



# Shetland Recreational Trust

**'Shetland more active, more often'**

Trustees' Report and Financial  
Statements  
Registered number SC002179  
31 March 2024



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## Legal and Administrative Information

### Charity number

SC002179

### Principal address

Clickimin Leisure Complex  
Lochside  
Lerwick  
Shetland  
ZE1 0PJ

### Trustees

D H Thomson (Chair)  
I Cluness  
B Cumming  
G P Keith  
A Y Leask  
D Leask  
K McMillan  
M Summers  
C Kirkness (from April 2023)

### Independent auditors

RSM UK Audit LLP  
St Olaf's Hall  
Church Road  
Lerwick  
Shetland  
ZE1 0FD

### Solicitors

Harper Macleod LLP  
St Olaf's Hall  
Church Road  
Lerwick  
Shetland  
ZE1 0FD

### Bankers

Virgin Money  
106 Commercial Street  
Lerwick  
Shetland  
ZE1 0JJ

### Management Team

S Laidlaw – Chief Executive (resigned 30 April 2023)  
R Geddes – Acting Chief Executive (from April 2023)  
Andrew Lyall – Head of Assets & Development  
Janice Thomason – Head of Finance & Corporate Services  
Robert Geddes – Head of Operations (to April 2023)

## Trustees' Annual Report - Introduction

The Trustees are pleased to present their annual Trustee's report and financial statements for the year ended 31 March 2024.

The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (as amended for accounting periods commencing 1 January 2019) (the SORP).

Shetland Recreational Trust also prepares an Annual Report, which sets out details of all the services and activities during the year. The thirty-ninth Annual Report relates to the 2023/24 Accounts. The Annual Report is available on our web-site at <http://www.srt.org.uk/about>

The Trust has been entered into the Scottish Charity Register and is entitled, in accordance with section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005, to refer to itself as a charity registered in Scotland.



## Who we are

On 1 June 1982 the Clickimin Recreational Trust was established, and later changed to become the Shetland Recreational Trust (SRT). Its first facility, the Clickimin Leisure Complex was officially opened on 30 March 1985, after which additional centres opened across Shetland, culminating in the West Mainland Leisure Centre on 7 September 2002.

Shetland Islands Council (SIC) and the Shetland Charitable Trust (SCT) provided the initial capital funding necessary to create our eight centres, and SCT continue to provide annual revenue funding, and at times Capital Maintenance and other ad-hoc funding support.

**SRT Directory**

Clickimin Leisure Complex	01595 741 000
Urrist Leisure Centre	01595 807 701
Yell Leisure Centre	01595 807 704
North Mainland Leisure Centre	01595 807 710
Whalsay Leisure Centre	01595 807 707
South Mainland Pool	01595 807 719
Scalloway Pool	01595 807 716
West Mainland Leisure Centre	01595 807 713

Email: [mail@srt.org.uk](mailto:mail@srt.org.uk) / website: [www.srt.org.uk](http://www.srt.org.uk)

Available on the App Store | GET IT ON Google Play

**OUR EIGHT LEISURE CENTRES**

## Charitable Objects

The **Charitable Objects** for which the Trust is established are:

- To provide, or assist in the provision of, facilities in the interest of social welfare for recreation and leisure time occupation with the object of improving the condition of life for the inhabitants of the Shetland Islands;
- In particular to secure the establishment, maintenance and management of a Recreational Centre at Clickimin, Shetland for activities in furtherance of this; and
- The Trustees shall hold the Trust Fund at their sole discretion to make grants, loans or payments out of the income or capital of the Trust Funds for these objects or any of them or for such other purpose or purposes charitable in law solely for the benefit of the Shetland Islands or of the inhabitants of those islands as the Trustees shall from time to time determine.



## OUR VISION

### 'Shetland more active, more often'

To be an organisation that is at the heart of our growing community, helping residents to improve their well-being, and offering opportunities for all to make healthy lifestyle choices and enjoy cultural activities.

Our service, facilities and sustainable business practices will enable us to re-invest for the benefit of future generations in Shetland, as a valued provider that is responsible for improving people's lives through health, education, sport, and physical activity.



Our Business Plan 2021/22 – 2024/25 identified the following strategic objectives:

#### 1. Facilities

- Ensure physical assets are maintained in a safe and satisfactory condition;
- Retain facilities in eight existing geographic communities; and
- Alter facilities to provide beneficial adaptations within the financial constraints of the Trust.

#### 2. Services

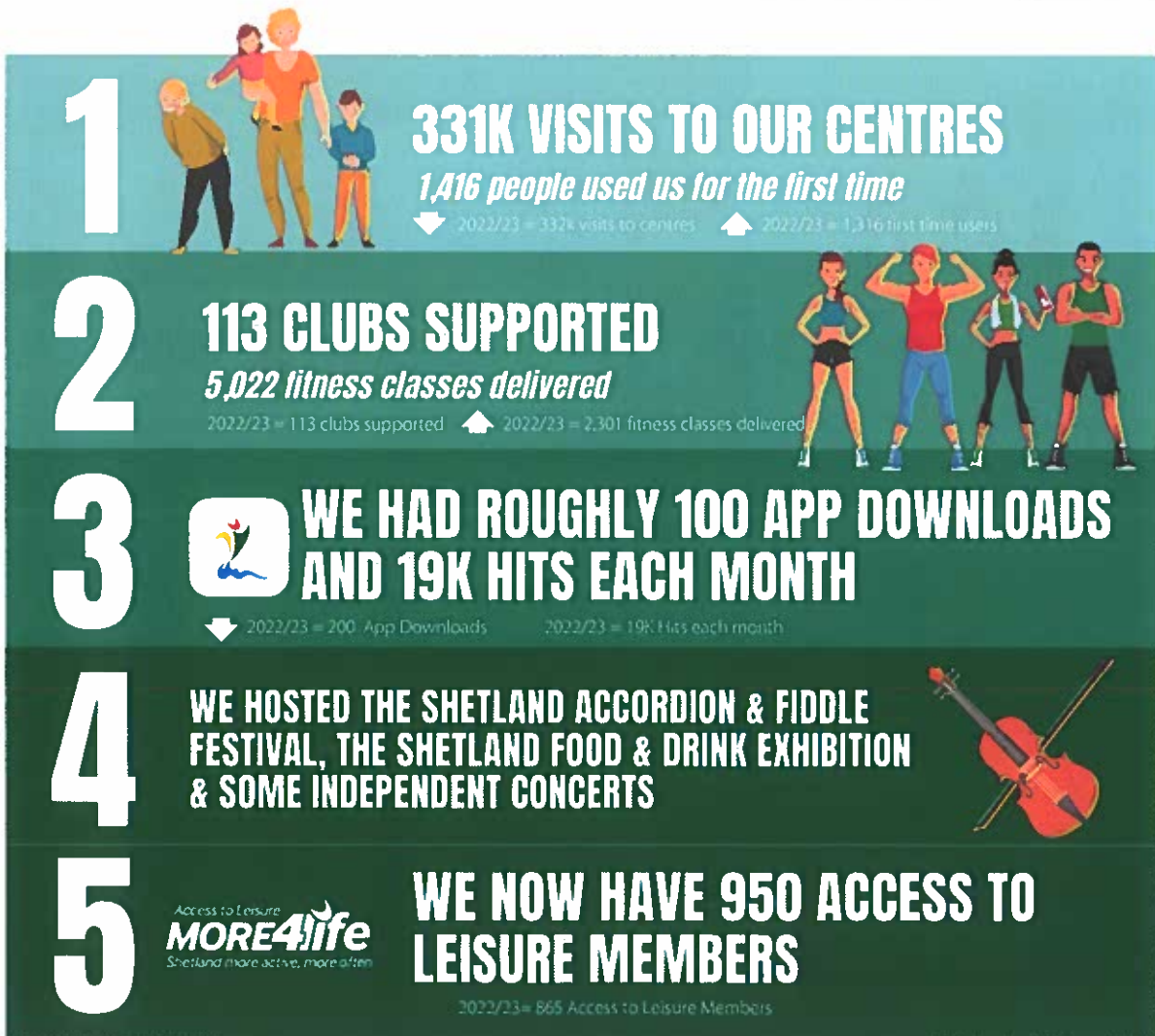
- Increase service offer to customers at home and in other locations;
- Work with partners to improve services to increase levels of activity within Shetland;

- Increase the service offer to reduce health inequalities;
- Provide opportunities for people to participate and influence decisions; and
- Work with partners to provide preventative services that improve the health and wellbeing of Shetland's communities, including any pandemic response.

### 3. Finance

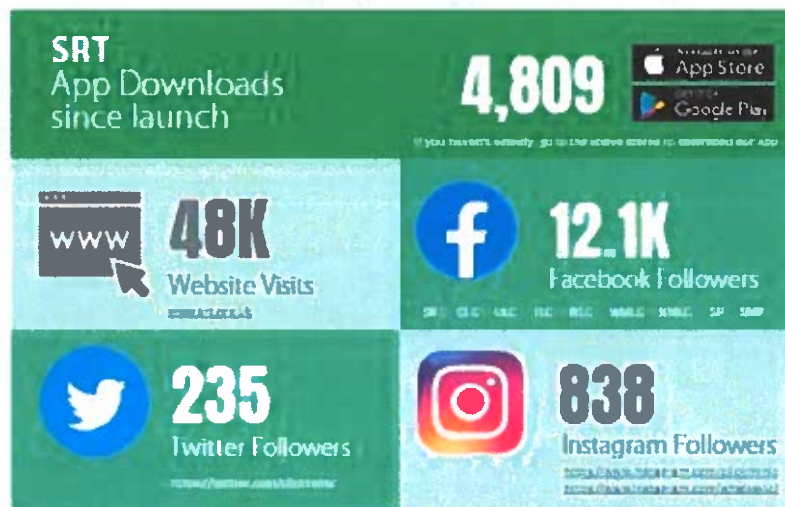
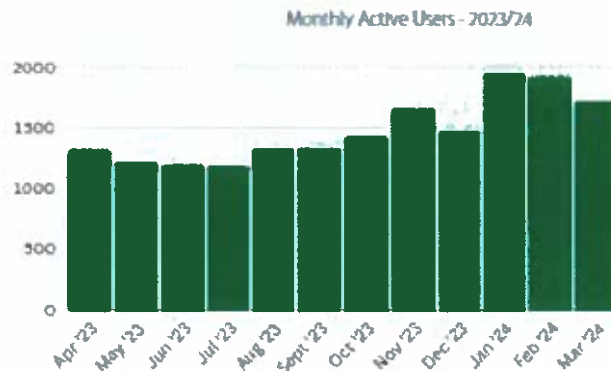
- Evaluate the strategic risks to ensure the viability of the Trust with mitigating measures and proposals;
- Improve financial sustainability; and
- Provide continuous and on-going assurance through audit functions.

## Review of Achievements and Performance





The SRT App was launched on 16 Sept '22



In early 2023 we developed a Turnaround Plan to address the pressing financial position of the Trust, in which the General Reserves were no longer sufficient to meet budgeted costs.

Savings were achieved through a mix of cancellation of contracts, or reductions in purchases, and vacancies/maternalities not being filled, staff voluntarily reducing their hours, and two redundancies. Though successfully reducing costs in line with the Turnaround Plan, this opportunistic approach means that savings have not necessarily been achieved in the appropriate areas, and staff are therefore under considerable pressure to maintain facilities and services within the grant and other funding available.

We are grateful to all our staff for going above and beyond over the last year, to continue to provide excellent services to our community.

We welcomed a new Trustee, Colin Kirkness in April 2023, bringing the current number of Trustees up to nine.

The Shetland Charitable Trust kindly provided additional funding in the form of Capital Maintenance Grant (£2.5m) in respect of nine projects which will complete over the next year or so, and Contingency Grant (£0.46m) in respect of 2022/23. Additional grant funding for 2023/24 is available, to allow us to transform our services towards achieving financial sustainability, but cannot be confirmed until our accounts have been completed.



We are particularly proud of the ongoing benefit our Access to Leisure membership scheme provides, allowing as many people as possible access to most of our services and facilities for £1.

## Financial Review

The financial position of the Trust is set out on pages 17 to 19.

Shetland Recreational Trust received a significant proportion - 59% (2023: 55%) of its income by way of a grant from SCT, its main funder.

The 2023/24 financial year was another difficult year, with significant on-going cost pressures across the board. The Trust budgeted for a deficit of £0.59m, which was reduced to £0.27m on the assumption that savings would be achieved in the Turnaround Plan.

The Trust achieved a surplus, before pension charges, of £0.3m for the year, mainly due to receipt of a Contingency Grant of £0.46m from SCT in respect of 2022/23. The underlying deficit was £0.16m.

Operating income was £0.05m more than budget with expenditure being £0.03m less than budgeted. Income from both SIC and SCT was on target, with the exception of the Contingency Grant mentioned above.

A pension fund contribution of £244,000 has been made against unrestricted funds.

The overall net income, including pension fund charges, on unrestricted funds was £516,532.

A depreciation charge of £781,363 has been made against the restricted fund which was provided for the purpose of the construction of the Trust's tangible fixed assets.

Taking these results together, covering both unrestricted and restricted funds, the net movement in funds for the year was a net income of £260,713.

The Trust recognised actuarial gains of £525,000 and charges of £759,000 on its pension scheme arrangements accounted for in accordance with FRS 102, giving a closing net pension asset of £5,526,000.

At 31 March 2024, the Trust has an overall funds balance, for restricted and unrestricted funds, of £27,108,004.

The financial statements have been prepared on the going concern basis, though conditions have been identified which may be of importance to the readers of these financial statements, and constitute a material uncertainty. See note 1 for further information.

Risks are mitigated by the Risk Management Strategy.

## Risk Management

In early 2023, the Board adopted a Turnaround Plan and Risk Register to achieve financial savings. Once the initial savings under the Turnaround Plan were achieved, the Trust held a Risk Management Workshop in October 2023, to consider and determine its risk appetite, and its strategic risk management arrangements going forward. At this stage no further significant savings are planned until the outcome of the SCT funding application for 2025-2030 is known.

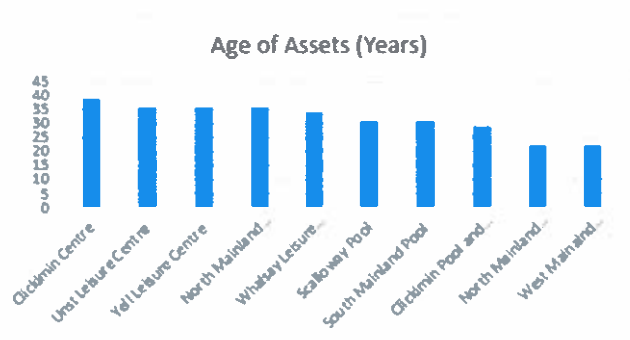
Work is ongoing to develop risk management arrangements to improve our Risk Register and the Strategic Risk Group oversight of risk, to ensure that the Trust continues to provide a positive risk management and health and safety culture.

Our Risk Register includes the following high risks:

- Governance and Compliance – planning and capacity
- Financial – meeting costs and achieving sustainability
- Staffing – capacity, morale and recruitment
- Asset Management – financial, internal and external capacity, and age of assets

We have an extensive estate, from which we provide our services to the Shetland community. The table below provides details on the age of our key assets:

Facility	Opened	Age
Clickimin Centre	1985	39
Unst Leisure Centre	1988	36
Yell Leisure Centre	1988	36
North Mainland Leisure Centre	1988	36
Whalsay Leisure Centre	1990	34
Scalloway Pool	1993	31
South Mainland Pool	1993	31
Clickimin Pool and Bowls Hall	1995	29
North Mainland Extension	2002	22
West Mainland Leisure Centre	2002	22



The annual maintenance programme is created using information in the 30-year Asset Renewal and Maintenance Plan. This complements the knowledge of the staff at each location and the in-house technical services team. The annual programme of work is set in line with budget availability, and is reviewed regularly by Trustees.

## Reserves Policy

The Trust's reserves principally consist of its Restricted Fund, known as the Capital Fund, which holds grants received specifically for the purpose of the construction of the Trust's tangible fixed assets, and its' Unrestricted Reserves, which consist of the General Reserve, Partnership Development Fund, Facility Reserve, and the Pension Reserve.

The stated intention of the Trust's Reserves Policy, which relates to unrestricted reserves is that the Trust will work towards securing adequate reserves to meet current and potential future needs and aspirations.

The reserves balances have moved as follows:

Fund Name	Opening Balance £	Income £	Expenditure £	Transfers £	Gains & Losses £	Closing Balance £
<b>Restricted Reserves:</b>						
Capital Fund	21,673,191	544	(781,363)	4,944	-	20,897,316
<b>Total Restricted Reserves</b>	<b>21,673,191</b>	<b>544</b>	<b>(781,363)</b>	<b>4,944</b>	<b>0</b>	<b>20,897,316</b>
<b>Unrestricted Reserves:</b>						
Pension Reserve	4,757,000	-	-	244,000	525,000	5,526,000
General Reserve	111,963	6,400,894	(5,885,579)	(244,000)	-	383,278
Partnership Development Fund	5,266	-	-	-	-	5,266
Facility Reserve	299,871	1,217	-	(4,944)	-	296,144
<b>Total Unrestricted Reserves</b>	<b>5,174,100</b>	<b>6,402,111</b>	<b>(5,885,579)</b>	<b>(4,944)</b>	<b>525,000</b>	<b>6,210,688</b>
<b>Total All Reserves</b>	<b>26,847,291</b>	<b>6,402,655</b>	<b>(6,666,942)</b>	<b>-</b>	<b>525,000</b>	<b>27,108,004</b>

Capital Fund income relates to a refurbishment project at Scalloway Pool, which began at the end of 2023/24, and will continue in 2024/25. Capital Fund transfer relates to the purchase of a container, financed through the Facility Reserve. Capital Fund expenditure is the depreciation charge, and it includes the reinstatement of depreciation costs wrongly applied to the land element of our estate at Gremista.

The £5,526,000 defined benefit pension scheme asset represents the net asset on the Trust's share of the assets and liabilities of the Shetland Islands Pension Fund on an FRS 102 valuation basis as at 31 March 2024. This valuation is subject to the actuarial assumptions used, as explained in note 12 to the financial statements. Pension Scheme values can change significantly over short periods of time, so the value of the asset cannot be taken as being applicable at any date other than the Accounting Date. Annual pension contributions are due at the rate determined by the scheme actuaries every three years.

The General Reserve shows the movements in relation to ongoing operations, and includes a transfer to the Pension Reserve in relation to pension financing, and the Facility Reserve includes income received for the sale of two vehicles during the year.

There were no movements on the Partnership Development Fund.

## Going Concern Statement

The Trust expects to continue to face significant financial uncertainty in the coming years, which will be mitigated through the review and development of its strategic direction and business plan, the going concern statement looks to 12 months from signing the accounts, 30 September 2025.

The plan will depend mainly on the outcome of the application to SCT for 2025 to 2030 funding, the outcome of which will only be known in November 24. Additional savings are likely to be required should funding be significantly less than applied for. This represents a material uncertainty.

It is acknowledged that the Turnaround Plan, implemented in 2023/24, achieved a degree of financial saving, but that this was at the expense of longer-term sustainable service delivery. The challenge in the medium to longer term, is to ensure that our services can be delivered sustainably within the financial resources available to us, some of which is unknown. This will include identifying and securing additional external funding and support where possible.

## Plans for the Future

The planned objectives for 2023/24 included working with funders and partners, to develop a sustainable and long-term financial model for the Trust, and to consider options to achieve financial viability.

Our plans for 2024/25 include:

- To have in place a management team to lead and motivate staff to deliver the highest standards of service provision across our centres, continue to build the membership and use of the centre facilities, and to drive the efficiencies and cost savings to SRT operations that are able to be achieved;
- To ensure the Board continues to operate to the highest standards of governance, ensuring a robust gateway process for any new projects and development against the core ambition

of the Trust, and to regularly review the risk register of the Trust, and ensure all corresponding risk mitigation actions are in place against any key risks identified; and

- To continue to regularly engage with the communities of Shetland, and its funders and partners, to share the positive results and outcomes achieved by SRT, and to set out any future development plans.

## **Our Structure, Governance and Management**

Shetland Recreational Trust was constituted under a Deed of Trust registered in Edinburgh on 28 April 1982. Charitable status is conferred by HM Revenue & Customs based on the Trust Deed. A Supplementary Deed and Deed of Appointment were also registered in Edinburgh on 12 January 2011. The Trust's charity registration number is SC002179.

New applications for appointment to the position of Trustee are sought through public advertisement and a recruitment process to ensure that the Trustees have the appropriate skills, knowledge and experience to suit the needs of the Trust. The Trustees also have the power to assume new Trustees, if they so wish.

The Board of Trustees administers the charity and they met eleven times during the reporting period. The Board agrees the broad strategy and activity for the year ahead including approval of policies, budgets, reserves, risk management and performance arrangements.

Upon appointment, new Trustees discuss their role, responsibilities and training needs with the Chairman and Chief Executive. The overall governance arrangements are contained in a Trustee Handbook which is made available to each Trustee. The Trustee Handbook includes all the legal obligations of Trustees as well as relevant policies and best practice guidance from appropriate sources, such as the Office of the Charity Regulator.

The Chief Executive, who is appointed by the Trustees, manages the day to day operations of the Trust on behalf of the Trustees. The Chief Executive has authority, within the terms of delegation approved by the Trustees, for operational matters including finance, employment and programming.

The Trust is part of Scottish and UK based networks of leisure based organisations which means access to expert help and guidance on many aspects of operating leisure centres.

## **Key Management Personnel Remuneration**

The Trustees, Chief Executive (Acting), Head of Operations, Head of Assets and Development, and Head of Finance and Corporate Services make up the key management personnel of the Trust. Trustees are volunteers and give freely of their time. The total employee benefits of the paid key management personnel was £297,313 (2022/23, £337,957). These figures are also included within the totals in Note 5 to the accounts.

Details of trustee expenses and related party transactions are disclosed in Notes 5 and 13 to the accounts.

The Trust has a Conflict of Interest Policy and maintains an up to date register of interests. Trustees withdraw from decisions where a conflict of interest arises.



Staff pay and remuneration, including the senior management team, is set by Trustees. It is based on a national framework for job evaluation, called Croner. Annual pay awards are linked to the Scottish Joint National Council negotiating arrangements.

## Statement of Trustees' responsibilities

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under charity law, the trustees are responsible for preparing a Trustees' Annual Report and financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under that Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Approved by the Trustees on 30 September 2024 and signed on their behalf by:



**D H Thomson**  
Chairman

30 September 2024

# Independent Auditor’s Report

## Independent auditor’s report to the Trustees of Shetland Recreational Trust

### Opinion

We have audited the financial statements of Shetland Recreational Trust (the ‘charity’) for the year ended 31 March 2024 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 2024 and of its incoming resources and application of resources, 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 have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our 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 related to going concern

We draw attention to note 1 in the financial statements which indicates that Shetland Recreational Trust’s activities have been impacted by the level of grant funding required. The trustees have taken into account the funding and support required to 30 September 2025 including funds that are currently being applied for. Based on the Trust’s current financial position and budgets prepared, the trustees have concluded that while there is a reasonable expectation that the Trust has adequate financial resources to operate for the foreseeable future, it is subject to the additional funding. This represents a material uncertainty as the additional funds have not yet been secured. These events or conditions, along with other matters set out in note 1, indicate 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.

In auditing the financial statements, we have concluded that the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### 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. In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 where 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' annual 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 set out on page 13 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 liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks, that the charity operates in and how the charity is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the charity's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Data Protection Act 1998, Employment law and Health and Safety at Work Act 1974. We performed audit procedures to inquire of management whether the charity is in compliance with these law and regulations and inspected the clients risk register for controls in place as well as relevant policies and procedures and the Health and Safety Executive website. We tested payroll transactions and evaluated the compliance with associated employment and tax legislation.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

#### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
St Olaf's Hall  
Church Road  
Lerwick  
Shetland  
ZE1 0FD  
30 September 2024

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006



## Statement of financial activities

for the year ended 31 March 2024 (incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2024 £	Total funds 2023 £
<b>Income From:</b>					
Charitable activities:					
Leisure and recreation services	2	6,353,037	-	6,353,037	5,569,572
Donations and legacies	2	43,040	544	43,584	280,702
Investments		14,767	-	14,767	3,878
Other income	2	1,217	-	1,217	4,169
<b>Total</b>		<b>6,412,061</b>	<b>544</b>	<b>6,412,605</b>	<b>5,858,321</b>
<b>Expenditure on:</b>					
Charitable activities:					
Leisure and recreation services	3,11	(5,895,529)	(781,363)	(6,676,892)	(8,207,758)
<b>Total</b>		<b>(5,885,579)</b>	<b>(781,363)</b>	<b>(6,676,892)</b>	<b>(8,207,758)</b>
<b>Net Income/(Expenditure)</b>		<b>516,532</b>	<b>(780,819)</b>	<b>(264,287)</b>	<b>(2,349,437)</b>
<b>Transfer between Funds</b>		(4,944)	4,944	-	-
<b>Other recognised gains /(losses):</b>					
Actuarial gains/(losses) on defined benefit pension scheme	12	525,000	-	525,000	10,097,000
<b>Net movement in funds</b>		<b>1,036,588</b>	<b>(775,875)</b>	<b>260,713</b>	<b>7,747,563</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		5,174,100	21,673,191	26,847,291	19,099,728
<b>Total funds carried forward</b>	10	<b>6,210,688</b>	<b>20,897,316</b>	<b>27,108,004</b>	<b>26,847,291</b>

All activities arose from continuing operations. The unrestricted general fund includes the income and expenditure wholly and exclusively related to the running of the Trust's leisure centres. The £1 capital on formation is also included within the unrestricted general funds. The transfer between funds relates to an adjustment in respect of the funding of capital expenditure.


Governance costs are included in expenditure on Leisure and Recreation services.

## Balance sheet

as at 31 March 2024

	Note	2024	2024	2023
		£	£	£
<b>Fixed assets</b>				
Tangible assets	6		<b>20,897,316</b>	<b>21,673,191</b>
Total Fixed Assets			<b>20,897,316</b>	<b>21,673,191</b>
<b>Current assets</b>				
Stocks		11,870		13,833
Debtors	7	132,801		396,656
Cash at bank and in hand		1,004,722		572,553
Total Current Assets		<b>1,149,393</b>		983,042
<b>Liabilities</b>				
<b>Creditors: amounts falling due within one year</b>	8	(464,705)		(565,942)
Net current assets			684,688	417,100
<b>Total assets less current liabilities and net assets excluding pension asset</b>			<b>21,582,004</b>	<b>22,090,291</b>
Defined benefit pension scheme asset	12		<b>5,526,000</b>	<b>4,757,000</b>
<b>Total Net Assets</b>			<b>27,108,004</b>	<b>26,847,291</b>
<b>Funds</b>				
Unrestricted funds - general fund	10		<b>684,688</b>	<b>417,100</b>
pension fund	10		<b>5,526,000</b>	<b>4,757,000</b>
Total unrestricted funds	10		<b>6,210,688</b>	<b>5,174,100</b>
Restricted fund	11		<b>20,897,316</b>	<b>21,673,191</b>
<b>Total funds</b>			<b>27,108,004</b>	<b>26,847,291</b>

These financial statements were approved by the board of Trustees on 30 September 2024 and were signed on its behalf by:

  
**D H Thomson**  
 Chairman

The notes on pages 21 to 35 form part of these financial statements.

## Cash flow statement

for the year ended 31 March 2024

	2024 £	2024 £	2023 £	2023 £
<b>Net cash provided by operating activities</b> (see page 22)		<b>422,891</b>		(631,003)
<b>Cash Flows from Investing Activities:</b>				
Interest	<b>14,767</b>		3,878	
Purchase of property, plant and equipment	<b>(5,489)</b>		(12,553)	
<b>Net cash from investing activities</b>		<b>9,278</b>		(8,675)
<b>Net decrease in Cash and Cash Equivalents in the reporting period</b>		<b>432,169</b>		(639,678)
Cash and Cash Equivalents at the beginning of the reporting period		<b>572,553</b>		1,212,231
Cash and Cash Equivalents at the end of the reporting period		<b>1,004,722</b>		572,553

## Notes to the cash flow statement

Reconciliation of net expenditure to net cash flow from operating activities

	2024	2023
	£	£
<b>Net expenditure for the reporting period (as per the Statement of Financial Activities)</b>	<b>(264,287)</b>	<b>(2,349,437)</b>
<b>Adjustments for:</b>		
Depreciation charges	<b>781,363</b>	794,748
Pension costs less contributions payable	<b>(244,000)</b>	741,000
Interest	<b>(14,767)</b>	(3,878)
Decrease/(increase) in stocks	<b>1,963</b>	(2,174)
Decrease/(increase) in debtors	<b>263,856</b>	284,798
(Decrease)/increase in creditors	<b>(101,237)</b>	(96,060)
	<hr/>	<hr/>
<b>Net cash (outflow from)/used by operating activities</b>	<b>422,891</b>	<b>(631,003)</b>
	<hr/> <hr/>	<hr/> <hr/>

Analysis of Cash and Cash Equivalents	At 31 March	Cash flow		At 31 March
	2023			2024
	£	£	£	
Cash at bank and in hand	572,553	<b>432,169</b>	1,004,722	
	<hr/>	<hr/>	<hr/>	
<b>Total Cash and Cash Equivalents</b>	<u>572,553</u>	<u><b>432,169</b></u>	<u>1,004,722</u>	



## Notes

(forming part of the financial statements)

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust’s financial statements, except as noted.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards. They have been prepared to comply in all other respects with the provisions of the Trust Deed, Statement of Recommended Practice ‘Accounting and Reporting by Charities’ and the Charities Accounts (Scotland) Regulations 2006.

The functional currency of Shetland Recreational Trust is considered to be pounds sterling because that is the currency of the primary economic environment in which the charity operates. All figures within the financial statements are rounded to the nearest pound. Shetland Recreational Trust meets the definition of a public benefit entity under FRS102. The financial statements have been prepared in compliance with FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### **Going concern**

The financial statements have been prepared on the going concern basis, looking 12 months from the date of signing 30 September 2025. However there are conditions that represent doubt around the value of on-going revenue funding, which has not yet been confirmed and that the charity is dependent upon to maintain its current service level. This represents a material uncertainty which may cast significant doubt on the charity’s ability to continue as a going concern. The key points are as follows:

- The Trust continues to experience high costs, and on-going cost pressures, with limited ability to mitigate through increasing operating income.
- The Trust has limited access to external funding opportunities.
- The Trust identified some assets which could be offered for sale, should the need arise, to improve cash-flow in future years.
- The Shetland Charitable Trust has approved its new strategy for 2025-2030, which focuses on boosting wellbeing and reducing disadvantage across Shetland. Charities have been invited to submit an application for revenue funding under its large grant scheme, and Shetland Recreational Trust hope to work with the Shetland Charitable Trust to achieve both charities’ aims and future sustainability.
- Increased grant funding, the outcome of the current application will only be known in November 2024.

## Notes (continued)

The key assumptions underpinning the forecasts in the event of further challenges due to ongoing inflationary pressures or asset failure are:

- Provision of deficit funding up to £525,000 in 2024/25 from Shetland Charitable Trust.
- Ability to amend service provision as required within the funding available, with no financial penalty.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historical cost. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	over 50 years
Plant and equipment	over 3 – 5 years
Artificial Pitch,	over 20 years
Containers	over 30 years
Bike Shelter	over 20 years
Clickimin 60:40 facility	over 25 years
Climbing Wall	Over 15 years

No depreciation is charged on land.

Expenditure incurred on the acquisition of tangible fixed assets is capitalised irrespective of its value, except in respect of plant and equipment which is only capitalised above £5,000 with no grouping applied to purchases below this value. Gains and losses arising on disposals of fixed assets purchased from capital grants are credited or charged to restricted funds.

### **Grants receivable**

Grants receivable for the construction of tangible fixed assets, and the interest receivable on those grants pending deployment, with the exception of interest applied in meeting the mobilisation cost of fixed assets, are treated as construction capital. Grants receivable for specific revenue purposes, mainly running costs grants, are recognised as incoming resources to match the related running costs. Deferred income at the year-end represents revenue grants receivable for which authority has been received from the donor to retain to be used against expenditure incurred in future periods.

It is released to incoming resources only when the related expenditure has been incurred.

### **Centre operating income and investment income**

Income generated from the operation of the Trust’s leisure centres and investment income is recognised in the year in which it is receivable.

### **Expenditure**

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All of the expenditure incurred in connection

### **Notes (continued)**

with the operation of the Trust’s leisure centres, including related support and governance costs, is recorded as charitable activities.

### **Fund accounting**

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the Trust’s charitable objects.

Restricted income funds are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the provider of grant funding.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

### **Pension costs**

The Trust participates in the local government pension scheme operated by Shetland Islands Council. This scheme provides benefits based on career average pay. The assets of the scheme are held separately from those of the Trust in an independently administered fund.

Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. Current service costs are recorded within centre operating expenditure within resources expended. The net return obtained on scheme assets is recorded as investment income. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

### **Taxation**

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. There is no similar exemption for VAT.

### **Cash and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable within three months, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

**Notes** *(continued)*

**Measurement of Financial Assets and Liabilities**

The measurement bases and accounting policies used for financial instruments are:

Cash is measured at the value of the cash held and Bank deposits are measured as the cash amount of the deposit.

Debtors and creditors, including trade debtors (trade accounts and notes receivable) and trade creditors (trade accounts and notes payable), are measured at their settlement amount after any trade discounts (provided normal credit terms apply).

**Critical Accounting Estimates and Areas of Judgement**

The following judgements and estimates have had the most significant effect on the amount recognised in the financial statements.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. These are re-assessed and amended when necessary.



**Notes** *(continued)*

**2. Income**

	2024	2023
	£	£
<b>Restricted Funds</b>		
Other Grants and Donations	544	272,659
	<hr/>	<hr/>
<b>Sub Total: Restricted Funds</b>	<b>544</b>	<b>272,659</b>
	<hr/>	<hr/>
<b>Unrestricted Funds</b>		
<b>Income from Charitable Activity:</b>		
Grants from Shetland Charitable Trust	3,796,054	3,225,900
Operating income	2,555,312	2,331,699
Other – Insurance claims	23,299	-
Other	22,629	24,185
	<hr/>	<hr/>
<b>Sub Total: Income from Charitable Activity</b>	<b>6,397,294</b>	<b>5,581,784</b>
	<hr/>	<hr/>
Investment Income	14,767	3,878
	<hr/>	<hr/>
<b>Sub Total: Unrestricted Funds</b>	<b>6,412,061</b>	<b>5,585,662</b>
	<hr/>	<hr/>
Total Income	<b>6,412,605</b>	<b>5,858,321</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**3. Expenditure**

<b>Unrestricted funds</b>	<b>2024</b>	2023
Centre operating expenditure is analysed by type as follows:	<b>£</b>	<b>£</b>
Staff costs	<b>3,729,329</b>	3,790,094
Property management costs (including repairs and maintenance)	<b>892,763</b>	854,885
Heat, light and power	<b>1,021,387</b>	904,356
Other expenditure	<b>496,050</b>	850,016
	<hr/>	<hr/>
	<b>6,139,529</b>	6,399,351
	<hr/> <hr/>	<hr/> <hr/>
Centre operating expenditure is analysed by activity as follows:		
Clickimin Leisure Complex	<b>3,187,700</b>	3,246,468
Rural leisure centres	<b>2,092,932</b>	2,061,441
Planned maintenance programme	<b>826,595</b>	720,013
Other specific purposes	<b>32,302</b>	371,429
	<hr/>	<hr/>
	<b>6,139,529</b>	6,399,351
Net pension cost less contributions paid	<b>(17,000)</b>	606,000
Pension finance costs	<b>(227,000)</b>	135,000
	<hr/>	<hr/>
Total expenditure on unrestricted funds	<b>5,895,529</b>	7,140,351
Total expenditure on restricted funds	<b>781,363</b>	1,067,407
	<hr/>	<hr/>
<b>Total expenditure on charitable activities</b>	<b>6,676,892</b>	8,207,758
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**4. Governance costs**

	Unrestricted Fund 2024 £	Restricted Fund 2024 £	Total 2024 £	Total 2023 £
Allocation of staff and support costs	71,650	-	71,650	69,618
External auditors’ remuneration: Audit of these financial statements	19,233	-	19,233	16,993
	<u>90,883</u>	<u>-</u>	<u>90,883</u>	<u>86,611</u>

Governance costs of £71,650 (2023 £69,618) are included within staff costs (note 3).

**5. Staff numbers and costs**

	Unrestricted Fund £	Restricted Fund £	Total 2024 £	Total 2023 £
Wages and salaries	2,931,067	-	2,931,067	3,055,581
Social Security	230,350	-	230,350	249,261
Pension costs	315,652	-	315,652	1,250,384
Other	8,260	-	8,260	12,315
	<u>3,485,329</u>	<u>-</u>	<u>3,485,329</u>	<u>4,567,541</u>

The average number of employees paid during the year was 173 (2023: 185).

One employee (2023: *none*) received emoluments between £80,000 and £89,999, one employee (2023: *one*) received emoluments between £70,000 and £79,999 and two employees (2023: *two*) received emoluments between £60,000 and £69,999.

Retirement benefits are accruing to these employees under a defined benefit pension scheme.

**Redundancy and termination payments**

Statutory redundancy costs for the year were £7,395 (2023: *nil*), and were accounted for when paid. Redundancy costs were met from operating expenditure.

**Notes (continued)**

**Trustees’ remuneration**

Trustees received no remuneration from the Trust during the year (2023: nil).

No Trustees received any other benefits (2023: nil).

No travel expenses (2023: nil) were paid to Trustees during the year.

**Key Management Personnel**

Information on key management personnel is given on page 3.

**6. Tangible fixed assets**

	Freehold land and buildings £	Equipment and Vehicles £	Total £
<b>Cost</b>			
At 1 April 2023	37,577,113	2,314,897	39,892,010
Additions	5,489	0	5,489
Disposals	(64,847)	(115,806)	(180,653)
<b>At 31 March 2024</b>	<b>37,517,755</b>	<b>2,199,091</b>	<b>39,716,846</b>
<b>Depreciation</b>			
At 1 April 2023	15,931,819	2,287,000	18,218,819
Charge for the year	777,599	3,764	781,363
Disposals	(64,847)	(115,805)	(180,652)
<b>At 31 March 2024</b>	<b>16,644,571</b>	<b>2,174,959</b>	<b>18,819,530</b>
<b>Net book value</b>			
At 31 March 2024	<b>20,873,184</b>	<b>24,132</b>	<b>20,897,316</b>
At 31 March 2023	21,645,294	27,897	21,673,191

Depreciation on freehold land and buildings includes reimbursement of £10,535.80 in relation to the land element of our workshop at Gremista, which historically was not separated from buildings.

All fixed assets are used for charitable purposes. The assets comprising Clickimin Phase II, Scalloway Pool, South Mainland Pool and West Mainland Leisure Centre may not be disposed of without the permission of Shetland Charitable Trust and, if permission is forthcoming, these assets must be offered in the first instance to Shetland Charitable Trust, or their nominee, for nominal consideration.

**Notes (continued)**

**7. Debtors**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>100,298</b>	97,629
Recoverable VAT	-	-
Prepayments and accrued income	<b>32,503</b>	299,027
	<hr/> <b>132,801</b> <hr/>	<hr/> 396,656 <hr/>

**8. Creditors**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year		
Trade creditors	<b>204,792</b>	307,127
Social security costs and other taxes	<b>54,666</b>	57,111
Accruals and deferred income	<b>167,523</b>	169,961
VAT payable	<b>37,724</b>	31,743
	<hr/> <b>464,705</b> <hr/>	<hr/> 565,942 <hr/>

**9. Analysis of net funds**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fund balances at 31 March 2024 are represented by:			
Tangible fixed assets	-	20,897,316	20,897,316
Current assets	1,149,393	-	1,149,393
Current liabilities	(464,705)	-	(464,705)
Net pension asset/(liability)	5,526,000	-	5,526,000
	<hr/> <b>6,210,688</b> <hr/>	<hr/> <b>20,897,316</b> <hr/>	<hr/> <b>27,108,004</b> <hr/>
Total net assets (liabilities)			

**Notes (continued)**

**10. Unrestricted funds**

	<b>General Fund £</b>	<b>Pension Reserve £</b>	<b>Total Unrestricted Income Funds £</b>
At 1 April 2023	417,100	4,757,000	5,174,100
Net Income/(Expenditure)	516,532	-	516,532
Actuarial gains for the year	-	525,000	525,000
Transfer between unrestricted funds	(244,000)	244,000	-
Transfer to Restricted fund – fund capital expenditure	(4,944)	-	(4,944)
At 31 March 2024	<b>684,688</b>	<b>5,526,000</b>	<b>6,210,688</b>

**11. Restricted fund**

	<b>Capital £</b>	<b>2024 Total £</b>	<b>2023 Total £</b>
At 1 April	21,673,191	21,673,191	22,455,386
Income	544	544	272,659
Expenditure	(781,363)	(781,363)	(1,067,407)
Transfer- Unrestricted fund	4,944	4,944	12,553
At 31 March	<b>20,897,316</b>	<b>20,897,316</b>	21,673,191



**Notes** *(continued)*

**12. Employee Benefits**

The Trust participates in the Shetland Islands Pension Fund which provides benefits based on career average pay. The assets of the scheme are held separately from those of the Trust. The information disclosed below in respect of the Trust’s share of the assets and liabilities throughout the periods shown. The latest full actuarial valuation was carried out at 31 March 2023 and was updated for FRS 102 purposes to 31 March 2024 by a qualified independent actuary.

	<b>2024</b>	2023
	<b>£000</b>	£000
Present value of funded defined benefit obligations	<b>(17,630)</b>	(15,753)
Fair value of plan assets	<b>23,205</b>	20,558
	<hr/>	<hr/>
Present value of unfunded defined benefit obligations	<b>5,575</b>	4,805
	<b>(49)</b>	(48)
	<hr/>	<hr/>
Net asset/(liability)	<b>5,526</b>	4,757
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**12 Employee Benefits** (continued)

Movement in the present value of defined benefit obligation

	<b>2024</b>	2023
	£	£
At 1 April	<b>15,801</b>	24,909
Current service cost	<b>545</b>	1,115
Interest Cost	<b>759</b>	698
Actuarial losses/(gains)	<b>831</b>	(10,760)
Contributions by members	<b>135</b>	149
Benefits paid	<b>(392)</b>	(310)
	<hr/>	<hr/>
At 31 March	<b>17,679</b>	15,801
	<hr/> <hr/>	<hr/> <hr/>

Movement in the fair value of plan assets

	<b>2024</b>	2023
	£	£
At 1 April	<b>20,558</b>	20,310
Expected return on plan assets	<b>986</b>	563
Actuarial gains/(losses)	<b>1,356</b>	(663)
Contributions by employer	<b>562</b>	509
Contributions by members	<b>135</b>	149
Benefits paid	<b>(392)</b>	(310)
	<hr/>	<hr/>
At 31 March	<b>23,205</b>	20,558
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**12 Employee Benefits (continued)**

The expense is recognised in the following line items in the statement of financial activities:

	<b>2024</b>	2023
	<b>£000</b>	£000
Charitable activities: Leisure and recreational services	<b>(759)</b>	(698)

The total actuarial gain recognised in the other recognised gains and losses section of the statement of financial activities is a gain of £525,000 (2023: gain of £10,097,000).

The fair value and breakdown of plan assets was as follows:

	<b>2024</b>	2023
	<b>£000</b>	£000
Equities	<b>18,100</b>	17,680
Corporate bonds	<b>2,785</b>	617
Property	<b>2,088</b>	2,056
Cash	<b>232</b>	205
	<b>23,205</b>	20,558
	<b>23,205</b>	20,558

The expected rates of return on plan assets are determined by reference to the historical actual returns on the Fund as provided by the administering authority and index returns where necessary.

Principal actuarial assumptions (expressed as long term weighted averages) at the year-end were as follows:

	<b>2024</b>	2023
	<b>%</b>	%
Discount rate	<b>4.85</b>	4.75
Expected rate of return on plan assets	<b>15.0</b>	(0.5)
Future salary increase rate	<b>2.75</b>	3.05
Consumer Price Index (CPI) - pension increase rate	<b>2.75</b>	2.95
Retail Price Index (RPI)	<b>3.05</b>	3.15

## Notes (continued)

### 12 Employee Benefits (continued)

In valuing the liabilities of the pension fund at 31 March 2024, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.2 years (male), 23.4 years (female); and
- Future retiree upon reaching 65: 21.6 years (male), 25.2 years (female).

The assumptions in the previous accounting period were as follows:

- Current pensioner aged 65: 20.3 years (male), 22.7 years (female); and
- Future retiree upon reaching 65: 21.6 years (male), 24.8 years (female).

The Trust expects to contribute approximately £465,000 to its defined benefit plans in the next financial year to 31 March 2025.

The SRT is aware that the Court of Appeal has recently upheld a decision in the Virgin Media vs NTL Pensions Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgement means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government’s Actuary’s Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

### 13 Related parties

Transactions with Trustees are disclosed in note 5.

- A company, Anderson & Cluness, to which a Trustee, Mr I Cluness, is related was paid £631 (2023: nil) for painting materials.

No amount was due to or owed to related parties at the year end.

These transactions were managed through a specific decision of the Trust, taken in December 2014.

**Notes** (continued)

**14 Leases**

At the 31 March 2024, the Trust had outstanding commitments for future lease payments under operating leases, which fall due as follows:

	<b>2024</b>	2023
	<b>£</b>	£
Within one year	<b>12,669</b>	13,857
Between one and five years	<b>410</b>	4,070

The payments made in 2023/24 totalled £111,285 (2023 £14,004).

