

Charity Registration No. SCO28833 (Scotland)

PICKAQUOY CENTRE TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

PICKAQUOY CENTRE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	A Drever, Orkney Islands Council	
	S Kemp, Public Representative	
	H Kerr, Public Representative	(Appointed 10 October 2018)
	K Macleod, Public Representative	(Appointed 10 October 2018)
	F McNaughton, Public Representative	(Appointed 10 October 2018)
	J Richards, OIC councillor	
	S Sankey, OIC councillor	
	J Scott, OIC councillor	
	G Shearer, OIC councillor	
	G Smee, St Magnus Festival	
	W Stewart, Public Representative	
S Sutherland, Public Representative		

Charity number (Scotland) SCO28833

Principal address Muddisdale Road
Kirkwall
Orkney
KW15 1LR

Auditor A J B Scholes Ltd
8 Albert Street
Kirkwall
Orkney
KW15 1HP

Bankers Clydesdale Bank
3 Broad Street
Kirkwall
Orkney
KW15 1DH

PICKAQUOY CENTRE TRUST

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PICKAQUOY CENTRE TRUST

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Trust has made real progress following the successful recruitment of new Managing Director, James Linklater, who took up the post on 27 August 2018. Following this, the team have continued to work tirelessly to explore additional revenue streams as well as improve overall service to the Centre's users.

Appreciation is extended to Mark Stillwell, Amanda Spence and Calvin Reid who, under the guidance of the Trust, did a sterling job of overseeing the Centre's stewardship during the interim period prior to appointment of the Managing Director. It has been a challenging time for the senior management team, which also saw the extended period of absence of the Finance and Administration Manager. One of the main considerations for the Managing Director, following appointment, was review of the previously implemented staff reorganisation, paying particular focus to the recent changes in the Trust's operations and offerings. Sue Sulat, Finance and Administration Manager retired from the Trust in January 2019; following this, the Trust began the recruitment process to appoint a new Financial Controller due to commence employment in mid-September '19.

The Trust continues to work in partnership with Orkney Islands Council on a number of projects, and it is felt that the relationship between both parties is going from strength to strength. Such projects include the currently ongoing review process of the Service Level Agreement and ActiveLife Agreement, it is expected that these agreements will be finalised later in the year.

Transition of taking the Café franchise in-house continues to present challenges, however to date there have been many positive aspects related to bringing the Café in-house. Although a full review, with a clear and focused approach, and a new offering model is to be implemented later in the year.

The Trust continues to successfully develop the Modern Apprenticeship programme, in conjunction with Orkney College, to deliver the SVQ2 Sport and Active Leisure: Operational Services. Since launch of the Modern Apprenticeship programme eight staff members have successfully achieved their SVQ2 qualification. In addition to this, the Trust in partnership with Orkney College, delivered a Sport and Recreation unit as part of the Skills for Work programme, whereby secondary age school pupils gain workplace experience alongside an academic qualification. This year, both Skills for Work candidates successfully achieved their qualification, one of which later gained full time employment with the Centre. After the success of this initial year, we plan to increase the number of spaces available at the Centre to four in 2019-20.

ActiveLife Membership continues to remain a popular core product and has greatly increased the health and wellbeing of users of all ages across Orkney. There was a price increase with an Individual Membership now costing £19.99 (previously £19.50) and the Family Membership costing £29.99 (previously £29.50). The Leisure Link Partnership which means that when working away from home or on holiday, members from participating areas can, at no extra cost, use the local facilities as part of their existing home based membership. This product launched in April 2019.

Following negotiations with Orkney Islands Council the management fee is no longer variable and is now a monthly set fee, which in turn allows for better budget management.



Stephen Kemp
Chairman

PICKAQUOY CENTRE TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The trustees present their report and financial statements for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 3 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

Key stakeholders

We are continuing to work in partnership with Orkney Islands Council to review and update both the Service Level Agreement and the ActiveLife Agreement.

The Trust continues to work in partnership with NHS Orkney. In addition, we work with charitable organisations MS Society Orkney, Dementia Awareness UK, Parkinson's UK and Diabetes UK in order to develop, fund and deliver specialist population activity sessions.

The Trust is also continuing to work in collaboration with SportScotland to develop the PDP programme and develop internal staff to help in the delivery of the programme.

Staff training

A number of training courses were delivered both by in-house and external trainers for Pickaquoy Centre staff, including the following;

- National Pool Lifeguard Qualification – Two internal staff and four external candidates completed this course. The four external candidates were recruited as Lifeguards on a casual basis.
- National Pool Lifeguard Qualification Renewal – Fifteen internal staff renewed their qualifications.
- UKCC Level 1 Teaching Aquatics – Eleven candidates undertook this course, with five internal candidates to aid development of the Learn to Swim programme.
- Our Training and Development Officer, Lisa Kirby, was successful in securing a space on the Scottish Swimming Swim Tutor Qualification; she is currently working towards gaining this qualification.
- First Aid at Work Qualification – Two internal candidates successfully completed their qualification.
- Auto External Defibrillator Course - Six internal candidates successfully achieved their qualification.
- One Modern Apprenticeship candidate achieved their SVQ2 in Sport and Active Leisure.

Key performance indicators

	Description of Indicator	Number of Participants
1	Fitness including Strength & Conditioning	61,819
2	Group Exercise	40,594
3	Health	21,566
4	Junior Activities	31,230
5	Arena Sports	41,133
6	Other Indoor Leisure	22,471
7	Campsite	7,814
8	Track and Infield	13,498
9	Playing Fields	3,402
10	Synthetic Grass Pitch	6,689
11	Swimming	98,596
12	Squash	6,023

PICKAQUOY CENTRE TRUST

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Financial review

The trust reports a net decrease in funds of £288,359 with total funds as at 31 March 2019 at a deficit of £248,541, which is stated net of a deficit on the pension scheme calculated at £565,000 by the scheme's actuaries. Excluding a loss of £261,000 arising from movements in the Trust's share of the local authority defined benefit pension scheme, there was a deficit of £27,359. Net current assets increased from £4,277 to £157,159.

Incoming resources increased from £2.54m to £2.87m. Uptake of Activelife remained positive with income increasing by £92k, café income increased by £55k as this was the first full year in-house, and big events during the year helped increase special events income by £60k.

Expenditure increased from £2.86m to £2.90m, despite staff costs falling by £40k. Café purchases increased by £16k, again as the café was in-house for the full year, and events purchases increasing by £10k from extra events. Utility costs increased across the board, by £39k from the prior year.

Expenditure also includes £129,000 of other costs associated with the defined benefit pension scheme. Excluding those adjustments provided by the scheme's actuaries, the accounts reflect a surplus of £101,641.

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.

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 Drever, Orkney Islands Council

S Kemp, Public Representative

H Kerr, Public Representative

(Appointed 10 October 2018)

K Macleod, Public Representative

(Appointed 10 October 2018)

F McNaughton, Public Representative

(Appointed 10 October 2018)

J Richards, OIC councillor

S Sankey, OIC councillor

J Scott, OIC councillor

G Shearer, OIC councillor

G Smee, St Magnus Festival

N Stevenson, Public Representative

(Resigned 3 June 2019)

W Stewart, Public Representative

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.

PICKAQUOY CENTRE TRUST

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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 Managing Director. 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 12 trustees includes five 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: 27 August 2019

PICKAQUOY CENTRE TRUST

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2019

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 TRUSTEES OF PICKAQUOY CENTRE TRUST

Opinion

We have audited the financial statements of Pickaquoy Centre Trust (the 'charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 25 to the accounts, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

PICKAQUOY CENTRE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF PICKAQUOY CENTRE TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

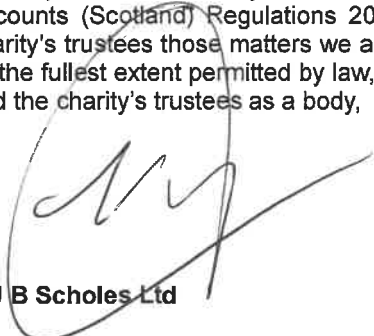
Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



A J B Scholes Ltd

**Chartered Accountants
Statutory Auditor**

27 August 2019

8 Albert Street
Kirkwall
Orkney
KW15 1HP

PICKAQUOY CENTRE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £ as amended
Income from:			
Donations and legacies	4	807,640	793,328
Charitable activities	5	2,015,257	1,692,952
Other trading activities	6	49,052	52,536
Investments	7	819	322
Total income		2,872,768	2,539,138
Expenditure on:			
Raising funds	8	18,208	18,181
Charitable activities	9	2,874,919	2,814,145
Other	14	7,000	31,435
Total resources expended		2,900,127	2,863,761
Net expenditure for the year/ Net outgoing resources		(27,359)	(324,623)
Other recognised gains and losses			
Actuarial (loss)/gain on defined benefit pension schemes		(261,000)	1,043,000
Net movement in funds		(288,359)	718,377
Fund balances at 1 April 2018		39,818	(678,559)
Fund balances at 31 March 2019		(248,541)	39,818

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

PICKAQUOY CENTRE TRUST

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	16		159,300		210,541
Current assets					
Stocks	17	35,180		32,881	
Debtors	18	224,135		143,109	
Cash at bank and in hand		268,595		342,729	
		<u>527,910</u>		<u>518,719</u>	
Creditors: amounts falling due within one year	19	<u>(370,751)</u>		<u>(514,442)</u>	
Net current assets			157,159		4,277
Total assets less current liabilities			<u>316,459</u>		<u>214,818</u>
Provisions for liabilities	20		<u>(565,000)</u>		<u>(175,000)</u>
Net (liabilities)/assets			<u><u>(248,541)</u></u>		<u><u>39,818</u></u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	22	159,300		210,541	
General unrestricted funds		<u>(407,841)</u>		<u>(170,723)</u>	
			<u>(248,541)</u>		<u>39,818</u>
			<u><u>(248,541)</u></u>		<u><u>39,818</u></u>

The financial statements were approved by the board of trustees and authorised for issue on 27 August 2019 and are signed on its behalf by:



S Kemp
Trustee

PICKAQUOY CENTRE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash absorbed by operations	24		(52,584)		(53,771)
Investing activities					
Purchase of tangible fixed assets		(14,847)		(57,749)	
Interest received		819		322	
Net cash used in investing activities			(14,028)		(57,427)
Financing activities					
Payment of obligations under finance leases		(7,522)		(22,567)	
Net cash used in financing activities			(7,522)		(22,567)
Net decrease in cash and cash equivalents			(74,134)		(133,765)
Cash and cash equivalents at beginning of year			342,729		476,494
Cash and cash equivalents at end of year			<u>268,595</u>		<u>342,729</u>

PICKAQUOY CENTRE TRUST

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Change in accounting policy

Income and expenditure associated with the charity's trading activities is now presented separately in the statement of financial activities; previously it was included within other incoming resources/ income from charitable activities/ other expenditure. The comparative amounts have been restated accordingly. There is no effect on the net outgoing resources or net liabilities/ assets reported in the current or comparative period.

2 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.

3 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.

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

3.2 Going concern

At the time of approving the financial statements, 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 financial statements.

3.3 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 financial statements.

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.

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3 Accounting policies

(Continued)

3.4 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.

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.

3.5 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.

3.6 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
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.

3.7 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 2019

3 Accounting policies

(Continued)

3.8 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.

3.9 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.

3.10 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 payments 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 2019

3 Accounting policies

(Continued)

3.11 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.

3.12 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 net defined 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.

3.13 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 2019

4 Donations and legacies

	2019 £	2018 £
Donations	807,640	793,328
Grants receivable for core activities		
Management fee for delivery of leisure services	776,600	792,592
Other general grants	858	736
Activelife set-up	30,182	-
	<u>807,640</u>	<u>793,328</u>

5 Charitable activities

	Sports & functions £	Arts £	In-house catering £	Campsite £	Total 2019 £	Total 2018 £ as amended
Sales within charitable activities	1,374,827	191,654	312,276	136,500	2,015,257	1,692,952
For the year ended 31 March 2018						
Unrestricted funds	1,113,985	178,771	240,669	159,527		1,692,952

6 Other trading activities

	2019 £	2018 £ as amended
Non-charitable trading activities	49,052	52,536

7 Investments

	2019 £	2018 £
Interest receivable	819	322

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Raising funds

	2019 £	2018 £ as amended
<u>Trading costs</u>		
Other trading activities	18,208	18,181

9 Charitable activities

	Sports & functions £	Arts £	Catering £	Campsite £	Total 2019 £	Total 2018 £ as amended
Staff costs	821,932	46,990	151,804	26,473	1,047,199	1,063,784
Depreciation and impairment	24,832	4,555	6,359	5,424	41,170	53,253
Purchases	24,056	86,347	143,362	-	253,765	211,951
Other direct costs	33,011	-	-	472	33,483	37,623
Travel & transport	1,902	471	209	-	2,582	1,721
Repairs & property costs	137,925	5,714	4,267	9,417	157,323	161,054
Heating oil	105,842	-	-	-	105,842	88,686
Electricity	212,253	-	-	13,714	225,967	216,104
Water & sewerage	29,483	-	-	4,054	33,537	21,250
Cleaning	37,547	-	334	4,884	42,765	37,792
Subs & licences	10,155	262	-	2,246	12,663	15,489
Marketing	3,124	714	414	771	5,023	2,640
OIC hire of facilities	112,200	-	-	-	112,200	112,690
	<u>1,554,262</u>	<u>145,053</u>	<u>306,749</u>	<u>67,455</u>	<u>2,073,519</u>	<u>2,024,037</u>
Share of support costs (see note 10)	560,809	72,806	110,059	49,926	793,600	782,508
Share of governance costs (see note 10)	5,304	780	1,170	546	7,800	7,600
	<u>2,120,375</u>	<u>218,639</u>	<u>417,978</u>	<u>117,927</u>	<u>2,874,919</u>	<u>2,814,145</u>
Analysis by fund						
Unrestricted funds	2,120,375	218,639	417,978	117,927	2,874,919	
	<u>2,120,375</u>	<u>218,639</u>	<u>417,978</u>	<u>117,927</u>	<u>2,874,919</u>	
For the year ended 31 March 2018						
Unrestricted funds	2,107,516	216,495	368,014	122,120		2,814,145
	<u>2,107,516</u>	<u>216,495</u>	<u>368,014</u>	<u>122,120</u>		<u>2,814,145</u>

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Support costs

	Support costs	Governance costs	2019	2018	Basis of allocation
	£	£	£	£	
				as amended	
Staff costs	468,390	-	468,390	491,806	Income
Depreciation	24,918	-	24,918	26,927	Income
Other staff costs	40,507	-	40,507	41,551	Income
Clothing	3,916	-	3,916	2,027	Income
Insurance	11,728	-	11,728	8,492	Income
Administration recharges	30,880	-	30,880	19,093	Income
Equipment	457	-	457	679	Income
Stationary & postages	8,788	-	8,788	10,301	Income
Telephone	9,895	-	9,895	6,360	Income
Travel	4,875	-	4,875	2,644	Income
Professional fees	43,049	-	43,049	36,916	Income
Bank charges	24,129	-	24,129	21,160	Income
Printing	9,395	-	9,395	6,799	Income
Advertising	24,391	-	24,391	9,777	Income
Non-recoverable VAT	62,149	-	62,149	69,057	All sports & functions
Other general expenses	1,362	-	1,362	228	Income
Subscriptions & Licences	24,771	-	24,771	28,691	Income
Audit fees	-	3,500	3,500	3,400	Income
Accountancy	-	4,300	4,300	4,200	Income
	<u>793,600</u>	<u>7,800</u>	<u>801,400</u>	<u>790,108</u>	
Analysed between					
Charitable activities	<u>793,600</u>	<u>7,800</u>	<u>801,400</u>	<u>790,108</u>	

11 Auditor's remuneration

Support costs include payments to the auditor for: audit fees of £3,500 (2018: £3,400), assistance with preparation of the financial statements of £4,300 (2018: £4,200) and other non-audit services of £21,304 (2018: £4,325).

12 Trustees

During the year, the charity entered into the following transactions with certain trustees or businesses associated therewith:

- Income includes room hire and other services totalling £218 (2018: £nil);
- Income relating to advertising boards totalling £1,000 (2018: £nil), which is included in deferred income; and
- Debtors include balances due totalling £1,341 (2018: £nil)

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Management & administration	23	24
Sports & functions	83	69
Arts	5	5
Maintenance & cleaning	7	8
Catering	13	8
	<u>131</u>	<u>114</u>

Employment costs

	2019 £	2018 £
Wages and salaries	1,196,387	1,212,756
Social security costs	61,311	65,769
Other pension costs	257,891	277,065
	<u>1,515,589</u>	<u>1,555,590</u>

Key management personnel received remuneration during the year totalling £27,740 (2018: £46,862).

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

14 Other

	2019 £	2018 £
Net loss on disposal of tangible fixed assets	-	435
Pension scheme interest cost	7,000	31,000
	<u>7,000</u>	<u>31,435</u>

15 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 2019

16 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Computers	Total
	£	£	£	£
Cost				
At 1 April 2018	445,129	272,570	119,584	837,283
Additions	5,733	5,231	3,883	14,847
Disposals	(4,495)	-	-	(4,495)
At 31 March 2019	446,367	277,801	123,467	847,635
Depreciation and impairment				
At 1 April 2018	329,929	201,518	95,295	626,742
Depreciation charged in the year	30,121	19,076	16,443	65,640
Eliminated in respect of disposals	(4,047)	-	-	(4,047)
At 31 March 2019	356,003	220,594	111,738	688,335
Carrying amount				
At 31 March 2019	90,364	57,207	11,729	159,300
At 31 March 2018	115,200	71,052	24,289	210,541

17 Stocks

	2019	2018
	£	£
Goods for resale and consumables	35,180	32,881

18 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	184,202	112,021
Other debtors	3,530	2,155
Prepayments and accrued income	36,403	28,933
	224,135	143,109

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

19 Creditors: amounts falling due within one year

	2019 £	2018 £
Obligations under finance leases	-	7,522
Other taxation and social security	70,465	67,981
Deferred income	93,722	55,705
Trade creditors	29,317	104,678
Other creditors	19,408	70,980
Accruals	157,839	207,576
	<u>370,751</u>	<u>514,442</u>

20 Provisions for liabilities

	Notes	2019 £	2018 £
Retirement benefit obligations	21	565,000	175,000
		<u>565,000</u>	<u>175,000</u>

21 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.

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 2017 and was carried out by a qualified independent actuary. An updated valuation has been prepared at 31 March 2019 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

	2019 %	2018 %
Discount rate	2.5	2.7
Expected rate of increase of pensions in payment	2.4	2.3
Expected rate of salary increases	2.8	2.7
	<u>2.8</u>	<u>2.7</u>

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

21 Retirement benefit schemes

(Continued)

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2019 Years	2018 Years
Retiring today		
- Males	21.7	21.7
- Females	23.8	23.8
Retiring in 20 years		
- Males	23.3	23.3
- Females	26.2	26.2

Amounts recognised in the profit and loss account:

	2019 £	2018 £
Current service cost	267,000	277,000
Net interest on defined benefit liability/(asset)	7,000	31,000
Total costs	274,000	308,000

Amounts taken to other comprehensive income:

	2019 £	2018 £
Actual return on scheme assets	221,000	218,000
Less: calculated interest element	(95,000)	(85,000)
Return on scheme assets excluding interest income	126,000	133,000
Actuarial changes related to obligations	(387,000)	910,000
Total income/(costs)	(261,000)	1,043,000

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

	2019 £	2018 £
Present value of defined benefit obligations	4,404,000	3,632,000
Fair value of plan assets	(3,839,000)	(3,457,000)
Deficit in scheme	565,000	175,000

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

21 Retirement benefit schemes (Continued)

Movements in the present value of defined benefit obligations:

	2019 £
Liabilities at 1 April 2018	3,632,000
Current service cost	267,000
Benefits paid	(25,000)
Contributions from scheme members	41,000
Actuarial gains and losses	387,000
Interest cost	102,000
	<hr/>
At 31 March 2019	4,404,000

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

Movements in the fair value of plan assets:

	2019 £
Fair value of assets at 1 April 2018	3,457,000
Interest income	95,000
Return on plan assets (excluding amounts included in net interest)	126,000
Benefits paid	(25,000)
Contributions by the employer	145,000
Contributions by scheme members	41,000
	<hr/>
At 31 March 2019	3,839,000

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

	2019 £	2018 £
Equity instruments	3,340,000	3,008,000
Debt instruments	422,000	380,000
Cash	77,000	69,000
	<hr/>	<hr/>
	3,839,000	3,457,000

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

22 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:

	Balance at 1 April 2018 £	Transfers £	Balance at 31 March 2019 £
Fixed assets	210,541	(51,241)	159,300
	<u>210,541</u>	<u>(51,241)</u>	<u>159,300</u>

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.

23 Related party transactions

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 charity 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 charity for certain services including maintenance and utilities. The cost for these recharges in the year totalled £182,588 (2018: £188,172). Creditors falling due within one year include £3,013 (2018: £119,242) due to OIC for services provided to the charity.

The charity received from OIC a revenue contribution of £776,600 (2018: £792,592) and a contribution to Activelife set-up costs of £30,182 (2018: £nil). The charity provides certain services to OIC, including event management and facilities hire. The total income for these services during the year was £100,419 (2018: £9,170). These transactions are at normal commercial terms. Debtors include balances due from OIC totalling £140,574 (2018: £84,413).

24 Cash generated from operations	2019 £	2018 £
(Deficit)/surplus for the year	(27,359)	(324,623)
Adjustments for:		
Investment income recognised in statement of financial activities	(819)	(322)
(Gain)/loss on disposal of tangible fixed assets	-	435
Depreciation and impairment of tangible fixed assets	66,088	80,180
Difference between pension charge and cash contributions	129,000	158,000
Movements in working capital:		
(Increase) in stocks	(2,299)	(529)
(Increase)/decrease in debtors	(81,026)	3,706
(Decrease)/increase in creditors	(136,169)	29,382
Cash absorbed by operations	(52,584)	(53,771)

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25 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.