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National Trust for Scotland
Enterprises Ltd.

Directors' Report & Accounts

Year Ended 28 February 2014

Company Number – SC095585

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National Trust for Scotland Enterprises Ltd.

Directors' Report & Accounts for the Year ended 28 February 2014

Directors Report

The Directors submit their Report and Accounts for the year ended 28 February 2014.

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

Although there were early signs of an economic recovery market conditions in the year to 28 February 2014 remained challenging. Despite this the company managed to increase revenue by 2.6% to £10.6m. The two main business areas, Retail and Catering, both recorded increased revenue and contribution with the improvement in performance of our catering operations being the most satisfactory. On the back of changes made to the structure of seasonal staffing, catering has produced a contribution of £282,000 against a loss of £26,000 for the previous year. The contribution from our Cruise and Functions areas both fell but these remain valuable sources of income for the company.

Despite a general pay increase of 1.3% staff costs have fallen this year largely as a result of greater control of costs within the Retail and Catering areas. This reduction has contributed to a 50% increase in Net Operating Profit to £1.45m, before management charges of £803,737 (2013 £848,456), allowing the company to Gift Aid £647,801 (2013 £116,105) to its parent, The National Trust for Scotland.

Future Developments

During 2013/14 the commercial outlets at the Bannockburn Visitor Centre were closed as part of the construction of a new visitor centre. The new centre opened on 1st March 2014 and the directors are hopeful that the revamped retail and catering operations within the centre will make a positive contribution to future results. In addition, the company will continue to seek improvements to core retail and catering profitability primarily through the continued control of costs. In addition, the company will be exploring the development of new income streams principally in the field of renewable energy. The company plans to install photovoltaic panels on a number of buildings during 2014/15 and will monitor the effectiveness of these both in terms of cost reduction and income generation. In addition, we will be examining the business cases for the installation of micro hydro generation schemes at a number of properties.

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.

Directors

The Directors during the period were as follows:-

H.W. Berits

K. Mavor

I.A. Reid

Secretary

I. A. Reid

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 4 October 2014.

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

25 June 2014
Date



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National Trust for Scotland Enterprises Ltd.

Directors' Report & Accounts for the Year ended 28 February 2014

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 the National Trust for Scotland Enterprises Ltd

We have audited the financial statements on pages 5 to 8. 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 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 APB'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 28 February 2014 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: *2 July 2014*



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Profit and Loss Account for the Year ended 28 February 2014

	Notes	2014 £	2013 £
TURNOVER	1b	10,600,676	10,336,608
COST OF SALES		(4,355,469)	(4,408,112)
GROSS PROFIT		6,245,207	5,928,496
ADMINISTRATIVE EXPENSES		(4,793,669)	(4,963,935)
OTHER OPERATING EXPENDITURE		(1,451,538)	(964,561)
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 7 and 8 form part of the Financial Statements



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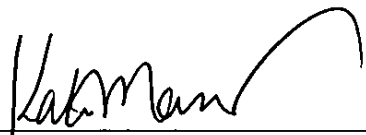
Balance Sheet as at 28 February 2014

Co. No. SC095585

	Notes	2014		2013	
		£	£	£	£
Current Assets					
Stock	5	1,170,575		1,072,403	
Debtors	6	1,464,291		1,153,167	
Cash at Bank and in hand		<u>1,310,432</u>		<u>995,447</u>	
			3,945,298		3,221,017
Current Liabilities					
Creditors: amounts falling due within one year	7		(3,876,587)		(3,170,892)
Net Current Assets			<u>68,711</u>		<u>50,125</u>
Creditors: amounts falling due after more than one year	8		(68,709)		(50,123)
			<u>2</u>		<u>2</u>
Capital and Reserves					
Called up share capital	9		2		2
Profit and Loss Account			-		-
Shareholders' Funds			<u>2</u>		<u>2</u>

These financial statements are prepared in accordance with the provisions applicable to Companies subject to the Small Co's regime and with FRSSSE (effective April 2008).

Approved by the Board on 25.6.14 and signed on its behalf and authorised for issue by:


K. Mavor

25.6.14
Date

The Notes on Pages 7 and 8 form part of the Financial Statements



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Notes to the Accounts for the Year ended 28 February 2014

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) Pension Schemes

The Trust 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. 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:

	2014 £	2013 £
Gross Pay	3,199,976	3,291,706
Employers NI	158,958	190,254
Employers Pension	67,501	61,833
	<u>3,426,435</u>	<u>3,543,793</u>

3. Operating Profit

	2014 £	2013 £
Operating Profit is stated after charging:-		
Management Recharge	803,737	848,456
Gift Aid	647,801	116,105
Auditor's Remuneration – audit services	<u>6,845</u>	<u>6,560</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 2014.

5. Stock

	2014 £	2013 £
Raw Materials	876	1,422
Finished Goods and goods for resale	<u>1,169,699</u>	<u>1,070,981</u>
	<u>1,170,575</u>	<u>1,072,403</u>



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Notes to the Accounts for the Year ended 28 February 2014

6. Debtors

	2014 £	2013 £
Called Up Share Capital Not Paid	-	2
Prepaid Cruise Expenditure	1,464,291	1,153,165
	<u>1,464,291</u>	<u>1,153,167</u>

7. Creditors: Amounts falling due within one year

	2014 £	2013 £
Amounts Owed to Group Undertakings	2,265,448	2,049,517
Prepaid Holiday Cottage Income	219,456	270,553
Prepaid Functions Income	245,537	206,642
Prepaid Cruise Income	1,146,146	644,180
	<u>3,876,587</u>	<u>3,170,892</u>

8. Creditors: Amounts falling after more than one year

	2014 £	2013 £
Between one and two years		
Prepaid Holiday Cottage Income	10,327	9,034
Prepaid Functions Income	58,382	41,089
	<u>68,709</u>	<u>50,123</u>

9. Called Up Share Capital

As at 28 February 2013 and 28 February 2014

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

10. Commitments

	2014 £	2013 £
Charter agreements which expire: Within one year	<u>-</u>	<u>260,000</u>

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.



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The following does not form part of the audited financial statements:

Detailed Profit and Loss Account for the Year ended 28 February 2014

	Notes	2014	2013
		£	£
INCOME			
Retail		3,482,843	3,338,736
Catering		2,985,502	2,873,988
Holiday Cottages		958,360	906,210
Cruises		2,092,491	2,139,779
Functions		746,412	888,184
Other		335,068	189,711
		<u>10,600,676</u>	<u>10,336,608</u>
COST OF SALES		<u>(4,355,469)</u>	<u>(4,408,112)</u>
GROSS PROFIT		6,245,207	5,928,496
EXPENDITURE			
Salaries		(1,455,078)	(1,455,712)
Wages, Seasonal & Temp		<u>(1,971,357)</u>	<u>(2,088,081)</u>
Total Wages & Salaries	2	<u>(3,426,435)</u>	<u>(3,543,793)</u>
Marketing & Publications		(121,764)	(110,254)
Utilities		(213,088)	(200,899)
Maintenance & Equipment		(122,326)	(229,835)
Travel & Subsistence		(77,297)	(76,450)
Insurance		(96,503)	(99,579)
Consultants & Fees		(30,791)	(52,407)
Other Overheads		<u>(705,465)</u>	<u>(650,718)</u>
		<u>(1,367,234)</u>	<u>(1,420,142)</u>
Total Expenditure		(4,793,669)	(4,963,935)
NET OPERATING PROFIT	3	1,451,538	964,561
Management Recharge		<u>(803,737)</u>	<u>(848,456)</u>
Amount payable to The National Trust for Scotland by Gift Aid		647,801	116,105