

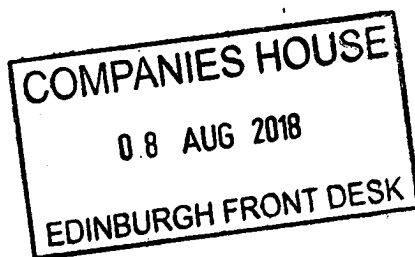


National Trust for Scotland
Enterprises Ltd.

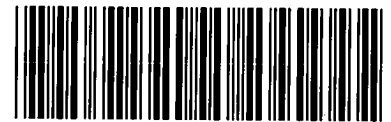
Directors' Report & Accounts

Year Ended 28 February 2018

Company Number – SC095585



WEDNESDAY



SCT *S7BWETI1* #36
08/08/2018
COMPANIES HOUSE

National Trust for Scotland Enterprises Ltd.

Directors' Report & Accounts for the Year ended 28 February 2018

Directors Report

The Directors submit their Report and Accounts for the year ended 28 February 2018.

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 (resigned 12 July 2017)

E.P. Duffy

L. Page (appointed 12 July 2017)

Secretary

S. T. 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.

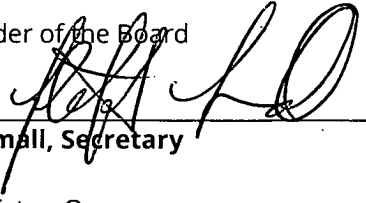
Auditors

The reappointment of the Auditors, RSM UK Audit LLP, will be proposed at the Annual General Meeting to be held on 1 September 2018.

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

28 June 2018
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 2018

Review of the Business

The Company's total income increased by £1,834,752 (15.5%) during the year to a total of £13,670,859. Gross profit improved by £3,409 or 0.05% to £7,314,498. Expenditure, which principally comprises of wages and salaries and other overhead and administrative costs, increased by £383,829 or 7.6% during the year to a total of £5,405,679, resulting in a profit for the year of £1,908,819 (before management charges of £1,079,694 (2017: £822,442)). This is a decrease in profit of £380,420 or 16.6% from the prior year and a net profit after management charges of £829,125 (2017: £1,466,797) all of which was distributed by gift aid to the National Trust for Scotland.

Retail income increased by £381,441 from the prior year with Culloeden accounting for £281,350. The net contribution from retail activity increased by £445,137 due to a change in operating model that resulted in lower central warehouse costs. Catering revenues increased by over £404,869 however net contribution from catering decreased by £522,500. The increase in revenue is driven by increased income at Culzean and Culloeden. However higher staff costs combined with refurbishing costs at Culzean, Robert Burns Birthplace Museum and Pollok were the key reasons for the fall in net contribution. Holiday cottages revenues decreased slightly on last year however net contribution increased by £24,344 to £368,406 due to cost management. Cruise income increased by £1,077,742 in the year however the associated costs increased by £1,373,424 resulting in a reduction of £295,681 in the net contribution from cruises from the previous year. This was due to the lack of occupancy in an additional cruise offered by the Company during the year. Net contributions from functions were relatively flat year on year. Revenue from other income and events, which includes Renewables activities, was £37,226 higher than the prior year however related costs were £63,076 higher resulting in a decreased contribution of £25,849.

Future Developments

We are continuing to focus on increasing visitor numbers to our 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. The third additional cruise ship chartered during this year did not result in the expected increased level of revenues and the additional associated costs were a significant part of the decreased profit for the year. As a result only one cruise will be operated in the next financial year. A 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 our portfolio and the competitive landscape of the tourism market in Scotland.

Principal Risks and Uncertainties

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

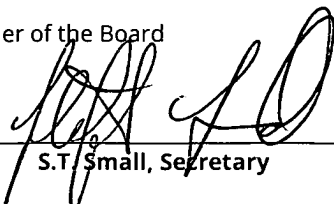
Competitive Risk – the company derives its income through providing an enjoyable and interesting experience to visitors at National Trust for Scotland properties. It operates primarily in the visitor attraction market which is extensive and highly competitive in Scotland. The Trust conducts annual visitor 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 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.

A review of the Company's risk management process is currently underway and a new risk management system is due to be implemented during the financial year 2018/19.

By order of the Board


S.T. Small, Secretary

28 June 2018
Date

National Trust for Scotland Enterprises Ltd.

Directors' Report & Accounts for the Year ended 28 February 2018

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 Trustees 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 2018 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 2018 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 Trustees of the National Trust for Scotland Enterprises Ltd

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 3, 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)

6 July 2018

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

National Trust for Scotland Enterprises Ltd.

Statement of Income and Retained Earnings for the Year ended 28 February 2018

	Notes	2018 £	2017 £
Turnover	1b	13,670,859	11,836,107
Cost of sales		<u>(6,356,361)</u>	<u>(4,525,018)</u>
Gross Profit		7,314,498	7,311,089
Administrative expenses		(5,405,679)	(5,021,850)
Other operating expenditure		<u>(1,079,694)</u>	<u>(822,442)</u>
Profit on Ordinary Activities Before Taxation	3	829,125	1,466,797
Tax on Profit on Ordinary Activities	4	-	-
Profit for the Financial Year		<u>829,125</u>	<u>1,466,797</u>
 Retained earnings at start of year		 -	 -
Distribution to holding charity		<u>(829,125)</u>	<u>(1,466,797)</u>
Retained earnings at end of year		<u>-</u>	<u>-</u>

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 8 to 11 form part of the Financial Statements

National Trust for Scotland Enterprises Ltd.

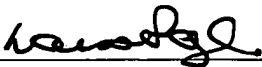
Statement of Financial Position as at 28 February 2018

Co. No. SC095585

	Notes	2018		2017	
		£	£	£	£
Current Assets					
Stock	5	773,572		758,223	
Debtors	6	852,795		2,061,889	
Cash at bank and in hand		<u>1,849,259</u>		<u>2,351,297</u>	
			3,475,626		5,171,409
Current Liabilities					
Creditors: amounts falling due within one year	7		(3,452,184)		(5,139,422)
Net Current Assets			<u>23,442</u>		<u>31,987</u>
Creditors: amounts falling due after more than one year	8		(23,440)		(31,985)
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 8 to 11 form part of the Financial Statements

The financial statements on pages 6 to 11 were approved by the Board on 28 June 2018 and signed on its behalf and authorised for issue by:



 L Page

28/6/18

 Date

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2018

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. 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 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. 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. Net realisable value is based on estimated selling price.

d) Pension schemes

The National Trust for Scotland, the parent charity, operates a defined contribution scheme through a Group Personal Pension Scheme and National Employment Savings Trust (NEST). All staff are employed by the parent charity and are entitled to join the pension schemes on the same terms as staff employed on charity activities.

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.

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2018

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.

2. Staff costs

The company itself has no employees (2017: 0). The staff of the company are employed by the National Trust for Scotland and their salaries and wages were recharged to the company as follows:

	2018	2017
	£	£
Gross pay	3,683,540	3,427,204
Employers NI	174,336	169,343
Employers pension	45,712	69,539
	<u>3,903,588</u>	<u>3,666,086</u>

3. Operating profit

	2018	2017
	£	£
Operating profit is stated after charging:-		
Management recharge	1,079,694	822,442
Auditor's remuneration – audit services	<u>10,000</u>	<u>9,500</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 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 (2017: £nil).

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2018

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 2018.

5. Stock

	2018	2017
	£	£
Raw materials	697	697
Finished goods and goods for resale	<u>772,875</u>	<u>757,526</u>
	<u>773,572</u>	<u>758,223</u>

6. Debtors

	2018	2017
	£	£
Prepaid cruise expenditure	<u>852,795</u>	<u>2,061,889</u>
	<u>852,795</u>	<u>2,061,889</u>

7. Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	2,913,677	3,208,878
Prepaid holiday cottage income	201,610	226,962
Prepaid functions income	185,528	199,663
Prepaid cruise income	145,494	274,434
Cruise expenditure accrual	-	1,229,485
Other creditors	<u>5,875</u>	<u>-</u>
	<u>3,452,184</u>	<u>5,139,422</u>

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

	2018	2017
	£	£
Between one and two years		
Prepaid holiday cottage income	5,071	4,951
Prepaid functions income	<u>18,369</u>	<u>27,034</u>
	<u>23,440</u>	<u>31,985</u>

National Trust for Scotland Enterprises Ltd.

Notes to the Accounts for the Year ended 28 February 2018

9. Called up share capital

As at 28 February 2017 and 28 February 2018

	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