



National Trust for Scotland
Enterprises Ltd.

Directors' Report & Accounts

Year Ended 28 February 2019

Company Number – SC095585

**COMPANIES HOUSE
EDINBURGH**

28 AUG 2019

FRONT DESK

WEDNESDAY



SCT

S8CRUSCG
28/08/2019
COMPANIES HOUSE

#569

National Trust for Scotland Enterprises Ltd.
Directors' Report & Accounts for the Year ended 28 February 2019

Directors Report

The Directors submit their Report and Accounts for the year ended 28 February 2019.

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, which is a charity registered in Scotland with the Office of the Scottish Charity Regulator under registration number SC007410.

Directors

The Directors during the period were as follows:-

S.P. Skinner

M.A. Bishop

E.P. Duffy

L. Page

Secretary

S. T. Small

The National Trust for Scotland, the parent charity, has group insurance policies in place. Under these insurance arrangements, Directors' and Officers' liability insurance is in place to indemnify the directors and officers of the Company against loss arising from claims made against them (jointly and severally) by reason of wrongful acts or omissions in their capacity as directors or officers of the Company. The insurance also covers the Company's loss when it is required or permitted to indemnify the directors or officers. Associated insurance costs are recharged from the parent charity to the Company.

Gift Aid

In accordance with the company's memorandum and articles of association, the whole of the profits of the Company of £732,847 will be paid under gift aid to The National Trust for Scotland by 28 November 2019 as a distribution of reserves during the year to 28 February 2020.

Future Developments

Future developments and strategy for the Company are included in the Strategic report on page 2.

Auditors

The reappointment of the Auditors, RSM UK Audit LLP, will be proposed at the Annual General Meeting to be held on 21st September 2019.

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.T. Small, Secretary

Hermiston Quay
5 Cultins Road
Edinburgh
EH11 4DF

26 August 2019
Date

Registered Office
Company No SC095585

National Trust for Scotland Enterprises Ltd.
Strategic Report for the Year ended 28 February 2019

Review of the Business

The Company's total income decreased by £231k (1.7%) during the year to a total of £13.4m. Gross profit decreased by £101k or 1.4% to £7.2m. Administrative expenditure, which principally comprises of wages and salaries and other overhead and administrative costs, increased by £597k or 11.0% during the year to a total of £6.0m. This resulted in a profit for the year of £1.2m (before management charges of £477k (2018: £1,080k)). This is a decrease in profit of £698k or 36.5% from the prior year. Net profit after management charges was £732k (2018: £829k). This decrease is largely driven by increased staff and maintenance costs.

Retail income increased by £416k from the prior year. The net contribution from retail activity decreased by £15k. Catering revenues increased by £712k however net contribution from catering decreased by £155k. The increase in retail and catering revenue is driven by an increase in visitors to properties however higher staff costs combined with maintenance costs are the key reasons for the fall in net contribution. Holiday cottage revenues decreased by £150k from the prior year and the net contribution decreased by £112k due to ongoing maintenance costs. Cruise income decreased by £1,169k in the year as a result of the reduction in the number of cruises operated. The associated costs decreased by £1,281k resulting in an increase of £113k in the net contribution from cruises from the previous year. Revenue from other income and events, which includes functions and renewables activities, was £41k lower than the prior year.

The stock level at the end of this year was £585k greater than at the end of the previous financial year. This was a result of a number of factors including more properties holding full trading stock levels over the winter months as more properties were open for trading throughout the season, stock required for a central mail order campaign run over the winter months and stock held in advance of a number of properties opening in the next financial year including The Hill House, Glencoe, Brodick and Inverewe.

Debtors were £720k lower and creditors were £563k higher at the end of this year than at the previous. These increases/decreases are as a result of income and costs being directly allocated to the Company during the year rather than being reallocated from the parent Charity.

Future Developments

We are continuing to focus on increasing visitor numbers to properties to increase revenues and contributions from retail and catering. Investment at properties over the last few years has started this growth in visitor numbers and revenues and this will continue to be the main focus in the future. Only one cruise operated this year. Due to costs associated with the chartering model no cruises will operate in 2019/20 and a new operating model for cruises is currently being reviewed for future years. The review of how best to develop our holiday cottages offering will continue, particularly in light of the requirements for continued capital investment and improvement to the portfolio and the competitive landscape of the tourism market in Scotland. With focus on increasing revenues and maintaining costs we expect profit levels to improve. There was a change to Financial Reporting Standard 102 in December 2017 that has resulted in a change in the timing of the recognition of distributions of profits to the parent charity. Full details of this and impact for 2019/20 are included in note 13 of these financial statements.

Financial and Non-Financial Key Performance Indicators

Drivers of performance are common across the parent charity and the Company. Key performance indicators are therefore reviewed at a consolidated group level and referred to within the consolidated financial statements of the parent charity.

Principal Risks and Uncertainties

The Company has to manage a number of significant risks inherent in its operations and a new risk management system was implemented during the financial year 2018/19. This risk management system identifies and manages those risks likely to have a significant adverse impact on supporting commercial operations. Building on last year's review of our risk management processes, and recognising our new devolved structure, we have adopted a software

**National Trust for Scotland Enterprises Ltd.
Strategic Report for the Year ended 28 February 2019**

platform that provides visibility of risk management across the organisation. To help ensure compliance, we have also appointed a dedicated risk management officer.

Risks are arranged into two categories:

Strategic risks

These are overarching risks that could threaten the long-term survival or performance of the Company and are overseen by the Directors. These include Confidence & Trust, Recruitment and Retention, Financial Management, and Safe, Efficient and Effective Operations.

Operational risks:

There are a larger number of risks relating to particular organisational functions. For each risk, there is an agreed risk appetite, based on anticipated likelihood and impact, a risk owner, and a series of controls and assurances to reduce the inherent risk level to the desired, residual risk level.

The main risks of relevance are :

Health and Safety

Within catering and functions 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. In addition, this year we have introduced a new Safety, Health and Environment (SHE) system. This is complemented by a new Operational Health & Safety team who will support properties through site visits and advice.

Competitive Risk and relevance to visitors

The company derives its income through providing an enjoyable and interesting experience to visitors at National Trust for Scotland properties. It operates primarily in the visitor attraction market which is extensive and highly competitive in Scotland. The risk is that we fail to provide excellent visitor experiences, leading to a fall in numbers, income and support. We have now introduced a rolling visitor satisfaction survey that can provide real-time intelligence on how well properties are performing. The survey provides our managers with data on how different visitors are experiencing our properties, where we are performing well, and areas to improve.

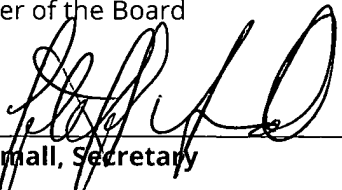
Property Access Risk

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 (e.g. 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.

Brexit

The exit of the United Kingdom from the European Union has the potential to cause economic uncertainty, disrupt supply chains, and affect staffing and volunteering. It also has the potential to reduce current environmental protections in Scotland. The Company cannot directly control these risks, but we are planning for a range of outcomes, and making provisions for these.

By order of the Board



S.T. Small, Secretary

26 August 2019
Date

National Trust for Scotland Enterprises Ltd.
Directors' Report & Accounts for the Year ended 28 February 2019

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 judgements 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.

National Trust for Scotland Enterprises Ltd.
Independent Auditors' Report to the Members of the National Trust for Scotland Enterprises Ltd

Opinion on financial statements

We have audited the financial statements of National Trust for Scotland Enterprises Ltd (the 'company') for the year ended 28 February 2019 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 FRS 102 "The Financial Reporting Standard applicable in the UK and 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 company's affairs as at 28 February 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 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 company 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

National Trust for Scotland Enterprises Ltd.

Independent Auditors' Report to the Members of the National Trust for Scotland Enterprises Ltd (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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
- 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 material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 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
First Floor, Quay 2, 139 Fountainbridge
Edinburgh
EH3 9QG

27 August 2019

National Trust for Scotland Enterprises Ltd.
Statement of Income and Retained Earnings for the Year ended 28 February 2019

	Notes	2019 £	Restated 2018 £
Turnover	2	13,439,495	13,670,859
Cost of sales		(6,226,078)	(6,356,361)
Gross Profit		7,213,417	7,314,498
Administrative expenses		(6,002,622)	(5,405,679)
Other operating expenditure		(477,948)	(1,079,694)
Profit on Ordinary Activities Before Taxation	4	732,847	829,125
Tax on ordinary activities	5	-	-
Profit for the Financial Year		732,847	829,125
Opening retained earnings as previously reported			
Prior year adjustment	13	829,125	1,466,797
Opening retained earnings		829,125	1,466,797
Payment to parent charity under gift aid scheme	13	(829,125)	(1,466,797)
Closing retained earnings		732,847	829,125

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.

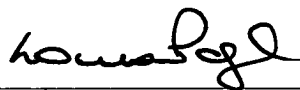
The Notes on pages 9 to 14 form part of the Financial Statements

National Trust for Scotland Enterprises Ltd.
Statement of Financial Position as at 28 February 2019
Co. No. SC095585

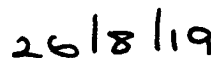
	Notes	2019	2018 - Restated
		£	£
Current Assets			
Stock	6	1,358,256	773,572
Debtors	7	132,066	852,795
Cash at bank and in hand		<u>2,450,879</u>	<u>1,849,259</u>
		3,941,201	3,475,626
Current Liabilities			
Creditors: amounts falling due within one year	8	(3,186,147)	(2,623,059)
Net Current Assets		<u>755,054</u>	<u>852,567</u>
Creditors: amounts falling due after more than one year	9	(22,205)	(23,440)
Total Net Assets		<u>732,849</u>	<u>829,127</u>
Capital and Reserves			
Called up share capital	10	2	2
Profit and loss account	12	732,847	829,125
Shareholders' Funds		<u>732,849</u>	<u>829,127</u>

The Notes on Pages 9 to 14 form part of the Financial Statements

The financial statements on pages 7 to 14 were approved by the Board on 26 August 2019 and signed on its behalf and authorised for issue by:



L Page
Director



Date

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2019

1. Accounting policies

a) Basis of Preparation

National Trust for Scotland Enterprises Ltd (company no SC095585) is a private company incorporated in Scotland under the Companies Act 2006 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. The financial statements are prepared in sterling and all monetary amounts are rounded to the nearest pound.

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 (section 7 of FRS102) and financial instruments statement (sections 11 and 12 of FRS 102). The company has taken the exemptions available to it in FRS 102 Section 33 'Related Party Disclosures' to not disclose transactions with its parent as its parent, the National Trust for Scotland, produces publicly available consolidated financial statements (which includes this wholly-owned company within its consolidation) and discloses the related party transactions for the group within those financial statements.

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. The goods and services offered to customers include retail, catering, holiday cottages, cruises and functions.

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 and is valued on a first in first out basis. Net realisable value is based on estimated selling price.

d) Staff and pensions

The company has no employees. All staff are employed by the parent charity, The National Trust for Scotland. All staff employed by the parent charity are entitled to join the pension schemes on the same terms as staff employed on charity activities. The parent charity, 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.

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2019

f) Financial Instruments

The Company applies provisions of section 11 'Basic Financial Instruments' and section 12 'Other Financial Instruments Issues' of FRS 102 in full to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument and are offset only when the Company has a legal enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

g) Distribution of profits

The Company normally pays all of its taxable profits to its parent charity under the gift aid scheme. These gift aid payments are recognised as dividends (distributions to owners in equity) in the financial statements. Previously they were recognised as a dividend and a liability when the Board voted, prior to the year end, to make a distribution equal to the year-end taxable profit. However at the year-end there was no legal obligation in place for the Company to make this gift aid payment, although the Board has indicated its intention to make this payment.

The company has changed its accounting policy as a result of the Financial Reporting Council clarifying the accounting treatment for such payments in its triennial review of FRS 102 and in line with the Charities SORP (FRS 102) information sheet 2 issued in January 2019, which also impacts on its parent charity. Such gift aid distributions are now only recognised when they are paid.

The change in accounting policy for gift aid payments results in the company recognising a taxation charge on its profits for the year. However the application of the exception under paragraph 29.14A of FRS102 provides relief in respect of the accounting for the tax charge. This results in an overall nil charge for tax in the income statement. This exemption is only applicable as it is probable that the gift aid payments will be made by the company within 9 months of the year end.

h) 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

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 2019

2. Turnover

Turnover is comprised:

	2019	2018
	£	£
Retail	5,225,102	4,809,259
Catering	4,801,122	4,089,528
Holiday cottages	1,128,100	1,278,213
Cruises	1,601,545	2,770,091
Functions	542,265	555,816
Other	141,361	167,952
	<u>13,439,495</u>	<u>13,670,859</u>

3. Staff costs

The company itself has no employees (2018: 0). Staff of the Company are employed by the National Trust for Scotland and their salaries and wages were recharged to the company as follows:

	2019	2018
	£	£
Wages and salaries	4,179,325	3,683,540
Social security costs	216,138	174,336
Pension costs	68,288	45,712
	<u>4,463,751</u>	<u>3,903,588</u>

4. Profit before taxation

	2019	2018
	£	£
Profit before taxation is stated after charging:-		
Management recharge	477,948	1,079,694
Auditor's remuneration – audit services	10,400	10,000
– tax compliance services	1,880	1,872
Stock recognised as an expense	6,283	6,356

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 the note of staff costs and remuneration of key management personnel note within The National Trust for Scotland's consolidated accounts. The company paid no directors' remuneration (2018: £Nil).

5. Tax on profit on ordinary activities

	2019	2018
	£	£
Profit before taxation	<u>732,847</u>	<u>829,125</u>
Tax on ordinary activities at 19%	139,241	157,533
Tax relief in respect of gift aid	<u>(139,241)</u>	<u>(157,533)</u>
	-	-

Paragraph 29.14A of FRS 102 has been applied, allowing the tax relief on gift aid payments to be recognised in the period to which it relates. This exception is applicable as the gift aid payment will be made to the parent charity within 9 months of the reporting date.

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2019

6. Stock

	2019	2018
	£	£
Raw materials	1,506	697
Finished goods and goods for resale	1,356,750	772,875
	<u>1,358,256</u>	<u>773,572</u>

7. Debtors

	2019	2018
	£	£
Trade debtors	112,945	-
Prepayments and accrued income	19,121	852,795
	<u>132,066</u>	<u>852,795</u>

8. Creditors: amounts falling due within one year

	2019	Restated 2018
	£	£
Amounts owed to group undertakings	1,914,060	2,084,552
Trade creditors	212,236	-
Accruals	702,057	-
Prepaid holiday cottage income	174,092	201,610
Prepaid functions income	103,169	185,528
Prepaid cruise income	-	145,494
Deferred income	21,037	-
Other taxes and social security	9,268	-
Other creditors	50,228	5,875
	<u>3,186,147</u>	<u>2,623,059</u>

In line with FRS 102, a prior year adjustment has been made to the amounts owed to group undertakings as at 28 February 2018 to remove the distribution of £829,125 to the holding charity which was accrued and subsequently paid in the year ended 28 February 2019. Further details are included in note 13.

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2019

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

	2019	2018
	£	£
Between one and two years		
Prepaid holiday cottage income	5,291	5,071
Prepaid functions income	16,914	18,369
	<u>22,205</u>	<u>23,440</u>

10. Called up share capital

As at 28 February 2018 and 28 February 2019

Allocated, Issued & Fully Paid

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

Ordinary shares carry equal voting rights and equal distribution of profits.

11. Parent company and related parties

The National Trust for Scotland, a charity registered in Scotland (registration number SC007410), is the parent entity and ultimate controlling party. The registered office of the parent charity is Hermiston Quay, 5 Cultins Road, Edinburgh, EH11 4DF. 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.

12. Reserves

The profit and loss reserves are held for the purpose of distributing to the parent charity in accordance with FRS102.

13. Restatement of Prior Period Reserves

The Company normally pays all of its taxable profits to its parent charity under the gift aid scheme. These gift aid payments are recognised as dividends (distributions to owners in equity) in the financial statements. Previously they were recognised as a dividend and a liability when the Board voted, prior to the year end, to make a distribution equal to the year-end taxable profit. However, at the year-end there was no legal obligation in place for the Company to make this gift aid payment, although the Board has indicated its intention to make this payment.

The company has changed its accounting policy as a result of the Financial Reporting Council clarifying the accounting treatment for such payments in its triennial review of FRS 102 and in line with the Charities SORP (FRS 102) information sheet 2 issued in January 2019, which also impacts on its parent charity. Such gift aid distributions are now only recognised when they are paid.

The change in accounting policy for gift aid payments results in the company recognising a taxation charge on its profits for the year. However the application of the exception under paragraph 29.14A of FRS 102 provides relief in respect of the accounting for the tax charge. This results in an overall nil charge for tax in the income statement. This exemption is only applicable as it is probable that the gift aid payments will be made by the company within 9 months of the year end.

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2019

The prior period statement change is as follows:

For the year ended 28 February 2017 the profit before taxation for the year was £1,466,797. Therefore a prior year adjustment of £1,466,797 is required in the year ended 28 February 2018 to reflect the change of accounting for gift aid payments previously expensed to the income statement.

In the year ended 28 February 2018 £1,466,797 is recognised in the restated numbers to include the distribution payment in respect of the year ended 28 February 2017 and £829,125 removed from amounts owed to group undertakings and reserves.

In the year ended 28 February 2019 £829,125 represents the distribution payment in respect of the year ended 28 February 2018 which has been removed from the previous year.