

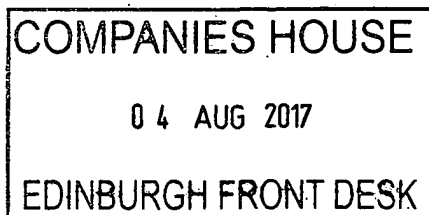


National Trust for Scotland
Enterprises Ltd.

Directors' Report & Accounts

Year Ended 28 February 2017

Company Number – SC095585



National Trust for Scotland Enterprises Ltd.

Directors' Report & Accounts for the Year ended 28 February 2017

Directors Report

The Directors submit their Report and Accounts for the year ended 28 February 2017.

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:-

S.P. Skinner

M.A. Bishop

A.R. Bowie

E.P. Duffy (appointed 23 February 2017)

Secretary

S. Small

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.

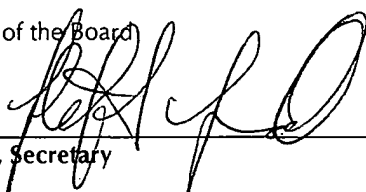
Auditors

The appointment of the Auditors, RSM UK Audit LLP, will be proposed at the Annual General Meeting to be held on 30 September 2017.

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

20 June 2017
Date

Hermiston Quay
5 Cultins Road
Edinburgh
EH11 4DF

Registered Office

Company No SC095585

National Trust for Scotland Enterprises Ltd.

Strategic Report for the Year ended 28 February 2017

Review of the Business

The company's total income increased by £162,146 or 1.4% during the year to a total of £11,836,107, with gross profit improving by £324,302 or 4.6% to £7,311,089. Overall expenditure, which principally comprises of wages and salaries and other overhead and administrative costs, remained relatively constant year on year, resulting in a profit for the year (before management charges of £822,442 (2016: £775,420)) of £2,289,239 which is an improvement of £333,800 or 17.1% on the prior year.

Both retail and catering have benefitted from increased sales and good cost management. Retail revenues are up by over £662,000 from the prior year, with gross contribution improved by £292,000 at an improved gross margin of 18.2%, with a significant element of this growth being down to strong performance at Culloden where a refitted retail unit was opened at the start of the financial year. Catering revenues have increased by over £293,000, with gross contribution up by £160,000 at an improved gross margin of 18.0% and this continues to be an important element of our offering to visitors. Holiday cottages revenues increased slightly on last year, with gross contribution up by £59,000 to £344,000 at an improved margin of 34.0%. Whilst cruise revenues and associated contribution fell on the previous year, due in part to a change in mix of our sales offering, it still continued to make an important contribution with gross contribution at £285,000. Functions have continued to suffer in the face of reduced demand, particularly reduced business from the Oil and Gas sector at properties in the North East, with lower revenues and gross contribution on last year. Revenues and gross contribution from other income and events, which includes Renewables activities, were relatively flat year on year.

Future Developments

We continually challenge ourselves on how we manage our retail and catering operations to grow both income and contribution, particularly off the back of expected and continued increases in visitor numbers to our properties and the investments being made in priority properties. It is critical that we do not lose focus on these core activities during a time of change. Cruise revenues are expected to increase in the current financial year as we are running a third cruise, and we will continue to look at how to best develop and grow our Holiday cottages offering, particularly in light of the requirements for continued capital investment and improvement to our portfolio and the competitive landscape of the tourism market in Scotland. The challenges to functions income are likely to continue with still no real signs of improvement in the Oil and Gas sector.

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 Trust conducts annual 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 activities 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, outbreak of foot and mouth) 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

20 June 2017

Date

National Trust for Scotland Enterprises Ltd.

Directors' Report & Accounts for the Year ended 28 February 2017

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

Opinion on financial statements

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"

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2017 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.

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 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 and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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

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.

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.

RSM UK Audit LLP

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

Date *23 June 2017*

National Trust for Scotland Enterprises Ltd.

Statement of Income and Retained Earnings for the Year ended 28 February 2017

	Notes	2017 £	2016 £
Turnover	1b	11,836,107	11,673,961
Cost of sales		(4,525,018)	(4,687,174)
Gross Profit		7,311,089	6,986,787
Administrative expenses		(5,021,850)	(5,031,348)
Other operating expenditure		(822,442)	(775,240)
Profit on Ordinary Activities Before Taxation	3	1,466,797	1,180,199
Tax on Profit on Ordinary Activities	4	-	-
Profit for the Financial Year		1,466,797	1,180,199
Retained earnings at start of year		-	-
Distribution to holding charity		1,466,797	1,180,199
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

National Trust for Scotland Enterprises Ltd.


Statement of Financial Position as at 28 February 2017

Co. No. SC095585

	Notes	2017		2016	
		£	£	£	£
Current Assets					
Stock	5	758,223		877,008	
Debtors	6	2,061,889		794,169	
Cash at bank and in hand		<u>2,351,297</u>		<u>1,511,351</u>	
			5,171,409		3,182,528
Current Liabilities					
Creditors: amounts falling due within one year	7		(5,139,422)		(3,138,177)
Net Current Assets			<u>31,987</u>		<u>44,351</u>
Creditors: amounts falling due after more than one year	8		(31,985)		(44,349)
Total Net Assets			<u><u>2</u></u>		<u><u>2</u></u>
Capital and Reserves					
Called up share capital	9		2		2
Profit and loss account			-		-
Shareholders' Funds			<u><u>2</u></u>		<u><u>2</u></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 20 June 2017 and signed on its behalf and authorised for issue by:


A.R. Bowie

20th JUNE 2017
Date

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2017

1. Accounting policies

a) Basis of Preparation

National Trust for Scotland Enterprises Ltd (company no SC095585) is a company incorporated in Scotland under the Companies Act and is limited by shares. 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.

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.

g) Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The National Trust for Scotland Enterprises Ltd (NTSE) makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

NTSE has made no estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical area of judgement

No critical judgements have been made in the process of applying the Group's accounting policies that will have a significant effect on the amounts recognised in the financial statements.

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2017

2. Staff costs

The company itself has no employees (2016: 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:

	2017 £	2016 £
Gross pay	3,427,204	3,378,851
Employers NI	169,343	180,553
Employers pension	69,539	69,942
	<u>3,666,086</u>	<u>3,629,346</u>

3. Operating profit

	2017 £	2016 £
Operating profit is stated after charging:-		
Management recharge	822,442	775,240
Auditor's remuneration – audit services	<u>9,500</u>	<u>9,100</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 (2016: £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 28 February 2017.

5. Stock

	2017 £	2016 £
Raw materials	697	1,244
Finished goods and goods for resale	<u>757,526</u>	<u>875,764</u>
	<u>758,223</u>	<u>877,008</u>

6. Debtors

	2017 £	2016 £
Prepaid cruise expenditure	<u>2,061,889</u>	<u>794,169</u>
	<u>2,061,889</u>	<u>794,169</u>

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2017

7. Creditors: amounts falling due within one year

	2017	2016
	£	£
Amounts owed to group undertakings	3,208,878	2,556,219
Prepaid holiday cottage income	226,962	222,770
Prepaid functions income	199,663	217,315
Prepaid cruise income	274,434	141,873
Cruise expenditure accrual	1,229,485	-
	<u>5,139,422</u>	<u>3,138,177</u>

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

	2017	2016
	£	£
Between one and two years		
Prepaid holiday cottage income	4,951	11,587
Prepaid functions income	27,034	32,762
	<u>31,985</u>	<u>44,349</u>

9. Called up share capital

As at 29 February 2016 and 28 February 2017

	Allocated, Issued & Fully Paid
	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