

REGISTERED COMPANY NUMBER: SC111557 (Scotland)

REGISTERED CHARITY NUMBER: SC013660

**Report of the Trustees and
Financial Statements for the Year Ended 31 December 2017
for
GATLIFF HEBRIDEAN HOSTELS TRUST**

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GATLIFF HEBRIDEAN HOSTELS TRUST

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for the Year Ended 31 December 2017**

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GATLIFF HEBRIDEAN HOSTELS TRUST

Chairman's Report for the Year Ended 31 December 2017

2017 was a happy year at the hostels even though weather was mixed. Overall numbers continued to grow. An increasing number of cyclists on the Hebridean Way are calling at Howmore. The hostel improvements at Howmore are very well received with both new visitors and regulars. The Hebridean Way is bringing more people to the islands. More ought to visit Rhenigidale. I thank Richard Barrett for including Rhenigidale as a 'Variant' to the official Hebridean Way walking route in his Cicerone Guide and The Offcomers (Pete Martin and Janet Moss) as a 'Detour' from the cycling route.

Fair enough some want to 'do' the Hebridean Cycling Way in 3 or 4 days or the Walking route in ten days. However, rushing about is contrary to the traditions of Hebridean life. If a trip along the Hebridean Way is your first visit to the islands, why not consider another, more leisurely, trip next year or the year after. Stay a while, go further, climb a mountain, walk along a beach and ponder the eternal rhythm of the sea, sit quietly for an hour or so by the side of Loch Scaforth (just over the hill from the back of Rhenigidale hostel). Watch those who rush by, missing all the best bits of the Outer Hebrides.

By the AGM the Gatliff Hebridean Hostels Trust will be 30 years old! The Trust was incorporated as a Company Limited by Guarantee on 10th June 1988. The first Executive Committee meeting was held on 11th June and the first AGM on 21st July 1989. Two Executive Committee members, Philip Lawson and myself, have served continuously for the whole period. Others such as Jo Burgess, Alan Busson and John Joyce were involved in the early days but have since made a come-back! Neither lost complete touch with the hostels. Both Alan and John are long standing Trustees of the Gatliff Trust. And Jo has been compiling the Crofters' newsletter for many years.

The Gatliff Trust started life in December 1961. The Hostels Trust was started as a means of achieving limited liability for Trustees responsible for the hostels. (The Gatliff Trust is an unincorporated body.)

But what about the next thirty years? This is something which members must reflect on at the AGM. All organisations face this issue. The Chairman of another Society, of which I am a member, put it very well. After setting out the dates of the Society's forthcoming programme he asked, "what are you doing on the first Saturday in March? Well put the date in your diary. You are organising this event!"

I thank my fellow trustees for their commitment to the hostels. I thank Stuart Colley for his diligent work as Treasurer, John Joyce for his hard work at the hostels. I thank Philip Lawson for his wise counsel based on unrivalled experience of the hostelling world. I thank John Humphries for producing the Hebridean Hosteller newsletters and for keeping us in touch with the wider world of Scottish Islands. I thank Alan Busson and Jo Burgess for returning to the EC and Christine Fletcher for joining us! I thank Julian Paren for improving on our web site (www.gatliff.org.uk), and the amazing audio visual presentation on the each of the hostels which can be viewed via our web site. Julian is retiring from the committee after five years' service on the committee including three years as Company Secretary.

I thank Meg Richards for her continuing non-committee role as our hostel "Housekeeper". I also thank Hugh Lorimer for managing the technical side of our web site.

We must all thank our wardens, Kate Langley, (Rhenigidale), Betty MacDonald (Howmore) and Jackie MacLeod (Berneray) all do a fantastic job with great care and attention. The hostels wouldn't be what they are without their commitment and warm welcome.

Last but not least I thank you, our members, for your on-going support, confidence and encouragement. You make it all worthwhile.

GATLIFF HEBRIDEAN HOSTELS TRUST

Report of the Trustees for the Year Ended 31 December 2017

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object of the Trust is to help all, especially young persons of limited means, to a greater knowledge and respect for the islands within the western coastal waters and sea of Scotland. The Trust is dedicated to running Berneray, Howmore and Rhenigidale hostels in partnership with islanders, to a sound basic standard. Our goal is to provide hostellers with the opportunity to stay a while in the islands and to get to know, and maybe come to love, the unique culture and natural environment of Scotland's Outer Hebridean islands.

The Trust was incorporated on 10 June 1988 to run the hostel activities of the Gatliff Trust as a company limited by guarantee registered number 111557 Scotland. The Hebridean Hostellers group was started in 1984. The Gatliff Trust was founded by Herbert Gatliff in 1961.

The Trust is a company limited by guarantee registered at Companies House, Edinburgh. The Trust was granted exemption from corporation tax by the Inland Revenue on the grounds that its objectives are charitable on 5 July 1988. Following the creation of the Office of Scottish Charity Regulator (OSCR) under the Charities and Trustee Investment (Scotland) Act 2005 we became registered charity number SC013660.

Membership is open to all who share these aims and who are prepared to commit to making a regular donation to the Trust (annual minimum of £10). Everyone who wishes to join must sign the guarantee that in the event of the Trust being wound up whilst they are a member or in the course of the year following the date of their cessation of membership, they agree to contribute a sum not exceeding £1, should they be requested to do so. (This is a requirement of Company Law.)

Our hostels are open to all. Membership of the Gatliff Hebridean Hostels Trust is not a prerequisite for use of the hostels.

**Report of the Trustees
for the Year Ended 31 December 2017****OBJECTIVES AND ACTIVITIES****Significant activities**

Hostel Overnights	2013	2014	2015	2016	2017
Berneray	1,864	2,146	2,120	2,438	2,389
Howmore	1,076	1,264	1,236	1,287	1,544
Rhenigidale	864	885	898	955	887
TOTAL	3,804	4,295	4,254	4,680	4,820

The figures for 2017 show a 12% increase over 2014 which is very pleasing, a real reward for all our efforts at the hostels and on publicity. This means that we have already achieved the target we set ourselves in our 2015-2019 business plan, which was to achieve 10% growth in hostel overnights. It is very pleasing to note that Howmore has done so well, achieving a 22% increase over 2014. This demonstrates the value of the major improvements achieved at the hostel thanks to the generosity of our members in response to the Howmore Appeal. We are beginning to improve Rhenigidale and hope to start with a programme of improvements at Berneray as soon as we can. However, it also has to be noted that Howmore has gained many overnights from cyclists stopping off on their trip along the Hebridean Way. We have also noticed an increase in cyclists at Berneray but to a lesser extent. It seems that many cyclists opt to cross the Sound of Harris at the end of their day's ride in order to make an earlier start on their journey north.

It is a remarkable fact that since our first hostel, Rhenigidale, opened in May 1962 we have recorded over 180,000 nights at our hostels (including hostels which have since closed). The overnights at the hostels now open the number of overnights is just under 140,000.

It is worth emphasising that the Gatliff Hebridean Hostels Trust is not just an accommodation provider and never will be. Our goal is to provide hostellers with the opportunity to stay a while in the islands and to get to know, and maybe come to love, the unique culture and natural environment of Scotland's Outer Hebridean islands.

Following the launch of the Hebridean Way walking route in April 2017 we are seeing an increasing number of walkers. Both routes pass our hostels at Howmore and Berneray but not Rhenigidale. However, Richard Barratt in his Guide to the Hebridean Way has included Rhenigidale as a recommended diversion on the walking route. We hope that cyclists and walkers who visit Harris will see a trip to Rhenigidale as a worthwhile diversion from the official route. But most of all we hope that more will linger awhile, rather than pushing on as quickly as they can.

Overnight fees

Our overnight fees were increased on 1st January 2018 to £16 per night for an adult, and £11 per person for camping. We held our fee for under 18 year olds at £8. From 1st April we dropped our fees for camping to £10 per person and £5 for under 18 year olds. The means that for under 18 year olds the fee is half the adult rate if in a hostel bed or camping. We did this in an attempt to encourage more under 18 year olds to visit our hostels and to help families with children. Despite these increases our fees remain the lowest in the islands and almost the whole of Scotland.

It is the policy of the Trustees to hold our prices as low as possible for as long as possible but with electricity charges rising rapidly we are under pressure. We have improved the thermal insulation at Berneray and Howmore but our payments for heat and light continue to represent a big factor in the running of each hostel. We ask hostellers to be aware of these increases in our costs and help us to keep them to a minimum.

Wardens

The Trustees record their thanks and appreciation to the Trust's Wardens and their families, Jackie Macleod (Berneray), Betty MacDonald (Howmore) and Kate Langley (Rhenigidale), for their work at the hostels and the warm welcome they give to hostellers.

Hostel Standards

OBJECTIVES AND ACTIVITIES

Significant activities

It is the Trust's policy to maintain all the hostels to a sound basic standard. We are not aiming to provide 'hotel' or 'luxury' style hostel accommodation (or levy the higher charges which accompany higher grade facilities). We do ensure that our hostels are in compliance with all the relevant health and safety regulations and in conformity with Visit Scotland and SYHA standards. We are proud to be part of the SYHA family.

We have achieved our goal of maintaining our hostels at a standard which achieves at least Visit Scotland one star status but following the accreditation visits during 2017 all three hostels now have two star status.

All equipment in the hostels is in good condition at the beginning of the summer season. It is checked on a regular basis. Anything which is broken or is not working is replaced as quickly as possible. Hostellers are asked to draw the warden's attention to any shortcomings. (Comment cards are provided at all the hostels)

Mcg Richards, a former Trustee, is the 'GHHT housekeeper.' New bunk beds, mattresses, new tables and chairs were installed at all our hostels in spring 2015. We will keep our furnishings under constant review.

HOSTELS

Full electrical checks were carried out at all the hostels in 2016 and the system was certified until 2021. Berneray and Howmore, which have gas cookers, are certified Gas Safe every year. PAT tests are carried out on electrical equipment annually, fire equipment is checked and risk assessments updated. There are First Aid boxes at all the hostels; these are regularly checked.

We ask hostellers to note that dogs are not permitted in any of our hostel buildings.

Berneray

The main building was repainted and all external woodwork was repainted. Window frames were repaired as required. One dormitory was completely repainted. The common room/kitchen and shower room were refreshed. A new toilet was fitted and the room was repainted. The floors of both the toilet and shower room were tiled.

Camper vans are continuing to be an issue at Berneray. Constant vehicular access is chewing up the access track and during the summer there are often vans and large tents in the field behind the hostel. The Gatliff Hebridean Hostels Trust makes clear that it is not encouraging this traffic; indeed those who enquire in advance are told that we cannot give permission to camp on this land as it does not belong to the Trust. We only authorise camping on the land around the hostel, within our fenced plot.

In the autumn we managed to persuade Comhairle nan Eilean Siar, the local council, to give us more waste bins and to reinstate the large green bin by the bus stop. This is to provide waste disposal facilities for camper vans. There are full waste and rubbish disposal facilities at both the harbour and the ferry terminal.

The water main to the hostel was replaced by Scottish Water in the autumn. This has improved the water supply to the hostel.

Howmore

A new water heater was installed in the kitchen and the access track was repaired. It had become deeply rutted by vehicular access over the winter. A sign was put up on the building now available as a bike shed. A dehumidifier was supplied for the dormitories.

During the year we were in discussion with our neighbours, Howmore Church of Scotland. They are developing exciting plans to improve their church and have archaeological work carried out on the ancient ecclesiastical ruins with a view to make the area a place of pilgrimage. Their engagement with the Heritage Lottery fund is continuing.

OBJECTIVES AND ACTIVITIES

Significant activities

If these plans come to fruition pilgrims may require accommodation. Naturally, we believe that our hostel is well placed to provide this accommodation, especially in the Old Croft House when improved.

Rhenigidale

The walls and ceilings of the dormitories, internal stairway, hallway/porch area and the shower room were all repainted. A bike shed was constructed on a concrete base. Drainage was improved with land drains installed alongside the steps, under the bike shed and around the camping pitch at the bottom of the steps. A new shed for the dust bins is to be built. The dehumidifier in the kitchen seems to have helped get on top of the damp problem. New tables and chairs were installed in the kitchen. The outside toilet/wash room was cleared with a view to using this as a drying room. We have agreed to a defibrillator being installed for public use; this is awaiting fund.

Volunteers and Trades people

We use a combination of trades people and volunteers; sometimes work parties consist of tradespeople and volunteers.

We thank our Project Manager John Joyce for all his hard work and organisation.

We thank Stuart Colley, Jane Cumber, Martin Frost, Shelia Hamilton, Claire Howard, Frances Passey, Meg Richards, Alistair Waters and Paul Wrigley for joining one or more work parties and/or assisting at one or more of our hostels.

We also thank tradespeople Andy Carr, Peter Edwards, Rob Plaister and Eddie Webb who worked at the hostels during the year.

GATLIFF HEBRIDEAN HOSTELS TRUST

Report of the Trustees for the Year Ended 31 December 2017

OBJECTIVES AND ACTIVITIES

Grantmaking

In accordance with the wishes of Herbert Gatliff, our founder, and using the income from investments donated to us by the Gatliff Trust, the Trustees make modest annual grants to local organisations. These include churches in the communities where the Trust has hostels (as hostellers may attend these churches) and island councils of voluntary service.

A total sum of £630 was donated during the year to the following organisations:-

Organisation Name	Amount
Church of Scotland, Berneray	£45
Church of Scotland, Howmore	£45
Church of Scotland, Tarbert	£45
Harris Voluntary Service	£45
North Harris Trust	£90
Sabhal Mor Ostaig	£45
Scottish Rights of Way Society	£45
Scottish Youth Hostels Association	£90
St Michael's Ardkenneth & St Mary's Bornish	£45
Third Sector Hebrides	£90
Voluntary Action Barra & Vatersay	£45
TOTAL	<u>£630</u>

These donations come from the Allocations Fund shown in the accounts. This fund was donated to us by the Gatliff Trust with the instruction to invest the money in Charifund Income Units and apply all the income to community organisations in the Outer Hebrides and Scottish outdoor organisations. We are duty bound to the Gatliff Trust to disperse all the income from the investments in the Allocations Fund. We manage this Fund to ensure that any accrued surpluses are applied in accordance with Gatliff Trust's wishes.

During the year we were in discussion with our accountant about the presentation of this Fund in our Annual Accounts. Under Charity Law it is designated as a 'Restricted Fund'. (This means that all the income must be applied to fulfil the specific objective set by the donor of the Fund, the Gatliff Trust.) As a result of this discussion the presentation of the Allocations Fund within our Annual Accounts has changed and there have been transfers between this Fund and the General Fund. The changes are explained in Notes 8 and 11 to the Accounts. The contrast in presentation is highlighted in the comparative figures for 2016 in Notes 6 and 11.

The Trustees do not make other grants but the Gatliff Trust is willing to consider suitable applications. These should be sent to the Chairman, Gatliff Trust: Mr Peter Clarke, 264 Alexandra Park Road, LONDON N22 7BG. (Copies of their Triennial Report for the years 2013 to 2015 can be obtained from this address. The report can also be downloaded from our website.)

OBJECTIVES AND ACTIVITIES

We are a Voluntary Organisation

Everyone involved with the Trust works as a volunteer including Trustees. They receive basic travel expenses and reimbursement of their hostel overnights, if on Trust business. We reviewed our expenses policy in 2017. Members may see the expenses policy upon request to the Chairman.

The Trustees are very grateful to the many volunteers who give their time to help with the administration and operation of the charity and/or the maintenance of the properties. All Trustees are volunteers who offer their time, talents and skills to the Organisation freely. There is plenty to do, so if you would like to help, please get in touch.

The volunteer effort is a vital ingredient in maintaining the unique atmosphere (the 'Gatliff difference') at our hostels. It keeps our overheads and overnight charges down. We are looking for volunteers with an understanding of our hostels and the Outer Hebrides, who have the drive, time and skills to take ownership of specific projects. So, if you have project management experience, experience of running or working in small business or voluntary organisation, or a hostel, we can use your skills. Plumbers, electricians, joiners, painters and decorators are especially welcome. (Appropriate accreditation is required for plumbers and electricians.)

We organise one or two work parties a year. These are usually led by a Trustee John Joyce, who acts as Project Manager. There are no free stays at our hostels in return for voluntary work. All volunteers pay their way at the hostels and are reimbursed if on pre-arranged work parties.

The volunteering opportunities we offer are not exclusively focussed on physical labour at the hostels. There is plenty to do behind the scenes which can be done from members' own homes. All you need is a knowledge of and commitment to the hostels. Whilst it is essential for volunteers to work on their own initiative, it is equally essential that they work within the agreed priorities, policies and budgets set by the Trust.

Examples of tasks which volunteers could carry out from their own homes are making sure posters are up on local notice boards especially those used by outdoor organisations and student unions; maintaining publicity address lists; stuffing envelopes; running a fund raising appeal.

These unique hostels with their memorable locations, good facilities and free and easy atmosphere are worth supporting.

Volunteers are invited along to Trustees' meetings. These happen two or three times a year. If you would like to attend a Trustees' meeting please contact the Chairman. Attendance at a meeting will give an opportunity to gain an appreciation of how the Trust is run behind the scenes. We pay travel expenses to meetings and provide accommodation.

FINANCIAL REVIEW

Principal funding sources

The day-to-day operations of the Charity are largely self-financing from the income from accommodation. Reduced overnights cut our revenue income as do those who use our hostels without paying. The Trustees are extremely grateful to all those who gave donations throughout the year.

From time to time we receive legacies from deceased members for which we are very grateful. During the year we received legacies from long standing members Jean and John Corlett and Thomas Dunmore. We also received a legacy from one of our neighbours at Howmore, Archie MacKinnon.

Please consider remembering the Gatliff Hebridean Hostels Trust in your Will (quoting our charity reference number SC013660 and our Registered office address: 30 Francis Street, Stornoway Isle of Lewis HS1 2ND).

FINANCIAL REVIEW

Investment policy and objectives

Those funds not required for immediate working capital are held in bank accounts or M&G Charifund, a low-risk investment yielding returns consistent with prevailing market rates. Where the Trustees consider it prudent to allocate appropriate funds, institutions receiving grants are selected for the relevance of their work to the well-being of the Hebridean communities and environment in which the company's hostels operate. These policies are kept under review in the light of the Trust's financial performance and the development of its activities.

The Trustees note that the returns on bank deposits have been low but Charifund income remain relatively good. Towards the end of 2016 the CAF Bank (Charities Aid Fund) introduced a £5 monthly standing charge. However, Trustees decided to keep open this account for prudential reasons.

**Report of the Trustees
for the Year Ended 31 December 2017**

FINANCIAL REVIEW

Reserves policy

The Trustees aim to maintain sufficient unrestricted funds to ensure that unexpected costs in maintaining uninterrupted hostel facilities, not covered by grant or appeal income can be met at any time. Trustees judge that this amount is the equivalent of six months operational costs. Those funds not required for immediate working capital are held in bank accounts or low-risk investments yielding returns consistent with prevailing market rates. This policy is kept under review in light of the Trust's financial performance and the development of its activities.

We hold reserves in order to carry out routine maintenance work at the hostels, to tide us over lean years of low overnights and plan for unexpected eventualities.

Administration

Much of the day-to-day administration of the Trust is carried out by the Chairman, Company Secretary and the Treasurer. They spend a considerable amount of their spare time carrying out administrative tasks for the Trust. This includes making regular visits to the hostels and their wardens, and keeping in touch with day to day operations by telephone and other means. Our Work Party organiser is also a frequent visitor to the hostels.

Third Sector Hebrides, in Stornoway, provides the registered office. We thank them for their support and assistance.

The Trustees continue to keep administrative costs under strict control. Under the OSCAR rules if a Director purchases goods or materials for the hostels using his own money, this counts as an expenses payment to the Director even though there is no element of personal reimbursement in the amount paid.

Membership Donations and Gift Aid

In 2017 we had 292 members (270 in 2016)

The Hebridean Hostellers membership fee is currently £10 (£7.50 if under 18). The Trustees thank the members for their support especially those members who were able to make additional donations.

We thank members who Gift Aid their donation. This enables us to recover from the Inland Revenue a further 25p per £1 donated at no cost to the donor. Members who pay income tax or capital gains tax and who have not signed a Gift Aid Form in favour of the Trust are kindly asked to request a form from the Membership Secretary.

Members are asked to note that Gift Aid is subject to a new Declaration from HMRC. This is as follows:

I want to Gift Aid my donation and any donations I make in the future or have made in the past four years to the Gatliff Hebridean Hostels Trust. I am a UK taxpayer and understand that if I pay less Income Tax and/or Capital Gains Tax than the amount of Gift Aid claimed on all my donations in that tax year it is my responsibility to pay the difference.

We now have to make our claims for repayment on line. The Inland Revenue will be checking our claims against their own records. This may result in some claims being disallowed. Members and/or donors who cease to be income or capital gains tax payers are respectfully requested to inform the Chairman in confidence to ensure that we no longer include them in our annual claim.

In the light of the above declaration it is important that members who Gift Aid their donations but cease to be tax payers notify the Trust of the date on which this change takes place.

All members, especially those who Gift Aid their donations to the Trust, are asked to make sure that they advise us of any change of address, both for contact purposes but also to enable us to keep our gift aid records up to date.

Our Gift Aid reclaims from HMRC are up to date.

FINANCIAL REVIEW

Reserves policy

We are grateful to the members and supporters who pay by Bankers Order. Bankers Orders help us by cutting the cost and time involved with membership administration.

The increase in postal prices has led us to reduce the format of this report. If any member would like a copy of the report A4 size please contact the Chairman

The Trust is too small to operate a Direct Debit scheme.

FUTURE DEVELOPMENTS

The Trust will continue to operate a chain of youth hostels in the Western Isles of Scotland. Trustees will continue to maintain the buildings and carry out work to improve the quality and fabric of the hostel buildings as far as funds allow.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its memorandum and articles of association and is a company limited by guarantee, as defined by the Companies Act 1985.

Recruitment and appointment of new trustees

New Trustees are appointed by the Board of Directors or by the Gatliff Trust pursuant to the powers contained in our Memorandum and Articles of Association. These permit the Gatliff Trust to appoint up to six Directors. Directors can also be nominated by the membership of the Trust (the Hebridean Hostellers), provided that appropriate notice is given prior to the AGM.

Five Year Business Plan

The Trustees started the process of drawing up a five year business plan. We continued our discussions throughout 2015 and completed our plan for 2015-20 at our meeting in March 2016. John Joyce led the exercise. The business plan sets out a rolling programme of maintenance work at the hostels, includes a risk analysis of our operations and deals with the difficult issue of succession planning.

The Business Plan will not be a static document. It will be kept under review and updated as required. If you would like to take part in this exercise please contact the Chairman.

We have reviewed and updated our web site as a means of increasing membership and hostel usage. The web site can be accessed from smart phones which helps all hostellers if they are in places with good mobile coverage.

We also resolved to find a suitable, cost effective, form of publicity to attract cyclists to our hostels. We thank The Offcomers for favourable mentions in their guide Cycling the Hebridean Way. We were also pleased to see favourable references to our hostels in the guide book Outer Hebrides The Western Isles of Scotland, from Lewis to Barra : The Bradt Travel Guide and of Berneray in the Sunday Mirror on 24th December 2017 in their feature 'Top 10 Wild Escapes'.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Trust adopted the recommendations of SORP 2005 and have separated Governance Functions and Activities. (SORP 2005 refers to the Statement of Recommended Practice for Accounting and Reporting by Charities adopted by the Accounting Standards Board and published in 2005 by the Office of Scottish Charity Regulator (OSCR) and the Charities Commission.)

The Executive Committee is solely responsible for the governance of the Trust. It is responsible for setting and monitoring the budget and agreeing the Annual Accounts. It sets policy and agrees the terms of reference of any sub-committees. (There are none at the moment).

Meetings are usually held on Saturdays to allow members sufficient time to travel to and from the meetings. The Committee currently meets in the spring for its annual planning and budget setting meeting (a whole day) and holds a meeting following the AGM.

The Executive Committee also has the ability to convene meetings by telephone conference call at short notice. During the year under review, however, no such meetings were necessary.

Wider network

Our hostels are included in the Scottish Youth Hostels Association (SYHA) Handbook, we subscribe to the Visit Scotland Hostel Grading scheme and we are members of the Outer Hebrides Tourism Industry Association. Our registered office is hosted by Third Sector Hebrides in Stornoway, to whom we express our gratitude.

Our hostels are used once or twice a year by local outdoor organisations. The Stornoway Running and Athletics Club organises an annual Hogmanay Flett Trek along the postman's path from Urgha to Rhenigidale. The runs concludes at Rhenigidale hostel where hot soup and rolls, are provided. (See:<http://www.srac.org.uk/fletttrek.htm>).

Stornoway Canoe Club paddle across from Leverburgh to Berneray hostel at regular intervals.

Both organisations encourage visitors to join in their activities. If you wish to do so it is as well to contact the organisation concerned in advance.

Visit Scotland

Visit Scotland administers the hostel grading scheme, based on IYHF and SYHA standards, which is of critical importance to our hostels. We are pleased to record that Rhenigidale retained its two star status and Howmore gained two star status. We welcome the grading visit to our Berneray hostel.

It is our settled policy that we wish all our hostels to achieve at least one star in the Visit Scotland hostel grading scheme. It is pleasing to note that our hostel improvement programme has met a higher standard. All three hostels now have two star status.

Scottish Youth Hostels Association (SYHA)

The Trustees record their thanks for the support the Trust receives from the SYHA both from the head office staff at Stirling, SYHA Wardens, Philip Lawson Hon President of the SYHA (also a GHHT trustee) and other Senior Officers of the Association. The entry of the Gatliff Hostels in the SYHA Guide and the IYHF handbook and their respective web sites are a significant means of attracting visitors to our hostels.

During the year we worked with colleagues at the SYHA to refresh the entries on the SYHA web site. New pictures were supplied for the printed SYHA handbook. We also featured in the SYHA magazine, Scottish Hosteller.

GATLIFF HEBRIDEAN HOSTELS TRUST

Report of the Trustees for the Year Ended 31 December 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

The ultimate controlling party is the Gatliff Trust, a Charity registered in England, with reference 202782.

Risk management

The Trustees trustees have a duty to identify risk which view the risk which the charity is exposed. They need to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error.

Hostel Insurance

In 2013 we switched our insurance to NFU Mutual and they remained our insurers throughout 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Our printed publicity material plays a crucial role in raising the profile of the Trust, making hostellers aware of our hostels and encouraging them to get involved. It is an important means of reaching new audiences. We cannot stand still and rely upon publicity done in the past. We must reach successive generations of potential hostellers, those who have a yearning for the outdoors and a desire to explore the remote islands of Scotland.

If members know of places where our posters, hostel information leaflets and/or membership leaflets can be displayed for example at Walking Festivals, or meetings of YHA local groups, Cycling, Rambling, or Long Distance Walking Clubs, please contact the Chairman for a stock of literature.

We advertise in the Scottish Hosteller, the annual newspaper of the SYHA. We also feature on the Undiscovered Scotland site. Rhenigidale features on the Visit Scotland Web site. Our hostels are recognised by the SYHA and are included in their handbook and publicity material and that of the International Youth Hostels Federation.

Two editions of the Hebridean Hostellers Newsletter appeared in 2017. Both contained lively content keeping members and supporters in touch with the work of the Trust and activities at the hostels.

The 2016 edition of the newsletter of the Crofters' Hostels (covering the hostelling year of 2015) and the 2017 edition (covering the 2016 hostelling year) were published in 2017.

All issues of both the Crofters' and Hebridean Hostellers' newsletters are on the web site.

The newsletter of the Crofters' Hostels has always been a vital link between the Trust and those who visit the hostels. It gives an overview of the hostel overnight numbers and publishes the best, most amusing, most informative entries from the Hostel House Books.

Web site: www.gatliff.org.uk

Our new web site was launched in February 2013. It was updated with a new theme and colour scheme. Feedback on the web site is welcomed. Each hostel is illustrated on the home page with a clickable picture. A click on the picture leads through to information about the hostel and also a drop down menu for each hostel.

Our 'Visiting' pages and FAQs have been completely revised. Thanks to the new format we are able to keep the FAQs up to date and amend them in response to queries from hostellers. Nevertheless nearly 100 hostellers contacted us for further information. They receive a tailored reply plus useful information about the hostels, a poster, the current charges leaflet and a membership application.

Julian Paren has placed audio visual presentations about Howmore, Berneray and Rhenigidale on YouTube and provided links to them from their respective pages of the web site. These have attracted a great deal of interest and recorded thousands of hits.

The new site contains a number of downloads which are proving popular. These include our current membership application form, the Hebridean Hostellers' and Crofters' Hostels newsletters, the latest information and charges posters.

We are also publishing the comments made on Trip Advisor on our web site.

Facebook and Twitter

Our Facebook page and Twitter account @GatliffHostels are popular. Both accounts are explicitly designed to allow regular promotional material to be published about Berneray, Howmore and Rhenigidale hostels. They also allow us to publish notices if we have to advise hostellers of work at the hostels and other matters.

GATLIFF HEBRIDEAN HOSTELS TRUST

Report of the Trustees for the Year Ended 31 December 2017

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC111557 (Scotland)

Registered Charity number

SC013660

Registered office

30 Francis Street
Stornoway
Isle of Lewis
HS1 2ND

Trustees

Dr P Clarke	Writer & Researcher	
Dr S R Colley	Civil Servant	
J A Humphries	Editor & Publisher	
J E Joyce	Consultant	
J P Lawson	Retired Headmaster	
D E Matthews	Director	- resigned 24.6.17
Dr J G Paren	Lecturer	
Mrs J Burgess	Director	- appointed 24.6.17
A P Busson	Director	- appointed 24.6.17
Mrs C Fletcher	Director	- appointed 24.6.17

Company Secretary

Dr J G Paren

Independent examiner

John E Moffat BA FCA
Institute of Chartered Accountants in England and Wales
Mann Judd Gordon Ltd
Chartered Accountants
26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

Bankers

Bank of Scotland
Balivanich
Isle of Benbecula
HS7 5LA

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

Charities Aid Foundation
25 Kings Hill Avenue
West Malling
Kent

GATLIFF HEBRIDEAN HOSTELS TRUST

Report of the Trustees for the Year Ended 31 December 2017

REFERENCE AND ADMINISTRATIVE DETAILS

The Trustees are members of the Trust and, like all members of the Trust, guarantee to contribute a sum not exceeding £1 to the assets of the Trust in the event of it being wound up, or within one year of ceasing to be a member of the Trust. The Trustees have no beneficial interest in the Trust. All Trustees are members of the Executive Committee of the Trust and are all Directors of the Company.

Peter Clarke served as Chairman throughout the year.

Julian Paren served as Company Secretary throughout the year.

Stuart Colley served as Treasurer throughout the year.

Urras Osdailean Nan Innse Gall Gatliff and the Crofters Hostels are business names of the Trust.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Trust will be held at 10.30 a.m. on Saturday 30th June 2018 at Glasgow Youth Hostel (SYHA).

ELECTION OF DIRECTORS

The Trustees at the date of this report are shown on page 11. They will all retire at the Annual General Meeting. Jo Burgess, Stuart Colley and Christine Fletcher are eligible for re-election. All three have indicated their willingness to stand for election.

Julian Paren has decided to retire at this AGM due to the pressure of other commitments.

The Gatliff Trust, which has the power to appoint up to six Directors, will be exercising its right to appoint only five Directors, Alan Busson, Peter Clarke, John Humphries, John Joyce and Philip Lawson. All also serve as Trustees of the Gatliff Trust. The Gatliff Trust has the power to appoint the Chairman. It has appointed Peter Clarke. (Peter Clarke also serves as Chairman of the Gatliff Trust.)

Directors are expected to offer their time and talents to the hostels in the islands and have specific expertise or ability which is of value to the Trust. The Trust employs no staff, so decisions which are taken by the Directors also have to be carried out by them. This requires time and application in the islands as, sometimes, even carrying out the most simple tasks can involve unexpected complications.

Approved by order of the board of trustees on 14 May 2018 and signed on its behalf by:

Dr P Clarke - Trustee

**Independent Examiner's Report to the Trustees of
Gatliff Hebridean Hostels Trust**

I report on the accounts for the year ended 31 December 2017 set out on pages seventeen to twenty seven.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and to comply with Regulation 8 of the 2006 Accounts Regulations
- have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

John E Moffat BA FCA
Institute of Chartered Accountants in England and Wales
Mann Judd Gordon Ltd
Chartered Accountants
26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

14 May 2018

GATLIFF HEBRIDEAN HOSTELS TRUST
**Statement of Financial Activities
for the Year Ended 31 December 2017**

		Unrestricted funds £	Restricted funds £	31.12.17 Total funds £	31.12.16 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations and legacies		37,344	-	37,344	17,849
Charitable activities					
Provision of hostels		68,184	-	68,184	61,494
Howmore Hostel Development		-	-	-	4,000
Investment income	2	562	596	1,158	1,179
Total		<u>106,090</u>	<u>596</u>	<u>106,686</u>	<u>84,522</u>
EXPENDITURE ON					
Charitable activities					
Provision of hostels		72,184	630	72,814	65,185
Howmore Hostel Development		-	-	-	5,484
Total		<u>72,184</u>	<u>630</u>	<u>72,814</u>	<u>70,669</u>
Net gains/(losses) on investments		767	854	1,621	1,518
NET INCOME		<u>34,673</u>	<u>820</u>	<u>35,493</u>	<u>15,371</u>
Transfers between funds	12	<u>12,827</u>	<u>(12,827)</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>47,500</u>	<u>(12,007)</u>	<u>35,493</u>	<u>15,371</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>116,203</u>	<u>25,096</u>	<u>141,299</u>	<u>125,928</u>
TOTAL FUNDS CARRIED FORWARD		<u>163,703</u>	<u>13,089</u>	<u>176,792</u>	<u>141,299</u>

GATLIFF HEBRIDEAN HOSTELS TRUST
**Balance Sheet
At 31 December 2017**

	Notes	Unrestricted funds £	Restricted funds £	31.12.17 Total funds £	31.12.16 Total funds £
FIXED ASSETS					
Tangible assets	7	38,933	-	38,933	45,689
Investments	8	<u>11,913</u>	<u>13,089</u>	<u>25,002</u>	<u>22,974</u>
		50,846	13,089	63,935	68,663
CURRENT ASSETS					
Debtors	9	2,721	-	2,721	-
Cash at bank		<u>111,120</u>	<u>-</u>	<u>111,120</u>	<u>74,926</u>
		113,841	-	113,841	74,926
CREDITORS					
Amounts falling due within one year	10	(984)	-	(984)	(2,290)
NET CURRENT ASSETS		<u>112,857</u>	<u>-</u>	<u>112,857</u>	<u>72,636</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>163,703</u>	<u>13,089</u>	<u>176,792</u>	<u>141,299</u>
NET ASSETS		<u>163,703</u>	<u>13,089</u>	<u>176,792</u>	<u>141,299</u>
FUNDS	12				
Unrestricted funds				163,703	116,203
Restricted funds				<u>13,089</u>	<u>25,096</u>
TOTAL FUNDS				<u>176,792</u>	<u>141,299</u>

GATLIFF HEBRIDEAN HOSTELS TRUST

Balance Sheet - continued

At 31 December 2017

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2017 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.
- (b)

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 14 May 2018 and were signed on its behalf by:

Dr P Clarke -Trustee

1. ACCOUNTING POLICIES**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 10% on cost
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Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. INVESTMENT INCOME

	31.12.17	31.12.16
	£	£
Deposit account interest	33	129
Investment income	1,125	1,050
	<u>1,158</u>	<u>1,179</u>

GATLIFF HEBRIDEAN HOSTELS TRUST**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017****3. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	31.12.17	31.12.16
	£	£
Accountancy fees	1,000	1,596
Depreciation - owned assets	<u>6,756</u>	<u>2,524</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Trustees' expenses

	31.12.17	31.12.16
	£	£
Trustees' expenses	<u>639</u>	<u>894</u>

Charity law requires disclosure of all amounts reimbursed to Trustees for expenses they have incurred on behalf of the Trust.

The Trustees are reimbursed for receipted direct hostel maintenance expenses which they have paid personally, and these amounts are shown separately in the analysis of costs of undertaking the Charitable Activities.

Travel expenses and other receipted outlays are also reimbursed to Trustees for the purpose of managing the charity and these costs are included in Governance costs.

No Trustee receives any remuneration from the Trust.

5. STAFF COSTS

The average monthly number of employees during the year was as follows:

31.12.17	31.12.16
<u>-</u>	<u>-</u>

No employees received emoluments in excess of £60,000.

6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	16,849	1,000	17,849
Charitable activities			
Provision of hostels	61,494	-	61,494
Howmore Hostel Development	-	4,000	4,000
Investment income	341	838	1,179

GATLIFF HEBRIDEAN HOSTELS TRUST
**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**
6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
Total	<u>78,684</u>	<u>5,838</u>	<u>84,522</u>
EXPENDITURE ON			
Charitable activities			
Provision of hostels	64,555	630	65,185
Howmore Hostel Development	-	5,484	5,484
Total	<u>64,555</u>	<u>6,114</u>	<u>70,669</u>
Net gains/(losses) on investments	<u>1,518</u>	<u>-</u>	<u>1,518</u>
NET INCOME	<u>15,647</u>	<u>(276)</u>	<u>15,371</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>100,556</u>	<u>25,372</u>	<u>125,928</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>116,203</u></u>	<u><u>25,096</u></u>	<u><u>141,299</u></u>

7. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1 January 2017 and 31 December 2017	<u>219,386</u>
DEPRECIATION	
At 1 January 2017	173,697
Charge for year	6,756
At 31 December 2017	<u>180,453</u>
NET BOOK VALUE	
At 31 December 2017	<u>38,933</u>
At 31 December 2016	<u><u>45,689</u></u>

The cost of the Hostel properties, including tenants improvements, comprises:

Rhenigidale	£27,149
Howmore	£180,821
Berneray	£11,416

GATLIFF HEBRIDEAN HOSTELS TRUST**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017****7. TANGIBLE FIXED ASSETS - continued**

The tenants improvements at Howmore originally costing £42,060 and the property acquired in 2016 at Howmore costing £25,501 have not yet been fully depreciated.

By Trust Deed with the Gatliff Trust, Gatliff Hebridean Hostels Trust is the beneficial owner of the hostel at Rhenigidale and the lease of the hostel at Berneray and these hostels are included at £Nil cost.

8. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 January 2017	22,974
Additions	407
Revaluations	1,621
At 31 December 2017	<u>25,002</u>
NET BOOK VALUE	
At 31 December 2017	<u>25,002</u>
At 31 December 2016	<u>22,974</u>

There were no investment assets outside the UK.

The investments are shown at valuation. Any change in the unrealised value is split between the Allocations and General Funds based on their respective holdings.

The investments are units in the Equities Investment Fund for Charities ('Charifund') managed by M&G Investments.

The trust owns 997 units of Charifund, 37 of which are accumulation units and 960 of which are income units. The General Fund holds 37 accumulation units and 159 income units and the Allocations Fund holds 801 income units. The income and accumulated income is split between the restricted Allocations Fund and the unrestricted General Fund in the proportion 83%:17% based on the original source of the funds for the investment.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.17 £	31.12.16 £
Other debtors	<u>2,721</u>	<u>-</u>

GATLIFF HEBRIDEAN HOSTELS TRUST
**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.17	31.12.16
	£	£
Bank loans and overdrafts (see note 11)	-	1,306
Accruals and deferred income	984	984
	<u>984</u>	<u>2,290</u>

11. LOANS

An analysis of the maturity of loans is given below:

	31.12.17	31.12.16
	£	£
Amounts falling due within one year on demand:		
Bank overdraft	<u>-</u>	<u>1,306</u>

12. MOVEMENT IN FUNDS

	At 1.1.17	Net movement	Transfers	At 31.12.17
	£	in funds	between funds	£
		£	£	
Unrestricted funds				
General fund	103,591	33,907	19,571	157,069
Revaluation reserve	<u>12,612</u>	<u>766</u>	<u>(6,744)</u>	<u>6,634</u>
	116,203	34,673	12,827	163,703
Restricted funds				
Hostel funds	18,129	-	(18,129)	-
Allocations fund	<u>6,967</u>	<u>820</u>	<u>5,302</u>	<u>13,089</u>
	25,096	820	(12,827)	13,089
TOTAL FUNDS	<u>141,299</u>	<u>35,493</u>	<u>-</u>	<u>176,792</u>

GATLIFF HEBRIDEAN HOSTELS TRUST
**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**
12. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	106,091	(72,184)	-	33,907
Revaluation reserve	(1)	-	767	766
	<u>106,090</u>	<u>(72,184)</u>	<u>767</u>	<u>34,673</u>
Restricted funds				
Allocations fund	596	(630)	854	820
TOTAL FUNDS	<u>106,686</u>	<u>(72,814)</u>	<u>1,621</u>	<u>35,493</u>

Comparatives for movement in funds

	At 1.1.16 £	Net movement in funds £	At 31.12.16 £
Unrestricted Funds			
General fund	89,462	14,129	103,591
Revaluation reserve	11,094	1,518	12,612
	<u>100,556</u>	<u>15,647</u>	<u>116,203</u>
Restricted Funds			
Hostel funds	18,613	(484)	18,129
Allocations fund	6,759	208	6,967
	<u>25,372</u>	<u>(276)</u>	<u>25,096</u>
TOTAL FUNDS	<u>125,928</u>	<u>15,371</u>	<u>141,299</u>

GATLIFF HEBRIDEAN HOSTELS TRUST**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017****12. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	78,684	(64,555)	-	14,129
Revaluation reserve	-	-	1,518	1,518
	<u>78,684</u>	<u>(64,555)</u>	<u>1,518</u>	<u>15,647</u>
Restricted funds				
Hostel funds	5,000	(5,484)	-	(484)
Allocations fund	838	(630)	-	208
	<u>5,838</u>	<u>(6,114)</u>	<u>-</u>	<u>(276)</u>
TOTAL FUNDS	<u>84,522</u>	<u>(70,669)</u>	<u>1,518</u>	<u>15,371</u>

The unrestricted Revaluation reserve fund represents the increase in the market value of the investments above the original cost held by the General Fund, after adjusting for any accumulated investment income.

The Hostel Fund represents the specific donations made for the benefit of particular hostels, less the cost of the particular works funded by those donations and the depreciation of the hostels.

The restricted Allocations Fund receives income from the investments and distributes the income by way of charitable donations to organisations in the local community. These distributions are reviewed periodically by the Trustee to ensure that the whole of the income and none of the capital is distributed.

12. MOVEMENT IN FUNDS - continued

Transfers between funds

There have been 4 distinct funds transfers carried out in the year.

The first is in relation to the investments held in the restricted Allocations fund. In previous years a share of the accumulated investment income has been included in the Allocations fund and in the investment cost in the balance sheet for the fund. This was incorrect as all of the accumulation units in the investments are held in the unrestricted general fund. To correct this the sum of £2,783 has been transferred from the investment holding in the Allocations fund to the investments held within the unrestricted general fund. In addition to this, the full unrealised gains made on the investment had been included in the unrestricted revaluations reserve in previous years, rather than splitting the unrealised gain between the General and Allocations Funds based on their holding's movement. A transfer of £6,744 was made in 2017 from the Unrestricted Revaluation Reserve to the Allocations Fund to correctly allocate the revaluation surplus brought forward.

The third is in relation to the Allocations fund bank account. the accounts reflected that the Allocations fund had distributed more to beneficiaries than was due due to misallocation of income in past years. A further transfer amounting to £1,340 has been made from the unrestricted General fund to the Allocation fund in order to correct this position.

Finally, the restricted Hostel fund included funds raised by the Charity to assist in the renovation of Howmore Hostel. All of the funds raised have been expended at Howmore but the accounts reflected that there was still a balance of funds to be spent. This was due to misallocation of expenditure to the unrestricted General fund in previous years. A funds transfer of £18,129 has been made to correct the position at 31 December 2017.

13. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2017.

14. ULTIMATE CONTROLLING PARTY

The Ultimate controlling party is the Gatliff Trust, a Charity registered in England, with reference 202782.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.