

Charity Registration No. SCO28833 (Scotland)

**THE PICKAQUOY CENTRE TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# THE PICKAQUOY CENTRE TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Trustees

A Drever, Orkney Islands Council  
S Kemp, Public Representative  
H Kerr, Public Representative  
K Macleod, Public Representative  
F McNaughton, Public Representative  
J Nelson, Public Representative  
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

### 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

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# THE PICKAQUOY CENTRE TRUST

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# THE PICKAQUOY CENTRE TRUST

## CHAIRMAN'S STATEMENT

*FOR THE YEAR ENDED 31 MARCH 2021*

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The Pickaquoy Centre Trust operates and manages leisure and arts services from the Pickaquoy Centre, which has over the years become an integral part of the fabric of the Orkney Community.

The arrival of COVID-19 created an incredibly difficult situation for many organisations across the country, which has remained for longer than I think many could have initially envisaged. The ability to provide services was extremely constrained, and income from membership and sales revenue dropped dramatically as a result.

We are however indebted to the astute management and an enormous amount of dynamic effort on the part of the Staff that enabled us to create adapted product offerings to serve our customer base, and that also saw a multitude of external funding applications succeed.

Despite the extremely difficult operating conditions, the cash position of the Trust at year-end is very positive, and we continue to look to the future with a view to enhancing our product offerings, and to working closely with Orkney Islands Council to ensure the strategic development of services and facilities remains a focus.

I wish to extend my personal thanks to Orkney Islands Council for their continued positive support throughout the global pandemic.

Finally, I would like to sincerely thank the Trust's staff, who have continued to work hard, and have provided exemplary service to our customers throughout this year, when so many have endured so much personal hardship.



**Stephen Kemp**

Chairman

Dated: 14 July 2021

# THE PICKAQUOY CENTRE TRUST

## TRUSTEES REPORT

**FOR THE YEAR ENDED 31 MARCH 2021**

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The trustees present their report and financial statements for the year ended 31 March 2021.

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 2019).

### 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

With the onset of the Covid-19 pandemic, this year has proved extremely challenging and as result the year has been focused around survival of the Trust and ensuring that we could keep as many staff employed as possible. We have utilised the government job retention scheme as much as we can and have also been successful in a number of funding applications. These factors have meant that the Trust has remained solvent and we have not had to undertake any redundancies.

### Key stakeholders

We have continued to work very closely with Orkney Islands Council, NHS Orkney and sportscotland over the year although many of the initiatives had to be temporarily halted due to the pandemic. In the large part most of these initiatives have restarted, those that have not restarted are services provided to users who are more vulnerable and these will restarted once it is deemed safe to do so.

We are also very pleased to have been able to work closely with Creative Scotland, Screen Scotland and Filmhub Scotland this year and hope to be able to continue developing these relationships in the future.

We are extremely grateful for the support that we have received from all of our key stakeholders throughout the year whether it be financial or otherwise. Their support has proved invaluable to the Trust throughout the challenges that 2020/21 has thrown at us.

### Staff Training

There have been limited opportunities to provide training this year, the below list represents those that we have been able to undertake and were all delivered to staff with us unable to provide spaces for external candidates at this time.

Course Description	Attendees
SCQF L6 Scottish Certificate for Personal Licence Holders (Refresher)	1
First Aid at Work (Refresher)	4
Automated External Defibrillator	4
Exercise to Music	1

# THE PICKAQUOY CENTRE TRUST

## TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### Key performance indicators

Description of Indicator	Number of Participants
1. Fitness including Strength & conditioning	14,073
2. Group Exercise	4,214
3. Health	729
4. Junior Activities	2,121
5. Arena Sports	3,282
6. Other Indoor Leisure	4,665
7. Campsite	14
8. Track and Infield	2,901
9. Playing Fields	-
10. Synthetic Grass Pitch	1,373
11. Swimming	17,660
12. Squash	1,122
13. Cinema	811
14. Soft Play	326

### Financial review

The trust reports a net decrease in funds of £497,157 with total funds as at 31 March 2021 at a deficit of £476,443, which is stated net of a deficit on the pension scheme calculated at £995,000 by the scheme's actuaries. Excluding a loss of £611,000 (2020: gain of £549,000) arising from movements in the Trust's share of the local authority defined benefit pension scheme, there was a surplus of £113,843. Net current assets increased from £79,265 to £359,767.

Incoming resources fell from £2.83m to £2.18m. Due to the Covid-19 pandemic our income from charitable activities fell by £1.6m, the main contributing factor was the forced closure of the facility, this closure was extended until November 2020 until sufficient funding was secured to ensure the viability of the Trust. We were able to secure a number of funding streams which helped to mitigate this decrease in income, these are details further in note 3 of the accounts.

Expenditure fell from £3.11m to £2.07m. Whilst the facility was closed efforts were taken to reduced costs wherever possible including reducing heating, placing as many staff as possible on furlough, keeping maintenance to a minimum and where possible negotiating a freeze or reduced contract with suppliers. Many areas of the business in particular the café and cinema have remained closed or were only briefly open which also meant that purchases have been minimal even once the facility was open.

The largest costs savings are shown below;

Staff costs	£331k
Purchases	£235k
Utilities	£119k
Repairs & Maintenance	£73k
OIC hire of facilities	£72k

Expenditure also includes £142,000 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 £255,843.

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 PICKAQUOY CENTRE TRUST

## TRUSTEES REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2021**

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The immediate focus for the trust for the coming year is geared toward recovery, the Covid-19 pandemic is still impacting our operations and will continue to do so until we see a significant lifting of restrictions. A key focus will be around promotion of the membership in order to stimulate new sales as well as looking to regain those members that we have lost during the pandemic.

We will also be looking to continue working with our key stakeholders to identify new ways of working together in order to provide improved services to the wider community.

### **Structure, governance and management**

The trust is governed by:-

1. An agreement between the Millennium Commission, Orkney Islands Council (OIC) and The Pickaquooy 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 Pickaquooy 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

K Macleod, Public Representative

F McNaughton, Public Representative

J Nelson, Public Representative

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

(Resigned 14 December 2020)

When a vacancy occurs for a publicly nominated trustee, an advertisement is placed on the trust's website and circulated on social media. Additional materials, created by the trust's Marketing Officer are included to encourage potential applicants and provide further information. 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.

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, James Linklater. 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 Pickaquooy 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 PICKAQUOY CENTRE TRUST

## TRUSTEES REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2021**

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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: 14 July 2021



# **THE PICKAQUOY CENTRE TRUST**

## **STATEMENT OF TRUSTEES RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2021***

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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.

# THE PICKAQUOY CENTRE TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF THE PICKAQUOY CENTRE TRUST

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#### Opinion

We have audited the financial statements of The Pickaquoy Centre Trust (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 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 29 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.

#### Material uncertainty relating to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the charity reports net liabilities of £476,443 at the balance sheet date. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### 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.

# THE PICKAQUOY CENTRE TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE PICKAQUOY CENTRE TRUST

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#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, and control environment;
- results of our enquiries of management;
- any matters we identified having obtained and reviewed the charity's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and irregularities. Income recognition and material related party transactions/balances were key areas of focus. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, such as tax legislation and relevant charities acts.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. These include laws and regulations pertaining to employment regulations; and health and safety legislation.

# THE PICKAQUOY CENTRE TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE PICKAQUOY CENTRE TRUST

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In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the 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

14 July 2021

8 Albert Street  
Kirkwall  
Orkney  
KW15 1HP

A J B Scholes Ltd is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

# THE PICKAQUOY CENTRE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total (all UF funds) 2020 £
<b><u>Income and endowments from:</u></b>					
Donations and legacies	3	1,704,269	124,385	1,828,654	779,397
Charitable activities	4	347,453	-	347,453	1,988,160
Other trading activities	5	5,305	-	5,305	61,359
Investments	6	-	-	-	1,758
Other incoming resources	7	-	-	-	4,027
<b>Total income</b>		<b>2,057,027</b>	<b>124,385</b>	<b>2,181,412</b>	<b>2,834,701</b>
<b><u>Expenditure on:</u></b>					
Raising funds	8	1,069	-	1,069	28,540
Charitable activities	9	1,955,756	103,744	2,059,500	3,068,906
Other	14	7,000	-	7,000	17,000
<b>Total resources expended</b>		<b>1,963,825</b>	<b>103,744</b>	<b>2,067,569</b>	<b>3,114,446</b>
<b>Net income/(expenditure) for the year/ Net incoming/(outgoing) resources</b>		<b>93,202</b>	<b>20,641</b>	<b>113,843</b>	<b>(279,745)</b>
<b>Other recognised gains and losses</b>					
Actuarial (loss)/gain on defined benefit pension schemes		(611,000)	-	(611,000)	549,000
<b>Net movement in funds</b>		<b>(517,798)</b>	<b>20,641</b>	<b>(497,157)</b>	<b>269,255</b>
Fund balances at 1 April 2020		20,714	-	20,714	(248,541)
<b>Fund balances at 31 March 2021</b>		<b>(497,084)</b>	<b>20,641</b>	<b>(476,443)</b>	<b>20,714</b>

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

All income and expenditure derive from continuing activities.

# THE PICKAQUOY CENTRE TRUST

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	16		158,790		183,449
<b>Current assets</b>					
Stocks	17	23,212		25,750	
Debtors	18	134,158		160,809	
Cash at bank and in hand		557,902		284,039	
		<u>715,272</u>		<u>470,598</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(355,505)</u>		<u>(391,333)</u>	
Net current assets			359,767		79,265
<b>Total assets less current liabilities</b>			<u>518,557</u>		<u>262,714</u>
<b>Provisions for liabilities</b>	20		<u>(995,000)</u>		<u>(242,000)</u>
<b>Net (liabilities)/assets</b>			<u><u>(476,443)</u></u>		<u><u>20,714</u></u>
<b>Income funds</b>					
Restricted funds	25		20,641		-
<u>Unrestricted funds</u>					
Designated funds	23	158,790		183,449	
General unrestricted funds		<u>(655,874)</u>		<u>(162,735)</u>	
			<u>(497,084)</u>		<u>20,714</u>
			<u><u>(476,443)</u></u>		<u><u>20,714</u></u>

The financial statements were approved by the board of trustees and authorised for issue on 14 July 2021 and are signed on its behalf by:

  
S Kemp  
Trustee

# THE PICKAQUOY CENTRE TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27		303,070		102,985
<b>Investing activities</b>					
Purchase of tangible fixed assets		(29,699)		(98,377)	
Proceeds on disposal of tangible fixed assets		492		9,078	
Investment income received		-		1,758	
<b>Net cash used in investing activities</b>			<b>(29,207)</b>		<b>(87,541)</b>
<b>Net cash used in financing activities</b>			<b>-</b>		<b>-</b>
<b>Net increase in cash and cash equivalents</b>			<b>273,863</b>		<b>15,444</b>
Cash and cash equivalents at beginning of year			284,039		268,595
<b>Cash and cash equivalents at end of year</b>			<b>557,902</b>		<b>284,039</b>

# THE PICKAQUOY CENTRE TRUST

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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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

The 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 2019), 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 2019. 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.

#### 2.2 Going concern

The charity reports a deficit of £497,157 for the year ended 31 March 2021 and net liabilities of £476,443 at the balance sheet date. The centre was closed for much of the year due to Covid-19 and although the restrictions currently in place are expected to ease over the coming months, this is still uncertain. The balance sheet position is largely due to the movement in the pension scheme, which is now £995k in deficit.

The trustees have recognised these issues and are working to improve the charity's position. The immediate focus for this coming year is on recovery, stimulating new sales and regaining lost members following the pandemic. The board are also investigating different pension schemes with a view to adopting something more sustainable.

The trustees have concluded that a material uncertainty exists with trading under the current Covid-19 restrictions. The current cash position, however, should be sufficient to cover any losses indicated in their forecast budget for the coming financial year. The ongoing positive relationship with Orkney Island Council and previous communications throughout the pandemic has led to a positive outlook for all at the Trust and the community. Furthermore, the pension scheme deficit is a long term liability, subject to significant fluctuations, and is not considered a risk in the short term.

Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.



# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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### 2 Accounting policies

(Continued)

#### 2.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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.

#### 2.4 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.

#### 2.5 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.

#### 2.6 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:

Leasehold improvements	10% straight line basis
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.

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 2 Accounting policies

(Continued)

#### 2.7 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.

#### 2.8 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.

#### 2.9 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.

#### 2.10 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.

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 2 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

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

#### 2.11 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.

#### 2.12 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.

#### 2.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense 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.

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total Unrestricted funds	
	2021	2021	2021	2020
	£	£	£	£
Donations and gifts	610	-	610	-
Grants receivable	1,703,659	124,385	1,828,044	779,397
	<u>1,704,269</u>	<u>124,385</u>	<u>1,828,654</u>	<u>779,397</u>
<b>Grants receivable for core activities</b>				
OIC management fee for delivery of leisure services	776,592	-	776,592	776,592
COSLA/OIC - loss of income compensation	302,000	-	302,000	-
Creative Scotland	150,000	-	150,000	-
Firstport third sector resilience fund	-	75,000	75,000	-
Creative Scotland cinema recovery and resilience funding	-	36,664	36,664	-
OIC business top up	-	7,500	7,500	-
Filmhub	-	5,221	5,221	-
Coronavirus job retention scheme	475,067	-	475,067	-
Other	-	-	-	2,805
	<u>1,703,659</u>	<u>124,385</u>	<u>1,828,044</u>	<u>779,397</u>

### 4 Charitable activities

	Sports & functions	Arts	In-house catering	Campsite	Total 2021	Total 2020
	2021	2021	2021	2021	2021	2020
	£	£	£	£	£	£
Sales within charitable activities	341,857	5,605	91	(100)	347,453	1,988,160
	<u>341,857</u>	<u>5,605</u>	<u>91</u>	<u>(100)</u>	<u>347,453</u>	<u>1,988,160</u>

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 4 Charitable activities (Continued)

For the year ended 31 March 2020

	Sports & functions £	Arts £	In-house catering £	Campsite £	Total 2020 £
Sales within charitable activities	1,333,124	255,937	246,513	152,586	1,988,160
Analysis by fund					
Unrestricted funds	1,333,124	255,937	246,513	152,586	1,988,160

### 5 Other trading activities

	2021 £	2020 £
Non-charitable trading activities	5,305	61,359

### 6 Investments

	2021 £	2020 £
Interest receivable	-	1,758

### 7 Other incoming resources

	2021 £	2020 £
Insurance proceeds	-	4,027

### 8 Raising funds

	2021 £	2020 £
<u>Trading costs</u>		
Other trading activities	1,069	28,540
	1,069	28,540

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 9 Charitable activities

	Sports & functions	Arts	Catering	Campsite	Total 2021	Total 2020
	2021	2021	2021	2021		
	£	£	£	£	£	£
Staff costs	635,346	67,807	119,273	44,737	867,163	1,152,977
Depreciation and impairment	24,694	2,735	6,325	4,725	38,479	31,169
Purchases	509	4,661	1,991	-	7,161	241,895
Other direct costs	5,564	-	1,474	2,249	9,287	37,498
Travel & transport	-	-	-	-	-	801
Repairs & property costs	31,868	5,213	513	6,438	44,032	116,585
Heating oil	42,058	2,337	-	2,337	46,732	80,462
Electricity	171,284	9,478	-	11,711	192,473	268,082
Water & sewerage	17,277	960	-	1,584	19,821	29,637
Cleaning	9,570	653	-	653	10,876	31,033
Subs & licences	14,325	1,875	851	184	17,235	25,470
Marketing	103	-	-	579	682	1,849
OIC hire of facilities	60,000	-	-	-	60,000	132,000
Lease costs	40,476	-	-	-	40,476	20,238
Bad debts	2,175	-	-	-	2,175	1,264
Clothing	-	-	-	-	-	2,240
Equipment	1,659	-	-	15	1,674	9,466
Other charitable expenditure	4,251	99	488	2,212	7,050	46,316
	<u>1,061,159</u>	<u>95,818</u>	<u>130,915</u>	<u>77,424</u>	<u>1,365,316</u>	<u>2,228,982</u>
Share of support costs (see note 10)	529,971	64,961	25,698	64,961	685,591	831,929
Share of governance costs (see note 10)	6,875	859	-	859	8,593	7,995
	<u>1,598,005</u>	<u>161,638</u>	<u>156,613</u>	<u>143,244</u>	<u>2,059,500</u>	<u>3,068,906</u>
<b>Analysis by fund</b>						
Unrestricted funds	1,515,505	140,394	156,613	143,244	1,955,756	3,068,906
Restricted funds	82,500	21,244	-	-	103,744	-
	<u>1,598,005</u>	<u>161,638</u>	<u>156,613</u>	<u>143,244</u>	<u>2,059,500</u>	<u>3,068,906</u>

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 9 Charitable activities

(Continued)

For the year ended 31 March 2020

	Sports & functions	Arts	Catering	Campsite	Total 2020
	£	£	£	£	£
Staff costs	809,525	87,239	198,220	57,993	1,152,977
Depreciation and impairment	22,218	510	3,941	4,500	31,169
Purchases	9,608	119,736	112,551	-	241,895
Other direct costs	30,090	270	7,138	-	37,498
Travel & transport	801	-	-	-	801
Repairs & property costs	64,236	15,829	9,831	26,689	116,585
Heating oil	58,437	11,219	10,806	-	80,462
Electricity	182,608	35,058	33,766	16,650	268,082
Water & sewerage	19,614	3,766	3,627	2,630	29,637
Cleaning	15,566	2,443	2,410	10,614	31,033
Subs & licences	18,560	2,528	1,599	2,783	25,470
Marketing	404	(67)	-	1,512	1,849
OIC hire of facilities	132,000	-	-	-	132,000
Lease costs	20,238	-	-	-	20,238
Bad debts	1,264	-	-	-	1,264
Clothing	968	35	1,237	-	2,240
Equipment	7,163	17	2,147	139	9,466
Other charitable expenditure	41,245	1,443	2,386	1,242	46,316
	<u>1,434,545</u>	<u>280,026</u>	<u>389,659</u>	<u>124,752</u>	<u>2,228,982</u>
Share of support costs (see note 10)	580,941	98,067	94,456	58,465	831,929
Share of governance costs (see note 10)	5,361	1,029	991	614	7,995
	<u>2,020,847</u>	<u>379,122</u>	<u>485,106</u>	<u>183,831</u>	<u>3,068,906</u>
<b>Analysis by fund</b>					
Unrestricted funds	<u>2,020,847</u>	<u>379,122</u>	<u>485,106</u>	<u>183,831</u>	<u>3,068,906</u>

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 10 Support costs

	Support costs	Governance costs	2021	2020	Basis of allocation
	£	£	£	£	
Staff costs	529,155	-	529,155	574,652	Estimated staff time
Depreciation	15,387	-	15,387	21,653	See notes
Other staff costs	4,803	-	4,803	29,224	See notes
Clothing	1,463	-	1,463	2,885	See notes
Insurance	13,873	-	13,873	13,036	See notes
Service fees	30,399	-	30,399	32,018	See notes
Equipment	665	-	665	2,438	See notes
Stationary & postages	398	-	398	6,043	See notes
Telephone	9,532	-	9,532	9,719	See notes
Travel	-	-	-	2,208	See notes
Professional fees	4,285	-	4,285	4,881	See notes
Bank charges	3,023	-	3,023	18,265	See notes
Printing	1,952	-	1,952	4,261	See notes
Advertising	8,262	-	8,262	10,274	See notes
Non-recoverable VAT	35,944	-	35,944	70,131	All sports & functions
Other general expenses	846	-	846	1,498	See notes
Subscriptions & Licences	25,604	-	25,604	28,743	See notes
Audit fees	-	3,700	3,700	3,595	See notes
Accountancy	-	4,893	4,893	4,400	See notes
	<u>685,591</u>	<u>8,593</u>	<u>694,184</u>	<u>839,924</u>	
Analysed between					
Charitable activities	<u>685,591</u>	<u>8,593</u>	<u>694,184</u>	<u>839,924</u>	

Support and governance costs have been apportioned to charitable activities on the following basis (unless noted otherwise): sports and functions - 80%; Arts - 10%; Catering - 0%; Campsite - 10%.

### 11 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

### 12 Auditor's remuneration

Support costs include payments to the auditor for: audit fees of £3,800 (2020: £3,500), assistance with preparation of the financial statements of £4,600 (2020: £4,400) and other non-audit services of £4,823 (2020: £9,404).



# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 13 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Management & administration	23	23
Sports & functions	74	83
Arts	5	5
Maintenance & cleaning	6	7
Catering	10	14
Total	118	132

  

Employment costs	2021 £	2020 £
Wages and salaries	1,055,632	1,276,822
Social security costs	59,379	76,221
Other pension costs	281,307	374,586
	1,396,318	1,727,629

Key management personnel received remuneration during the year totalling £51,000 (2020: £51,000).

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

### 14 Other

	2021 £	2020 £
Pension scheme interest cost	7,000	17,000
	7,000	17,000

### 15 Taxation

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

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Tangible fixed assets	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2020	14,006	370,031	279,425	135,793	799,255
Additions	-	3,060	20,329	6,310	29,699
Disposals	-	(35,064)	(16,443)	(1,275)	(52,782)
At 31 March 2021	<u>14,006</u>	<u>338,027</u>	<u>283,311</u>	<u>140,828</u>	<u>776,172</u>
<b>Depreciation and impairment</b>					
At 1 April 2020	292	258,983	235,164	121,367	615,806
Depreciation charged in the year	1,401	28,124	12,766	7,811	50,102
Eliminated in respect of disposals	-	(31,217)	(16,034)	(1,275)	(48,526)
At 31 March 2021	<u>1,693</u>	<u>255,890</u>	<u>231,896</u>	<u>127,903</u>	<u>617,382</u>
<b>Carrying amount</b>					
At 31 March 2021	<u>12,313</u>	<u>82,137</u>	<u>51,415</u>	<u>12,925</u>	<u>158,790</u>
At 31 March 2020	<u>13,714</u>	<u>111,048</u>	<u>44,261</u>	<u>14,426</u>	<u>183,449</u>
<b>17 Stocks</b>				<b>2021</b>	<b>2020</b>
				£	£
Goods for resale and consumables				<u>23,212</u>	<u>25,750</u>
<b>18 Debtors</b>				<b>2021</b>	<b>2020</b>
<b>Amounts falling due within one year:</b>				£	£
Trade debtors				73,639	101,743
Other debtors				39,833	6,659
Prepayments and accrued income				20,686	52,407
				<u>134,158</u>	<u>160,809</u>

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 19 Creditors: amounts falling due within one year

	2021	2020
	£	£
Other taxation and social security	96,281	57,555
Deferred income	64,474	63,808
Trade creditors	70,379	94,634
Other creditors	695	2,609
Accruals	123,676	172,727
	<u>355,505</u>	<u>391,333</u>

### 20 Provisions for liabilities

	Notes	2021	2020
		£	£
Retirement benefit obligations	21	995,000	242,000
		<u>995,000</u>	<u>242,000</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 2020 and was carried out by a qualified independent actuary. An updated valuation has been prepared at 31 March 2021 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

	2021	2020
	%	%
Discount rate	2.05	2.3
Expected rate of increase of pensions in payment	2.80	1.8
Expected rate of salary increases	3.30	2.1
	<u>3.30</u>	<u>2.1</u>

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 21 Retirement benefit schemes

(Continued)

#### Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2021 Years	2020 Years
Retiring today		
- Males	21.4	21.1
- Females	23.9	23.0
Retiring in 20 years		
- Males	23.1	22.3
- Females	26.1	25.1

Amounts recognised in the profit and loss account:

	2021 £	2020 £
Current service cost	282,000	368,000
Net interest on defined benefit liability/(asset)	7,000	17,000
Total costs	289,000	385,000

Amounts taken to other comprehensive income:

	2021 £	2020 £
Actual return on scheme assets	1,539,000	(143,000)
Less: calculated interest element	(91,000)	(98,000)
Return on scheme assets excluding interest income	1,448,000	(241,000)
Actuarial changes related to obligations	(2,059,000)	790,000
Total income/(costs)	(611,000)	549,000

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

	2021 £	2020 £
Present value of defined benefit obligations	6,580,000	4,122,000
Fair value of plan assets	(5,585,000)	(3,880,000)
Deficit in scheme	995,000	242,000

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 21 Retirement benefit schemes

(Continued)

Movements in the present value of defined benefit obligations:

	2021 £
Liabilities at 1 April 2020	4,122,000
Current service cost	282,000
Benefits paid	(30,000)
Contributions from scheme members	49,000
Actuarial gains and losses	2,059,000
Interest cost	98,000
At 31 March 2021	<u>6,580,000</u>

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

Movements in the fair value of plan assets:

	2021 £
Fair value of assets at 1 April 2020	3,880,000
Interest income	91,000
Return on plan assets (excluding amounts included in net interest)	1,448,000
Benefits paid	(30,000)
Contributions by the employer	147,000
Contributions by scheme members	49,000
At 31 March 2021	<u>5,585,000</u>

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

	2021 £	2020 £
Equity instruments	5,082,000	3,376,000
Debt instruments	447,000	465,000
Cash	56,000	39,000
	<u>5,585,000</u>	<u>3,880,000</u>

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 22 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	40,476	40,476
Between two and five years	64,087	101,190
	<u>104,563</u>	<u>141,666</u>

### 23 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 2019 £	Transfers £	Balance at 1 April 2020 £	Transfers £	Balance at 31 March 2021 £
Fixed assets	159,300	24,149	183,449	(24,659)	158,790
	<u>159,300</u>	<u>24,149</u>	<u>183,449</u>	<u>(24,659)</u>	<u>158,790</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.

### 24 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total Unrestricted funds 2021 £	Total Unrestricted funds 2020 £
Fund balances at 31 March 2021 are represented by:				
Tangible assets	158,790	-	158,790	183,449
Current assets/(liabilities)	339,126	20,641	359,767	79,265
Provisions and pensions	(995,000)	-	(995,000)	(242,000)
	<u>(497,084)</u>	<u>20,641</u>	<u>(476,443)</u>	<u>20,714</u>

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 25 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 2021 £
	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	
Firstport and OIC - essential staff costs	-	82,500	(82,500)	-
Creative Scotland - Independent Cinema				
Recovery and Resilience Fund	-	36,664	(21,244)	15,420
Filmhub - BFI FAN Exhibition Fund	-	5,221	-	5,221
	<u>-</u>	<u>124,385</u>	<u>(103,744)</u>	<u>20,641</u>

Firstport & OIC - funding provided from Firstport Third Sector Resilience Fund and OIC Business Top Up Grant to support the cost of employing essential staff.

Creative Scotland - funding provided from the Independent Cinema Recovery and Resilience Fund to help cover core running costs of the cinema.

Filmhub - funding provided from the BFI FAN Exhibition Fund to help reintroduce fringe, autism friendly and subtitled screenings.

#### 26 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 £149,650 (2020: £241,735). Creditors falling due within one year include £39,865 (2020: £25,726) due to OIC for services provided to the charity.

The charity received from OIC a revenue contribution of £776,592 (2020: £776,592), compensation for lost income of £302,000 (2020: £nil) and income of £7,500 from the OIC Business Top Up grant (2020: £nil). The charity provides certain services to OIC, including event management and facilities hire. The total income for these services during the year was £26,671 (2020: £40,238). These transactions are at normal commercial terms. Debtors include balances due from OIC totalling £76,061 (2020: £84,532).

# THE PICKAQUOY CENTRE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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27	Cash generated from operations	2021	2020
		£	£
	(Deficit)/surplus for the year	113,843	(279,745)
	Adjustments for:		
	Investment income recognised in statement of financial activities	-	(1,758)
	Loss on disposal of tangible fixed assets	3,764	12,885
	Depreciation and impairment of tangible fixed assets	50,102	52,265
	Difference between pension charge and cash contributions	158,770	226,000
	Movements in working capital:		
	Decrease in stocks	2,538	9,430
	Decrease in debtors	26,651	63,326
	(Decrease)/increase in creditors	(52,598)	20,582
	<b>Cash generated from operations</b>	<u>303,070</u>	<u>102,985</u>

28 **Analysis of changes in net funds**  
The charity had no debt during the year.

29 **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.