



# the National Trust for Scotland

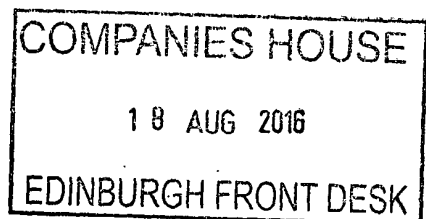
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National Trust for Scotland  
Enterprises Ltd.

Directors' Report & Accounts

Year Ended 29 February 2016

Company Number – SC095585



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National Trust for Scotland Enterprises Ltd.

**Directors' Report & Accounts for the Year ended 29 February 2016**

**Directors Report**

The Directors submit their Report and Accounts for the year ended 29 February 2016.

**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. The company is a 100% owned subsidiary of The National Trust for Scotland.

**Directors**

The Directors during the period were as follows:-

H.W. Berits (resigned 1<sup>st</sup> February 2016)

K. Mavor (resigned 24<sup>th</sup> April 2015)

I.A. Reid (resigned 19<sup>th</sup> February 2016)

S.P. Skinner (appointed 24<sup>th</sup> June 2015)

M.A. Bishop (appointed 1<sup>st</sup> February 2016)

A.R. Bowie (appointed 12<sup>th</sup> February 2016)

**Secretary**

I. A. Reid (resigned 19<sup>th</sup> February 2016)

S. Small (appointed 19<sup>th</sup> February 2016)

**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. This is a distribution of reserves.

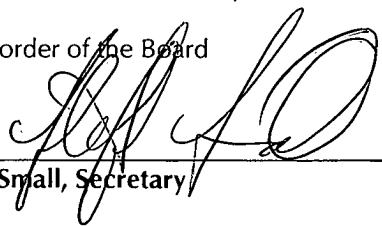
**Auditors**

The appointment of the Auditors, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), will be proposed at the Annual General Meeting to be held on 24<sup>th</sup> September 2016.

**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

  
S Small, Secretary



Date

Hermiston Quay  
5 Cultins Road  
Edinburgh  
EH11 4DF

Registered Office



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National Trust for Scotland Enterprises Ltd.

## Strategic Report for the Year ended 29 February 2016

### **Review of the Business**

The company's total income increased by £615,085 or 5.6% during the year with all income streams up other than Functions, which was impacted by reduced business from the Oil and Gas sector at properties in the North East. As noted last year there was a £270,000 provision against retail stock which impacted overall profitability. The Retail team have delivered a significant result this year by increasing total sales by £221,542 and selling at risk inventory at higher prices than anticipated allowing £195,000 of the provision to be credited back in this year's accounts. The refit of the Culloden Retail unit was also completed this year and provides a modern exciting layout which will support continued sales growth. A combination of increased sales and good cost management in Catering has delivered a contribution of £504,000 or 14.9% of turnover, up from last year's high of £356,000 (10.7%) and continuing the importance of catering within our operations. Our Cruise business increased sales by £291,589 (13.9%) and managed costs resulting in an £85,000 increase in contribution from £258,000 to £343,000. As noted above our Functions business was impacted by cut backs in the Oil and Gas Sector resulting in a drop in sales income of £75,801 which had a similar impact on contribution. The increase in turnover and contribution in Other income and Events is mainly due to Renewables. This has been a challenging area as potential projects did not materialise for a variety of reasons and the future income potential is also being re-assessed.

### **Future Developments**

We continually challenge ourselves on how we manage our retail and catering operations to grow income and contribution. There are potentially significant implications for these operations as part of a Strategic review and it will be critical that we do not lose focus on these core activities during this time of change. Our sales and contribution from our cruises business will be seriously impacted this year as we were not able to secure our normal ship and as a result we are only able to offer one cruise instead of two. The challenges to Functions income continue as the Oil and Gas sector continues to decline. We will continue to re-invest in our Holiday Cottages and Renewables but the opportunities for the latter are limited as incentives disappear.

### **Principal Risks and Uncertainties**

The company has to manage a number of significant risks inherent in its operations:

*Competitive Risk* – the company derives its income through providing visitors to National Trust for Scotland properties with an enjoyable and interesting experience. It operates primarily in the visitor attraction market which in Scotland is extensive and highly competitive. The company conducts visitor satisfaction surveys to ensure that the experience provided remains of a high standard and monitors developments at local and national competitors to ensure that its offering remains competitive.

*Compliance Risk* – within its catering and functions business streams the company is subject to stringent but appropriate health, safety and environmental regulation, breaches of which, could have a serious impact on the business. The company has therefore drawn up detailed operating procedures covering these areas and carries out a regular programme of on-site audits. In addition, staff in these areas are given training on the relevant regulations and can call on specialist advice and support as required.

*Property Access Risk* – apart from its cruise operations, the company's income generation relies on the ability of visitors to access the National Trust for Scotland's properties. If this access was to be restricted for any reason (eg particularly inclement weather, foot and mouth outbreak) income would inevitably be reduced. The company is therefore looking to develop income streams which rely less on physical access by visitors. Renewable energy and online retail sales are examples of two such initiatives.

By order of the Board

S Small, Secretary

21 June 2016

Date



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National Trust for Scotland Enterprises Ltd.

**Directors' Report & Accounts for the Year ended 29 February 2016**

**Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, 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 (applicable law and UK Accounting Standards). 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 the National Trust for Scotland Enterprises Ltd**

We have audited the financial statements on pages 5 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 set out on page 3, 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **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 29 February 2016 and of its profit 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 Strategic Report and 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.

*RSM UK Audit LLP*

JANET HAMBLIN (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP),  
Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh, EH3 9QG

Date *30 June 2016*



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## Statement of Income and Retained Earnings for the Year ended 29 February 2016

	Notes	2016 £	2015 £
Turnover	1b	11,673,961	11,058,876
Cost of sales		(4,687,174)	(4,626,742)
<b>Gross Profit</b>		<b>6,986,787</b>	<b>6,432,134</b>
Administrative expenses		(5,031,348)	(5,132,075)
Other operating expenditure		(775,240)	(834,668)
<b>Profit on Ordinary Activities Before Taxation</b>	3	<b>1,180,199</b>	<b>465,391</b>
Tax on Profit on Ordinary Activities	4	-	-
<b>Profit for the Financial Year</b>		<b>1,180,199</b>	<b>465,391</b>
Retained earnings at start of year		-	-
Distribution		(1,180,199)	(465,391)
Retained earnings at end of year		-	-

The turnover and result for the year and the preceding year were derived wholly from continuing operations.

There were no items of comprehensive income in the current or prior year other than the profit for the financial year and, accordingly, no statement of comprehensive income is presented.

The Notes on Page 7 to 9 form part of the Financial Statements



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National Trust for Scotland Enterprises Ltd.


**Statement of Financial Position as at 29 February 2016**

Co. No. SC095585

	Notes	2016		2015	
		£	£	£	£
<b>Current Assets</b>					
Stock	5	877,008		891,116	
Debtors	6	794,169		1,558,896	
Cash at bank and in hand		<u>1,511,351</u>		<u>1,415,031</u>	
			3,182,528		3,865,043
<b>Current Liabilities</b>					
Creditors: amounts falling due within one year	7		(3,138,177)		(3,814,546)
<b>Net Current Assets</b>			<u>44,351</u>		<u>50,497</u>
Creditors: amounts falling due after more than one year	8		(44,349)		(50,495)
			<u>2</u>		<u>2</u>
<b>Capital and Reserves</b>					
Called up share capital	9		2		2
Profit and loss account			-		-
<b>Shareholders' Funds</b>			<u>2</u>		<u>2</u>

The Notes on Pages 7 to 9 form part of the Financial Statements

The financial statements on pages 5 to 9 were approved by the Board on 21 June 2016 and signed on its behalf and authorised for issue by:

  
A.R. Bowie

21 JUNE 2016  
Date



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National Trust for Scotland Enterprises Ltd.

**Notes to the Accounts for the Year ended 29 February 2016**

**1. Accounting policies**

**a) Basis of Preparation**

National Trust for Scotland Enterprises Ltd is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The principal activities of the company are set out in the directors' report on page 1.

The financial statements have been prepared under the historical cost convention of accounting and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

No restatement of prior year financial statements has been required as a result of the adoption of FRS 102 in the current year. For more information see note 11.

National Trust for Scotland Enterprises Ltd meets the definition of a qualifying entity under FRS 102 and therefore has taken advantage of the disclosure exemptions available to it as a subsidiary of the National Trust for Scotland. Exemptions have been taken in relation to the presentation of a cash-flow statement and financial instruments statement.

**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 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) Pension schemes**

The National Trust for Scotland operates a defined contribution scheme through a Group Personal Pension Scheme and National Employment Savings Trust (NEST).

**e) 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. On an annual basis, profits are distributed to the company's parent and this distribution would be reduced if there was an impact on the company's ability to meet liabilities as they fall due, but this is not currently the case. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**f) Distribution of profits**

The company has a policy of paying under gift aid an amount up to the taxable profits each year to the National Trust for Scotland, its ultimate parent undertaking. In line with ICAEW Technical Release 'Tech16/14BL', the company treats this donation as a distribution of reserves and it is paid within nine months of the year end. Any donation made in this manner is capped to the level of distributable reserves available. The Board are responsible for formally agreeing the amount to be distributed each year.





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Notes to the Accounts for the Year ended 29 February 2016

2. Staff costs

The company itself has no employees (2015: 0). 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:

	2016 £	2015 £
Gross pay	3,378,851	3,419,601
Employers NI	180,553	185,157
Employers pension	69,942	74,001
	<u>3,629,346</u>	<u>3,678,759</u>

3. Operating profit

	2016 £	2015 £
Operating profit is stated after charging:-		
Management recharge	775,240	834,668
Auditor's remuneration – audit services	<u>9,100</u>	<u>6,845</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 attributable directors' emoluments are charged by way of recharge. Directors' emoluments are disclosed within key management disbursements within The National Trust for Scotland's consolidated accounts. The company paid no directors' remuneration (2015: £nil).

4. Tax on profit on ordinary activities

All taxable profits on ordinary activities have been paid under gift aid to the National Trust for Scotland and, as a result, no tax liability has arisen in respect of the year ended 29 February 2016.

5. Stock

	2016 £	2015 £
Raw materials	1,244	294
Finished goods and goods for resale	<u>875,764</u>	<u>890,822</u>
	<u>877,008</u>	<u>891,116</u>

6. Debtors

	2016 £	2015 £
Prepaid cruise expenditure	<u>794,169</u>	<u>1,558,896</u>
	<u>794,169</u>	<u>1,558,896</u>



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Notes to the Accounts for the Year ended 29 February 2016

7. Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts owed to group undertakings	2,556,219	2,325,740
Prepaid holiday cottage income	222,770	241,876
Prepaid functions income	217,315	255,531
Prepaid cruise income	141,873	991,399
	<u>3,138,177</u>	<u>3,814,546</u>

8. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
<b>Between one and two years</b>		
Prepaid holiday cottage income	11,587	9,542
Prepaid functions income	32,762	40,953
	<u>44,349</u>	<u>50,495</u>

9. Called up share capital

As at 28 February 2015 and 29 February 2016

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

10. Parent company and related parties

The National Trust for Scotland, registered 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 exemption in Financial Reporting Standard 102 Section 33 "Related party disclosure" from disclosing 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 [www.nts.org.uk](http://www.nts.org.uk)

11. Transition to FRS102

This is the first year the company has presented its financial statements under FRS 102 issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 28<sup>th</sup> February 2015 and the date for transition to FRS 102 was therefore 1<sup>st</sup> March 2014. As a consequence of adopting FRS 102, no accounting policies have changed to comply with that standard and no restatement is therefore required. Some additional disclosures have been included.