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National Trust for Scotland
Enterprises Ltd.

Directors' Report & Accounts

Year Ended 28 February 2013

Company Number – SC095585

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National Trust for Scotland Enterprises Ltd.

Directors' Report & Accounts for the Year ended 28 February 2013

Directors Report

The Directors submit their Report and Accounts for the year ended 28 February 2013.

Principal Activity

The Company's principal activities are the running of retail, catering, holiday cottages, cruises, hospitality and other sundry trading activities at The National Trust for Scotland properties.

Review of the Business and Future Developments

Trading in the year to 28 February 2013 was mixed with good revenue growth in some areas such as our cruise operation countered by falls in other areas. Retail revenue was particularly affected by lower than anticipated visitor numbers at the Trust's properties. In total revenue was up a modest 1.3% but this growth was matched by an increase in costs of sales resulting in a static gross profit of £5.9m.

Staff costs increased by almost 9% during the year. We implemented the final year of a pay award structured over three years in total and additional staff have also been recruited to assist with the implementation of an electronic point of sale system. Our maintenance costs have also increased as a result of expenditure on the holiday cottages and catering outlets. These factors have combined to reduce the company's Net Operating Profit (before management recharges and Gift Aid) by 33% to £965,000 and as a result the amount that the company was able to Gift Aid to its parent, The National Trust For Scotland, fell to £116,000.

The company has taken action to improve its profitability for the coming year and this has focused on catering and retail operations and in particular staff costs within these operations. We have reviewed the structure our seasonal staffing and introduced a new suite of employment contracts designed to improve the flexibility and efficiency across the portfolio of properties.

Directors

The Directors during the period were as follows:-

H.W. Berits

Professor Sir K. Calman (*resigned 25th October 2012*)

K. Mavor

I.A. Reid

Secretary

S. T. Small (*resigned 25 June 2012*)

R. J. Elliot (*appointed 27 June 2012, resigned 25th October 2012*)

I. A. Reid (*appointed 25th October 2012*)

Gift Aid

In accordance with the company's memorandum and articles of association, the whole of the profits of the company have been paid under gift aid to The National Trust for Scotland.

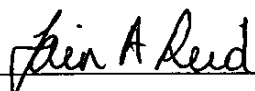
Auditors

The appointment of the Auditors, Baker Tilly UK Audit LLP, will be approved at the Annual General Meeting held on 28 September 2013.

Disclosure of Information to Auditors

The directors confirm that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board


I. A. Reid, Secretary


Date



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Directors' Report & Accounts for the Year ended 28 February 2013

Statement of Directors Responsibilities

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF NATIONAL TRUST FOR SCOTLAND ENTERPRISES LTD.

We have audited the financial statements on pages 4 to 7. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2013 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

Baker Tilly UK Audit LLP

JANET HAMBLIN (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: *29 July 2013*



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Profit and Loss Account for the Year ended 28 February 2013

	Notes	2013 £	2012 £
TURNOVER	1	10,336,608	10,202,590
COST OF SALES		(4,408,112)	(4,274,482)
GROSS PROFIT		5,928,496	5,928,108
ADMINISTRATIVE EXPENSES		(4,963,935)	(4,481,782)
OTHER OPERATING EXPENDITURE		(964,561)	(1,446,326)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	-
TAX ON ORDINARY ACTIVITIES	4	-	-
PROFIT FOR THE FINANCIAL YEAR		-	-

The result for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

No movement in Shareholders' Funds note has been included as the only movement is the retention of profits shown in the profit and loss account.

The Notes on Page 6 and 7 form part of the Financial Statements



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Balance Sheet as at 28 February 2013

	Notes	2013		2012	
		£	£	£	£
Current Assets					
Stock	5	1,072,403		1,196,751	
Debtors	6	1,153,167		1,107,819	
Cash at Bank and in hand		995,447		1,210,745	
			3,221,017		3,515,315
Current Liabilities					
Creditors: amounts falling due within one year	7		(3,170,892)		(3,465,390)
Net Current Assets			50,125		49,925
Creditors: amounts falling due after more than one year	8		(50,123)		(49,923)
			2		2
Capital and Reserves					
Called up share capital	9		2		2
Profit and Loss Account			-		-
Shareholders' Funds			2		2

Approved by the Board on 25.7.13 and signed on its behalf and authorised for issue by:


K. Mavor

25 July 2013
Date

The Notes on Pages 6 and 7 form part of the Financial Statements



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Notes to the Accounts for the Year ended 28 February 2013

1. Accounting Policies

a) Basis of Preparation

The Accounts have been prepared under the historical cost convention of accounting and in accordance with the United Kingdom Generally Accepted Accounting Practice. The National Trust for Scotland Enterprises Ltd is also exempt from producing a cash flow forecast under FRS1 as a subsidiary of The National Trust for Scotland.

b) Turnover

Turnover represents sales of goods and services to customers in the period and is recognised as the fair value of the consideration received or receivable.

c) Stock

Stocks and Work in Progress are valued at the lower of cost and net realisable value. Cost is stated at the purchase price incurred by the company. Net realisable value is based on estimated selling price.

d) Going Concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. The directors have a reasonable expectation that the company 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.

2. Staff Costs

The Staff of the company are employed by the National Trust for Scotland and their salaries and wages are recharged to the company as follows:

	2013 £	2012 £
Gross Pay	3,291,706	3,035,006
Employers NI	190,254	170,210
Employers Pension	61,833	43,525
Agency Staff Costs	-	3,382
	<u>3,543,793</u>	<u>3,252,123</u>

3. Operating Profit

	2013 £	2012 £
Operating Profit is stated after charging:-		
Management Recharge	848,456	779,624
Gift Aid	116,105	666,702
Auditor's Remuneration – audit services	<u>6,560</u>	<u>6,250</u>

The National Trust for Scotland charges the company a management fee based on time spent by the National Trust for Scotland's employees on company business and as such any directors' emoluments are charged by way of recharge.

4. Taxation on profits on Ordinary Activities

All taxable profits on ordinary activities have been gift aided to the National Trust for Scotland and as a result, no tax liability has arisen in respect of the year ended 28 February 2013.

5. Stock

	2013 £	2012 £
Raw Materials	1,422	4,033
Finished Goods and goods for resale	<u>1,070,981</u>	<u>1,192,718</u>
	<u>1,072,403</u>	<u>1,196,751</u>



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Notes to the Accounts for the Year ended 28 February 2013

6. Debtors

	2013 £	2012 £
Called Up Share Capital Not Paid	2	2
Prepaid Cruise Expenditure	1,153,165	1,107,817
	<u>1,153,167</u>	<u>1,107,819</u>

7. Creditors: Amounts falling due within one year

	2013 £	2012 £
Amounts Owed to Group Undertakings	2,049,517	2,821,538
Prepaid Holiday Cottage Income	270,553	246,012
Prepaid Functions Income	206,642	221,938
Prepaid Cruise Income	644,180	175,902
	<u>3,170,892</u>	<u>3,465,390</u>

8. Creditors: Amounts falling after more than one year

	2013 £	2012 £
Between one and two years		
Prepaid Holiday Cottage Income	9,034	9,493
Prepaid Functions Income	41,089	40,430
	<u>50,123</u>	<u>49,923</u>

9. Called Up Share Capital

As at 29 February 2012 and 28 February 2013

	Allocated, Issued but unpaid No.
Ordinary equity shares of £1 each	<u>2</u>

10. Commitments

	2013 £	2012 £
Charter agreements which expire: Within one year	260,000	250,000

11. Parent Company and Related Parties

The National Trust for Scotland, incorporated in Scotland, is the parent entity and ultimate controlling party.

Consolidated financial statements are prepared by The National Trust for Scotland, therefore advantage has been taken of the available exemption in accordance with FRS8, not to disclose transactions with The National Trust for Scotland. Consolidated financial statements of The National Trust for Scotland are available directly from The National Trust for Scotland via their website.