

# **Shetland Recreational Trust**

Trustees' Report and Financial Statements

Registered number SC002179

31 March 2021

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## Report of the Trustees for the Year Ended 31 March 2021

The Trustees present their Annual Report and Financial Statements for the year ended 31 March 2021.

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-sixth Annual Report relates to the 2020/21 Accounts. The Annual Report is available on the Trust's 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.

### Objectives and Activities

The purpose of Shetland Recreational Trust is to provide leisure activity, with the aim of improving the lives of the inhabitants of Shetland. The Trust does this by running eight leisure centres and some outdoor facilities at:

- |                                 |                                |
|---------------------------------|--------------------------------|
| - Unst Leisure Centre           | - West Mainland Leisure Centre |
| - Yell Leisure Centre           | - Clickimin Leisure Complex    |
| - North Mainland Leisure Centre | - Scalloway Pool               |
| - Whalsay Leisure Centre        | - South Mainland Pool          |

Within each Centre a wide range of leisure and sporting activities are available.

The strategic objectives of the Trust are:

#### 1. Facilities

- Ensure physical assets are maintained in a safe and satisfactory condition
- Retain facilities in eight existing geographic communities
- 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
- 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
- Provide continuous and on-going assurance through audit functions

### A Review of our Achievements and Performance

At the start of the year, the Trust set out to maintain admission levels and opening hours.

The admissions target for 2020/21 was 613,000. The Trust achieved admissions of 249,370 which is 363,630 (59%) below target. This was due mainly to closures related to the COVID19 pandemic which meant

that the Trust was only open for seventeen weeks of the year, with various conditions in place including social distancing, cleaning protocols requiring gaps between users, and age restrictions on certain types of activities.

Interestingly however, the average number of admissions per week was 14,669, which is 2,409 more than our average weekly admissions target of 12,260.

The annual survey of customer satisfaction, due to be carried out over a two week period in February 2021, was not conducted, due to the ongoing COVID19 pandemic, with all centres closed at the time. We did however engage with the community on a number of developments including the development of an Adventure Land and Sensory Rooms, Bowls Hall usage and Subscriptions.

The Trust started 2020/21 with all facilities closed and staff furloughed, with only a skeleton staff remaining for essential tasks such as payroll. By July, with a low number of COVID19 cases in Shetland, some staff, including our Technical Services team, were brought back in to complete maintenance, refurbishment and development works, including:

#### Clickimin

- Flumes – refurbishment of the decayed concrete structure, allowing them to re-open;
- Privacy screening at the Toddler pool;
- New flooring and spectator seating at the pool;
- Refurbishment of the Changing Village;
- Development of the Digital Studio;
- Development of the Wellbeing Suite;
- Bowls Hall lights refurbishment;
- Remedial repairs to resolve a leak in the main pool;
- Replacement of the District Heating heat exchanger.

#### Rural Sites

- Replacement of hot water plant at the North Mainland facility, allowing it to reopen;
- Critical pool hall tiling repairs
- Essential maintenance to water treatment plant.

### **Financial Review**

The financial position of the Trust is set out on pages 14 to 16 of the financial statements.

Shetland Recreational Trust receives a significant proportion (about 59%) of its income by way of a grant from Shetland Charitable Trust.

The 2020/21 financial year has been a unique one due to the COVID19 pandemic, with the Trust being closed to customers for two thirds of the year and with restricted availability for the rest of the time. The Trust had originally budgeted to break-even but this was revised to a deficit of £65,402. This anticipated a reduction of £1.25m in customer income, extra income from the U.K. Government's Job Replacement Scheme (JRS) of £597,448 and expenditure savings of £650,348.

The Trust achieved a surplus of £424,972 for the year. Customer income was £61,906 in excess of the revised budget with expenditure being £181,718 more than budgeted. Income from the UK JRS Scheme at £880,438 was £282,990 in excess of budget due mainly to the extension of the scheme until the year end. There were other COVID19 support grants of £25,000 from the Coronavirus Business Support Fund and £169,000 from the Strategic Framework Business Fund. The insurance claim for the North Mainland Centre roof was finalised with £103,075 received.

A pension fund charge of £459,000 has been made against unrestricted funds.

The overall net expenditure on unrestricted funds was £34,028.

A depreciation charge of £865,041 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 expenditure of £899,069.

The Trust recognised actuarial losses of £3,042,000 on its pension scheme arrangements accounted for in accordance with FRS 102, giving a closing net pension liability of £7,659,000.

At 31 March 2021, the Trust has an overall funds balance, for restricted and unrestricted funds, of £16,280,045.

The financial statements have been prepared on the going concern basis. The Trust has agreed a four year funding arrangement with its main funder Shetland Charitable Trust. The grant for 2021/22 has increased for the first time since 2015/16 and with indicative increases of 2.5% in the following years. The Shetland Charitable Trust has also made available a fund of £0.6m in 2021/22 to compensate for reductions in customer income due to ongoing COVID19 restrictions.

Beyond the strategic risks identified, and set out below, there are no known material uncertainties likely to impact on the continued operation of the Trust. The key assumptions underpinning the forecasts in the event of further closures either due to Government restrictions or asset failure at Clickimin are:

- Continued support of the Shetland Charitable Trust and Shetland Islands Council.
- Ability to replace any lost income or reduce costs.

These risks are mitigated by the Risk Management Strategy.

### **Risk Management**

The Trust has a new Risk Management Strategy, approved as part of its Business Plan 2021/22-24/25 on 24 February 2021. The strategy identifies the following strategic risks:

- Governance-Failure to ensure effective governance arrangements are in place;
- Financial-Inability to manage the financial activity of the Trust;
- External factors-Inability to adapt to changes in the working environment, and
- Operational-Failure to effectively manage the operational activity of the Trust.

Trustees regularly review the Risk Register in place to mitigate the identified risks to reassure themselves that the control measures are adequate to a reasonable extent.

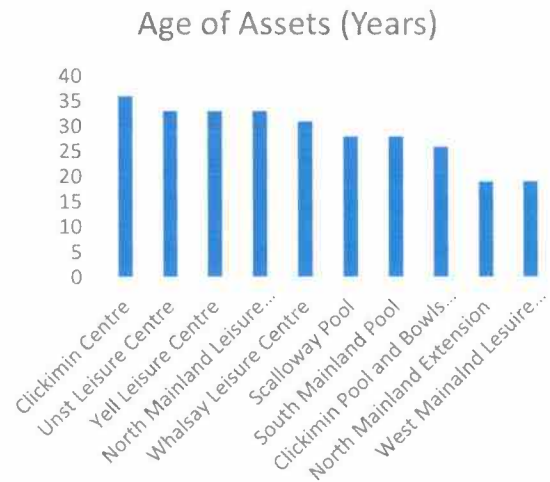
Specific policy objectives are in place to promote a positive risk management and a health and safety culture. Trustees regularly review performance information on the application of the approved policies and procedures.

The safety of service users is paramount. The Trust has in place a suite of operating policies, procedures, risk assessments and ongoing training to ensure that the Trust operates safely at all times. The Trustees expect that sporting accidents and injuries will occur, due to the nature of the business, and they focus their attention, through regular performance reports, on any lessons learned or improvements required.

The timing and impact on operations associated with the maintenance or alteration of current facilities and/or the construction of new facilities is directly managed by the Head of Assets through appropriate project management arrangements.

The age profile of the Trust's assets is set out below.

Facility	Opened	Age
Clickimin Centre	1985	36
Unst Leisure Centre	1988	31
Yell Leisure Centre	1988	33
North Mainland Leisure Centre	1988	33
Whalsay Leisure Centre	1990	31
Scalloway Pool	1993	28
South Mainland Pool	1993	28
Clickimin Pool and Bowls Hall	1995	26
North Mainland Extension	2002	19
West Mainland Leisure Centre	2002	19



The Trust approved its Asset Management Strategy on 19 February 2020. The strategy identifies the following objectives:

- To deliver improvements that are sustainable and represent best value;
- Continue to maintain facilities in line with statutory standards;
- Provide good quality facilities to meet the changing needs of our stakeholders and customers;
- To achieve continuous improvement in all asset-related services through effective performance management and benchmarking;
- Ensure funding is maximised and to deliver value for money and identify efficiency savings wherever possible;
- To improve the energy efficiency of our assets in order to reduce operational costs and contribute to the wider sustainability agenda; and
- To ensure that stakeholder and customer consultation is effective, allowing views to be heard and actions applied accordingly.

The annual maintenance programme is created using information in the 30-year Asset Renewal and Maintenance Plan, which includes comprehensive condition surveys. 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 Fund and the Pension Reserve.

The Trust's Reserves Policy, which relates to the unrestricted reserves was approved in September 2018. The stated intention of this policy is that the Trust is working towards securing adequate reserves to meet current and potential future needs and aspirations as follows:

- To hold in reserve in a General Reserve Fund funds up to the value of £1m, to meet the costs of:
  - in year deficits on the revenue account;
  - unforeseen and unfunded maintenance costs which also impact on the operation of the centres;
  - fixed costs, likely to be mainly staffing and operational costs, which need to be met in the short term as a result of any significant changes to funding levels from core funders and contracts.



- To hold in reserve in a Facility Reserve funds of between £1.3 and £1.4m, to:
  - assist in the maintenance and development of facilities in line with the recent condition survey.

The unrestricted funds balance, excluding pension liabilities, is £749,157, an increase of £439,995, which is made up of the following balances:

<b>Unrestricted Funds Balances</b>	<b>Opening Balance 1 April 2020</b>	<b>Movement in Year</b>	<b>Closing Balance 31 March 2021</b>
	£	£	£
General Reserve	50,962	355,407	406,369
Partnership Development Fund	5,266	-	5,266
Facility Reserve	<u>252,934</u>	<u>84,588</u>	<u>337,522</u>
<b>Total</b>	<b><u>309,162</u></b>	<b><u>439,995</u></b>	<b><u>749,157</u></b>

The new gym and reception was largely completed in 2018/19 but the retention still remains outstanding. There are a number of issues that are under discussion and it is not yet clear how much, if anything, will be paid. No provision has been made in these accounts for it.

The North Mainland swimming pool roof insurance settlement was finalised in the year with £69,565 put to the Facility Reserve and £33,510 included in the General Reserve.

The Facility Reserve also includes an adjustment of £15,023 in respect of historic capital funding.

The £7,659,000 defined benefit pension scheme liability represents the net deficit on the Trust's share of the assets and liabilities of the Shetland Islands Council Pension Fund on an FRS 102 valuation basis as at 31 March 2021. This valuation is subject to the actuarial assumptions used, as explained in note 12 to the financial statements. This long-term liability, which does not fall due in any one year, will be serviced by the annual pension contributions which are due at the rate determined by the scheme actuaries every three years.

### Plans for the Future

The initial planned objective for 2020/21 was to provide a wide range of leisure and sports activities, opportunities and facilities at eight locations throughout Shetland, with the key service objective to achieve admissions to all facilities of 613,000. Due to the COVID19 pandemic and the closure of the Trust's facilities from 17 March 2020, the Trust's planned objectives were rendered redundant.

As the potential for further lockdown persists with the spread of new variants, and the on-going requirement for social distancing when open remains, the Trust has taken a cautious approach in planning for 2021/22.

Our objectives for 2021/22 include:

- Admissions (excluding spectators) – 490,400
- Attendances at courses and classes – 57,200
- Groups with block bookings – 120
- Deliver Supported Leisure Schemes, Otago sessions and Healthy Programme
- Increase % of adult population involved in physical activity and sport

Other plans for 2021/22 include:

- Creation and roll out of new Subscription Scheme, in line with customer feedback received during specific focus groups, and a Shetland wide survey monkey;
- Completion of funding applications for capital maintenance requirements in line with the Shetland Charitable Trust Capital Maintenance Fund; and
- Ongoing preliminary and/or feasibility work on a number of development projects including Unst Pods and Clickimin Leisure Complex improvements.

### **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 ten 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, Head of Operations, Head of Assets & Business Development, and Finance Manager 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 £300,088 (2019/20, £259,715). This amount includes benefits in relation to the General Manager who retired on 31 August 2020. There was a termination payment of £36,339 made in the year. 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.



### Reference and Administrative Information

Details of the current Trustees at the date of this report, and changes in Trustees during the year and since the year end, are shown below together with the name of the current Chief Executive and the Trust's current advisers.

Trustees:	G Barnes (started 9 December 2020) A S Civico I Cluness (started 9 December 2020) B Cumming (started 9 December 2020) S Fox G P Keith A Y Leask B J Leask D Leask (started 9 December 2020) N A Martin (left 9 December 2020) K McMillan (started 9 December 2020) E H Robinson M Summers (started 9 December 2020) D H Thomson L R Williamson (left 9 December 2020)
General Manager:	James R Johnston (retired 31 August 2020)
Chief Executive:	Steven Laidlaw (started 8 June 2020)
Principal address:	Clickimin Leisure Complex Lochside Lerwick Shetland ZE1 0PJ
Bankers:	Virgin Money 106 Commercial Street Lerwick Shetland ZE1 0JJ
Solicitors:	Harper Macleod LLP St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD
Auditor:	RSM UK Audit LLP St Olaf's Hall Church Road Lerwick Shetland ZE1 0FD

### **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 13 September 2021 and signed on their behalf by:



**B J Leask**  
Chairman

13 September 2021

## **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 2021 which comprise the 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 2021 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.

### **Conclusions relating to going concern**

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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 10 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 Coronavirus Act 2020, the charity's governing document and tax compliance 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 and charity law, inspecting board minutes and confirming there had been no correspondence with OSCR or tax authorities and evaluating advice received from internal/external advisors. We tested payroll transactions and furlough claims and evaluated the compliance with associated employment and tax legislation.

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 client's risk register for controls in place as well as relevant policies and procedures. We tested payroll transactions and furlough claims and evaluated the compliance with associated employment and tax legislation.

The audit engagement team identified the risk of management override of controls and 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*

RSM UK Audit LLP

Statutory Auditor

Chartered Accountants

St Olaf's Hall

Church Road

Lerwick

Shetland

ZE1 0FD

Date 14 September 2021

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 2021 (incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
<b>Income From:</b>					
Charitable activities:					
Leisure and recreation services	2	3,833,834	-	3,833,834	4,999,865
HMRC Job Retention Scheme	2	880,438	-	880,438	27,808
Donations and legacies	2	219,771	-	219,771	40,712
Investments		1,372	-	1,372	4,631
Other income	2	103,075	-	103,075	-
<b>Total</b>		<b>5,038,490</b>	<b>-</b>	<b>5,038,490</b>	<b>5,073,016</b>
<b>Expenditure on:</b>					
Charitable activities					
Leisure and recreation services	3,11	(5,072,518)	(865,041)	(5,937,559)	(6,685,361)
<b>Total</b>		<b>(5,072,518)</b>	<b>(865,041)</b>	<b>(5,937,559)</b>	<b>(6,685,361)</b>
<b>Net Income/(Expenditure)</b>		<b>(34,028)</b>	<b>(865,041)</b>	<b>(899,069)</b>	<b>(1,612,345)</b>
<b>Transfer between Funds</b>		15,023	(15,023)	-	-
<b>Other recognised gains /(losses):</b>					
Actuarial gains/(losses) on defined benefit pension scheme	12	(2,583,000)	-	(2,583,000)	1,638,000
<b>Net movement in funds</b>		<b>(2,602,005)</b>	<b>(880,064)</b>	<b>(3,482,069)</b>	<b>25,655</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		(4,307,838)	24,069,952	19,762,114	19,736,459
<b>Total funds carried forward</b>	10	<b>(6,909,843)</b>	<b>23,189,888</b>	<b>16,280,045</b>	<b>19,762,114</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 in previous years.

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

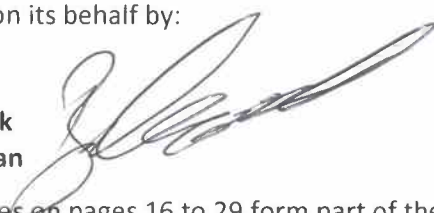


**Balance sheet**  
as at 31 March 2021

	Note	2021	2021	2020
		£	£	£
<b>Fixed assets</b>				
Tangible assets	6		<b>23,189,888</b>	<b>24,054,929</b>
			<hr/>	<hr/>
Total Fixed Assets			<b>23,189,888</b>	<b>24,054,929</b>
<b>Current assets</b>				
Stocks		13,466		20,749
Debtors	7	108,194		66,018
Cash at bank and in hand		1,033,435		487,588
			<hr/>	<hr/>
Total Current Assets		<b>1,155,095</b>		574,355
<b>Liabilities</b>				
<b>Creditors: amounts falling due within one year</b>	8	(405,938)		(250,170)
			<hr/>	<hr/>
Net current assets			749,157	324,185
			<hr/>	<hr/>
<b>Total assets less current liabilities and net assets excluding pension liability</b>			<b>23,939,045</b>	<b>24,379,114</b>
Defined benefit pension scheme liability	12	(7,659,000)		(4,617,000)
			<hr/>	<hr/>
<b>Total Net Assets</b>			<b>16,280,045</b>	<b>19,762,114</b>
			<hr/> <hr/>	<hr/> <hr/>
<b>Funds</b>				
Unrestricted funds - general fund	10		749,157	309,162
- pension fund	10		(7,659,000)	(4,617,000)
			<hr/>	<hr/>
Total unrestricted funds	10		<b>(6,909,843)</b>	<b>(4,307,838)</b>
Restricted fund	11		<b>23,189,888</b>	<b>24,069,952</b>
			<hr/>	<hr/>
<b>Total funds</b>			<b>16,280,045</b>	<b>19,762,114</b>
			<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of Trustees on 13 September 2021 and were signed on its behalf by:

**B J Leask**  
**Chairman**



The notes on pages 16 to 29 form part of these financial statements.

**Cash flow statement**

for the year ended 31 March 2021

	2021	2021	2020	2020
	£	£	£	£
<b>Net cash provided by operating activities</b>		<b>544,475</b>		<b>(89,220)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest	<b>1,372</b>		4,631	
Purchase of property, plant and equipment	-		(71,881)	
<b>Net cash from investing activities</b>	<u>1,372</u>	<b>1,372</b>	<u>(67,250)</u>	<b>(67,250)</b>
<b>Net increase in Cash and Cash Equivalents in the reporting period</b>		<u><b>545,847</b></u>		<u><b>(156,470)</b></u>
Cash and Cash Equivalents at the beginning of the reporting period		<b>487,588</b>		644,058
Cash and Cash Equivalents at the end of the reporting period		<u><b>1,033,435</b></u>		<u><b>487,588</b></u>

**Notes to the cash flow statement**

**Reconciliation of net income / (expenditure) to net cash flow from operating activities**

	<b>2021</b>	<b>2020</b>
	£	£
Net income/(expenditure) from operating activities	<b>(1,973,507)</b>	(1,640,153)
Income from COVID19 support grants	<b>1,074,438</b>	27,808
	<hr/>	<hr/>
<b>Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)</b>	<b>(899,069)</b>	(1,612,345)
<b>Adjustments for:</b>		
Depreciation charges	<b>865,041</b>	870,110
Pension costs less contributions payable	<b>459,000</b>	761,000
Interest	<b>(1,372)</b>	(4,631)
Decrease in stocks	<b>7,283</b>	88
(Increase)/Decrease in debtors	<b>(42,176)</b>	14,117
Increase/(Decrease) in creditors	<b>155,768</b>	(117,559)
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>544,475</b>	(89,220)
	<hr/> <hr/>	<hr/> <hr/>

<b>Analysis of Cash and Cash Equivalents</b>	<b>At 31 March 2020</b>	<b>Cash flow</b>	<b>At 31 March 2021</b>
	£	£	£
Cash at bank and in hand	453,581	<b>559,960</b>	1,013,541
Bank	34,007	<b>(14,113)</b>	19,894
	<hr/>	<hr/>	<hr/>
<b>Total Cash and Cash Equivalents</b>	<b><u>487,588</u></b>	<b><u>545,847</u></b>	<b><u>1,033,435</u></b>

## 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 below.

#### 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 effects of COVID19 have meant a reduction in income for the organisation going forward. The anticipated level of trading income is approximately 70% of normal demand from April 2021 and assumes some degree of restriction due to COVID19. The Shetland Charitable Trust has made available a contingency fund of £0.6m that the Trust can claim during 2021/22 to mitigate the lower levels of customer income. The Shetland Charitable Trust has also agreed a four year revenue funding arrangement with an increased grant in 2021/22 and indicative grants for three further years, increasing by 2.5% each year. The Shetland Charitable Trust has also announced a £12m capital maintenance fund, although the amounts available to the Trust are not yet determined.

The level of trading income earned and expenditure required, particularly maintenance expenditure and future Shetland Charitable Trust support for reductions in trading income have been assessed, and Trustees have taken into account the additional funding and support indicated to 2025. Based on the Trust's current financial position and budgets prepared, the Trustees have concluded that there is a reasonable expectation that the Trust has adequate financial resources to operate for the foreseeable future. Accordingly, the financial statements of the Trust have been prepared on a going concern basis.

#### 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, Containers	over 20 years
Clickimin 60:40 facility	over 25 years
Climbing Wall	over 15 years

## Notes (continued)

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 construction capital.

### 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 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.

## Notes (continued)

### **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.

### **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.

### **Contingent Liability**

There may be further payments required in relation to capital works that have not been provided for. At this time, it is not possible to ascertain the amount as it is subject to independent review.



**Notes (continued)**

**2 Income**

	2021	2020
	£	£
<b>Restricted Funds</b>		
Other Grants and Donations	-	40,712
	<hr/>	<hr/>
<b>Sub Total: Restricted Funds</b>	<b>-</b>	<b>40,712</b>
	<hr/>	<hr/>
<b>Unrestricted Funds</b>		
<b>Income from Charitable Activity:</b>		
Grants from Shetland Charitable Trust	2,972,802	2,972,802
Operating income	844,973	2,015,940
HMRC Job Retention Scheme	880,438	27,808
Other grants – COVID19 support	194,000	-
Other – Insurance claim	103,075	-
Other	41,830	11,123
	<hr/>	<hr/>
<b>Sub Total: Income from Charitable Activity</b>	<b>5,037,118</b>	<b>5,027,673</b>
	<hr/>	<hr/>
Investment Income	1,372	4,631
	<hr/>	<hr/>
<b>Sub Total: Unrestricted Funds</b>	<b>5,038,490</b>	<b>5,032,304</b>
	<hr/>	<hr/>
Total Income	<b>5,038,490</b>	<b>5,073,016</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**3 Expenditure**

<b>Unrestricted funds</b>	<b>2021</b>	<b>2020</b>
Centre operating expenditure is analysed by type as follows:	<b>£</b>	<b>£</b>
Staff costs	<b>3,200,864</b>	3,249,669
Property management costs (including repairs and maintenance)	<b>651,570</b>	781,516
Heat, light and power	<b>481,557</b>	649,577
Other expenditure	<b>279,527</b>	373,489
	<hr/>	<hr/>
	<b>4,613,518</b>	5,054,251
	<hr/> <hr/>	<hr/> <hr/>
Centre operating expenditure is analysed by activity as follows:		
Clickimin Leisure Complex	<b>2,430,704</b>	2,597,475
Rural leisure centres	<b>1,312,955</b>	1,522,675
Planned maintenance programme	<b>866,518</b>	906,437
Other specific purposes	<b>3,341</b>	27,664
	<hr/>	<hr/>
	<b>4,613,518</b>	5,054,251
Net pension cost less contributions paid	<b>349,000</b>	616,000
Pension finance costs	<b>110,000</b>	145,000
	<hr/>	<hr/>
Total expenditure on unrestricted funds	<b>5,072,518</b>	5,815,251
Total expenditure on restricted funds	<b>865,041</b>	870,110
	<hr/>	<hr/>
<b>Total expenditure on charitable activities</b>	<b>5,937,559</b>	6,685,361
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**4 Governance costs**

	Unrestricted Fund 2021 £	Restricted Fund 2021 £	Total 2021 £	Total 2020 £
Allocation of staff and support costs	60,225	-	60,225	51,870
Trustees' expenses	-	-	-	121
External auditors' remuneration: Audit of these financial statements	12,500	-	12,500	12,500
	<u>72,725</u>	<u>-</u>	<u>72,725</u>	<u>64,491</u>

Governance costs of £60,225 (2020 £51,870) are included within staff costs (note 3).

The Trust also paid the external auditor £840 (2020 nil) in respect of tax advisory services.

**5 Staff numbers and costs**

	Unrestricted Fund £	Restricted Fund £	Total 2021 £	2020 £
Wages and salaries	2,504,990	-	2,504,990	2,665,325
Social Security	193,039	-	193,039	186,470
Pension costs	925,364	-	925,364	1,134,495
Other	36,471	-	36,471	24,379
	<u>3,659,864</u>	<u>-</u>	<u>3,659,864</u>	<u>4,010,669</u>

The average number of employees paid during the year was 165 (2020: 190) who carried out the administration and operation of the Trust.

No employees (2020: one) received emoluments between £80,000 and £89,999, none between £70,000 and £79,999 (2020: none) and one employee (2020: one) between £60,000 and £69,999. Retirement benefits are accruing to these employees under a defined benefit pension scheme.

**Trustees' remuneration**

The Trustees received no remuneration from the Trust during the year (2020: nil).

No travel expenses (2020: £121) were paid to Trustees (2020: two Trustees) during the year.

**Key Management Personnel**

Information on key management personnel is given on page 8.

Notes (continued)

**6 Tangible fixed assets**

	Freehold land and buildings £	Equipment and Vehicles £	Total £
<b>Cost</b>			
At 1 April 2020	37,508,800	2,312,334	39,821,134
Additions	-	-	-
<b>At 31 March 2021</b>	<b>37,508,800</b>	<b>2,312,334</b>	<b>39,821,134</b>
<b>Depreciation</b>			
At 1 April 2020	13,561,944	2,204,261	15,766,205
Charge for the year	788,976	76,065	865,041
<b>At 31 March 2021</b>	<b>14,350,920</b>	<b>2,280,326</b>	<b>16,631,246</b>
<b>Net book value</b>			
At 31 March 2021	<b>23,157,880</b>	<b>32,008</b>	<b>23,189,888</b>
At 31 March 2020	23,946,856	108,073	24,054,929

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>2021</b>	<b>2020</b>
	£	£
Trade debtors	<b>23,786</b>	36,990
Recoverable VAT	<b>20,148</b>	-
Prepayments and accrued income	<b>64,260</b>	29,028
	<hr/>	<hr/>
	<b>108,194</b>	66,018
	<hr/> <hr/>	<hr/> <hr/>

**8 Creditors**

	<b>2021</b>	<b>2020</b>
	£	£
Amounts falling due within one year		
Trade creditors	<b>159,388</b>	170,261
Social security costs and other taxes	<b>41,554</b>	46,719
Accruals and deferred income	<b>204,996</b>	14,399
VAT payable	-	18,791
	<hr/>	<hr/>
	<b>405,938</b>	250,170
	<hr/> <hr/>	<hr/> <hr/>

**9 Analysis of net funds**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
	£	£	£
Fund balances at 31 March 2021 are represented by:			
Tangible fixed assets	-	23,189,888	23,189,888
Current assets	1,155,095	-	1,155,095
Current liabilities	(405,938)	-	(405,938)
Net pension liability	(7,659,000)	-	(7,659,000)
	<hr/>	<hr/>	<hr/>
<b>Total net assets (liabilities)</b>	<b>(6,909,843)</b>	<b>23,189,888</b>	<b>16,280,045</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**10 Unrestricted funds**

	General Fund £	Pension Reserve £	Total Unrestricted Income Funds £
At 1 April 2020	309,162	(4,617,000)	(4,307,838)
Net Expenditure	(34,028)	-	(34,028)
Actuarial losses for the year	-	(2,583,000)	(2,583,000)
Transfer between unrestricted funds	459,000	(459,000)	-
Transfer to Restricted fund	15,023	-	15,023
	<u>749,157</u>	<u>(7,659,000)</u>	<u>(6,909,843)</u>
At 31 March 2021	<u>749,157</u>	<u>(7,659,000)</u>	<u>(6,909,843)</u>

**11 Restricted fund**

	Capital £	2021 Total £	2020 Total £
At 1 April	24,069,952	24,069,952	24,868,181
Income	-	-	40,712
Expenditure	(865,041)	(865,041)	(870,110)
Transfer- Unrestricted fund	(15,023)	(15,023)	31,169
	<u>23,189,888</u>	<u>23,189,888</u>	<u>24,069,952</u>
At 31 March	<u>23,189,888</u>	<u>23,189,888</u>	<u>24,069,952</u>

**12 Employee Benefits**

The Trust participates in the Shetland Islands Council 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 is 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 2020 and was updated for FRS 102 purposes to 31 March 2021 by a qualified independent actuary.

	2021 £000	2020 £000
Present value of funded defined benefit obligations	(25,593)	(18,988)
Fair value of plan assets	17,994	14,427
	<u>(7,599)</u>	<u>(4,561)</u>
Present value of unfunded defined benefit obligations	(60)	(56)
	<u>(7,659)</u>	<u>(4,617)</u>
Net (liability)	<u>(7,659)</u>	<u>(4,617)</u>



**Notes (continued)**

**12 Employee Benefits (continued)**

Movement in the present value of defined benefit obligation

	<b>2021</b>	2020
	£	£
At 1 April	<b>19,044</b>	20,744
Current service cost	<b>721</b>	1,072
Interest Cost	<b>444</b>	530
Actuarial (gains)/losses	<b>5,591</b>	(3,141)
Contributions by members	<b>129</b>	131
Benefits paid	<b>(276)</b>	(292)
	<hr/>	<hr/>
At 31 March	<b>25,653</b>	19,044
	<hr/> <hr/>	<hr/> <hr/>

Movement in the fair value of plan assets

	<b>2021</b>	2020
	£	£
At 1 April	<b>14,427</b>	15,250
Expected return on plan assets	<b>334</b>	385
Actuarial (losses)/gains	<b>3,008</b>	(1,503)
Contributions by employer	<b>372</b>	456
Contributions by members	<b>129</b>	131
Benefits paid	<b>(276)</b>	(292)
	<hr/>	<hr/>
At 31 March	<b>17,994</b>	14,427
	<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>2021</b>	2020
	<b>£000</b>	£000
Charitable activities: Leisure and recreational services	<b>(444)</b>	(530)

The total actuarial gain recognised in the other recognised gains and losses section of the statement of financial activities is a loss of £2,583,000 (2020: gain of £1,638,000).

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

	<b>2021</b>	2020
	<b>£000</b>	£000
Equities	<b>14,575</b>	11,253
Corporate bonds	<b>1,440</b>	1,154
Property	<b>1,799</b>	1,731
Cash	<b>180</b>	289
	<b>17,994</b>	14,427

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>2021</b>	2020
	<b>%</b>	%
Discount rate	<b>2.05</b>	2.30
Expected rate of return on plan assets	<b>28.4</b>	(7.30)
Future salary increase rate	<b>2.80</b>	2.30
Consumer Price Index (CPI) - pension increase rate	<b>2.80</b>	1.80
Retail Price Index (RPI)	<b>3.20</b>	2.70

**Notes (continued)**

**12 Employee Benefits (continued)**

In valuing the liabilities of the pension fund at 31 March 2021, 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: 20.8 years (male), 23.1 years (female); and
- Future retiree upon reaching 65: 22.3 years (male), 25.3 years (female).

The assumptions in the previous accounting period were as follows:

- Current pensioner aged 65: 21.4 years (male), 23.2 years (female); and
- Future retiree upon reaching 65: 22.7 years (male), 25 years (female).

The Trust expects to contribute approximately £368,000 to its defined benefit plans in the next financial year to 31 March 2022.

**13 Related parties**

Transactions with Trustees are disclosed in note 5.

Two Trustees are involved in businesses which provide goods and services to the Trust in line with normal commercial trading activity. During 2020/21:

- a company, GTS Central Ltd, to which a Trustee, Mr L R Williamson, is related was paid £4,088 (2020: £6,107) for general office supplies and personal protective equipment up until 9 December 2020 when Mr Williamson left, and
- a company, Anderson & Cluness, to which a Trustee, Mr I Cluness, is related was paid £130 for painting materials from 9 December 2020 when Mr Cluness commenced as a trustee.

No amount was due to Anderson & Cluness at the year end and no amount was owed to the Trust by either party.

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

**14 Leases**

At the 31 March 2021, the Trust had outstanding commitments for future lease payments under operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	<b>4,690</b>	7,688
Between one and five years	<b>12,931</b>	7,446

The payments made in 2020/21 totalled £7,912 (2020 £12,534).