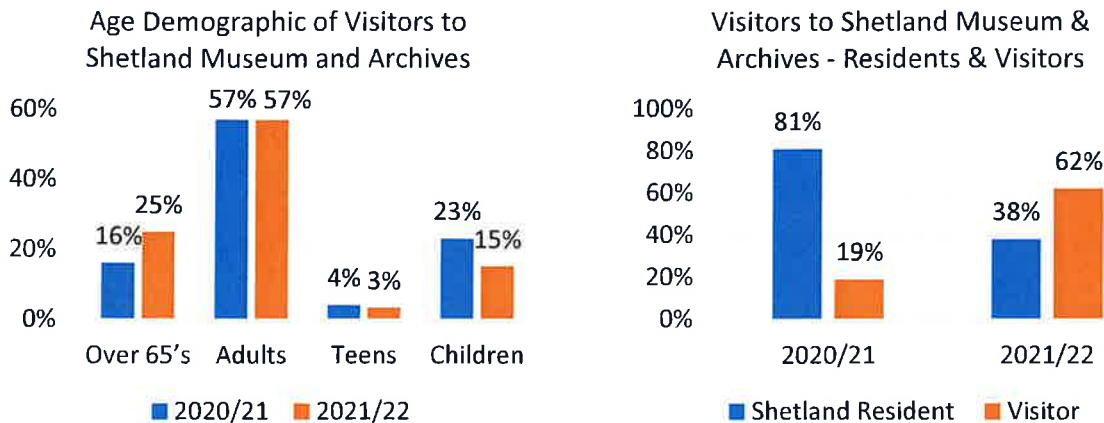
10. Sumburgh Head Lighthouse, the first and oldest Stevenson lighthouse in Shetland, turned 200 years old in 2021. We delivered a series of events and activities throughout the season to celebrate the anniversary and engage people with the site and nature reserve. We adapted the site to improve customer flow, increase visibility of staff outdoors, and introduced new outdoor and indoor activities and engagement with particular focus on repeat visits by the local audience.
11. Visitor numbers improved from the 2020 season, however, were still significantly lower than pre-pandemic levels. This was in part due to 5 day opening where we had previously opened 7 days per week. Reduced opening was due to low staff members and footfall. We welcomed 3,725 paying visitors to the site, approximately 59% of pre-pandemic levels. We deployed prominent donations boxes throughout the site including QR codes for digital donations encouraging visitors to donate to support the site and care of the facilities.

Shetland Museum and Archives

12. The Museum and Archives continued to adapt and change with the regulations and restrictions placed on it by Covid-19. We began to re-introduce group activities, events and in person talks as well as continuing with online talks and activity. The Museum remained closed to the public on Mondays which gave the opportunity for school groups to return on those days in a safe and secure environment. We also reintroduced a programme of in person events and activities connected to exhibitions and key times of the year. Through the year we provided free access and meeting spaces to key groups who were unable to meet in their usual venues due to Covid-19. This included hosting Ability Shetland and the Young Carers network on a regular basis.
13. Visitor numbers began to increase from the 2020 season with visitors from overseas starting to return, however, numbers remained significantly lower than pre-pandemic levels as shown in the chart below.



14. We began collecting basic demographic data on visitors in 2020 thanks to the booking system we had put in place and we have adapted and continued this. The age demographic and origin of visitors is shown below. The age distribution remains fairly static, however, the proportion of people who were visitors to Shetland increased significantly in 2021/22 compared to the previous year when significant restrictions to travel were in place. The proportion of children visiting the museum increased in the school holidays.



15. The venue retained its 5 star rating on TripAdvisor and this year received the TripAdvisor Traveller's Choice Award, receiving such high ratings it is now placed in the top 10% of visitor attractions worldwide.
16. At the beginning of the year we curated an exhibition of Fair Isle Chairs from our collection alongside local craftsperson Eve Eunson. Her research into the chairs and her experience of learning the craft were on display along with her own work, we delivered our first virtual gallery tour online to support the exhibition. We then welcome a variety of exhibits through the year including Roberta Fulford's art exhibition of painting and sculpture connected to Shetland and its environment. This was followed by the Who Cares Scotland Festival of Care exhibition which engaged people with care experienced children. An exhibition based on local artist and children's books the 'Peerie Ooricks' then went on display. We also developed focus displays on Skovi Keps and Shackleton's Pall bearers.
17. A two year project on our Lace collection, cataloguing and photographing items, culminated in a new display case in the upper galleries displaying and interpreting this incredible Shetland craft. A book has also been drafted and various talks, articles and blogs contributed to.
18. We have continued to provide support and advice to Community Museums across Shetland. The focus was on support and advice for reopening safely and adapting to Covid restrictions as well as training and support for curation of exhibitions, interpretation, data protection and more.

Archaeology

19. We added 346 new records to the Historic Environment Record and contributed expert advice on a range of planning applications and other developments. We delivered a Trustee seminar on future options for the site at Old Scatness. This was followed up with a full options appraisal and business case to the Board. The Board of Trustees approved the preferred option to consolidate and conserve the site providing visitor access. Building a dome over the site was ruled out. Funding bids are now underway to support a feasibility study and the site opened one day per week during the visitor season.

Support for Heritage Groups

20. We undertook a review of the heritage grants scheme, we distributed grants of over £60,000 to 15 heritage groups, including two new groups. We also liaised with the Shetland Heritage Association on potential collaboration opportunities and provided support and advice to community heritage organisations and venues.

Heritage Buildings

21. Listed Building Consent was applied for and secured for significant repairs to the Tangwick Haa Museum. The time frame for receiving consent meant that implementation of repairs had to be moved to the following financial year.

22. Preparatory work on the stonework of Sumburgh Head Lighthouse was undertaken and the process of painting the lighthouse complex began in the Summer months with the majority of work completed with some small sections remaining for painting the following spring.

23. Funding was secured from the Shetland Charitable Trust Capital Grants programme to implement significant repairs and works at both Sumburgh Head and Shetland Museum and Archives. Funding was approved at the end of the financial year so delivery will take place in 2022/23.

24. A review of our property portfolio was undertaken identifying a fully costed Forward Maintenance and Repair plan and associated requirements for compliance testing. We had a number of approaches from private individuals and community groups with regard two of our properties and as a result requested Expressions of Interest to work with us on our properties at Park Hall and Bressay Lighthouse. A Property Strategy is under development and options for future use of the sites is being considered.

25. We thatched key roofs at the Crofthouse Museum at Dunrossness having sourced traditional materials, Shetland Black Oats, for the first time in many years. Our usual pattern of re-thatching was interrupted by the pandemic, sourcing of straw, and availability of key staff when weather was appropriate to the work. The re-thatching is now back on track with significant renovation works to the mill and one other roof still required.

Shetland Wool Week

26. Shetland Wool Week was virtual once again in 2022. We adapted the event with the support of funding from HIE. We sold over 2,000 memberships to the online event delivering over 90 events and classes in collaboration with local tutors and providers. Initial plans included a full virtual platform for the event, however, due to Covid-19, the providers of the platform were unable to fulfil the requirements and the event had to be adapted and delivered using alternative methods. Many of our online customers were 'new customers' with 79% stating that they had not attended Shetland Wool Week in person previously. The virtual Makers Market was delivered online again and generated significant sales for local craft businesses.

27. The Shetland Wool Week Annual 2021 was published in September and well received with good sales. With the majority of the orders being made online rather than people purchasing in person, fulfilment of orders was a significant job with additional staff and volunteers providing support to the team.

Shetland UNESCO Global Geopark

28. We collaborated with VisitScotland on the development of a national UNESCO trail for Scotland. The trail promotes all UNESCO sites in Scotland including UNESCO Global Geoparks. We increased the number of Geopark partners to 20 and all were given the opportunity to be promoted as part of the trail. The Geopark Manager left the organisation in 2021 and due to a lack of funding we were not in a position to replace the post like for like. Our work on Geoparks is now led by our natural Heritage Team and we have recently increased capacity in the team to support this work.

Woodlands

29. We received support from HIE to take on a Woodlands Graduate support placement in November 2021. The aim of the placement was to support our recovery from Covid and to support net zero activities. Planting of seedlings was restricted during lockdown so tree stocks were very low and the team were struggling to meet demand. The team planted over 50,000 seedlings in the spring and are on track to replenish stocks. The Graduate Placement also developed a business case and proposals for expansion of the horticultural unit at Stoney Hill to enable us to meet future demand for tree planting. Planning and funding applications are now underway. Working in collaboration with SIC Employability team we also secured a 6 month Woodlands Assistant placement to support our work.

30. We supported 7 applications through the MoreWoods scheme and undertook access improvements at 8 Community Woodlands. We also supported the planting of the final Ginkgo Trees that we have nurtured from seed as part of the Mayors for Peace initiative, including a ceremonial planting of a tree in the flower park by the Convenor of the Council, Malcolm Bell, to mark the anniversary of the Hiroshima bombing.

Shetland Biological Records Centre

31. Volunteers continue to send us sighting and listings to be included in the Shetland Biological Records Centre (SBRC). This year we attracted 74 new contributors with volunteers contributing 6,285 new records which were added to the SBRC. We welcomed a new Natural Heritage Officer to the team to support the wider work on natural heritage and Geopark as well.

Peatland Restoration

32. We are supporting delivery of two peatland restoration projects worth £250,000 and we have 10 potential projects under development. We delivered 9 workshops and events to engage a range of people, partners, land owners and businesses in our work. We reached agreement with NatureScot to fund a second Peatland ACTION Project Officer to help meet rising demand. Recruitment was completed and the new officer starts in the new financial year.

Environmental Improvement

33. We delivered a scaled back Voar Redd Up in 2021 in line Covid restrictions and in collaboration with the Marine Conservation Society and Shetland Islands Council. Numbers getting involved and the weight of bruck collected was much lower than in previous years. We sought feedback from those involved and they were keen to see the full Redd Up return in 2022. We work to refine our registration systems through the winter months and launched registration for a full Redd Up in Spring 2022.

34. The uplift of scrap cars was halted under lock-down, the team have been working to get through a backlog of vehicles and over the year uplifted and depolluted 288 end of life vehicles.
 35. 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.
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Financial Review

36. At 31 March 2022, our surplus before depreciation, investment revaluations and actuarial losses, was £287,556, slightly less than the surplus of £273,505 recorded in the previous year. 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.
37. We continue to receive, and are grateful for, substantial core funding from Shetland Charitable Trust. This amounted to £1,171,600 in 2021/22.
38. Shetland Islands Council supports the Shetland Museum and Archives service under a 25-year contract dated January 2003. We are also funded by Shetland Islands Council to deliver the Natural Heritage Ranger Service and Regional Archaeology Service. For the 2021/22 year this amounted to £1,063,080.
39. The Trust participated in an in-depth review of the Trust's finances, in collaboration with all our funding partners. The Trust is implementing the recommendations from this work in full, which is set out in more detail at the Risk Management section.
40. The Trust has in place plans to sell some surplus assets in order to generate receipts to reduce its overall level of historic debt of £873,336, which will put the Trust on a firmer financial footing.
41. The Trust has in place an overdraft facility with the Clydesdale Bank of £275,000, a significant reduction on the previous year's requirement 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 2022, the Trust required an overdraft of £262,274, a significant improvement over the previous year of £514,836. Our Trade Creditors position at 31 March 2022 was £208,380 compared to £70,603 in 2020/21.

Risk Management - General Statement of Risk Appetite

42. During 2021/22, 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.
43. 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 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.

44. The Trust's key corporate risks are set out below.

Risk category	Identified Risks
Governance risks	<ul style="list-style-type: none"> – Need for positive management of key partner and funding relationships
Operational risks	<ul style="list-style-type: none"> – Health and wellbeing of staff, addressing the impacts of the Covid-19 pandemic – Organisational capacity and skills to deliver and develop services, and support new activities (including access to external funding) – Information and knowledge on service delivery sometimes held by individuals, not at an organisational level.
Financial risks	<ul style="list-style-type: none"> – Inadequate reserves and resources – Dependency on limited income sources – Uncertain commercial trading environment
Assets	<ul style="list-style-type: none"> – Insufficient knowledge of the condition of our property and asset portfolio, and insufficient resources to adequately care for, preserve and utilise.
External risks	<ul style="list-style-type: none"> – Responding to climate change, with a focus on security of assets – Public perception and reputation on the unique role of the Trust – Changing government policy (e.g. project funding, UK exit from EU)
Compliance with law and regulation	<ul style="list-style-type: none"> – Insufficient organisational knowledge of all historical obligations and commitments. – Insufficient systems to support data management principles.

45. The Trust will manage these risks through established management arrangements, monitored at senior management and Board level.

Reserves Policy

46. 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 £11,175,787, in increase over the previous year of £7,515,389 due to an adjustment to the Pension Fund Liability. This sum comprised £14,542,374 in restricted funds and (£3,336,588) – a deficit – in unrestricted funds.

47. The overall restricted fund of £14,542,374 takes account of a surplus of £1,440,695 arising directly from revaluation of properties in the year ended 31 December 2021. 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.

48. The overall deficit in unrestricted funds of £3,366,588 is after recognising the pension reserve liability of £2,671,000 (2021: £4,820,000). 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.
49. Excluding the pension liability, unrestricted funds shows a deficit of £695,589 (2021: £970,392) as at 31 March 2022. 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

50. The Trust will face uncertainties and challenges over the coming years. These are as follows:

- an underlying structural deficit; and,
- limited assets which are surplus to requirements to sell.

51. 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;
 - regular communication with our bankers;
 - an active dialogue with both the Shetland Islands Council and Shetland Charitable Trust over their continued long-term support; and,
 - implementing a management structure, to support staff and service delivery.
-

Plans for Future Periods

52. 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.
53. We are now in the process of undertaking a Strategic Review of our core purpose and activities with Trustees and Staff. We aim to have a new 5 year Strategic Plan in place by 2024.
54. We continue work to recover from the Global Pandemic, adapting our services and identifying new opportunities for development. We have secured additional funding for increased activity in peatland restoration and our woodlands operations. We have submitted funding for key projects to deliver energy efficiencies, improved display and storage of our boats collection in the Museum, and for improvements to our Shetland Wool Week digital presence. We have also applied for funding to take forward a feasibility study and business plan for conservation and interpretation at Old Scatness. If successful we will then take this on to a further bid to consolidate and develop the site.
55. We are undertaking a review of our property portfolio and developing a property strategy to ensure we are utilising our assets to best effect and focussing our efforts and funding on operational buildings and key heritage assets.

Structure, Governance and Management

Trustees and Organisational Structure

56. The Trust is an unincorporated Scottish Charity, originally registered as a Charity on 10 January 1983, Scottish Charity Number SC017505.
57. 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 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.
58. 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.

59. The Trustees are responsible for the governance of the Trust and meet regularly throughout the year.
60. The Chief Executive takes responsibility for the day-to-day operation of the Trust and manages the staff on behalf of the Trustees.
61. The staff pay rates are currently benchmarked against the local authority's pay scale rates and adjusted as appropriate.

Governance Review

62. Previously, an independent governance review was conducted by Compass Partnership in line with the Scottish Governance Code for the Third Sector.
63. 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.
64. The independent review in 2019 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.
65. The Trust has implemented actions to address these key recommendations from the governance review:
- a) ensure that board time is focused on the most strategic issues and operational matters are delegated to staff;
 - b) improved financial reporting and training delivered 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) brief sessions with the Chief Executive alone and then Trustees alone at the end of one or two meetings per year; and
 - e) the Board should periodically discuss its own performance and agree actions for continuous improvement.
66. A Governance Working Group was put in place to oversee the implementation of the action plan. There is one remaining recommended action to address regarding succession planning and continuing professional development for the Board and Trustees.

Relationships with Related Parties

67. 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.

68. 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	Alison Moncrieff (Chair) – June 2018 - present
	Ronnie Eunson (Vice-Chair) – September 2020 – resigned December 2022
	Linda Riddell (Vice-Chair) – October 2017 - present
	Alastair Hamilton – September 2015 - present
	Pauline Megson – October 2017 - present
	Neville Martin – September 2019 – present
	Robert Smith – September 2020 – present
	Sophie Riise – September 2021 – resigned December 2022
	Esther Renwick – September 2021 - present
	Vic Thomas – September 2021 - present
Management Team	Hazel Sutherland – Chief Executive (Interim)
	Sandy Middleton – Assistant Chief Executive (Interim)
	Tracey Leslie - Head of Business Services

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

69. 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).
70. 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.
71. 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.
72. 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 13 December 2022

Alison Moncrieff
Chair and Authorised Signatory



Independent Auditors Report to the Trustees: Year Ended 31 March 2022

Opinion

We have audited the financial statements of Shetland Amenity Trust for the year ended 31st March 2022 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 2022, 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 has as a significant deficit in unrestricted reserves which stand in a deficit position of £3,366,588. Of this amount, £2,671,000 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 £695,589. 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 income 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.



Mrs Jayne Anderson (Senior Statutory Auditor) for and on behalf of
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.

20th December 2022

47 Commercial Road
Lerwick
Shetland
ZE1 0NJ

SHETLAND AMENITY TRUST
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2022

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2022 Total Funds £	2021 Total Funds £
INCOME AND ENDOWMENTS FROM:							
Donations and legacies	2	2,800	17,022	-	-	19,822	25,948
Charitable activities	3	394,011	2,349,271	-	-	2,743,282	3,230,093
Other trading activities	4	351,449	-	-	-	351,449	26,457
Investment income	5	-	37,440	-	-	37,440	45,424
Total income and endowments		748,260	2,403,733	-	-	3,151,993	3,327,922
EXPENDITURE ON:							
Raising Funds	6	142,190	-	-	7,945	150,136	95,822
Charitable activities	7	702,197	2,313,592	-	-	3,015,789	3,256,256
TOTAL EXPENDITURE		844,388	2,313,592	-	7,945	3,165,925	3,352,078
NET (EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS							
		(96,128)	90,141	-	(7,945)	(13,932)	(24,156)
Net gains/(losses) on investments	13	-	-	-	84,634	84,634	181,747
NET (EXPENDITURE) FOR THE YEAR		(96,128)	90,141	-	76,689	70,702	157,591
Transfers between funds	25	370,931	(32,178)	(370,931)	32,178	-	-
NET INCOME/(EXPENDITURE)		274,803	57,963	(370,931)	108,867	70,702	157,591
OTHER RECOGNISED (LOSSES) AND GAINS							
Gains/(losses) on revaluation of fixed assets	12	-	1,440,695	-	-	1,440,695	-
Actuarial (losses)/gains on defined benefit pension scheme	21	2,149,000	-	-	-	2,149,000	(1,537,000)
NET MOVEMENT IN FUNDS		2,423,803	1,498,658	(370,931)	108,867	3,660,397	(1,379,409)
RECONCILIATION OF FUNDS							
TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL 2021		(5,790,391)	(1,840,810)	14,105,438	1,041,152	7,515,389	8,894,798
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2022	25	(3,366,588)	(342,152)	13,734,507	1,150,019	11,175,787	7,515,389

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 31 to 47 form part of these accounts

SHETLAND AMENITY TRUST

BALANCE SHEET

YEAR ENDED 31 MARCH 2022

	Note	2022		2021	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		13,048,657		11,865,916
Endowment Investments (at market value)	13		<u>1,150,019</u>		<u>1,041,152</u>
Total fixed assets			<u>14,198,676</u>		<u>12,907,068</u>
CURRENT ASSETS					
Stocks	14	84,671		66,607	
Debtors	15	236,133		317,947	
Cash at bank and in hand	16	<u>650</u>		<u>2,591</u>	
Total current assets		<u>321,454</u>		<u>387,145</u>	
LIABILITIES:					
Creditors: Amounts falling due within one year	17	(<u>634,825</u>)		(<u>908,324</u>)	
NET CURRENT LIABILITIES			(<u>313,371</u>)		(<u>521,179</u>)
TOTAL ASSETS LESS CURRENT LIABILITIES			13,885,305		12,385,889
Creditors: Amounts falling due within more than one year	18	(<u>38,518</u>)		(<u>50,500</u>)	
NET ASSETS EXCLUDING PENSION LIABILITY			13,846,787		12,335,389
Defined benefit pension scheme liability	21	(<u>2,671,000</u>)		(<u>4,820,000</u>)	
TOTAL NET ASSETS			<u>11,175,787</u>		<u>7,515,389</u>
THE FUNDS OF THE CHARITY					
Endowment Fund	25		1,150,019		1,041,152
Restricted Income Funds	25		351,776		293,813
Restricted Capital Funds	25		13,734,507		14,105,438
Restricted Revaluation Reserve	25	(<u>693,928</u>)		(<u>2,134,623</u>)	
Total Restricted Funds			<u>14,542,374</u>		<u>13,305,780</u>
Capital on Formation	25		1		1
Unrestricted income funds ex. pension liability	25	(<u>695,589</u>)		(<u>970,392</u>)	
Pension reserve	25	(<u>2,671,000</u>)		(<u>4,820,000</u>)	
Total Unrestricted Funds			(<u>3,366,588</u>)		(<u>5,790,391</u>)
TOTAL CHARITY FUNDS			<u>11,175,787</u>		<u>7,515,389</u>

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

TRUSTEE



TRUSTEE



DATE

13 December 2022

The notes on pages 31 to 47 form part of these accounts

SHETLAND AMENITY TRUST
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	27	291,832	146,229
Cash flows from investing activities			
Dividends, interest and rents from investments		36,876	45,424
Purchase of property, plant and equipment		(43,533)	(3,482)
Proceeds from sale of property, plant and equipment		42	160,166
Proceeds from sale of investments		18,899	173,231
Purchase of investments and additional cash available		-	(91,416)
Net cash provided by investing activities		<u>12,284</u>	<u>283,923</u>
Cash flows from financing activities			
Repayment of borrowing		(9,391)	(225,293)
Interest paid		(1,538)	(13,543)
Net cash provided (used in) investing activities		<u>(10,929)</u>	<u>(238,836)</u>
Change in cash and cash equivalents in the reporting period		293,187	191,316
Cash and cash equivalents at 1st April 2021	28(b)	(491,302)	(682,618)
Cash and cash equivalents at 31 March 2022	28(b)	<u>(198,115)</u>	<u>(491,302)</u>

The notes on pages 31 to 47 form part of these accounts

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS: YEAR ENDED 31 MARCH 2022

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 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. £2,671,000 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 2022 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 2022

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 2022

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 50 years
Long Leasehold Property	-	straight line over the remaining useful life, deemed to be 35 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 2022

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 2022

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 2022

2 DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2022 Total Funds £	2021 Total Funds £
Donations	2,800	17,022	-	-	19,822	25,948
	<u>2,800</u>	<u>17,022</u>	<u>-</u>	<u>-</u>	<u>19,822</u>	<u>25,948</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 2021, £6,534 of donations and legacies were attributable to restricted funds with the remaining £19,414 attributable to unrestricted funds.

3 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2022 Total Funds £	2021 Total Funds £
Grant Funded Income						
Shetland Charitable Trust	-	1,171,600	-	-	1,171,600	1,142,988
Shetland Islands Council	-	33,559	-	-	33,559	40,982
Scottish Natural Heritage - Peatlands	-	34,248	-	-	34,248	34,077
EU Creative - Follow the Vikings	-	-	-	-	-	-
Grant Aid Account	-	-	-	-	-	-
Other Grants	-	80,343	-	-	80,343	150,217
	-	<u>1,319,750</u>	-	-	<u>1,319,750</u>	<u>1,368,264</u>
Other income from charitable activities						
Shetland Islands Council	-	1,029,521	-	-	1,029,521	1,002,064
Commercial Operations	394,011	-	-	-	394,011	702,275
HMRC Furlough income	-	-	-	-	-	157,490
	<u>394,011</u>	<u>1,029,521</u>	<u>-</u>	<u>-</u>	<u>1,423,532</u>	<u>1,861,829</u>
Total charitable activities	<u>394,011</u>	<u>2,349,271</u>	<u>-</u>	<u>-</u>	<u>2,743,282</u>	<u>3,230,093</u>

In 2021 £2,320,925 of income from charitable activities was attributable to restricted funds. The balance of £909,168 was attributable to unrestricted funds.

4 OTHER TRADING ACTIVITIES

Museum shop - sale of goods	322,397	-	-	-	322,397	22,592
Sumburgh Head - sale of goods	29,052	-	-	-	29,052	3,865
Total other trading activities	<u>351,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,449</u>	<u>26,457</u>

All trading income in 2021 was considered to be unrestricted funds.

5 INVESTMENT INCOME

Investments listed on a recognised stock exchange	-	37,440	-	-	37,440	45,395
Bank interest	-	-	-	-	-	29
Total investment income	<u>-</u>	<u>37,440</u>	<u>-</u>	<u>-</u>	<u>37,440</u>	<u>45,424</u>

In 2021, investment income of £45,409 was considered to be restricted funds. The remaining £15 was considered to be unrestricted funds.

SHETLAND AMENITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

6 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2022 Total Funds £	2021 Total Funds £
MUSEUM SHOP						
Museum Shop	77,697	-	-	-	77,697	36,589
Sumburgh Head Operational Budget	64,493	-	-	-	64,493	51,828
Investment management costs	-	-	-	7,945	7,945	7,405
	<u>142,190</u>	<u>-</u>	<u>-</u>	<u>7,945</u>	<u>150,136</u>	<u>95,822</u>

All expenditure on raising funds in 2021 was considered to be unrestricted funds.

7 EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2022 Total Funds £	2021 Total Funds £
<u>Activities Undertaken Directly</u>						
Shetland Museum and Archives	-	77,000	-	-	77,000	66,241
Other Grant Funded Projects and Services	-	154,028	-	-	154,028	162,848
Commercial Operations	332,866	-	-	-	332,866	419,940
Direct Charitable Wages and Salaries	51,051	1,140,267	-	-	1,191,318	1,031,226
Depreciation	301,489	-	-	-	301,489	297,661
Grant Aid	10	35	-	-	35	6,477
<u>Support costs</u>						
Governance	8	31,067	-	-	31,067	37,338
Finance and Office Administration	16,792	428,371	-	-	445,163	441,887
Fleet Management	-	41,110	-	-	41,110	30,033
Repairs and Maintenance	-	109,426	-	-	109,426	60,461
Support Wages and Salaries	-	332,288	-	-	332,288	702,144
	<u>702,197</u>	<u>2,313,592</u>	<u>-</u>	<u>-</u>	<u>3,015,789</u>	<u>3,256,256</u>

In 2021, £2,313,046 of expenditure on charitable activities was attributable to restricted funds. The balance of £943,210 was attributable to unrestricted funds.

8 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2022 Total Funds £	2021 Total Funds £
<u>Auditors Remuneration</u>						
Audit Fees	-	9,600	-	-	9,600	9,330
Assurance Services other than audit	-	-	-	-	-	-
Tax Advisory Services	-	-	-	-	-	-
Other Financial Services	-	3,500	-	-	3,500	3,825
<u>Other Governance Costs</u>						
Trustees Allowances and Expenditure	-	25	-	-	25	211
Other Trustee Costs - Recruitment	-	-	-	-	-	142
Other Trustee Costs - Trustee Indemnity Insurance	-	4,882	-	-	4,882	1,810
Other Trustee Costs - Governance Review	-	-	-	-	-	-
Other Trustee Costs - Strategic Advice	-	-	-	-	-	8,701
Other Trustee Costs - Board Intelligence Tool	-	13,060	-	-	13,060	13,319
	<u>-</u>	<u>31,067</u>	<u>-</u>	<u>-</u>	<u>31,067</u>	<u>37,338</u>

Trustees are entitled to an attendance allowance to reimburse them for the cost of their travel to meetings. No allowances were paid in the financial year.

During the year, reimbursements were made in respect of 1 trustee totalling £25 (2021: 1 trustee totalling £211). An additional £Nil (2021: £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 2022

9 STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2022	2021
	£	£
Wages and salaries	1,252,809	1,427,094
Employer's National Insurance	116,942	129,663
Pension contributions (including operating costs of defined benefit pension scheme)	205,553	218,867
	<u>1,575,304</u>	<u>1,775,624</u>

Redundancy costs for the year were £nil (2021: £49,074). These were accounted for when paid and calculated in the statutory method. Redundancy costs were met with funding from the charity's commercial operations.

	2022	2021
	No.	No.
The average number of employees employed during the year was	<u>53</u>	<u>59</u>
The number of higher paid employees was		
Taxable emoluments band £60,000 - £70,000	-	-
Taxable emoluments band £70,000 - £80,000	-	-
Taxable emoluments band £80,000 - £90,000	-	-
Taxable emoluments band £90,000 - £100,000	-	-
Taxable emoluments band £100,000 - £110,000	-	-
Taxable emoluments band £110,000 - £120,000	-	1
The number of higher paid employees accruing benefits under defined benefit pension schemes	<u>-</u>	<u>1</u>

The total employment benefits, including employer's pension contributions, of key management personnel was £210,255 (2021: £395,577).

10 GRANT AID - GRANTS PAID/COMMITTED

	Committed at 1 April 2021	Awarded during year	Grants written off	Paid during year	Committed at 31 March 2022
	£	£	£	£	£
SAT Drifting Apart	4,170	-	-	-	4,170
The New Shetlander	1,250	-	-	(1,250)	-
Terry Gunnell - Shetland Legends	3,977	35	-	(4,012)	-
	<u>9,397</u>	<u>35</u>	<u>-</u>	<u>(5,262)</u>	<u>4,170</u>
	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
The New Shetlander	-	2,500	-	(1,250)	1,250
Terry Gunnell - Shetland Legends	-	3,977	-	-	3,977
SMAA - Jenny Gilbertson Digitisation	1,500	-	(1,500)	-	-
	<u>5,670</u>	<u>6,477</u>	<u>(1,500)</u>	<u>(1,250)</u>	<u>9,397</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

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.

11 INTANGIBLE FIXED ASSETS

	Museum & Archives Branding £	Glass Recycling Centre £	Total £
COST			
At 1st April 2021	34,746	300	35,046
At 31st March 2022	34,746	300	35,046
DEPRECIATION			
At 1st April 2021	34,746	300	35,046
At 31st March 2022	34,746	300	35,046
NET BOOK VALUE			
At 31st March 2022	-	-	-
At 31st March 2021	-	-	-

12 TANGIBLE FIXED ASSETS

	Heritable Property £	Long Leasehold Property £	Equipment £	Motor Vehicles £	Total £
COST					
At 1st April 2021	12,087,500	550,000	2,634,751	162,485	15,434,736
Additions	-	-	9,994	33,540	43,534
Revaluation	246,500	100,000	-	-	346,500
Disposals	-	-	(21,200)	(21,631)	(42,831)
At 31st March 2022	12,334,000	650,000	2,623,545	174,394	15,781,939
DEPRECIATION					
At 1st April 2021	935,809	39,375	2,439,077	154,559	3,568,820
Depreciation charged in the year	269,503	13,854	8,055	10,076	301,488
Eliminated on revaluation	(1,050,132)	(44,063)	-	-	(1,094,195)
Eliminated in respect of disposals	-	-	(21,200)	(21,631)	(42,831)
At 31st March 2022	155,180	9,167	2,425,932	143,004	2,733,282
NET BOOK VALUE					
At 31st March 2022	12,178,820	640,833	197,613	31,390	13,048,657
At 31st March 2021	11,151,691	510,625	195,674	7,926	11,865,916

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 19 is £1,198,152. Should the building at Garthspool, included within Leasehold Property above, with a net book value of £640,833, 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 on 30 August 2021 by LA Simpson Chartered Surveyor, independent valuers not connected with the charity, on the basis of Fair Value. The valuations have been prepared in accordance with the RICS Valuation - Global Standards 2020, the UK National Supplement and The Financial Reporting Standard, FRS 102. The property revaluation resulted in gains of £1,440,695 being credited to Other Comprehensive Income in the Statement of Financial Activities and Revaluation Reserve. The carrying value of those assets revalued that would have been recognised had the assets been carried under the historic cost model, and the charity's previous accounting policies, totals £15,772,100.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

13 ENDOWMENT INVESTMENTS	2022		2021	
	£	£	£	£
Market Value at 31st March 2022		1,041,152		932,457
Less: Disposals at opening book value	-			
Proceeds	18,899		173,231	
Loss on disposals	858	(19,757)	40,949	(214,180)
		1,021,395		718,277
Add: Acquisition at cost	-		91,416	
Dividends re-invested / accumulation dividends	566		11,684	
(Decrease)/Increase in cash deposits	42,566		(2,921)	
Net (Losses)/Gains on Revaluation	85,492	128,624	222,696	322,875
		<u>1,150,019</u>		<u>1,041,152</u>

ANALYSIS OF INVESTMENTS	Market	Cost	Market	Cost
	Value at	Analysis at	Value at	Analysis at
	31.03.22	31.03.22	31.03.21	31.03.21
	£	£	£	£
Fixed and Variable Interest Securities:				
UK Fixed Interest	91,508	96,743	96,676	108,200
Overseas Fixed Interest	32,040	29,742	35,793	29,742
UK Equities	470,516	385,506	415,936	393,240
European Equities	57,782	42,109	55,994	42,109
Far East & Australian Equities	51,251	34,368	51,354	34,368
International Equities	206,092	149,108	194,408	149,108
Emerging Economies	30,590	28,272	33,638	28,272
UK Property	64,393	60,362	60,790	60,362
Alternative Assets	82,338	76,360	75,620	76,360
Funds on Deposit - unlisted	63,509	63,509	20,943	20,943
	<u>1,150,019</u>	<u>966,079</u>	<u>1,041,152</u>	<u>942,704</u>

The investments are held primarily for investment return.

14 STOCK	2022	2021
	£	£
Museum Shop Stock	68,373	57,236
Sumburgh Head Shop Stock	16,298	9,371
	<u>84,671</u>	<u>66,607</u>

15 DEBTORS	2022	2021
	£	£
Trade debtors	59,993	29,233
VAT	29,796	48,487
Prepayments and accrued income	146,344	240,227
	<u>236,133</u>	<u>317,947</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

16 CASH AT BANK AND IN HAND

	2022 £	2021 £
Charity bank accounts	-	977
Euro Account - Follow the Vikings	-	964
Cash in hand	650	650
	<u>650</u>	<u>2,591</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 17.

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank overdraft	262,274	514,836
Trade creditors	208,380	70,603
Accruals and deferred income	95,133	266,071
Other creditors	26,074	14,766
PAYE/NI creditor	30,873	31,584
Follow the Vikings creditor	16	964
Loans	19	9,500
	<u>12,091</u>	<u>9,500</u>
	<u>634,825</u>	<u>908,324</u>

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

Loans	12,091	9,500
Bank overdraft	262,274	514,836
	<u>274,365</u>	<u>524,336</u>

Analysis of movement in deferred income:

	Opening Balance £	Deferred in Year £	Released in Year £	Closing Balance £
Lighthouse and camping bod income prepaid	588	8,250	(588)	8,250
RSPB and Scottish Natural Heritage income prepaid	1,730	5,697	(1,730)	5,697
Society of Wellington	-	2,299	-	2,299
Woodland Trust - Delivery of Native Woodland	1,500	1,500	(1,500)	1,500
Facility hire	-	250	-	250
Textile tours	-	555	-	555
Highlands & Islands Enterprise - Graduate Support Programme	-	9,625	-	9,625
	<u>3,818</u>	<u>28,176</u>	<u>(3,818)</u>	<u>28,176</u>

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

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Loans	38,518	50,500
	<u>38,518</u>	<u>50,500</u>

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

Loans	38,518	50,500
	<u>38,518</u>	<u>50,500</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

19 LOANS

	2022 Due < One Year £	2022 Due > One Year £	2021 Due < One Year £	2021 Due > One Year £
Eshness Lighthouse Mortgage	2,000	6,018	2,000	8,000
Bouncebank Loan	<u>10,091</u>	<u>32,500</u>	<u>7,500</u>	<u>42,500</u>
	<u>12,091</u>	<u>38,518</u>	<u>9,500</u>	<u>50,500</u>

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

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 Eshness Lighthouse Northmavine and Garthspool Lerwick.

20 OPERATING LEASES

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

	2022 £	2021 £
Operating lease payments	<u>6,161</u>	<u>6,122</u>
	<u>6,161</u>	<u>6,122</u>

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

Not later than 1 year	2,787	3,375
Later than 1 year and not later than 5 years	-	-
Later than 5 years	<u>-</u>	<u>-</u>
	<u>2,787</u>	<u>3,375</u>

21 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 2020 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 2020 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 2022 % per annum	31st March 2021 % per annum
Inflation/pension increase rate	3.2%	2.9%
Salary increases	3.2%	2.9%
Discount rate	2.7%	2.0%
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 2022

21 PENSION: DEFINED BENEFIT SCHEME (Continued)

Mortality assumptions	31st March 2022	31st March 2021
	% per annum	% per annum
Longevity at age 65 for current pensioners		
Men	20.7	20.8
Women	22.9	23.1
Longevity at age 65 for future pensioners		
Men	22.1	22.3
Women	25.1	25.3

Assets (Employer Share)	31st March 2022		31st March 2021	
	Percentage	Fair value of the total plan assets £ 000	Percentage	Fair value of the total plan assets £ 000
Equities	81%	11,969	81%	10,775
Bonds	7%	1,034	8%	1,064
Property	11%	1,625	10%	1,330
Cash	1%	149	1%	133
	<u>100%</u>	<u>14,777</u>	<u>100%</u>	<u>13,302</u>

Net Pension Liability as at	31st March 2022	31st March 2021
	£000	£000
Fair value of Employer Assets	14,777	13,302
Present value of funded liabilities	(17,448)	(18,122)
Net (under)/overfunding in funded plans	(2,671)	(4,820)
Present value of unfunded liabilities	-	-
Unrecognised past service cost	-	-
Net (liability)/asset	(2,671)	(4,820)
Amount in the balance sheet		
Liabilities	(2,671)	(4,820)
Assets	-	-
Net Pension (liability)/asset	(2,671)	(4,820)

Amounts recognised in the SOFA	31st March 2022	31st March 2021
	£000	£000
Current service cost	(622)	(460)
Past service cost	-	-
Net interest cost	(101)	(79)
Plan introductions, changes, curtailments and settlements, employer contributions	205	219
Remeasurements:		
Changes in demographic assumptions	87	194
Changes in financial assumptions	1,346	(4,026)
Other experience	(35)	(127)
Return on assets excluding amounts included in net interest	1,269	2,742
	<u>2,149</u>	<u>(1,537)</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

21 PENSION: DEFINED BENEFIT SCHEME (Continued)

	31st March 2022	31st March 2021
	£000	£000
Actual return on plan assets		
Return on assets excluding amounts included in net interest	1,269	2,742
Interest income on plan assets included in net interest	<u>265</u>	<u>241</u>
Return on plan assets	<u>1,534</u>	<u>2,983</u>
Reconciliation of defined benefit obligation		
	31st March 2022	31st March 2021
	£000	£000
Opening defined benefit obligation	18,122	13,861
Current service cost	622	460
Interest cost	366	320
Contributions by members	75	79
Actuarial losses/(gains)	(1,346)	4,026
Changes in demographic assumptions	(87)	(194)
Other experience	35	23
Benefits paid	<u>(339)</u>	<u>(453)</u>
Closing defined benefit obligation	<u>17,448</u>	<u>18,122</u>
Reconciliation of fair value of employer assets		
	31st March 2022	31st March 2021
	£000	£000
Opening fair value of employer assets	13,302	10,578
Interest income	265	241
Contributions by members	75	79
Contributions by the employer	205	219
Return on assets excluding amounts included in net interest	1,269	2,638
Benefits paid	<u>(339)</u>	<u>(453)</u>
Closing fair value of employer assets	<u>14,777</u>	<u>13,302</u>

The actuary estimates that employer's contributions for the year to 31 March 2023 will be approximately £269,000.

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.

22 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. An allowance for the estimated impact of the McCloud judgement was included within the 31st March 2020 funding valuation position. The McCloud allowance will therefore automatically be included within the 31st March 2022 and 2021 Balance Sheets. No explicit additional adjustment for McCloud has been added to the current service cost.

23 RELATED PARTY TRANSACTIONS

There were no disclosable related party transactions during the year. In the prior year, the Trust incurred £31,149 of employment costs in respect of the son and daughter in law of Mr F Robertson, a trustee of the charity until his term of office ended.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

24 FINANCIAL INSTRUMENTS

	2022	2021
	£	£
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	12,091	9,500
Loans payable falling due between 2 - 5 years	38,518	50,500
Loans payable falling due after 5 years	-	-
	<u>50,609</u>	<u>60,000</u>

The loan financing is in the form of:

- One secured loan with an interest rate of approximately 6% which is due to finish in July 2025.
- A Bounceback loan with a fixed interest rate of 2.5% which is due to finish in July 2026.

The total loan interest paid during the year was £1,120 (2021: £8,806).

25 SUMMARY STATEMENT OF FUNDS

Restricted Funds	General	Revaluation	Shetland	Grant	Permanent	Total
	Fund	Reserve	Wildlife	Aid	Grant	
	£	£	£	£	£	£
At 1st April 2021	101,626	(2,134,623)	3,953	188,234	14,105,438	12,264,628
Income	2,366,294	-	-	37,440	-	2,403,734
Expenditure	(2,313,557)	-	-	(35)	-	(2,313,592)
Other Comprehensive Income		1,440,695				1,440,695
Transfer of funds between funds	-	-	-	(32,178)	(370,931)	(403,109)
At 31st March 2022	<u>154,363</u>	<u>(693,928)</u>	<u>3,953</u>	<u>193,460</u>	<u>13,734,507</u>	<u>13,392,355</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, Historic Environment Scotland, Woodlands Trust delivery of woodland creation; Gordon Fraser Charitable Trust; Sea Changers; Shetland Knitted Lace; Year of Young People; Bressay Carbon Sequestration; Shetland Islands Council Geoparks; Scottish Natural Heritage Peatlands Project Officer, Causeway Coast Drifting Apart; Nottingham Lace; Holbein Loan; Perry Grayson Exhibition; Between Islands Project; Historic Environment Scotland Recovery Fund; Museum Galleries Scotland COVID 19 Adaptation Fund; HIE Improvements to Visitor Sites; Edinburgh City Council Before the Museum project, Museum Galleries Scotland Year of Stories and underspends 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. This is financed from the investment income earned on the Endowment Fund. Transfers are recorded between the Endowment Fund and Grant Aid Fund to facilitate this.

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

	2022		2021	
	£	£	£	£
Grants received to 31.03.22		800,000		800,000
Net recognised gains / (losses) on investments brought forward	241,152		132,457	
Realised gains / (losses) on investments during year	(858)		(40,949)	
Movement of cash to and from general funds	24,233		(73,052)	
Unrealised gains / (losses) on revaluation of investments at year end	<u>85,492</u>		<u>222,696</u>	
		<u>350,019</u>		<u>241,152</u>
		<u>1,150,019</u>		<u>1,041,152</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

25 SUMMARY STATEMENT OF FUNDS (continued)

Unrestricted Funds

	General Fund £	Capital on Formation £	Pension Fund £	Total £
At 1st April 2021	(970,392)	1	(4,820,000)	(5,790,391)
Income	748,260	-	-	748,260
Expenditure	(844,388)	-	-	(844,388)
Actuarial gain/(loss)	-	-	2,149,000	2,149,000
Transfer of funds between funds	370,931	-	-	370,931
At 31st March 2022	(695,589)	1	(2,671,000)	(3,366,588)

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

- £376,193 transferred from the Permanent Grant Fund to reflect the amortisation of capital funds as noted above.

26 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £
Fixed Assets	8,078	13,040,579	-	13,048,657
Investments	-	-	1,150,019	1,150,019
Current Assets	(41,447)	362,901	-	321,454
Current Liabilities	(623,700)	(11,125)	-	(634,825)
Long Term Liabilities	(2,709,518)	-	-	(2,709,518)
	(3,366,588)	13,392,355	1,150,019	11,175,787

	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	(4,870,500)	-	-	(4,870,500)
	(5,790,391)	12,264,628	1,041,152	7,515,389

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

27 NOTES TO STATEMENT OF CASHFLOWS

	2022	2021
	£	£
(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)	70,702	157,591
Adjustments for:		
Depreciation	301,489	297,661
Gains on sale of fixed assets	(42)	(32,691)
Gains on sale & revaluation of investments	(84,634)	(181,747)
Dividends and interest from investments	(37,440)	(45,424)
Interest paid	1,538	13,543
Decrease/(Increase) in stock	(18,064)	37,756
(Increase)/Decrease in debtors	81,811	58,206
Increase / (Decrease) in creditors	(23,528)	(158,666)
	<u>291,832</u>	<u>146,229</u>
Net cash provided by/(used in) operating activities		
(b) Analysis of cash and cash equivalents	2022	2021
	£	£
Cash in hand	650	2,591
Overdraft facility repayable on demand	(262,274)	(514,836)
Cash fund held in investment portfolio	<u>63,509</u>	<u>20,943</u>
	<u>(198,115)</u>	<u>(491,302)</u>

Included within the cash in hand balance is an amount of ENil (2021: £964) held on behalf of the Follow The Vikings project and as such is unavailable to use to further the Trust's charitable activities. See note 18 for further details.

(c) Analysis of Changes in Net Debt

	As at 01.04.21	Cash Flows	As at 31.03.22
<u>Cash and Cash Equivalents</u>			
Cash in hand	2,591	(1,941)	650
Overdraft facility repayable on demand	(514,836)	252,562	(262,274)
Cash fund held in investment portfolio	20,943	42,566	63,509
<u>Borrowings</u>			
Debt due within one year	(9,500)	(2,591)	(12,091)
Debt due after more than one year	(50,500)	11,982	(38,518)
Total	<u>(551,302)</u>	<u>302,578</u>	<u>(248,724)</u>