

Charity Registration No. SC028833

**PICKAQUOY CENTRE TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

# PICKAQUOY CENTRE TRUST

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# PICKAQUOY CENTRE TRUST

## CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

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The Trust has made real progress in establishing key strategic objectives for the next three years through the development of the 2020 Plan. This involved all staff in its preparation. The 2020 Plan focussed on our customers' priorities and asked how we could sweat our assets to meet their needs while at the same time improving our financial position. I am confident that the final 2020 Plan is an excellent base on which to build for the future.

At the same time as developing the 2020 Plan, we were working hard with Orkney Islands Council on the new joint Active Life membership scheme. The scheme launched very successfully in January 2017 and by the end of the financial year had met its first year targets. Usage and footfall have grown two and three fold in related areas such as swimming and fitness and both partners have worked hard to expand the group exercise programme to start to meet demand for classes. Perhaps the most satisfying aspects of the Active Life scheme is the extent to which the family membership encourages use by under eighteens and also the success of the budget scheme in supporting social inclusion.

We started implementing the 2020 plan in early 2017 with the introduction of the "First Steps to Fitness" programme, designed to encourage people not currently physically active to participate in exercise. We have had very positive feedback from users many of whom have now transitioned to active members.

Some new training programmes also commenced before the end of the financial year, notably fitness advisor qualifications in exercise for those with long-term neurological conditions. This is one of the first strands of what we hope will be an on-going and mutually beneficial partnership between ourselves and NHS Orkney.

I would like to extend my personal thanks to the entire staff team who all engaged fully with the 2020 Plan process and are working exceptionally hard to deliver it over a period when footfall increased so substantially, while at the same time building positive working relationships with our key stakeholders at Orkney Islands Council and elsewhere in the community. I am greatly indebted to my colleagues on the Board of Trustees for their unstinting hard work and support.



Stephen Kemp  
Chairman

# PICKAQUOY CENTRE TRUST

## TRUSTEES REPORT

*FOR THE YEAR ENDED 31 MARCH 2017*

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The trustees present their report and accounts for the year ended 31 March 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 2 to the accounts and comply with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the 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**

The Trust's aim is to provide facilities for recreation and leisure, with the objective of improving the social and physical wellbeing of the inhabitants of and visitors to Orkney; in particular, establishing, equipping, maintaining and continually developing a sports and leisure complex at Pickaquoy, Kirkwall.

### **Achievements and performance**

#### **Strategic Direction**

We have reviewed and updated our key strategic direction for the next three years. The plan is to be updated annually on a three-year rolling basis.

#### **Key Stakeholders**

We have worked in partnership with Orkney Islands Council and NHS Orkney to develop a new membership scheme and new programmes.

#### **Staff Training**

We commenced working in collaboration with Orkney College to deliver an apprenticeship programme in SVQ2 Sport and Active Leisure: Operational Services. This is well underway and we have three internal verifiers, seven internal assessors and seven candidates currently working towards their qualifications. We hope to be able to follow on with SVQ3 in 2017-18.

Two staff gained an award in pre-school gymnastics level 1; Five internal and one external candidate passed NPLQ training, Five staff undertook licensing training and four staff attended world host training. Our marketing officer attended courses in advanced social media, digital marketing strategy and website data analytics.

#### **Key Performance Indicators**

Usage increases compared to previous year reflect the impact of Active Life in the final quarter: fitness up 14%; group exercise up 20%; health spa up 34%; swimming up 11%; indoor softplay up 16%; playing field use up 103% and track and infield up 32%. Other indoor leisure usage increased by 84% due to the number of events. Junior course usage fell 9% due to lack of space in the Arena and a shortage of instructors. Cinema use increased 2%.

# PICKAQUOY CENTRE TRUST

## TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### Financial review

Incoming Resources	£ Change	% Change
Management fee	-70,437	-8%
Charitable Activities	121,758	10%
Investments & sundry grants	-480	-23%
Other	3,012	10%
Total Incoming	53,853	3%

The reduction in the management fee absorbed more than half (56%) the increased income from the Trust's own activities.

The Trust received no contribution in respect of the additional utility costs incurred by the swimming pools and squash courts.

Expenditure	£ Change	% Change
Charitable Activities	24,695	1%
Other	-11,000	-48%
Total Expended	13,695	1%

No staff received cost of living increases during the year.

Other expenditure represents the pension scheme's interest costs.

The trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks. The trust has appointed a well qualified and experienced management team to oversee the operation of the centre. Risk is minimised by adherence to written quality procedures and work instructions, staff training and assessment, and internal management review. Risk assessments are reviewed and updated regularly.

The Campsite continues to be graded annually by Visit Scotland and maintains its four star status. Savings needed to be made in light of the reduction in our Management Fee and it was decided that Quest was no longer affordable and brought little additional value. It was decided to concentrate instead on improving and delivering the Trust's service quality. This is being done by working with all staff to agree the Trust's core values and then designing a staff training programme and ensuring that all staff attends the training.

### Structure, governance and management

The trust is governed by:-

1. An agreement between the Millennium Commission, Orkney Islands Council (OIC) and the Pickaquoy Centre Trust;
2. A declaration of trust by Orkney Islands Council registered with the Registers of Scotland on 27 May 1999;
3. A schedule of powers dated 6 April 1999 and registered with the Registers of Scotland;
4. A deed of variation dated 16 January 2008;
5. The standing orders of the Pickaquoy Centre Trust as agreed by the board of trustees; and
6. The service agreement with Orkney Islands Council which is re-negotiated every three years.

The trustees who served during the year were:-

A Clouston, Orkney Islands Council	(Resigned 29 March 2017)
R Crichton, OIC Councillor	(Resigned 4 May 2017)
B Davis, Public Representative	(Resigned 8 June 2016)
A Drever, Orkney Islands Council	
J Foubister, OIC Vice Convenor	(Resigned 4 May 2017)
K Groat, Orkney Junior Inter-County Sports Cttee	
D Hamilton, Public Representative	(Resigned 23 August 2017)
H Johnston, Orkney Islands Council	(Resigned 4 May 2017)
S Kemp, Public Representative	

# PICKAQUOY CENTRE TRUST

## TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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J Richards, OIC councillor	(Appointed 31 May 2017)
J Scott, OIC councillor	(Appointed 31 May 2017)
G Shearer, OIC councillor	(Appointed 31 May 2017)
G Smee, St Magnus Festival	
N Stevenson, Public Representative	
W Stewart, Public Representative	(Appointed 8 June 2016)
S Sutherland, Public Representative	

When a vacancy occurs for a publicly nominated trustee, an advertisement is placed in the local newspaper and on the trust's website. Interested applicants are sent a trustee duties specification and asked to complete and return a trustee application form. Applicants require nomination by two independent members of the local community. All completed applications are submitted to the existing trustees who aim to maintain a board with a good spread of skills and knowledge and a good gender mix. Other trustees are nominated by organisations as set out in the trust deed and such nominees also come before the current board for consideration before being asked to join.

The board of trustees meets at least six times per year. The trustees have delegated the day to day management of the centre to the General Manager, Mr Mark Harrison. Sub-committees are formed as required and last until a report has been submitted to the board and a strategy agreed.

New trustees are given an induction pack that includes details of the Pickaquoy Centre and the activities that take place within it, information on the role and responsibilities of a trustee, details of the legal framework, the trust's advisors, the internal organisation of the centre, quality standards, past financial reports and, finally, past board and sub-committee minutes.

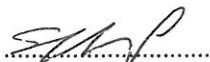
The Trust has an arm's length relationship with Orkney Islands Council. Communications are channelled through the designated Council officer and all centre use by Council departments is invoiced to the Council at market prices. Where the Council provides services to the Trust, the actual costs incurred are invoiced to the Trust. Decisions on strategy and programme development are entirely the responsibility of the board of trustees but do of course take account of the requirements laid out in the service agreement with Orkney Islands Council and the needs of all user stakeholders.

The current board of eleven trustees includes four representatives of Orkney Islands Council. The Board consider that this is an appropriate level of representation for one of its major stakeholders. All trustees are fully aware of the requirement to act in the best interests of the trust when acting in their capacity as a trustee. The trust has a conflict of interest policy which all trustees are required to adhere to.

### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

The trustees report was approved by the Board of Trustees.



S Kemp

Trustee

Dated: 18/10/17

# PICKAQUOY CENTRE TRUST

## STATEMENT OF TRUSTEES RESPONSIBILITIES

*FOR THE YEAR ENDED 31 MARCH 2017*

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The trustees are responsible for preparing the Trustees Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charity (Accounts and Reports) Regulations 2006 (as amended) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# PICKAQUOY CENTRE TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF PICKAQUOY CENTRE TRUST

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We have audited the financial statements of Pickaquoy Centre Trust for the year ended 31 March 2017 set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charity's trustees, as a body, in accordance with section 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees responsibilities set out on page 4, the trustees are responsible for the preparation of accounts which give a true and fair view.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 27 to the financial statements.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the chairman's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts.**

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).



# PICKAQUOY CENTRE TRUST

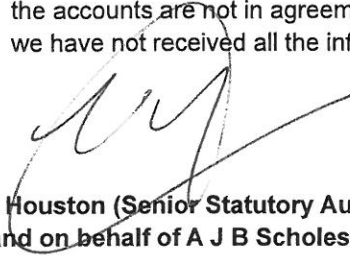
## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PICKAQUOY CENTRE TRUST

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees Report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

  
Ivan Houston (Senior Statutory Auditor)  
for and on behalf of A J B Scholes Ltd

.....18/10/17.....

Chartered Accountants  
Statutory Auditor

8 Albert Street  
Kirkwall  
Orkney  
KW15 1HP

A J B Scholes Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# PICKAQUOY CENTRE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

		Unrestricted funds	Restricted funds	Total 2017	Total 2016
	Notes	£	£	£	as restated £
<b><u>Income and endowments from:</u></b>					
Donations and legacies	3	812,592	1,337	813,929	883,029
Charitable activities	4	1,360,217	-	1,360,217	1,238,459
Investments	5	304	-	304	2,121
Other incoming resources	6	33,040	-	33,040	30,028
<b>Total income and endowments</b>		<b>2,206,153</b>	<b>1,337</b>	<b>2,207,490</b>	<b>2,153,637</b>
<b><u>Expenditure on:</u></b>					
Charitable activities	7	2,269,767	1,337	2,271,104	2,246,409
Other	11	12,000	-	12,000	23,000
<b>Total resources expended</b>		<b>2,281,767</b>	<b>1,337</b>	<b>2,283,104</b>	<b>2,269,409</b>
<b>Net expenditure for the year/ Net outgoing resources</b>		<b>(75,614)</b>	<b>-</b>	<b>(75,614)</b>	<b>(115,772)</b>
<b><u>Other recognised gains and losses</u></b>					
Actuarial gains/(losses) on defined benefit pension schemes	20	(699,000)	-	(699,000)	449,000
<b>Net movement in funds</b>		<b>(774,614)</b>	<b>-</b>	<b>(774,614)</b>	<b>333,228</b>
Fund balances at 1 April 2016		96,055	-	96,055	(237,173)
<b>Fund balances at 31 March 2017</b>		<b>(678,559)</b>	<b>-</b>	<b>(678,559)</b>	<b>96,055</b>

All income and expenditure derives from continuing activities.

# PICKAQUOY CENTRE TRUST

## BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017		2016 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		233,407		291,976
<b>Current assets</b>					
Stocks	14	32,352		18,203	
Debtors	15	146,815		148,613	
Cash at bank and in hand		476,494		442,680	
			<u>655,661</u>		<u>609,496</u>
<b>Creditors: amounts falling due within one year</b>	16		<u>(500,105)</u>		<u>(456,327)</u>
Net current assets			155,556		153,169
<b>Total assets less current liabilities</b>			<u>388,963</u>		<u>445,145</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(7,522)		(30,090)
<b>Provisions for liabilities</b>	19		<u>(1,060,000)</u>		<u>(319,000)</u>
<b>Net (liabilities)/assets</b>			<u><u>(678,559)</u></u>		<u><u>96,055</u></u>
<b>Income funds</b>					
<u>Unrestricted funds</u>					
Designated funds	21	233,407		291,976	
General unrestricted funds		(911,966)		(195,921)	
			<u>(678,559)</u>		<u>96,055</u>
			<u><u>(678,559)</u></u>		<u><u>96,055</u></u>

The financial statements were approved by the board of trustees and authorised for issue on 18/10/17  
and are signed on its behalf by:

  
.....  
S Kemp  
Trustee

# PICKAQUOY CENTRE TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		77,623		171,128
<b>Investing activities</b>					
Purchase of tangible fixed assets		(31,241)		(88,393)	
Proceeds on disposal of tangible fixed assets		9,696		-	
Interest received		304		2,121	
<b>Net cash used in investing activities</b>			(21,241)		(86,272)
<b>Financing activities</b>					
Payment of obligations under finance leases		(22,568)		(22,567)	
<b>Net cash used in financing activities</b>			(22,568)		(22,567)
<b>Net increase in cash and cash equivalents</b>			33,814		62,289
Cash and cash equivalents at beginning of year			442,680		380,391
<b>Cash and cash equivalents at end of year</b>			<u>476,494</u>		<u>442,680</u>

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# PICKAQUOY CENTRE TRUST

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 2 Accounting policies

#### Company information

Pickaquoy Centre Trust is a charity registered in Scotland (charity number SC028833). Its principle address is Muddisdale Road, Kirkwall, Orkney, KW15 1LR.

#### 2.1 Accounting convention

These accounts have been prepared in accordance with the 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 (FRS102) (effective 1 January 2015), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 2.2 Prior period adjustment

The comparative figures have been restated to recognise additional staff costs accruing in prior periods. This has had the effect of reducing opening unrestricted reserves by £70,673, reducing expenditure by £1,891, and increasing creditors falling due within one year by £68,782.

#### 2.3 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

#### 2.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the accounts.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### 2.5 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

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# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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### 2 Accounting policies

(Continued)

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable. Income generated from the supply of goods and services is included in the Statement of Financial Activities in the period in which the supply is made and is stated net of VAT.

Deferred income represents amounts received or invoiced in advance for future periods, and is released to incoming resources in the period it is earned.

#### 2.6 Resources expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. The trust is registered for VAT, and expenditure is shown net of recoverable VAT.

Charitable expenditure comprises those costs incurred by the trust in delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the trust and include the audit fees and costs linked to the strategic management of the trust.

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

#### 2.7 Tangible fixed assets

Expenditure on fixed assets held for ongoing use by the charity is capitalised and depreciated over the life of the asset. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% reducing balance basis, except leased assets (20% straight line)
Fixtures, fittings & equipment	25% reducing balance basis
Computers	33% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 2.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 2 Accounting policies

(Continued)

#### 2.9 Stocks

Stocks held for resale are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured at cost.

Stocks of consumable resources, including heating oil and chemicals, are carried at cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

#### 2.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 2 Accounting policies

(Continued)

#### 2.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 2.13 Retirement benefits

The trust's employees are eligible to join a defined benefit local government pension scheme. Contributions payable to this scheme are charged to the statement of financial activities over the working lives of the members of the scheme. The contributions are determined by a qualified actuary on the basis of triennial valuations. These contributions are invested separately from the trust's assets.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

#### 2.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of financial activities on a straight line basis.



# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations	812,592	1,337	813,929	883,029
<b>For the year ended 31 March 2016</b>	<b>883,029</b>	<b>-</b>		<b>883,029</b>
<b>Grants receivable for core activities</b>				
Management fee for delivery of leisure services	812,592	-	812,592	883,029
Other general grants	-	1,337	1,337	-
	<b>812,592</b>	<b>1,337</b>	<b>813,929</b>	<b>883,029</b>

### 4 Charitable activities

	Sports & functions	Arts	In-house catering	Campsite	Total 2017	Total 2016
	£	£	£	£	£	£
Sales within charitable activities	961,969	183,835	91,739	122,674	1,360,217	1,215,308
Performance related grants	-	-	-	-	-	23,151
	<b>961,969</b>	<b>183,835</b>	<b>91,739</b>	<b>122,674</b>	<b>1,360,217</b>	<b>1,238,459</b>
<b>Analysis by fund</b>						
Unrestricted funds	961,969	183,835	91,739	122,674	1,360,217	
<b>For the year ended 31 March 2016</b>						
Unrestricted funds	864,224	170,722	87,092	95,852		1,217,890
Restricted funds	20,569	-	-	-		20,569
	<b>884,793</b>	<b>170,722</b>	<b>87,092</b>	<b>95,852</b>		<b>1,238,459</b>

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 5 Investments

	2017	2016
	£	£
Interest receivable	304	2,121
	<u>304</u>	<u>2,121</u>

### 6 Other incoming resources

	2017	2016
	£	£
Other income	33,040	30,028
	<u>33,040</u>	<u>30,028</u>

Other income includes the commissions on stock held for third parties and any other income not classified elsewhere.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 7 Charitable activities

	Sports & functions	Arts	Catering	Campsite	Total 2017	Total 2016
	£	£	£	£	£	£
						as restated
Staff costs	833,009	38,357	-	21,880	893,246	849,789
Depreciation and impairment	60,086	-	-	-	60,086	82,190
Purchases	-	79,936	55,335	-	135,271	128,326
Other direct costs	42,892	3,859	-	7,216	53,967	57,439
Travel & transport	3,095	1,300	-	-	4,395	3,609
Repairs & property costs	112,211	-	-	20,693	132,904	69,858
Heating oil	69,119	-	-	-	69,119	70,471
Electricity	188,035	-	-	-	188,035	217,517
Water & sewerage	9,822	-	-	-	9,822	21,142
Cleaning	29,486	-	-	-	29,486	39,943
Subs & licences	6,378	-	-	-	6,378	8,815
Marketing	-	4,855	-	-	4,855	5,375
OIC hire of facilities	17,713	-	-	-	17,713	-
	<u>1,371,846</u>	<u>128,307</u>	<u>55,335</u>	<u>49,789</u>	<u>1,605,277</u>	<u>1,554,474</u>
Share of support costs (see note 8)	480,573	79,906	43,028	55,320	658,827	684,035
Share of governance costs (see note 8)	4,970	910	490	630	7,000	7,900
	<u>1,857,389</u>	<u>209,123</u>	<u>98,853</u>	<u>105,739</u>	<u>2,271,104</u>	<u>2,246,409</u>
<b>Analysis by fund</b>						
Unrestricted funds	1,856,052	209,123	98,853	105,739	2,269,767	
Restricted funds	1,337	-	-	-	1,337	
	<u>1,857,389</u>	<u>209,123</u>	<u>98,853</u>	<u>105,739</u>	<u>2,271,104</u>	
<b>For the year ended 31 March 2016</b>						
Unrestricted funds	1,829,493	219,122	97,466	97,928		2,244,009
Restricted funds	2,400	-	-	-		2,400
	<u>1,831,893</u>	<u>219,122</u>	<u>97,466</u>	<u>97,928</u>		<u>2,246,409</u>

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Support costs	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Staff costs	444,227	-	444,227	487,903	Income
Depreciation	20,028	-	20,028	32,306	Income
Other staff costs	15,100	-	15,100	21,205	Income
Clothing	2,243	-	2,243	3,755	Income
Insurance	10,365	-	10,365	10,070	Income
Administration recharges	18,487	-	18,487	18,814	Income
Equipment	3,068	-	3,068	3,043	Income
Stationary & postages	6,019	-	6,019	12,737	Income
Telephone	5,514	-	5,514	5,956	Income
Travel	4,711	-	4,711	2,042	Income
Professional fees	26,085	-	26,085	3,343	Income
Bank charges	17,022	-	17,022	17,515	Income
Printing	12,852	-	12,852	12,257	Income
Advertising	10,328	-	10,328	15,060	Income
Non-recoverable VAT	43,167	-	43,167	30,424	All sports & functions
Other general expenses	-	-	-	173	Income
Subscriptions & Licences	19,611	-	19,611	7,432	Income
Audit fees	-	2,800	2,800	3,200	Income
Accountancy	-	4,200	4,200	4,700	Income
	<u>658,827</u>	<u>7,000</u>	<u>665,827</u>	<u>691,935</u>	
Analysed between Charitable activities	<u>658,827</u>	<u>7,000</u>	<u>665,827</u>	<u>691,935</u>	

## 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the trust during the current or prior year. None were reimbursed for any expenses incurred in the current or prior year.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 10 Employees

#### Number of employees

The average monthly number employees during the year was:

	2017 Number	2016 Number
Management & administration	23	23
Sports & functions	67	70
Arts	5	5
Maintenance & cleaning	8	8
	<u>103</u>	<u>106</u>

#### Employment costs

	2017 £	2016 £ as restated
Wages and salaries	1,083,062	1,071,899
Social security costs	62,604	51,375
Other pension costs	191,807	214,418
	<u>1,337,473</u>	<u>1,337,692</u>

Key management personnel received remuneration during the year totalling £43,810 (2016: £44,209).

There were no employees whose annual remuneration was £60,000 or more.

### 11 Other

	2017 £	2016 £
Pension scheme interest cost	<u>12,000</u>	<u>23,000</u>

### 12 Taxation

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

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 13 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Computers	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2016	443,546	257,745	74,489	775,780
Additions	4,364	8,933	17,944	31,241
Disposals	(20,104)	-	-	(20,104)
At 31 March 2017	427,806	266,678	92,433	786,917
<b>Depreciation and impairment</b>				
At 1 April 2016	270,000	150,339	63,465	483,804
Depreciation charged in the year	43,648	29,086	13,744	86,478
Eliminated in respect of disposals	(16,772)	-	-	(16,772)
At 31 March 2017	296,876	179,425	77,209	553,510
<b>Carrying amount</b>				
At 31 March 2017	130,930	87,253	15,224	233,407
At 31 March 2016	173,546	107,406	11,024	291,976

### 14 Stocks

	2017	2016
	£	£
Goods for resale and consumables	32,352	18,203

### 15 Debtors

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	108,525	103,445
Other debtors	12,607	2,957
Prepayments and accrued income	25,683	42,211
	146,815	148,613

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

16 Creditors: amounts falling due within one year	2017 £	2016 £
Obligations under finance leases	22,567	22,567
Other taxation and social security	63,242	34,323
Deferred income	126,812	146,450
Trade creditors	72,177	84,097
Other creditors	39,375	23,404
Accruals	175,932	145,486
	<u>500,105</u>	<u>456,327</u>

17 Creditors: amounts falling due after more than one year	2017 £	2016 £
Obligations under finance leases	<u>7,522</u>	<u>30,090</u>

### 18 Finance lease commitments

Future minimum lease payments due under finance leases:

	2017 £	2016 £
Within one year	22,567	22,567
Within two and five years	7,522	30,090
	<u>30,089</u>	<u>52,657</u>

It is the trust's policy to lease certain equipment under finance leases. The average lease term is five years.

19 Provisions for liabilities	Notes	2017 £	2016 £
Retirement benefit obligations	20	1,060,000	319,000
		<u>1,060,000</u>	<u>319,000</u>

### 20 Retirement benefit schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 20 Retirement benefit schemes

(Continued)

#### Defined benefit schemes

The company's employees are eligible to join a Local Government pension scheme, which is a defined benefit statutory scheme. The most recent full actuarial valuation was on 31 March 2014 and was carried out by a qualified independent actuary. An updated valuation has been prepared at 31 March 2017 for the purposes of disclosure in these accounts. Contributions to the scheme are determined by the actuary on the basis of triennial valuations using the projected unit method.

#### Key assumptions

	2017	2016
	%	%
Discount rate	2.7	3.6
Expected rate of increase of pensions in payment	2.4	2.2
Expected rate of salary increases	4.4	4.2

#### Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2017	2016
	Years	Years
Retiring today		
- Males	22.4	22.4
- Females	23.8	23.8
Retiring in 20 years		
- Males	25.0	25.0
- Females	27.0	27.0

Amounts recognised in the profit and loss account:

	2017	2016
	£	£
Current service cost	192,000	213,000
Net interest on defined benefit liability/(asset)	12,000	23,000
Total costs	204,000	236,000



# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 20 Retirement benefit schemes (Continued)

Amounts taken to other comprehensive income:

	2017 £	2016 £
Actual return on scheme assets	572,000	25,000
Less: calculated interest element	(87,000)	(73,000)
Return on scheme assets excluding interest income	485,000	(48,000)
Actuarial changes related to obligations	(1,184,000)	497,000
Total income/(costs)	<u>(699,000)</u>	<u>449,000</u>

The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:

	2017 £	2016 £
Present value of defined benefit obligations	4,144,000	2,644,000
Fair value of plan assets	(3,084,000)	(2,325,000)
Deficit in scheme	<u>1,060,000</u>	<u>319,000</u>

Movements in the present value of defined benefit obligations:

	2017 £
Liabilities at 1 April 2016	2,644,000
Current service cost	192,000
Benefits paid	(21,000)
Contributions from scheme members	46,000
Actuarial gains and losses	1,184,000
Interest cost	99,000
At 31 March 2017	<u>4,144,000</u>

The defined benefit obligations arise from plans which are wholly or partly funded.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 20 Retirement benefit schemes (Continued)

Movements in the fair value of plan assets:

	2017 £
Fair value of assets at 1 April 2016	2,325,000
Interest income	87,000
Return on plan assets (excluding amounts included in net interest)	485,000
Benefits paid	(21,000)
Contributions by the employer	162,000
Contributions by scheme members	46,000
	3,084,000
At 31 March 2017	3,084,000

The fair value of plan assets at the reporting period end was as follows:

	2017 £	2016 £
Equity instruments	2,529,000	1,906,000
Debt instruments	432,000	349,000
Cash	123,000	70,000
	3,084,000	2,325,000
	3,084,000	2,325,000

### 21 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	
Fixed assets	291,976	-	-	(58,569)	233,407
	291,976	-	-	(58,569)	233,407
	291,976	-	-	(58,569)	233,407

The balance of the fixed asset designated fund represents the net book value of fixed assets held by the trust at the balance sheet date.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Balance at 31 March 2017 £
	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	
Staff travel & training	-	1,337	(1,337)	-
	-	1,337	(1,337)	-

The trust received grants totalling £1,337 towards the cost of staff training and travel.

#### 23 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	-	233,407	233,407
Current assets/(liabilities)	155,556	-	155,556
Long term liabilities	(7,522)	-	(7,522)
Provisions and pensions	(1,060,000)	-	(1,060,000)
	(911,966)	233,407	(678,559)

#### 24 Financial commitments, guarantees and contingent liabilities

These financial statements do not include any provision for any obligations in connection with an ongoing personnel matter. It is impracticable to estimate the financial effect or the timing or amount of any outflow of resources connected thereto.

#### 25 Related party transactions

No guarantees have been given or received.

# PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 25 Related party transactions

(Continued)

Orkney Islands Council (OIC), the local authority, is entitled to nominate trustees and in addition it provides annual funding under the terms of a service level agreement to enable the trust to carry on its charitable activities. The property and specific fixtures of the leisure centre are owned by OIC. The lease period is 80 years, expiring 5th April 2079. The annual rental is a nominal value of £1.

OIC charge the trust for certain services including electricity and maintenance. The cost for these recharges in the year totalled £157,335 (2016: £318,763). Creditors falling due within one year include £71,394 (2016: £50,504) due to OIC for services provided to the trust and deferred income of £66,050 (2016: £nil) for sums invoiced in advance to OIC.

The trust received from OIC a revenue contribution of £812,592 (2016: £883,029). The trust provides certain services to OIC, including event management and facilities hire. The total income for these services during the year was £16,151 (2016: £14,288). These transactions are at normal commercial terms. Debtors include balances due from OIC totalling £90,138 (2016: £82,833) and accrued income of £nil (2016: £29,180).

26 Cash generated from operations	2017	2016
	£	£
(Deficit)/surplus for the year	(75,614)	(115,772)
Adjustments for:		
Investment income recognised in profit or loss	(304)	(2,121)
(Gain)/loss on disposal of tangible fixed assets	(6,364)	4,910
Depreciation and impairment of tangible fixed assets	86,478	109,586
Difference between pension charge and cash contributions	42,000	82,000
Movements in working capital:		
(Increase)/decrease in stocks	(14,149)	6,470
Decrease in debtors	1,798	5,900
Increase in creditors	43,778	80,155
<b>Cash generated from operations</b>	<b>77,623</b>	<b>171,128</b>

### 27 Auditor's Ethical Standards

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditor to assist with the preparation of the accounts.