



Shetland Amenity Trust

Annual Report and Financial Statements

Year Ended 31 March 2023

Scottish Charity Number: SC017505

Contents

Contents	1
Chair's Message	2
Charitable Objects	6
Activities	6
Shetland Museum and Archives	6
Interpretation, Promotion and Engagement.....	6
Archaeology.....	7
Natural Heritage	7
Environmental Improvement	8
Grant Giving.....	8
Achievements and Performance 2022/23	8
Organisational Development.....	8
Heritage Sites.....	9
Shetland Museum and Archives	9
Archaeology.....	10
Support for Heritage Groups.....	10
Heritage Buildings.....	10
Shetland Wool Week.....	10
Shetland UNESCO Global Geopark	11
Woodlands.....	11
Shetland Biological Records Centre.....	11
Peatland Restoration	11
Environmental Improvement	12
Financial Review	12
Risk Management - General Statement of Risk Appetite.....	12
Reserves Policy	13
Looking Forward: Going Concern Statement	14
Plans for Future Periods	14
Structure, Governance and Management	15
Trustees and Organisational Structure.....	15
Governance Review.....	15
Relationships with Related Parties.....	16
Reference and Administrative Information	17
Statement of Trustees' Responsibilities.....	18

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 2023.

Chair's Message

I'm delighted to share Shetland Amenity Trust's 2022-23 Annual Report and Accounts with you. In a year that has seen many changes and challenges, I was honoured to be re-elected for another term as Chair.

I confess writing this message is one of my favourite duties to perform in my role as it allows me to take a breath and look back at what the team have achieved over the past year. It fills me with immense pride, and tops up my enthusiasm levels as, despite sometimes feeling like things aren't moving fast enough, this opportunity reminds me of how many positive heritage activities have been taking place throughout the isles and beyond over the past 12 months, and I'm once again humbled.

During the year the Board started thinking about the strategic direction we want the Trust to take from 2024 for the following five years. There has been a lot to consider, not least the current economic climate. Balancing our ambitions against the obstacles we face is always a challenge and we will continue to work through this in the coming year.

As you will see in the accounts, the vast improvement in our finances over the last two years is nothing short of exceptional, this has been driven by Hazel Sutherland our CEO who has continued to bring her passion and enthusiasm for the Trust's work to the table every day.

Along with looking to the future, we've looked at ways to become more efficient and effective in what we already do. We recognised that, due to the diversity of activities which fall under the 'heritage' umbrella, it is sometimes difficult for others to understand all we do. Building on the five-year strategy we set out in 2019, we now have two teams with distinctly different responsibilities; the Natural Heritage team, headed up by Sandy Middleton, and the Cultural Heritage team headed up by Jacqui Birnie who we welcomed to SAT in July. By developing these foundations, we aim to have clearer communication about our work, both internally and externally.

My sincere thanks go to Hazel, Sandy and Jacqui, they have supported and guided each other, the staff and the Trustees through this continuously changing period. They have improved information to the Board, allowing us to make better, more informed decisions, and they and their teams have gone out and engaged with people and organisations across the length and breadth of Shetland (and further) to ensure we are delivering the best service we can for Shetland.

As with many organisations we have been looking at how to make better use of our resources and found that much of our time and money was being spent maintaining the significant number of properties the Trust owns. We developed a Property Strategy, which includes us working with

communities with an aim to get many of these properties back into use. This initiative has seen us explore options for properties including lighthouses and Camping Böds. The communities we have spoken to have been exceptionally responsive and understanding and we are extremely grateful to everyone who has taken the time to speak with us.

One of our fledgling projects, working with Shetland Heritage Association, has been to start a Heritage Hub. This is open to groups and volunteers throughout our culture and heritage community and the aim is to improve what we offer in terms of heritage to both Shetlanders and visitors, through sharing experience and learning. Feedback has been extremely positive and we look forward to this growing and evolving over the coming years.

The hanging display of boats unfortunately had to be removed from the Boat Hall due to safety concerns. The staff used the opportunity to think about how our fabulous spaces in the museum might be used differently. There are a vast number of artefacts which the public mostly don't see, and I along with the rest of the Trustees, are keen that there should be opportunities for them, and their stories to be shared. I look forward to being able to see how the museum collections are shared with our community making the best use of our available spaces.

On the subject of boats, despite many attempts, we were disappointed to be unable to find anyone locally prepared to take on the restoration project of the *Maggie Helen*. We were therefore delighted when a team of sailors from England and Brittany were willing to come and bring her back into use. After 3 months of hard work, often into the wee small hours, to see her set sail without engines for the first time in over 100 years was quite an emotional moment. We look forward to keeping up with her adventures in her new lease of life.

After numerous delays and set backs we are delighted to have a working front door again for the Museum and Archives. It may seem like a small thing but the logistical issues were a real challenge for staff, so we are delighted to have the project completed.

Shetland Wool Week went ahead with a both physical and virtual offering for the first time. With over 300 performances and events listed, there was anxious anticipation as to how things would go. Once again, an enormous thanks goes to the team who pulled out all the stops to make it happen. Any worries were quickly allayed with the number of visitors to the isles and the overwhelmingly positive feedback we received. Thanks to everyone involved in making this event a success, including Event Scotland for supporting our online presence. For anyone who missed the online coverage it can still be viewed here: <http://www.shetlandwoolweek.com/virtual-events/>

We ran a number of nature events over the summer months in 2022, from flower walks to 'peerie pollinators' the enthusiasm, especially from our younger participants was an absolute joy. During the summer our cultural and natural heritage teams worked together to deliver an outreach project to pupils from Dunrossness Primary School at the 19th century Crofthouse Museum. Over a number of weeks they shared the history of the traditional thatched building and carried out projects in the garden, explaining the significance of biodiversity and how all the community can support it. Trees and flowers were planted together with wildlife refuges for bees, birds, butterflies and bugs.

In November we opened the Art's Cool Schools exhibition which was opened by the talented local artist Peter Davis. Like me, Peter was very impressed at the artistic talent we have amongst our

young folk here in Shetland. It was an absolute joy to be able to showcase this work and I look forward to having more opportunities to host events like this at SAT in the future.

Sue White and the team continued to work on restoring degraded peatlands. Peatland restoration projects were completed at Girlsta and Aywick in partnership with Peatland ACTION. Demand for peatland projects continues to grow as has our support and advice to local landowners.

We completed work on our newly expanded horticultural unit in March. These new facilities were in response to the growth in demand for our trees and shrubs and we are now fully accredited by the Woodlands Trust. We initially secured funding from Highlands and Islands Enterprise which allowed us to take on a graduate placement, Solene Giradeau-Potel, to explore the opportunities around woodlands. Solene's work subsequently secured the funding which allowed us to expand the unit. As a result, we have increased production by 300%, a fantastic achievement, and a huge thanks goes to Paul Goddard, Solene and the whole team at the unit for making this happen.

The unique position the Trust is in, is only achieved by the funding we receive from our supporters. The Shetland Islands Council and the Shetland Charitable Trust between them contribute around two thirds of our £3M annual income. Without their backing we wouldn't be able to deliver many of the services we do and I would have very little to write about in this report. On behalf of all the Trustees, staff, and I'm sure the wider community who benefit from all we do, I would like to express our sincere thanks to both organisations for their continued commitment to us.

With the support of Shetland Islands Council's economic development team, the Trust secured £40,000 of grant from the Scottish Government for islands heritage and culture, which helped towards the cost of two permanent members of staff and the heritage conferences. Shetland Islands Council also provided funding for several fixed term supported employment placements, two of which resulted in permanent employment with the Trust.

The remaining third of our income is made up from other sources, grants to do specific projects such as the one at the Horticultural Unit, commercial income from sales at places like the museum shop and Sumburgh Head, and last but not least from charitable donations. To the staff who work exceptionally hard to bring in this additional income, and to the other people and organisations who support us, I offer a heartfelt thanks.

We were delighted to have Bobby Hunter and Lindsay Tulloch join us as new Trustees during the year, all bring a wealth and diverse range of experience. We are delighted to have new and fresh ideas, particularly now as we embark on our next five year strategy. We also said cheerio to several Trustees: Ronnie Eunson, Esther Renwick, Sophie Riise, Pauline Megson, Alastair Hamilton and Linda Riddell. A huge thanks goes to all of them for all the time and effort they have dedicated over their tenures. I am sure they will continue to support the Trust's work going forward.

Within the staff we were delighted to welcome: Laurel Thomson, Jacqui Birnie, Victoria Armstrong, George Gen, Mari Anderson, Donna Marie Jamieson, Tracey Hawkins, Karen Clubb and Logan Johnson.

I don't have the space to name each staff member individually, but that by no means diminishes their contribution, for which we are all grateful.

After over 20 years' service we sadly bid farewell to Paul Harvey, our Natural Heritage Officer, but not before he and Mike Pennington (a regular recorder for the records centre) had a paper published on lepidoptera (butterflies and moths) in Shetland. The paper includes the surprising information that there are over 50 new additions to the 'Shetland List' since 2000. I want to take this opportunity to thank Paul for his hard work and dedication during his time with the Trust. We certainly hope Paul won't be a stranger and look forward to future opportunities to work together.

In March, Catrina Carter celebrated 30 years with the Trust. Catrina has held many roles over the years and is currently the Office Manager. She will often be the friendly voice you hear when you call the main phone number. Catrina is our go-to person about the history of the Trust and is always on hand for advice. She is a delight to work with and I want to formally recognise her long service and record my thanks for her commitment to the Trust, which I hope continues for many years to come.

I have now completed five years as a Board member at Shetland Amenity Trust. That time has flown by, and despite all the challenges during that time, what the staff and Trustees have achieved gives me confidence that as easier times surely come, we will go on to deliver bigger and better things in the future. I remain fiercely proud and passionate about all things 'Shetland' and will ensure that we continue to strengthen the Trust, build our partnerships and prioritise preserving our heritage for future generations.

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.
-

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

- Deliver the 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 for projects which support Shetland's natural and cultural heritage.
-

Achievements and Performance 2022/23

4. In January 2023, Shetland Amenity Trust celebrated 40 years of operation. That founding principles of protecting and celebrating Shetland's unique natural and cultural heritage has guided the Trust as it transitions to respond to today's challenges.
5. 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.
6. As the world emerged from the Covid-19 restrictions, the Trust was able to enjoy a more normal operating year. It was great to get most of our facilities and services back to full strength and fully accessible to the public after Covid. Shetland Wool Week returned, albeit on a smaller scale than usual, all our sites were open during Up Helly Aa for visitors and our winter programme of evening craft sessions and heritage activities had a focus on health and wellbeing. Staff mainly returned to the offices, but we continue to support flexible and hybrid working.

Organisational Development

7. 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 with the Shetland Islands Council for the Shetland

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>

Museum and Archives Service, ensuring they are fit for purpose and up to date, and have jointly agreed a 2-year improvement plan.

8. We welcomed Kerry Llewellyn to the team as the Trust's Finance Manager under a contract arrangement.
9. We welcomed two new Trustees in the year and recognised the significant service of some long-standing Trustees who left during the year. We appreciate all that they do, as volunteers, to guide and support the Trust.
10. We recruited staff to new roles, as the Trust changes how it works. Some posts were funded by external partners, such as a specific grant from the Scottish Government to support islands heritage; part of a Scotland wide initiative to recognise the importance of culture and heritage in our lives. This grant was secured with the assistance of Shetland Islands Council's economic development service.
11. Shetland Islands Council provided grant assistance to the Trust to employ people to gain experience which would help them secure permanent employment, either with the Trust or elsewhere. In two cases, the programme was so successful that the Trust was able to offer permanent employment opportunities. Georgia Smith joined the Woodlands Team and, with her passion and inherent knowledge for Shetland's natural heritage, she has immediately become an invaluable member of staff. George Gen joined the Trust as a visitor experience assistant at the Museum. His customer service skills and the way he engages with people is exemplary and has inspired other staff members to follow his lead. With a background in the Shetland fishing industry, George has also brought unique insight into this field and passionately shares his knowledge of this to his colleagues and the public.

Heritage Sites

12. At Sumburgh Head Lighthouse, the first and oldest Stevenson lighthouse in Shetland, we delivered a series of events and activities for people to enjoy the site and nature reserve. We made adaptations to improve customer flow, increase visibility of staff outdoors, and introduced new activities to encourage repeat visits by the local community. We also ran a 15 events and activities throughout the season as well as welcoming school groups and delivering guided walks for NHS health walks groups.
13. With funding from the Historic Environment Recovery Fund, we completed repairs and painting of the external walls in heritage colours. Visitor numbers improved from the 2021 season and were in fact higher than pre-pandemic levels in 2019, with 7,741 paying visitors to the site and a significant increase in donations.

Shetland Museum and Archives

14. Shetland Museum and Archives returned to full strength with a winter programme of activities, events and talks. Da Gadderie re-opened and visitors and locals enjoyed a varied programme of exhibitions, including a contemporary art exhibition by Peter Davis inspired by the extremes of Shetland's landscape.

15. Visitor numbers have increased, and we began to explore how we will better measure the difference we make to the wellbeing of the community through case studies and evaluation feedback.
16. The education and learning programme continues to be popular with our younger visitors, through workshops, events and talks. We ran a series of straw craft workshops during the winter evenings at the museum. This was a meaningful way to share an endangered heritage skill and provide a warm and sociable space for the community. The workshops were free of charge and were fully booked for the 6 week period.
17. Our first heritage conference brought over 80 delegates together to take part in discussions to help us shape the future for Shetland's local culture and heritage.
18. Two heritage projects, funded by the Endowment Fund Heritage Grant Scheme, were completed – reinterpreting Old Scatness, Mousa and Jarlshof using 3D digital imaging, and adding Shetland stories to the online Icelandic folklore database, Sagnagrunnur.
19. We have continued to provide support and advice to Community Museums across Shetland in training, curating exhibitions and interpretation.

Archaeology

20. We added 258 new records to the Historic Environment Record and contributed expert advice on a range of planning applications and other developments.
21. A report on the best future sustainable option for the Old Scatness Broch site is being prepared, with support from the Coastal Communities Fund.

Support for Heritage Groups

22. We distributed grants of over £60,000 to 14 heritage groups, on behalf of Shetland Charitable Trust. This helps to pay for the running costs of some of the heritage centres and museums throughout Shetland.

Heritage Buildings

23. With funding from the Historic Environment Recovery Fund, we were able to repaint the exterior of Sumburgh Head Lighthouse.
24. A property strategy was agreed, to determine the best approach to take to get some currently vacant heritage buildings back into use. We are working with communities to explore options to best suit the needs of each area. We sold two properties in the year, which were vacant and surplus to the Trust's requirements.

Shetland Wool Week

25. 'Casting On' Shetland Wool Week saw the physical return of Shetland's popular festival, which was disrupted by the pandemic. Over 500 people attended - and there were 306 exhibitions,

talks, tours and classes held with a mix of in-person, online, paid for and free events for a range of abilities - all celebrating Shetland's textile heritage.

26. The Shetland Wool Week Annual 2022 was published in September and well received with good sales.

Shetland UNESCO Global Geopark

27. Our commitment to remaining the managing body for Shetland UNESCO Global Geopark was re-stated and work concentrated on refreshing our local partnerships.

Woodlands

28. Shetland Amenity Trust operates a horticultural unit. We collect seed from all Shetland's endemic hawkweeds (*Hieracia*) and other rare plants, we maintain a stock of native trees and germinate seedlings to boost the stock available for new planting projects. We provide trees, expertise and support for planting at development sites, community woodlands, crofts and carbon off-setting initiatives. Our horticultural unit now holds all 18 endemic hawkweeds for Shetland and a living archive of all of Shetland's native willows.
29. The expansion of the tree nursery has enabled the Trust to increase production by 300%. We are also now a fully accredited tree nursery under the Woodland Trust UK and Ireland Produced and Grown (UKISG) scheme.
30. We supported 13 applications through the MoreWoods scheme, provided tree packs to 4 schools and undertook access improvements at key Community Woodlands. We attended three agricultural shows to showcase our work and over 30 individuals registered an interest in MoreWoods and Forest Grant Scheme opportunities.

Shetland Biological Records Centre

31. We continue to gather data about Shetland's environment through surveys and reports from volunteer recorders who send us sightings of important flora and fauna in Shetland. In the winter months this is logged into the Shetland Biological Records Centre database which now holds over 348,500 records providing an invaluable resource of information about Shetland's biodiversity and how it is changing over time.

Peatland Restoration

32. We completed two peatland restoration projects covering over 110ha, secured Peatland ACTION funding for a further two projects and have four more potential projects under development. We delivered two demonstration events and additional site visits for a range of partners and interested land owners and businesses to explore opportunities for further restoration projects. We also attended three agricultural shows to engage the public in this important area of work.

Environmental Improvement

33. Da Voar Redd Up is the UK's most successful community litter-picking event, with around 15% of Shetland's population volunteering each year. The Redd Up makes a huge contribution to the protection of Shetland's natural environment and wildlife, clearing Shetland's beaches, coastlines and roadsides of litter and the debris washed up by winter storms. The event returned to full strength, following the Covid-19 pandemic, with 3,242 volunteers taking part.

Financial Review

34. At 31 March 2023, our surplus before depreciation, investment revaluations and actuarial losses, was £182,315, less than the surplus of £287,556 recorded in the previous year, mainly due to investing in staff across a range of activities

35. We are grateful for substantial core funding from Shetland Charitable Trust. This amounted to £1,441,676 in year, (£1,171,600 in 2021/22).

36. Shetland Islands Council supports the Shetland Museum and Archives service under a 25-year contract to the value of £1,035,342 per annum. Shetland Islands Council also contracts with the Trust to deliver the Natural Heritage Ranger Service and Regional Archaeology Service (£66,588).

37. In line with the Property Strategy, the Trust sold two surplus assets, to generate receipts to reduce the overall level of historic deficit.

38. The Trust did not require to use an overdraft in year, a significant improvement over the previous year of £262,274.

Risk Management - General Statement of Risk Appetite

39. During 2022/23, 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.

40. The Trust has measures in place to identify, evaluate and mitigate risks. The Trust has adopted a Lead Trustee approach to overseeing the Trust's corporate risks and now receives a specific report on the management of those risks to each meeting.

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

Risk	Score Before Control Measures >12 = 'High' Risk	Score After Controls	Target Risk
Effective Governance	25	12 High Risk	Medium
Effective Service Delivery	20	10 Medium	Medium
Financial Sustainability	20	15 High Risk	High
Property Portfolio	25	12 High Risk	Medium
Effective Performance	15	12 High Risk	Medium
Managing Contracts	15	6 Medium Risk	Medium
Managing Information	20	12 High Risk	Medium
Addressing climate change	15	12 High Risk	Medium

41. The Trust will manage these risks through established management arrangements, monitored at senior management and Board level.
42. There is an action plan to ensure the control environment is complete and robust, including:
- Updating the Administrative and Financial Regulations.
 - Business Continuity Policy implemented.
 - Implement Property Strategy, including maintenance schedules.
 - Implement Fundraising Policy.
 - Refresh all HR Policies and Procedures, including pay and grading review and performance management arrangements.
 - Update the data management systems.
 - Standardised Filing System.

Reserves Policy

42. The main aim of the reserves policy is to ensure that the Trust holds adequate funds to manage short-term cashflow requirements and ensure 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 Trust's 4-Year Business Plan aims to re-pay all historic debt and create a cash reserve of significant enough value to support current turnover. We have a target cash reserve balance of £300,000 by March 2026. The unrestricted reserve currently sits at a deficit of £606,543. The future plans mentioned in this report will help the Trust reach this goal.
43. The net value of reserves at the year-end was £16,675,007, an increase over the previous year of £11,175,786 due to an adjustment to the Pension Fund Reserve moving this to an asset position. This sum comprised £14,279,549 in restricted funds and £2,395,458 in unrestricted funds.

44. The overall surplus in unrestricted funds of £2,395,458 is after recognising the pension reserve asset of £3,002,000 (2022: Deficit £2,671,000). 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.

Looking Forward: Going Concern Statement

45. The Trust will face significant uncertainties and challenges over the coming years including:

- an underlying structural deficit;
- increased running costs, and,
- limited access to external funding opportunities.

46. Our plans to mitigate these uncertainties and challenges are as follows:

- Review the Trust's strategic objectives and service offerings;
- implement the approved 5-year business plan;
- translate the approved Fundraising Policy into new and enhanced commercial income opportunities;
- carry out the actions agreed in the Property Strategy, including disposal of assets deemed surplus to requirements;
- invest in online digital platforms to support sales of merchandise across all activities; and
- demonstrate compliance and good performance across all contracts and grant obligations to support long term funding commitments;

Plans for Future Periods

47. We will review our core purpose and activities with the community in time to have a new 5 year Strategic Plan in place by 2024.

48. We continue to adapt our services, seek new opportunities and external grant aid to progress our work. We have a track record in securing additional funding, for example in peatland restoration and woodlands, and will continue to invest in that approach.

49. We will conclude the report on the best sustainable future for the conservation and interpretation at Old Scatness.

50. We have ambitious plans to modernise the Trust's management systems, including our approach to Human Resources, marketing, communications and data management, to create modern and efficient ways of working that allow our customers to easily engage with our services.

51. We will continue to work with communities to implement the principles of the 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

52. The Trust is an unincorporated Scottish Charity, originally registered as a Charity on 10 January 1983, Scottish Charity Number SC017505.
53. 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.
54. 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.
55. The Trustees are responsible for the governance of the Trust and meet regularly throughout the year.
56. The Chief Executive takes responsibility for the day-to-day operation of the Trust and manages the staff on behalf of the Trustees.

Governance Review

57. Trustees regularly review the governance arrangements of the Trust, in line with OSCR guidance and best practice set out in the Scottish Governance Code for the Third Sector.
58. 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.
59. Improvements which have been implemented in year include:

- a) Changes to the Board reporting templates to ensure that board time is focused on the most strategic issues;
- b) Updated of the Scheme of Delegation to ensure clarity on matters delegated to staff;
- c) improved financial reporting;
- d) an annual cycle for board meeting agendas was implemented to ensure all important topics are covered during the course of the year;
- e) Each meeting considers the effectiveness of that meeting, including the level of information provided, nature of debate and quality of decision making.

60. During the year, the Trust review the committee structure and considered that there was no longer a specific need for specific Committees. Instead, the Trust identified a lead Trustee for Audit and Risk and moved to considering corporate risks at each Board meeting to ensure all Trustees had oversight during the significant period of change. The programme of work on updating the Trust's Human Resources arrangements is significant enough to warrant attention at full Board level. In future, committees may be convened as required to address a specific issue or topic, operating under the direction of the full Board.

61. An external review in February 2022 identified some areas of practice where the Board could further improve the current arrangements. The actions include:

- Refresh the Strategic Plan with Stakeholders;
- Update the Administrative Regulations;
- Refresh the Financial Regulations;
- Formalise the Induction and Training for Trustees;
- Formally review the Board performance once a year; and
- Refresh the recruitment process for Trustees.

Relationships with Related Parties

62. 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.

63. 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
	Linda Riddell (Vice-Chair) – October 2017 – resigned March 2023
	Alastair Hamilton – September 2015 – resigned March 2023
	Robert Hunter – March 2023 - present
	Pauline Megson – October 2017 – resigned February 2023
	Neville Martin – September 2019 – present
	Ronnie Eunson – September 2020 – resigned December 2022
	Robert Smith – September 2020 – present
	Esther Renwick – September 2021 – resigned February 2023
	Sophie Riise – September 2021 – resigned December 2022
	Vic Thomas – September 2021 - present
	Lindsay Tulloch – March 2023 - present
Management Team	Hazel Sutherland – Chief Executive (Interim)
	Jacqui Birnie – Cultural Heritage Manager
	Kerry Llewellyn – Finance Manager
	Sandy Middleton – Natural Heritage Manager

Professional Advice	Organisation
Auditors	The A9 Partnership Ltd., 47 Commercial Road, Lerwick, Shetland ZE1 ONJ
Bankers	Virgin Money, Commercial Street, Lerwick, Shetland, ZE1 OJJ
Investment Fund Managers	Investec Wealth and Investment Ltd, 5 George Square, Glasgow, G2 1DY
Solicitors	Harper Macleod LLP, St. Olaf Hall, Lerwick, Shetland, ZE1 OFD

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

64. 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).
65. 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.
66. 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.
67. 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 30 August 2023



Alison Moncrieff
Chair and Authorised Signatory

Independent Auditors Report to the Trustees: Year Ended 31 March 2023

Opinion

We have audited the financial statements of Shetland Amenity Trust for the year ended 31st March 2023 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 2023, 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 deficit in unrestricted income fund reserves of £606,543. This deficit has been decreasing over the last few years, and the Trust is working towards clearing this deficit by March 2026. The unrestricted funds are in a surplus due to the large adjustment in the pension reserve, from a liability of £2,671,000 at 31 March 2022 to an asset of £3,002,000. However, the pension reserve is completely outwith the Trust's control and can change significantly year on year. 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:

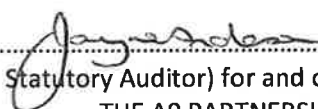
- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing 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.

31 August 2023

47 Commercial Road
Lerwick
Shetland
ZE1 0NJ

SHETLAND AMENITY TRUST
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2023

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2023 Total Funds £	2022 Total Funds £
INCOME AND ENDOWMENTS FROM:							
Donations and legacies	2	36,765	-	-	-	36,765	19,822
Charitable activities	3	363,650	2,750,035	24,099	-	3,137,784	2,743,282
Other trading activities	4	347,461	-	-	-	347,461	351,449
Investment income	5	1,699	40,609	-	-	42,308	37,440
Total income and endowments		749,575	2,790,644	24,099	-	3,564,318	3,151,993
EXPENDITURE ON:							
Raising Funds	6	127,342	-	-	7,977	135,319	150,136
Charitable activities	7	866,498	2,684,051	-	-	3,550,549	3,015,789
TOTAL EXPENDITURE		993,840	2,684,051	-	7,977	3,685,868	3,165,925
NET INCOME/(EXPENDITURE) BEFORE GAINS AND LOSSES ON INVESTMENTS		(244,265)	106,593	24,099	(7,977)	(121,550)	(13,932)
Net gains/(losses) on investments	13	-	-	-	(53,032)	(53,032)	84,634
NET INCOME/(EXPENDITURE) FOR THE YEAR		(244,265)	106,593	24,099	(61,009)	(174,582)	70,702
Transfers between funds	25	367,507	(40,609)	(367,507)	40,609	-	-
NET INCOME/(EXPENDITURE)		123,242	65,984	(343,408)	(20,400)	(174,582)	70,702
OTHER RECOGNISED (LOSSES) AND GAINS							
Gains on revaluation of fixed assets	12	-	163,686	-	-	163,686	1,440,695
Gains/(losses) on sale of fixed assets		(34,196)	-	(128,687)	-	(162,883)	-
Actuarial gains on defined benefit pension scheme	21	5,673,000	-	-	-	5,673,000	2,149,000
NET MOVEMENT IN FUNDS		5,762,046	229,670	(472,095)	(20,400)	5,499,221	3,660,397
RECONCILIATION OF FUNDS							
TOTAL FUNDS BROUGHT FORWARD AT 1 APRIL 2022		(3,366,588)	(342,152)	13,734,507	1,150,019	11,175,786	7,515,389
TOTAL FUNDS CARRIED FORWARD AT 31 MARCH 2023	25	2,395,458	(112,482)	13,262,412	1,129,619	16,675,007	11,175,786

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 26 to 42 form part of these accounts

SHETLAND AMENITY TRUST

BALANCE SHEET

YEAR ENDED 31 MARCH 2023

	Note	2023		2022	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		-		-
Tangible assets	12		12,467,798		13,048,657
Endowment Investments (at market value)	13		<u>1,129,619</u>		<u>1,150,019</u>
Total fixed assets			<u>13,597,417</u>		<u>14,198,676</u>
CURRENT ASSETS					
Stocks	14	103,023		84,670	
Debtors	15	226,616		236,133	
Cash at bank and in hand	16	<u>233,643</u>		<u>650</u>	
Total current assets		<u>563,282</u>		<u>321,453</u>	
LIABILITIES:					
Creditors: Amounts falling due within one year	17	(<u>461,122</u>)		(<u>634,825</u>)	
NET CURRENT ASSETS/(LIABILITIES)			<u>102,160</u>		(<u>313,372</u>)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,699,577</u>		<u>13,885,304</u>
Creditors: Amounts falling due within more than one year	18	(<u>26,570</u>)		(<u>38,518</u>)	
NET ASSETS EXCLUDING PENSION			<u>13,673,007</u>		<u>13,846,786</u>
Defined benefit pension scheme asset / (liability)	21		<u>3,002,000</u>		(<u>2,671,000</u>)
TOTAL NET ASSETS			<u>16,675,007</u>		<u>11,175,786</u>
THE FUNDS OF THE CHARITY					
Endowment Fund	25		1,129,619		1,150,019
Restricted Income Funds	25		417,760		351,776
Restricted Capital Funds	25		13,262,412		13,734,507
Restricted Revaluation Reserve	25	(<u>530,242</u>)		(<u>693,928</u>)	
Total Restricted Funds			<u>14,279,549</u>		<u>14,542,374</u>
Capital on Formation	25		1		1
Unrestricted income funds ex. pension liability	25	(<u>606,543</u>)		(<u>695,589</u>)	
Pension reserve	25		<u>3,002,000</u>		(<u>2,671,000</u>)
Total Unrestricted Funds			<u>2,395,458</u>		(<u>3,366,588</u>)
TOTAL CHARITY FUNDS			<u>16,675,007</u>		<u>11,175,786</u>

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

TRUSTEE



TRUSTEE



DATE

30/8/23

The notes on pages 26 to 42 form part of these accounts

SHETLAND AMENITY TRUST
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	27	187,448	291,832
Cash flows from investing activities			
Dividends, interest and rents from investments		42,308	36,876
Purchase of property, plant and equipment		(64,204)	(43,533)
Proceeds from sale of property, plant and equipment		342,000	42
Proceeds from sale of investments		101,554	18,899
Purchase of investments and additional cash available		(134,009)	-
Net cash provided by investing activities		<u>287,649</u>	<u>12,284</u>
Cash flows from financing activities			
Repayment of borrowing		(12,008)	(9,391)
Interest paid		(1,843)	(1,538)
Net cash provided (used in) investing activities		<u>(13,851)</u>	<u>(10,929)</u>
Change in cash and cash equivalents in the reporting period		461,246	293,187
Cash and cash equivalents at 1st April 2022	28(b)	<u>(198,115)</u>	<u>(491,302)</u>
Cash and cash equivalents at 31 March 2023	28(b)	<u>263,131</u>	<u>(198,115)</u>

The notes on pages 26 to 42 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 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 deficit level on unrestricted reserves of £606,543. There are plans in place to return this reserve to a positive balance and to grow a positive reserve balance to underwrite the organization. The details of this is set out within the Trustees report.

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.

c) Critical Accounting Estimates and Areas of Judgement

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

d) Income

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

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

SHETLAND AMENITY TRUST**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2022****1. ACCOUNTING POLICIES (continued)**

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

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

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

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

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

e) Expenditure

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

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

f) Termination Benefits

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

g) Grant Aid

Grant Aid is accounted for when committed.

h) Operating Leases

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

i) Value Added Tax

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

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.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS:

YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (continued)

j) Pensions – Defined Benefit Scheme (continued)

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.

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

m) Intangible Fixed Assets

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

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (continued)**n) Investments**

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

Investments in subsidiaries are stated at cost.

o) Stock

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

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

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

p) Debtors

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

q) Cash at Bank and in Hand

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

r) Liabilities

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

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

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

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

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

s) Funds

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

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

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.

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

1. ACCOUNTING POLICIES (continued)

s) Funds (continued)

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 2023

2 DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2023 Total Funds £	2022 Total Funds £
Donations	36,765	-	-	-	36,765	19,822
	<u>36,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,765</u>	<u>19,822</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 2022, £17,022 of donations and legacies were attributable to restricted funds with the remaining £2,800 attributable to unrestricted funds.

3 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2023 Total Funds £	2022 Total Funds £
Grant Funded Income						
Shetland Charitable Trust	-	1,441,676	-	-	1,441,676	1,171,600
Shetland Islands Council	5,000	18,486	-	-	23,486	33,559
Scottish Natural Heritage - Peatlands	-	80,288	-	-	80,288	34,248
Scottish Government	-	40,000	-	-	40,000	-
Visit Scotland	-	17,000	-	-	17,000	-
Other Grants	1,580	50,655	24,099	-	76,334	80,343
	<u>6,580</u>	<u>1,648,105</u>	<u>24,099</u>	<u>-</u>	<u>1,678,784</u>	<u>1,319,750</u>
Other income from charitable activities						
Shetland Islands Council	-	1,101,930	-	-	1,101,930	1,029,521
Commercial Operations	357,070	-	-	-	357,070	394,011
	<u>357,070</u>	<u>1,101,930</u>	<u>-</u>	<u>-</u>	<u>1,459,000</u>	<u>1,423,532</u>
Total charitable activities	<u>363,650</u>	<u>2,750,035</u>	<u>24,099</u>	<u>-</u>	<u>3,137,784</u>	<u>2,743,282</u>

In 2022 £2,349,271 of income from charitable activities was attributable to restricted funds. The balance of £394,011 was attributable to unrestricted funds.

4 OTHER TRADING ACTIVITIES

Retail income	347,461	-	-	-	347,461	-
Museum shop - sale of goods	-	-	-	-	-	322,397
Sumburgh Head - sale of goods	-	-	-	-	-	29,052
Total other trading activities	<u>347,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,461</u>	<u>351,449</u>

All trading income in 2022 was considered to be unrestricted funds.

5 INVESTMENT INCOME

Investments listed on a recognised stock exchange	-	40,609	-	-	40,609	37,440
Bank interest	1,699	-	-	-	1,699	-
Total investment income	<u>1,699</u>	<u>40,609</u>	<u>-</u>	<u>-</u>	<u>42,308</u>	<u>37,440</u>

In 2022, all the investment income of £37,440 was considered to be restricted funds.

SHETLAND AMENITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

6 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2023 Total Funds £	2022 Total Funds £
MUSEUM SHOP						
Retail costs	63,471	-	-	-	63,471	77,697
Sumburgh Head Operational Budget	63,871	-	-	-	63,871	64,493
Investment management costs	-	-	-	7,977	7,977	7,945
	<u>127,342</u>	<u>-</u>	<u>-</u>	<u>7,977</u>	<u>135,319</u>	<u>150,136</u>

All expenditure on raising funds in 2022 was considered to be unrestricted funds.

7 EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2023 Total Funds £	2022 Total Funds £
<u>Activities Undertaken Directly</u>						
Shetland Museum and Archives	-	265,248	-	-	265,248	77,000
Other Grant Funded Projects and Services	96,441	31,646	-	-	128,087	154,028
Commercial Operations	202,042	-	-	-	202,042	332,866
Direct Charitable Wages and Salaries	127,478	1,106,104	-	-	1,233,582	1,191,318
Depreciation	303,865	-	-	-	303,865	301,489
Grant Aid 10	-	63,518	-	-	63,518	35
	-	-	-	-	-	-
<u>Support costs</u>						
Governance 8	-	26,885	-	-	26,885	31,067
Finance and Office Administration	-	132,502	-	-	132,502	445,163
Fleet Management	43,263	-	-	-	43,263	41,110
Repairs and Maintenance	93,409	486,083	-	-	579,492	109,426
Support Wages and Salaries	-	572,065	-	-	572,065	332,288
	<u>866,498</u>	<u>2,684,051</u>	<u>-</u>	<u>-</u>	<u>3,550,549</u>	<u>3,015,789</u>

In 2022, £2,313,592 of expenditure on charitable activities was attributable to restricted funds. The balance of £702,197 was attributable to unrestricted funds.

8 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Restricted Capital Grant Funds £	Restricted Endowment Funds £	2023 Total Funds £	2022 Total Funds £
<u>Auditors Remuneration</u>						
Audit Fees	-	9,100	-	-	9,100	9,600
Assurance Services other than audit	-	-	-	-	-	-
Tax Advisory Services	-	-	-	-	-	-
Other Financial Services	-	-	-	-	-	3,500
<u>Other Governance Costs</u>						
Trustees Allowances and Expenditure	-	340	-	-	340	25
Other Trustee Costs - Recruitment	-	-	-	-	-	-
Other Trustee Costs - Trustee Indemnity Insurance	-	6,264	-	-	6,264	4,882
Other Trustee Costs - Board Intelligence Tool	-	11,181	-	-	11,181	13,060
	<u>-</u>	<u>26,885</u>	<u>-</u>	<u>-</u>	<u>26,885</u>	<u>31,067</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 £300 (2022: 1 trustee totalling £25).

Trustees are not remunerated by the Trust.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

9 STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2023	2022
	£	£
Wages and salaries	1,594,185	1,252,809
Employer's National Insurance	149,917	116,942
Pension contributions (including operating costs of defined benefit pension scheme)	293,740	205,553
	<u>2,037,842</u>	<u>1,575,304</u>

Redundancy costs for the year were £30,000 (2022: Nil). These were accounted for when paid and calculated in the statutory method. Redundancy costs were met with funding from the charity's commercial operations.

	2023	2022
	No.	No.
The average number of employees employed during the year was	<u>59</u>	<u>53</u>
The number of higher paid employees was		
Taxable emoluments band £60,000 - £70,000	<u>1</u>	<u>-</u>
Taxable emoluments band £70,000 - £80,000	<u>1</u>	<u>-</u>
Taxable emoluments band £80,000 - £90,000	<u>-</u>	<u>-</u>
Taxable emoluments band £90,000 - £100,000	<u>-</u>	<u>-</u>
Taxable emoluments band £100,000 - £110,000	<u>-</u>	<u>-</u>
Taxable emoluments band £110,000 - £120,000	<u>-</u>	<u>-</u>
The number of higher paid employees accruing benefits under defined benefit pension schemes	<u>2</u>	<u>-</u>

The total employment benefits, including employer's pension contributions, of key management personnel was £291,251 (2022: £210,255).

10 GRANT AID - GRANTS PAID/COMMITTED

	Committed at 1 April 2022	Awarded during year	Grants written off	Paid during year	Committed at 31 March 2023
	£	£	£	£	£
SAT Drifting Apart	4,170	-	-	-	4,170
Wild Skies Shetland - Sky Trail	-	762	-	-	762
Shetland Film Archive - Sandwich Scenes	-	1,000	-	-	1,000
Sandwick Social and Economic Development - Display system	-	850	-	-	850
Claire White - Da Fateful Tale o Marion Pardone film	-	3,980	-	-	3,980
	<u>4,170</u>	<u>6,592</u>	<u>-</u>	<u>-</u>	<u>10,762</u>
	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>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

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 2022	34,746	300	35,046
At 31st March 2023	34,746	300	35,046
DEPRECIATION			
At 1st April 2022	34,746	300	35,046
At 31st March 2023	34,746	300	35,046
NET BOOK VALUE			
At 31st March 2023	-	-	-
At 31st March 2022	-	-	-

12 TANGIBLE FIXED ASSETS

	Heritable Property £	Long Leasehold Property £	Equipment £	Motor Vehicles £	Total £
COST					
At 1st April 2022	12,334,000	650,000	2,623,545	174,394	15,781,939
Additions	-	-	27,875	36,329	64,204
Disposals	(342,000)	-	-	-	(342,000)
At 31st March 2023	11,992,000	650,000	2,651,420	210,723	15,504,143
DEPRECIATION					
At 1st April 2022	155,180	9,167	2,425,932	143,004	2,733,282
Depreciation charged in the year	265,899	15,714	7,093	15,159	303,865
Eliminated in respect of disposals	(802)	-	-	-	(802)
At 31st March 2023	420,277	24,881	2,433,025	158,163	3,036,345
NET BOOK VALUE					
At 31st March 2023	11,571,723	625,119	218,395	52,560	12,467,798
At 31st March 2022	12,178,820	640,833	197,613	31,390	13,048,657

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 £897,413. Should the building at Garthspool, included within Leasehold Property above, with a net book value of £625,119, 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.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

12 TANGIBLE FIXED ASSETS (Continued)

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 £15,697,784.

13 ENDOWMENT INVESTMENTS

	2023		2022	
	£	£	£	£
Market Value at 31st March 2022		1,150,019		1,041,152
Less: Disposals at opening book value			-	
Proceeds	101,554		18,899	
Loss on disposals	-	(101,554)	858	(19,757)
		1,048,465		1,021,395
Add: Acquisition at cost	167,919		-	
Gain on disposals	14,311		-	
Accumulation dividends	289		566	
(Decrease)/Increase in cash deposits	(34,022)		42,566	
Net (Losses)/Gains on Revaluation	(67,343)	81,154	85,492	128,624
		<u>1,129,619</u>		<u>1,150,019</u>

ANALYSIS OF INVESTMENTS

	Market Value at 31.03.23	Cost Analysis at 31.03.23	Market Value at 31.03.22	Cost Analysis at 31.03.22
	£	£	£	£
Fixed and Variable Interest Securities:				
UK Fixed Interest	81,735	99,153	91,508	96,743
Overseas Fixed Interest	83,826	87,535	32,040	29,742
UK Equities	417,188	328,937	470,516	385,506
European Equities	67,086	50,771	57,782	42,109
Far East & Australian Equities	48,198	34,368	51,251	34,368
International Equities	195,289	160,810	206,092	149,108
Emerging Economies	27,146	28,963	30,590	28,272
UK Property	51,886	60,362	64,393	60,362
Alternative Assets	127,777	132,635	82,338	76,360
Funds on Deposit - unlisted	29,488	29,488	63,509	63,509
	<u>1,129,619</u>	<u>1,013,022</u>	<u>1,150,019</u>	<u>966,079</u>

The investments are held primarily for investment return.

14 STOCK

	2023	2022
	£	£
Museum Shop Stock	82,155	68,372
Sumburgh Head Shop Stock	20,868	16,298
	<u>103,023</u>	<u>84,670</u>

15 DEBTORS

	2023	2022
	£	£
Trade debtors	118,937	59,993
VAT	44,239	29,796
Other debtors	41,638	-
Prepayments and accrued income	21,802	146,344
	<u>226,616</u>	<u>236,133</u>

Included within other debtors is £41,638 (2022: nil) in relation to funds due to the Trust acting as agent on Peatland Restoration Projects.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

16 CASH AT BANK AND IN HAND	2023 £	2022 £
Charity bank accounts	232,993	-
Cash in hand	650	650
	<u>233,643</u>	<u>650</u>

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2023 £	2022 £
Bank overdraft	-	262,274
Trade creditors	187,044	208,380
Accruals and deferred income	192,552	95,133
Other creditors	35,402	26,074
PAYE/NI creditor	34,093	30,873
Loans 19	12,031	12,091
	<u>461,122</u>	<u>634,825</u>

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

Loans	12,031	12,091
Bank overdraft	-	262,274
	<u>12,031</u>	<u>274,365</u>

Analysis of movement in deferred income:

	Opening Balance £	Deferred in Year £	Released in Year £	Closing Balance £
Lighthouse and camping bod income prepaid	8,250	-	(8,250)	-
RSPB and Scottish Natural Heritage income prepaid	5,697	-	(5,697)	-
Society of Wellington	2,299	-	(2,299)	-
Woodland Trust - Delivery of Native Woodland	1,500	-	(400)	1,100
Facility hire	250	243	(250)	243
Textile tours	555	1,971	(555)	1,971
SCT capital grants	-	109,224	-	109,224
Other grants	-	4,135	-	4,135
Highlands & Islands Enterprise - Graduate Support Programme	9,625	-	(9,625)	-
	<u>28,176</u>	<u>115,573</u>	<u>(27,076)</u>	<u>116,673</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	2023 £	2022 £
Loans 19	26,570	38,518
	<u>26,570</u>	<u>38,518</u>

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

Loans	26,570	38,518
	<u>26,570</u>	<u>38,518</u>

SHETLAND AMENITY TRUST
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

19 LOANS

	2023 Due < One Year £	2023 Due > One Year £	2022 Due < One Year £	2022 Due > One Year £
Eshanness Lighthouse Mortgage	2,031	4,000	2,000	6,018
Bouncebank Loan	10,000	22,570	10,091	32,500
	<u>12,031</u>	<u>26,570</u>	<u>12,091</u>	<u>38,518</u>

The Eshanness 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 Eshanness Lighthouse Northmavine and Garthspool Lerwick.

20 OPERATING LEASES

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

	2023 £	2022 £
Operating lease payments	3,928	6,161
	<u>3,928</u>	<u>6,161</u>

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

Not later than 1 year	3,928	2,787
Later than 1 year and not later than 5 years	11,784	-
Later than 5 years	-	-
	<u>15,712</u>	<u>2,787</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 2023 % per annum	31st March 2022 % per annum
Inflation/pension increase rate	2.95%	3.20%
Salary increases	3.05%	3.20%
Discount rate	4.75%	2.70%
Proportion of employees opting for early retirement	0.00%	0.00%

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

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

21 PENSION: DEFINED BENEFIT SCHEME (Continued)

Mortality assumptions	31st March 2023	31st March 2022
	% per annum	% per annum
Longevity at age 65 for current pensioners		
Men	20.3	20.7
Women	22.7	22.9
Longevity at age 65 for future pensioners		
Men	21.6	22.1
Women	24.8	25.1

Assets (Employer Share)	31st March 2023		31st March 2022	
	Percentage	Fair value of the total plan assets £ 000	Percentage	Fair value of the total plan assets £ 000
Equities	86%	12,645	81%	11,969
Bonds	3%	441	7%	1,034
Property	10%	1,470	11%	1,625
Cash	1%	147	1%	149
	<u>100%</u>	<u>14,703</u>	<u>100%</u>	<u>14,777</u>

Net Pension Liability as at	31st March 2023	31st March 2022
	£000	£000
Fair value of Employer Assets	14,703	14,777
Present value of funded liabilities	(11,701)	(17,448)
Net (under)/overfunding in funded plans	3,002	(2,671)
Present value of unfunded liabilities	-	-
Unrecognised past service cost	-	-
Net (liability)/asset	<u>3,002</u>	<u>(2,671)</u>
Amount in the balance sheet		
Liabilities	-	(2,671)
Assets	<u>3,002</u>	<u>-</u>
Net Pension (liability)/asset	<u>3,002</u>	<u>(2,671)</u>

Amounts recognised in the SOFA	31st March 2023	31st March 2022
	£000	£000
Current service cost	(611)	(622)
Past service cost	-	-
Net interest cost	(76)	(101)
Plan introductions, changes, curtailments and settlements, employer contributions	294	205
Remeasurements:		
Changes in demographic assumptions	128	87
Changes in financial assumptions	7,341	1,346
Other experience	(932)	(35)
Return on assets excluding amounts included in net interest	(471)	1,269
	<u>5,673</u>	<u>2,149</u>

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

21 PENSION: DEFINED BENEFIT SCHEME (Continued)

	31st March 2023 £000	31st March 2022 £000
Actual return on plan assets		
Return on assets excluding amounts included in net interest	(471)	1,269
Interest income on plan assets included in net interest	<u>399</u>	<u>265</u>
Return on plan assets	(72)	<u>1,534</u>
Reconciliation of defined benefit obligation		
	31st March 2023 £000	31st March 2022 £000
Opening defined benefit obligation	17,448	18,122
Current service cost	611	622
Interest cost	475	366
Contributions by members	89	75
Actuarial losses/(gains)	(7,341)	(1,346)
Changes in demographic assumptions	(128)	(87)
Other experience	932	35
Benefits paid	<u>(385)</u>	<u>(339)</u>
Closing defined benefit obligation	<u>11,701</u>	<u>17,448</u>
Reconciliation of fair value of employer assets		
	31st March 2023 £000	31st March 2022 £000
Opening fair value of employer assets	14,777	13,302
Interest income	399	265
Contributions by members	89	75
Contributions by the employer	294	205
Return on assets excluding amounts included in net interest	(471)	1,269
Benefits paid	<u>(385)</u>	<u>(339)</u>
Closing fair value of employer assets	<u>14,703</u>	<u>14,777</u>

The actuary estimates that employer's contributions for the year to 31 March 2024 will be approximately £297,000.

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 2023 and 2022 Balance Sheets. No explicit additional adjustment for McCloud has been added to the current service cost.

23 RELATED PARTY TRANSACTIONS

Alastair Hamilton, Trustee to March 2023, donated £435 in the year (2022: £360) for general financial support towards the running costs of the Trust and towards Shetland Wool Week. The donations were freely given, unsolicited and had no conditions attached to them. The Trustee did not secure any benefit in influencing decisions made by Trustees throughout the year as a result of the generous donations made.

Ronnie Eunson, Trustee to December 2022, is a regular participant and sponsor of Shetland Wool Week through his company Aalmerk Ltd, trading as Uradale Yarns. In the reporting period, Uradale Yarns paid £1,000 (2022: £500) in sponsorship towards the running costs of the Shetland Wool Week event and £1,540 (2022: £762) in normal trading activity. The sponsorship amount is in line with industry norms and secured specified benefits, which are readily available to other companies. The Trustee did not seek to secure additional benefit beyond that available to other sponsors as a result of being a Trustee. He appropriately declared the financial interest on every occasion in decisions made by the Trust regarding Shetland Wool Week, in line with the Trust's Conflicts of Interest policy.

SHETLAND AMENITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

24 FINANCIAL INSTRUMENTS

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

Financial Liabilities

	2023 £	2022 £
Loans payable falling due within 1 year	12,031	12,091
Loans payable falling due between 2 - 5 years	26,570	38,518
Loans payable falling due after 5 years	-	-
	<u>38,601</u>	<u>50,609</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 £960 (2022: £1,120).

25 SUMMARY STATEMENT OF FUNDS

Restricted Funds	General Fund	Revaluation Reserve	Shetland Wildlife Fund	Grant Aid Fund	Permanent Grant Fund	Total
	£	£	£	£	£	
At 1st April 2022	154,363	(693,928)	3,953	193,460	13,734,507	13,392,355
Income	2,750,035	-	-	40,114	24,099	2,814,248
Expenditure	(2,680,533)	-	-	(3,518)	-	(2,684,051)
Other Comprehensive Income	-	163,686	-	-	(128,687)	34,999
Transfer of funds between funds	-	-	-	(40,114)	(367,507)	(407,621)
At 31st March 2023	<u>223,865</u>	<u>(530,242)</u>	<u>3,953</u>	<u>189,942</u>	<u>13,262,412</u>	<u>13,149,930</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	2023		2022	
	£	£	£	£
Grants received to 31.03.22		800,000		800,000
Net recognised gains / (losses) on investments brought forward	350,019		241,152	
Realised gains / (losses) on investments during year	14,311		(858)	
Movement of cash to and from general funds	32,632		24,233	
Unrealised gains / (losses) on revaluation of investments at year end	(67,343)		85,492	
		<u>329,619</u>		<u>350,019</u>
		<u>1,129,619</u>		<u>1,150,019</u>

SHETLAND AMENITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

25 SUMMARY STATEMENT OF FUNDS (continued)

Unrestricted Funds	General Fund	Capital on Formation	Pension Fund	Total
	£	£	£	£
At 1st April 2022	(695,589)	1	(2,671,000)	(3,366,588)
Income	749,575	-	-	749,575
Expenditure	(993,840)	-	-	(993,840)
Actuarial gain/(loss)	-	-	5,673,000	5,673,000
Gain/(loss on sale of fixed assets)	(34,196)	-	-	(34,196)
Transfer of funds between funds	<u>367,507</u>	<u>-</u>	<u>-</u>	<u>367,507</u>
At 31st March 2023	<u>(606,543)</u>	<u>1</u>	<u>3,002,000</u>	<u>2,395,458</u>

The transfer of funds into General Unrestricted Funds is as follows:
- £367,507 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 2023
	£	£	£	£
Fixed Assets	-	12,467,798	-	12,467,798
Investments	-	-	1,129,619	1,129,619
Current Assets	(228,074)	791,356	-	563,282
Current Liabilities	(351,898)	(109,224)	-	(461,122)
Long Term Liabilities	(26,570)	-	-	(26,570)
Provisions	<u>3,002,000</u>	<u>-</u>	<u>-</u>	<u>3,002,000</u>
	<u>2,395,458</u>	<u>13,149,930</u>	<u>1,129,619</u>	<u>16,675,007</u>
	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)
	<u>(3,366,587)</u>	<u>13,392,355</u>	<u>1,150,019</u>	<u>11,175,787</u>

SHETLAND AMENITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

27 NOTES TO STATEMENT OF CASHFLOWS

	2023	2022	
	£	£	
(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(174,582)	70,702	
Adjustments for:			
Depreciation	303,865	301,489	
Gains on sale of fixed assets	(34,196)	(42)	
Gains on sale & revaluation of investments	53,032	(84,634)	
Dividends and interest from investments	(42,308)	(37,440)	
Interest paid	1,843	1,538	
Decrease/(Increase) in stock	(18,353)	(18,064)	
(Increase)/Decrease in debtors	9,517	81,811	
Increase / (Decrease) in creditors	88,630	(23,528)	
	<u>187,448</u>	<u>291,832</u>	
Net cash provided by/(used in) operating activities			
(b) Analysis of cash and cash equivalents	2023	2022	
	£	£	
Cash in hand	233,643	650	
Overdraft facility repayable on demand	-	(262,274)	
Cash fund held in investment portfolio	<u>29,488</u>	<u>63,509</u>	
	<u>263,131</u>	<u>(198,115)</u>	
(c) Analysis of Changes in Net Debt			
	As at 01.04.22	Cash Flows	As at 31.03.23
<u>Cash and Cash Equivalents</u>			
Cash in hand	650	-	650
Cash at bank	(262,274)	495,267	232,993
Cash fund held in investment portfolio	63,509	(34,021)	29,488
<u>Borrowings</u>			
Debt due within one year	(12,091)	60	(12,031)
Debt due after more than one year	(38,518)	11,948	(26,570)
Total	<u>(248,724)</u>	<u>473,254</u>	<u>224,530</u>

