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**REPORT****To:** Shetland Charitable Trust

13 September 2012

**From:** Financial Controller**Report:** CT1209036**Shetland Charitable Trust  
Annual Report and Accounts for the year to 31 March 2012****1. Introduction**

- 1.1 The Annual Report and Accounts for the year to 31 March 2012, which follow as Appendix A, are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

**2. Commentary**

- 2.1 Appendix B contains my summary of the accounts. The first page shows the financial movements in the year. The first section headed up "fund managers" shows the effect of the slowdown in the recovery in the world's markets in 2011/12, with a modest return of £6.1 million in the year. The Trust's investments in shares were down, but investments in commercial property and bonds were up.
- 2.2 The local investments continue to do well, returning £3.2 million on a portfolio of about £35 million. They consist of SLAP's leasing and property portfolio, the land at Sullom Voe Terminal and the District Heating Scheme infrastructure.
- 2.3 Expenditure for 2011/12 included a one off grant of £288,000, effectively funded from prior year's income, after taking this into account the underlying expenditure was within the target level of £11 million. A lot of further information on charitable activities is provided in the Annual Report.
- 2.4 The second sheet of Appendix B shows a balance sheet as at 31 March 2012 with previous years as comparisons. The managed funds show a small decrease, so overall net assets stand at £216.9 million. This is a satisfactory position, considering the recent headlines on banks and the Euro, and is close to the long term target of having net assets of £220 million.
- 2.5 Appendix C is a letter of representation to KPMG from Trustees, which is required to complete the audit.



2.6 Appendix D is a report from KPMG LLP, which summarises the work by the auditors.

2.7 Appendices C and D are not to hand at the point of sending the meeting papers to Trustees. They will be circulated as they are available.

### **3. Financial Implications**

3.1 Investment returns in 2011/12 have fallen slightly short of spending, and this means that the level of net assets is below the level of to the long run target. However, the shortfall is not significant and is probably simply due to the normal volatile nature of the world's markets.

### **4. Recommendations**

4.1 Trustees are asked to:-

- a) approve the Annual Report and Accounts for the year to 31 March 2012;
- b) authorise the Chairman and Vice Chairman to sign the accounts;
- c) authorise the Chairman to sign the Letter of Representation attached as Appendix C, and
- d) note the summary report from KPMG LLP, the Trust's auditors, attached as Appendix D.

Reference: JPG/em/TA2  
Date: 3 September 2012

Report Number CT1209036

**Appendix A**  
CT1209036

**Shetland Charitable Trust**

Trustees' report and consolidated  
financial statements

Charity number SC027025

31 March 2012

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## Chair's introduction

As the new Chair of Shetland Charitable Trust, I would like to record my pride and pleasure in taking the job. I have only been in post for a little over four months as I write this, but it has been a very hectic period! The inbox on my arrival at the Trust offices had two very big items in it.

The first one was the Viking Energy investment decision. This had been delayed for a variety of reasons, and it could not wait; a big job for a body with over 50% new members. It is a matter of pride that trustees came up to the mark, and made a decision in an extremely professional manner.

Now we are moving on to dealing with reorganising the Trust to comply with the appropriate legislation, and in conformation with OSCR's strictures. We have a great deal of work by the outgoing Trustees on this one, and I am confident that we will arrive at a conclusion which we will defend against all comers.

The Trust has been a vital part of Shetland's social infrastructure from its earliest days. It will continue to be in the long term, and given the likely long term decline in public budgets country wide, ever more so. We are working to ensure that.

For me, a part of the satisfaction is in the welcome I got when I took up the post. The Trust has first rate staff, entirely dedicated to the Trust. I find their support invaluable, and thank them for it. I would also like to give credit to management and to outgoing Trustees for getting expenditure down to a more sustainable level. I fear that more will have to be done in what seems likely to be a difficult coming period, but I have confidence in our capacity to meet the challenge.

Finally, I would like to offer my gratitude and thanks to the outgoing Chair. Bill Manson has worked hard and faithfully to steer the Trust over what was a time of turbulence and radical change. We would not be in the position we are in today were it not for his efforts.

Drew Ratter  
Chair

13 September 2012

## Trustees' Report

### *Section 1: Reference and Administrative Details*

**Name** Shetland Charitable Trust  
**Scottish Charity Number** SC027025  
**Address** 22-24 North Road, Lerwick, Shetland, ZE1 0NQ

#### **Trustees**

William Andrew Ratter, Chair (appointed 10 May 2012)  
Jonathan Witney Garriock Wills, Sundside, Bressay Vice Chair (resigned 15 December 2011, re-appointed 9 May 2012)  
Leslie Angus, 12 Lovers Loan, Lerwick (resigned 2 May 2012)  
Laura Florence Baisley, 2 Effstigarth, Herra, Mid Yell (resigned 2 May 2012)  
Malcolm John Bell, Edgcott, 34 St Olaf Street, Lerwick (appointed 10 May 2012)  
James Budge, Bigton Farm, Bigton (resigned 2 May 2012)  
Mark Robert Burgess, Mayburn Cottage, Ladysmith Road, Scalloway (appointed 21 May 2012)  
Peter James Campbell, 8 Sandyloch Drive, Lerwick (appointed 10 May 2012)  
Gary Kenneth Cleaver, 1 Hillsgarth Baltasound, Unst (appointed 15 May 2012)  
Alexander Jamieson Cluness, 5 Twageos Road, Lerwick (resigned 15 December 2011)  
Alastair Thomas James Cooper, Linga, Mossbank  
Steven William Coutts, Glenlea, Weisdale (appointed 14 May 2012)  
Adam Thomas Doull, Islesburgh, Sullom (resigned 2 May 2012)  
Allison George Leslie Duncan, 1 Hillock, Dunrossness  
William Fox, Brennek, Quarff (appointed 21 May 2012, resigned 3 July 2012)  
Elizabeth Laureen Fullerton, Valdur, Bridge End, Burra (resigned 2 May 2012)  
Florence Barbara Grains, Hoove, Whiteness (resigned 2 May 2012)  
Iris Jean Hawkins, 48 Sycamore Avenue, Scalloway (resigned 30 September 2011)  
Robert Simpson Henderson, Maraberg, Cullivoe, Yell  
James Herculeson Henry, 17 Murrayston Lerwick (resigned 2 May 2012)  
Andrew James Hughson, Brunthamarsland House, Girlsta (resigned 2 May 2012)  
Robert Walter Hunter, Millburn, Bridge End, Burra (appointed 5 December 2011)  
Andrea Isobel Manson, Greystones, Brae (appointed 11 May 2012)  
William Henry Manson, Mangaster, Sullom (resigned 2 May 2012)  
Caroline Helen Janette Miller, Heogan, Bressay (resigned 2 May 2012)  
Richard Chadsey Nickerson, Ringan, Bigton (resigned 2 May 2012)  
Valerie Margaret Lillias Nicolson, Midgarth, Twageos Road, Lerwick  
Frank Andrew Robertson, Columbus, Selivoe, Bridge of Walls  
Gary Robinson, 17 Burnside, Lerwick  
David Alexander Sandison, Bonhoga 7 Castle Street, Scalloway (appointed 5 January 2012)  
Joseph Gilbert Simpson, Brucefield, Symbister, Whalsay (resigned 2 May 2012)  
John Hamilton Scott, Keldabister Banks, Bressay (resigned 30 November 2011)  
Cecil Laing Smith, 1 Westerloch Crescent, Lerwick (resigned 28 June 2012)  
Malcolm George Smith, Breasclete, Sandwick (appointed 9 May 2012)  
Theodore George Cameron Smith, Stenquoy, Wormadale, Whiteness (appointed 10 May 2012)  
Michael William Stout, Kirkabister, Bressay, (appointed 21 May 2012)  
Amanda Joan Westlake, Maya Dacha, 41 Burgh Road, Lerwick (appointed 9 May 2012)  
Allan Sinclair Wishart, Seafiel Lodge, Lower Sound, Lerwick (appointed 11 May 2012)  
Vaila Wishart, Eden Cottage, Setter, Burra (appointed 11 May 2012)

## Trustees' Report *(continued)*

<b>Chief Executive (formerly General Manager)</b>	Dr Ann Black		
<b>Financial Controller</b>	Jeff Goddard CA, PhD, BSc		
<b>Bankers</b>	Bank of Scotland 117 Commercial Street Lerwick ZE1 0DL		
<b>Auditor</b>	KPMG LLP 37 Albyn Place Aberdeen AB10 1JB		
<b>Solicitors - Governance and Charity Law</b>	Turcan Connell Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE	<b>Commercial</b>	Maclay Murray and Spens Quartermile One 15 Lauriston Place Edinburgh EH3 9EP
<b>Investment Managers</b>	Insight Investment Management (Global) Limited 160 Queen Victoria Street, London, EC4V 4LA		
	Blackrock Global Investors Limited Drapers Gardens 12 Throgmorton Avenue London EC2N 2DL		
	Schroders Property Managers 31 Gresham Street London EC2V 7QA		
<b>Custodian</b>	The Northern Trust Company 50 Bank Street Canary Wharf London E14 5NT		
<b>Investment Consultant</b>	Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB		
<b>Investment Monitor</b>	WM Limited 525 Ferry Road Edinburgh EH5 2AW		

## **Trustees' Report** *(continued)*

### **Section 2: Structure, Governance and Management**

#### **Governing Document**

The Shetland Charitable Trust was established by a Deed of Trust on 10 September 1997, and registered in the Books of Council and Session on 24 September 1997.

The Trust Deed appoints Trustees, states the charitable purposes of the Trust and also sets out the powers of the Trustees.

#### **Charitable Status**

The Trust appears in the Scottish Charity Register, number SC027025, maintained by the Office of the Scottish Charity Regulator (OSCR). In addition, any tax reliefs received by the Trust are overseen by HM Revenue and Customs (HMRC). The Trust has to demonstrate to both these regulators, on an ongoing basis, that its activities remain charitable, and in the case of OSCR, generate public benefit.

#### **Trustees – Appointment, Induction and Training**

The Trust has up to twenty four Trustees, twenty two Councillors of Shetland Islands Council as individuals, the Lord Lieutenant of Shetland and the Head Teacher of the Anderson High School. All are appointed ex officio, that is to say by virtue of their positions in the community. A list of names and addresses of Trustees can be found on page 2.

Trustee training is provided as appropriate. New Trustees receive induction training. From time to time, Trustees receive reports on their roles and responsibilities, in line with guidance from OSCR.

At a meeting on 15 December 2011, Trustees agreed to change the governance arrangements of the Trust, in particular the composition of the Trustee body. A Reorganisation Scheme has been submitted to OSCR, and has been accepted. The Scheme Schedule proposes a new body of fifteen Trustees, each of whom must be principally resident in the Shetland Islands. The Trustee body will be made up of eight appointed Trustees recommended by a selection panel and appointed by the Trustees, and seven Councillor Trustees who are elected members of, and appointed by, Shetland Islands Council.

#### **Management and Administration**

The Trust is managed and administered by a team of eight directly employed staff. The Chief Executive's role is to ensure that the charitable activities carried out by the Trust are carried out in furtherance of its purposes, represent value for money and complement the needs and aspirations of the community, as the primary beneficiaries of the Trust, all in accordance with the Trust Deed and the law. This post has recently been re-designated from General Manager, to reflect the increasingly strategic nature of the role. The Financial Controller is responsible for the effective management of the Trust's liquid resources. This includes ensuring that charitable status is retained and putting in place effective investment policies. Some specialist services are purchased from other providers, under various service level agreements.

The Trust's procedures are governed by a set of Administrative Regulations. This public document has been updated to reflect the changes in administration and is available through the Trust's website, [www.shetlandcharitabletrust.co.uk](http://www.shetlandcharitabletrust.co.uk).

#### **Complementary Services**

Shetland Charitable Trust is an independent organisation, free to carry out its charitable activities either alone or in partnership with any other party it so wishes. Given the unique position of the Shetland Islands, the Trust recognises and keeps up to date with the strategic direction of Shetland Islands Council and complements, if and when appropriate, the work of Shetland Islands Council by remaining aware of the overall direction, strategy and service needs required for this community.



## Trustees' Report *(continued)*

### Subsidiary Companies

The activities of the four wholly owned subsidiary companies of the Trust are reviewed in Section 5. The Trust as the only member nominates all the directors as follows:

<b>Shetland Leasing and Property Developments Limited (SLAP)</b>	James Henry – Chair William Manson – Vice Chair Alexander Cluness (resigned 15 December 2011) Adam Doull Allison Duncan Iris Hawkins (resigned 28 September 2011) Robert Henderson Caroline Miller
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<b>Shetland Heat Energy and Power Limited (SHEAP)</b>	Gary Robinson – Chair Richard Nickerson – Vice Chair Allison Duncan Robert Henderson James Henry
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<b>C. T. Shetland (T. M.) Limited (non-trading)</b>	William Manson - Chair Florence Grains Iris Hawkins (resigned 28 September 2011) James Henry
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<b>Viking Energy Limited</b>	William Manson – Chair Alastair Cooper Caroline Miller
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### Risk Management

Trustees regularly review the major risks to which the charity is exposed, and believe that the steps taken to mitigate these risks are suitable and reasonable.

A review was undertaken by a Working Group of Trustees, which reported to the Trust in March 2011. This identified 33 risks which may impact on the business of the Trust. In this review, two have been classified as “red”, 12 as “amber” and 19 as “green”, depending on the likelihood of occurrence and the severity of the impact should it occur. Priority will be given to dealing with any issue which has a high likelihood of occurring and a significant impact on service delivery should it occur. Only two “red” risks were identified. Both were in the area of conflict of interest and compliance with charity law, an area which is under constant review. Further reviews have been carried out at officer level, and no significant changes have been identified to the level of risk to which the Trust is exposed.

### Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

## Trustees' Report *(continued)*

### Section 3: Objectives and Activities

#### Objects of Trust (extracted from the Trust Deed)

The Trustees shall hold the Trust Fund at their sole discretion to make grants or loans with or without interest out of the income or capital of the Trust Fund for any purpose which in the opinion of the Trustees are solely in the interests of the area administered by the local or other governmental authority for the time being of the Shetland Islands or of the inhabitants of the said area (hereinafter referred to as "the community") and provided that any such grant or loan is for charitable purposes; declaring that without prejudice to the generality of the foregoing such grants or loans may be made for the following purposes:

- (a) In carrying out developments on or in connection with the said area calculated to promote the welfare of the community;
- (b) in encouraging and assisting the holding of meetings of members of the community for purposes of recreation, instruction or education;
- (c) in improving, maintaining and encouraging the improvement and maintenance of means of communication in the said area, and in particular by (i) building or improving or maintaining ports, harbours, piers, roads, bridges and aerodromes; (ii) hiring or chartering or purchasing and operating any boat, ship, vessel, aeroplane or any kind of land, sea or air vehicle; (iii) laying or maintaining telephone and telegraph wires or cables, whether on land or under the sea; and (iv) installing and operating stations for wireless and television;
- (d) in promoting directly or indirectly the development of any industry or industries among the community for its benefit in any manner in which the Trustees consider desirable;
- (e) in promoting directly or indirectly the development of agriculture among the community for its benefit;
- (f) in encouraging the education of the community by such means as the Trustees may consider desirable;
- (g) in improving the medical service to the community by such means as the Trustees may consider desirable;
- (h) in the preservation and improvement of the said area in the manner which in the opinion of the Trustees is most conducive to promoting the said area for the benefit of the community and of the Nation;
- (i) in the founding, endowing and equipping of schools, colleges, institutions, laboratories, experimental stations, libraries, sports centres, welfare centres or technical education centres for the community;
- (j) in encouraging the study and practice of any useful branch of human knowledge by the provision of buildings, equipment or otherwise as the Trustees may consider desirable;
- (k) in the doing of all such other things as are incidental to any of the foregoing purposes:

declaring further that no act of the Trustees shall be deemed to be ultra vires by reason only that individuals or bodies who do not form part of the community may or will benefit indirectly by such act.

#### Priorities

In their corporate plan, Trustees have identified a number of priorities which link to the objects. Priority will be given to supporting projects and activities which:

1. contribute to a balanced provision of public services within Shetland [*all objects*]
2. support services to people in need [*object (a), (g), (i)*]
3. support services for the elderly [*object (a), (i)*]
4. support services for children and young people [*object (a), (b), (f), (i)*]
5. contribute to maintaining and developing Shetland's environment [*object (a), (h)*]
6. contribute to diversifying Shetland's economic base [*object (a), (c), (d), (i)*]
7. contribute to the removal of the so-called "dependency culture" [*object (a), (b), (c), (d), (f), (i), (j)*]
8. support employment in rural areas [*object (c), (d), (e), (i), (j)*].

The Trust's corporate plan is a public document and is available from the Trust's offices.

## **Trustees' Report** *(continued)*

### **Shetland Islands Council**

In furtherance of its charitable activities narrated in the Trust Deed, the Trust endeavours to "top up" public services, in line with the community's needs, which are complementary to those provided by national and local taxation.

The Trust wishes to ensure that the charitable activities it carries out are appropriate and complementary to those activities carried out by Shetland Islands Council. This is done through dialogue with our Service Co-ordinators (see below).

Rather than employ people who are experts in particular fields, the Trust seeks advice from senior managers in the Council as to what activities it might carry out for the public benefit of the inhabitants of Shetland. These managers are referred to as Service Co-ordinators and their role is to determine:

- the strategic service framework within which any bid for funding from the Trust should be considered;
- an appropriate level and standard of service to be provided and express that in a Service Statement or Service Level Agreement (as appropriate);
- the appropriate cost at which to buy that service with due regard to comparable information and funding from other sources; and
- an appropriate monitoring and evaluation framework to ensure that services are being delivered to the required standard.

This ensures that the two organisations follow the same strategic direction and avoids any duplication of effort in assessing if projects or activities are suitable for funding. The Service Co-ordinators provide professional advice, with the final decision to support a project or activity lying with the Trustees.

### **Grant Making Policy**

The Trust is generally a strategic funding body providing funding for other organisations to carry out its charitable activities and only undertakes a small amount of "direct" charitable activity in the Shetland community itself. The Trust can only give grants or loans in furtherance of its charitable purposes narrated in the Trust Deed and where a benefit to the Shetland community is clearly demonstrable.

### **Funded Bodies – Performance Monitoring**

Any grant recipient is subject to "Performance Monitoring". During the application process, applicants must give details of what activities they provide in the community, who they benefit and what difference they make to life in Shetland. The Trust's staff monitor the actual performance of the funded bodies against those described in the relevant application form, and report exceptions to Trustees.

## Trustees' Report *(continued)*

### Financial Objectives

Trustees agreed in 2002 to move the Trust's financial planning onto a triennial basis (from the annual basis used previously), in an attempt to smooth out the effect of fluctuations in the Trust's income (principally derived from the world's investment markets). Significant reductions were made in charitable and administrative expenditure in the three year period to 31 March 2006. The three year period to 31 March 2009 was largely spent in consolidating the financial position of the Trust.

In the three year period ending on 31 March 2012, Trustees agreed that expenditure needed to be reduced by a further £1.2 to £11 million pa to comply with the Trust's long term strategy of 'self sustainability', ie only spending the (average) growth in the fund after inflation, and so preserving the real value of the capital sum. Trustees set the budget for 2010/11 at £11 million, and so reached their target a year early. This completed a process started in 2002 and the Trust is at last back in financial balance in line with the long term strategy of "self-sustainability". The outturn for 2011/12 is also below the £11 million target.

Trustees have agreed to continue with the long-term financial strategy of passing the "pot" on to future generations, and so limiting annual expenditure to the average growth on the investments above inflation. Trustees agreed to set budgets of no more than £11 million for each of the next three years, 2012/13, 2013/14 and 2014/15. Many of the organisations funded have been granted three year funding packages, comprising "standstill" grants for the three years to 31 March 2015.

### Budgets

Each year the Trustees adopt a budget for the incoming financial year. Details of the initial budget approved by Trustees are given in column 1 of the tables on pages 10 and 11. Some variations are approved during the year, and these are shown in Column 2 of the tables. The Trustees usually debate the annual budget in public. Most charitable disbursements are also considered in public. The main exceptions are grants to specific individuals, where the names and addresses are kept confidential, in order to preserve the privacy and dignity of the grantees.

### Minutes

The public minutes of all meetings of the Trustees, together with the relevant reports, may be inspected during office hours, at the Trust's office at 22-24 North Road, Lerwick. The public minutes are also available electronically through the trust's website, [www.shetlandcharitabletrust.co.uk](http://www.shetlandcharitabletrust.co.uk).

## Section 4: Achievements and Performance

### Service Plan

Trustees have approved a Service Plan, which sets out a description of what the Trust does for the people in this community, to help to improve their quality of life. The Service Plan is presented as three elements, as follows:

- looking after the Trust, by protecting the assets and keeping proper accounts (this is mostly achieved by Trustee monitoring and the operation of an appropriate system of internal controls);
- investing funds wisely, to earn money but also to maintain the Trust's capital value (investment performance for the year is reviewed in Section 5); and
- providing funding for additional services to the people of Shetland, beyond that which you would normally expect to receive from statutory agencies (see below).

During the year to 31 March 2012, the Trust provided grant assistance to the following organisations towards the cost of providing a range of social, leisure, cultural, heritage and environmental activities:

- |                               |                                      |
|-------------------------------|--------------------------------------|
| • Citizens Advice Bureau      | • Shetland Arts                      |
| • COPE Ltd                    | • Shetland Befriending Scheme        |
| • Couple Counselling Shetland | • Shetland Churches Council Trust    |
| • Disability Shetland         | • Festivals: Fiddle and Accordion    |
| • Festivals: Folk Festival    | • Voluntary Action Shetland          |
| • Shetland Link-up            | • Shetland Recreational Trust        |
| • Shetland Amenity Trust      | • Shetland Youth Information Service |
| • The Swan                    |                                      |

## Trustees' Report *(continued)*

The Trust allows organisations which it funds to hold small reserves for unforeseen items and to help with cash flow issues, rather than them having to return all unspent balances to the Trust.

The Trust has worked with the organisations funded to develop a system of service performance reporting. Trustees considered a progress report on service performance in November 2011, which set out, in detail, how the Trust's money makes a difference to people and communities. In the main, Trustees were satisfied that most organisations were performing satisfactorily against their stated targets, and there were no significant areas of concern.

The Trust also supports a range of charitable projects and schemes, as set out below:

- Christmas Grant to Pensioners and Disabled Persons
- Development Grant Aid Scheme
- Community Support Grant Aid Scheme
- Arts Grant Aid Scheme
- Sheltered Housing Heating
- Senior Citizen's Clubs
- Supported employment
- Rural Care Model
- Shetland Field Studies Service
- Local Charitable Organisations
- Social Assistance Grants
- Bus Services Elderly and Disabled

Following discussions with HM Revenue and Customs, the Trust modified the Christmas Grant Scheme from 2009 to better target the grants towards those in financial need.

Over the years, the Trust has invested in a range of community facilities and equipment and has in place a planned maintenance programme to ensure that the buildings, equipment and other assets are well maintained and in good condition. The facilities and assets include:

- leisure centres in Unst, Yell, Brae, Aith, Whalsay, Scalloway and Sandwick
- the Clickimin Complex in Lerwick
- rural care centres in Unst, Yell, Whalsay, Brae, Walls and Levenwick
- the Garrison Theatre in Lerwick
- the New Museum and Archives in Lerwick
- Market House, the Voluntary Resource Centre in Lerwick
- Various offices and other buildings for local charities
- The Swan, heritage sailing vessel

In addition to these routine maintenance costs, the Trust has agreed to pay for the replacement of the roofs on the swimming pools at Sandwick and Scalloway. Sandwick has been replaced this year, and Scalloway is to be replaced in 2012/13.

When the Mareel project was planned, the Trust, although not funding the capital costs, agreed to make a one-off grant of up to £100,000 to assist with mobilisation costs. This grant was claimed in 2011/12.

The Trust also made a one-off grant of £288,000 to COPE, to assist with their running costs. This grant was funded from income received from the Shetland Development Trust, so is not counted against the £11 million target for the year.

The detail of how much money is spent on these charitable programmes is shown in tabular format on pages 10 and 11. The tables show six columns, the original budget, changes to the budget agreed by Trustees during the year, actual spend during the year and any variances at the year end. The final column gives a comparison with the previous year.

### Financial Performance

In 2008/09, Trustees set a three year financial policy for the years up to 31 March 2012, which required Trustees to reduce expenditure by £1.2 million to £11 million per annum by 31 March 2012. This policy was set against a background of spectacular falls in share values in 2007 and 2008. Fortunately there was a strong bounce back in the year to 31 March 2010, which showed returns (income and capital growth) of over £50 million, the Trust's best ever year. 2010/11 and 2011/12 have been quieter years, with overall investment returns being around £13.9 million (about 6%) and £9.3 million (about 4%), respectively. The Trust's target is to be self-sustaining with net investable assets of £220 million (in March 2015 money). Despite the modest returns from the world's markets, the good performance of the local investments meant that at 31 March 2012, the Trust was close to the target.

## Trustees' Report *(continued)*

Details of the activities and performance of the Trust's subsidiary companies are provided in Section 5 of this report. In summary, SLAP and SHEAP have generated profits for the Trust in 2011/12, with SLAP performing particularly well. The rentals from the land at the Sullom Voe terminal also made a useful contribution.

The Trust continues to review its own management and administration costs. These have fallen from over £900,000 in 2002/03 to under £600,000 in 2011/12 partly due to the introduction of service level agreements with the Shetland Islands Council for the provision of agreed, specific, expert work, as negotiated by the Trust's independent management. Furthermore, the Trust staff has gradually reduced from 11 in 2005/06 to 7.4 full time equivalents in 2011/12.

### **Charitable Expenditure**

*Year to 31 March 2012*

	Original Budget £	Vire/ enhance £	Current budget £	Actual spend to 31 March £	year to date variance £	2011 spend £
<b><u>Trusts over £0.5m</u></b>						
Shetland Amenity Trust	1,052,728	-	1,052,728	1,052,728	-	1,052,728
Shetland Arts Development Agency	696,038	36,180	732,218	732,218	-	696,038
Shetland Recreational Trust	2,583,392	-	2,583,392	2,583,392	-	2,518,550
<b><u>Other Charitable Organisations</u></b>						
Disability Shetland Recreation Club	12,641	-	12,641	12,641	-	12,641
The Swan Trust	44,650	-	44,650	44,650	-	48,900
VAS - New Shetlander	670	-	670	670	-	670
Shetland Churches Council Trust	54,075	-	54,075	54,075	-	54,075
Shetland Youth Information Service	188,840	-	188,840	188,840	-	188,840
Shetland Befriending Scheme	54,418	-	54,418	54,418	-	54,418
Citizens Advice Bureau	147,383	-	147,383	147,383	-	132,265
COPE Limited	154,967	-	154,967	154,967	-	329,967
Couple Counselling Shetland	12,000	-	12,000	12,000	-	12,000
Shetland Link Up	47,994	-	47,994	47,994	-	47,994
Voluntary Action Shetland	144,367	-	144,367	144,367	-	144,367
VAS ICT replacement	-	-	-	-	-	19,750
Festival Grants	30,000	-	30,000	30,000	-	30,000
Local Charitable Organisations	14,000	-	14,000	7,552	6,448	12,572
Women's Royal Voluntary Service	47,622	-	47,622	47,622	-	47,622
Alternative Psychological Therapies	-	26,212	26,212	-	26,212	641
<b>Sub Total Organisations</b>	<b>5,285,785</b>	<b>62,392</b>	<b>5,348,177</b>	<b>5,315,517</b>	<b>32,660</b>	<b>5,685,726</b>
<b><u>Schemes</u></b>						
Community Development Grants	14,272	(1,250)	13,022	10,539	2,483	12,826
Community Support Grants	72,321	1,250	73,571	73,571	-	73,180
Arts Grant Scheme	35,000	-	35,000	34,380	620	26,715
Sheltered Housing Heating	25,500	-	25,500	25,500	-	25,500
Senior Citizens Clubs	23,000	-	23,000	14,974	8,026	17,809
Support to Rural Care Model	2,491,000	-	2,491,000	2,491,000	-	2,491,000
Social Assistance Grants	35,000	-	35,000	14,588	20,412	25,177
Buses for Elderly and Disabled	49,980	-	49,980	49,980	-	51,960
Supported Employment	8,000	-	8,000	7,469	531	7,179
<b>Sub Total Schemes</b>	<b>2,754,073</b>	<b>-</b>	<b>2,754,073</b>	<b>2,722,001</b>	<b>32,072</b>	<b>2,731,345</b>
<b><u>Direct Schemes</u></b>						
Springfield	1,500	-	1,500	2,085	(585)	1,467
Christmas grant Scheme	487,000	-	487,000	453,768	33,232	482,041
Planned Maintenance	1,605,428	-	1,605,428	1,604,605	823	1,285,920
<b>Sub Total Direct Schemes</b>	<b>2,093,928</b>	<b>-</b>	<b>2,093,928</b>	<b>2,060,458</b>	<b>33,470</b>	<b>1,769,428</b>

## Trustees' Report *(continued)*

### One-Off Projects

Fire Upgrades in Rural Care Homes	-	-	-	-	-	184,476
CLAN 123	-	-	-	-	-	250,000
Sandwick Swimming Pool Roof	-	200,000	200,000	170,634	-	-
COPE Limited	-	288,000*	288,000*	288,000*	-	-
Shetland Arts Development Agency	100,000	-	100,000	100,000	-	-
Joint Legal advice	20,000	12,020	7,980	7,980	-	-
<b>Sub Total One-Off Projects</b>	<b>120,000</b>	<b>475,980</b>	<b>595,980</b>	<b>566,614</b>	<b>29,366</b>	<b>434,476</b>
Surplus Grants Refunded	-	-	-	(38,735)	38,735	-20,034
<b>Sub-total charitable expenditure</b>	<b>10,253,786</b>	<b>538,372</b>	<b>10,792,158</b>	<b>10,625,855</b>	<b>166,303</b>	<b>10,319,254</b>
Trust Administration, including governance costs	539,760	12,020	551,780	567,567	(15,787)	518,518
<b>Total</b>	<b>10,793,546</b>	<b>550,392</b>	<b>11,343,938</b>	<b>11,193,422</b>	<b>157,985</b>	<b>10,837,722</b>

\* Funded from income received from Shetland Development Trust, so is not counted against the £11 million target

Total charitable expenditure and administration costs are shown before adjustment for pension adjustments under FRS 17 totalling £36,000, and reallocation of governance costs, as detailed in Note 2 to the financial statements.

## Trustees' Report *(continued)*

### **Section 5: Financial Review**

#### **Growth and Unrestricted Funds**

The Trust relies chiefly on funds generated by investments on the world's markets. Around £6.1 million was generated in 2011/12. In addition, in 2011/12, around £3.2 million income was derived from investments in Shetland, valued at around £35 million, in SLAP, the land at Sullom Voe Terminal and the District Heating Scheme infrastructure.

The Trust Deed does not require the Trust to distinguish between revenue and capital (income or expenditure), and all of the Trust's funds are 'unrestricted' (see below). These two things together mean that although the general funds are shown as being in deficit in the statutory accounts, there are no practical consequences flowing from this.

#### **Reserves Policy**

The policy of the Trustees is to invest the reserves of the Trust to generate income to support charitable expenditure and to maintain the real value of the reserves in the long term. The current value (as at 31 March 2012) of the Trust's reserves that are invested to generate income (ie not the 'Donated Properties') is around £213 million, which covers current levels of expenditure for around 19 years.

Trustees seek to control risk through proper diversification and take advice, as appropriate, in determining the mix of asset types in its investments.

None of the Trust's funds are for restricted purposes. Trustees are free to determine how to apply their Unrestricted Reserves in a manner consistent with the Trust objectives and in line with its Budget Strategy.

#### **Investment Performance**

The Trust's capital has been invested by the Trustees in three main areas:

- Shares and other securities quoted on the world's Stock Exchanges
- Cash on deposit
- Subsidiary companies

#### Stock Exchanges

As at 31 March 2012, three fund managers managed the Trust's Stock Exchanges portfolio. Blackrock Global Investors (formerly Barclays Global Investors) manage around £101 million invested in equities (shares), Insight Investment manage around £52 million in bonds, and Schroders Property Managers manage around £21 million in commercial property.

Representatives from the Trust's fund managers visit Shetland yearly in May and report to a meeting of the Trustees. In addition, a Trustee, normally the Chairman, accompanies the Financial Controller on monitoring visits. These take place yearly in November.

A separate firm, Northern Trust, is retained by the Trust to provide custody services. Another independent firm, W M Limited, provides performance appraisal and analysis of the fund managers' handling of the portfolio. A representative of this company visits Shetland at least once a year, and reports to the Trustees at the May meeting attended by the fund managers.

The Trust uses Hymans Robertson as Investment Consultants. Hymans Robertson provides data and advice to help Trustees on strategic investment strategy (asset allocation) decisions, and on Fund Manager selection.

#### Cash on Deposit

The Trust has entered into a Service Level Agreement with Shetland Islands Council whereby the Trust has access to the money markets at a level which it may not have been able to achieve on its own. Surplus cash has achieved at least base rate by this mechanism.



## Trustees' Report *(continued)*

### Subsidiary Companies

Shetland Leasing and Property Developments Limited (SLAP) is a wholly owned subsidiary of the Trust. Its main activity is the purchasing, developing and letting of about 30 properties throughout Shetland. SLAP gift aids its profits to the Trust. The property portfolio is valued at £20 million and it generated rental income of over £2.5 million in 2011/12. The Board of Directors resolved to make a gift aid payment of £3.1 million to the Trust in the financial year 2011/12. This mechanism means that neither body pays tax on the profits.

Shetland Heat Energy and Power Limited (SHEAP), is a wholly owned subsidiary of the Trust, set up to operate the Lerwick District Heating Scheme. SHEAP has over 1,100 customers receiving heat. The Board of Directors resolved to make a gift aid payment of £339,000 to the Trust in the financial year 2011/12.

Viking Energy Limited is a 100% owned subsidiary of the Trust. The Trust has invested £3.42 million at 31 March 2012. It is presently investigating a very large wind farm project in central Shetland. Planning consent was granted by the Scottish Ministers for a 103 turbine site windfarm on 4 April 2012.

C.T. Shetland (T.M.) Limited does not trade. The purpose of the company is to register and own certification trademarks, for example, the knitwear trademark known as *the Shetland Lady*.

### Decisions about Investments

When the Trustees make decisions about investing the Trust's capital, the law requires them to seek appropriate advice and act as reasonably prudently as commercial investors would. An investor is concerned with various criteria when investing money; these include rate of return (dividends / income / rent / interest earned), capital growth, and just how safe the money is. This applies whether the investments are on a Stock Exchange, or when they involve local assets. Investment, wherever it is made, involves using Trust funds wisely so as to produce income and to increase the value of those funds. To do this properly the Trust has to act commercially. It cannot "act charitably" towards its investments. Trustees reviewed their long term investment strategy in 2011.

### **Current Financial Position**

As described in Section 3 above, the Trust agreed in 2002 that in future Trustees would update its financial policy and set new budget strategies on a triennial basis. Trustees set a financial policy for the three years to 2011/12, of reducing expenditure by £1.2 million to £11 million per annum over that period. This target was achieved a year early. Trustees re-affirmed their long term financial strategy of self-sustainability in June 2011 and set a new three year financial plan of setting budgets of no more than £11 million in each of the next three financial years, 2012/13, 2013/14 and 2014/15.

## **Trustees' Report** *(continued)*

### **Section 6: Plans For The Future**

#### **Trustees**

On 3 July 2012 OSCR approved the Reorganisation Scheme referred to in Section 2. Work will be ongoing to implement the Scheme.

#### **Financial Position**

During the course of the three year plan covering the period until 31 March 2012, Trustees have achieved their objective of financial self-sustainability, but will be monitoring their income and expenditure very closely going ahead to ensure that the Trust's resources remain in balance.

#### **Investment Strategy**

Trustees have to balance the higher average return but higher variation in annual returns of shares with the lower but more consistent average annual returns of other assets suitable for an institutional investor. After considering appropriate advice, Trustees have continued with an investment strategy based on a 50% shares:50% non-shares approach. Trustees have considered the legal, financial and ethical aspects of various possible socially responsible investment mechanisms. Trustees have agreed to a policy of engagement on these issues with investee companies, through the fund managers.

**Drew Ratter**  
*Chair*

13 September 2012

## **Statement of trustees' responsibilities in respect of the Trustees' report and the financial statements**

Under the Trust Deed, and charity law, the trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

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 applicable UK Accounting Standards and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue its activities.

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 group and charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and the Trust Deed, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ABCD

37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

## **Independent auditor's report to the trustees of Shetland Charitable Trust**

We have audited the group and charity financial statements ("the financial statements") of Shetland Charitable Trust for the year ended 31 March 2012 set out on pages 17 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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. 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.

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

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/apb/scope/private.cfm>.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2012 and of the group's and charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **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 Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**DJ Watt**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

[ Date ]

**Consolidated statement of financial activities**  
*for the year ended 31 March 2012*

	Note	Unrestricted funds		2012 Total £000	2011 Total £000
		General funds £000	Expendable endowment £000		
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Activities for generating funds – trading subsidiaries	6	4,535	-	<b>4,535</b>	4,479
Investment income		4,790	-	<b>4,790</b>	4,824
<i>Other incoming resources</i>					
Rental income		1,220	-	<b>1,220</b>	1,287
Other income		73	-	<b>73</b>	66
Total incoming resources		10,618	-	<b>10,618</b>	10,656
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Expenditure of trading subsidiaries	6	(2,274)	-	<b>(2,274)</b>	(3,396)
Investment management costs		(701)	-	<b>(701)</b>	(645)
<i>Charitable activities</i>	2	(11,133)	(1,324)	<b>(12,457)</b>	(11,937)
<i>Governance costs</i>	2	(79)	-	<b>(79)</b>	(81)
Total resources expended		(14,187)	(1,324)	<b>(15,511)</b>	(16,059)
Net (outgoing) resources before transfers		(3,569)	(1,324)	<b>(4,893)</b>	(5,403)
<b>Transfers</b>					
Gross transfers between funds	12,13	36,375	(36,375)	-	-
Net incoming (outgoing) resources before other recognised gains and losses		32,806	(37,699)	<b>(4,893)</b>	(5,403)
<b>Other recognised gains and losses</b>					
Gains on managed fund investments	5	-	2,140	<b>2,140</b>	7,825
Other losses on investments		(168)	-	<b>(168)</b>	-
Actuarial (losses) gains in defined benefit pension scheme	14	(94)	-	<b>(94)</b>	260
Unrealised gain on revaluation of investment properties		117	-	<b>117</b>	-
<b>Net movement in funds</b>		32,661	(35,559)	<b>(2,898)</b>	2,682
Fund balances brought forward		(24,905)	244,681	<b>219,776</b>	217,094
<b>Fund balances carried forward</b>		7,756	209,122	<b>216,878</b>	219,776

All funds are unrestricted income funds. The incoming resources and resulting net movement in funds all arose from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 22 to 38 form a part of the financial statements.

## Trust statement of financial activities

for the year ended 31 March 2012

	Note	Unrestricted funds		2012	2011
		General funds £000	Expendable endowment £000	Total £000	Total £000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Investment income		4,790	-	4,790	4,805
Gift aid receipts from subsidiary undertakings	6	3,481	-	3,481	3,048
<b>Other incoming resources</b>					
Rental income		1,220	-	1,220	1,287
Other income		41	-	41	56
Total incoming resources		9,532	-	9,532	9,196
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Investment management costs		(701)	-	(701)	(645)
Capital reduction in investment		-	(35,000)	(35,000)	-
Provision released / (made) against equity investment	6	-	21,146	21,146	(1,340)
<b>Charitable activities</b>	2	(11,133)	(1,324)	(12,457)	(11,937)
<b>Governance costs</b>	2	(79)	-	(79)	(81)
<b>Other resources expended</b>					
Interest payable on loan from subsidiary		(525)	-	(525)	(583)
Total resources expended		(12,438)	(15,178)	(27,616)	(14,586)
Net (outgoing) resources before other recognised gains and losses		(2,906)	(15,178)	(18,084)	(5,390)
<b>Other recognised gains and losses</b>					
Gains on managed fund investments	5	-	2,140	2,140	7,825
Actuarial (losses)/gains in defined benefit pension scheme	14	(94)	-	(94)	260
<b>Net movement in funds</b>		(3,000)	(13,038)	(16,038)	2,695
Total funds brought forward		(2,410)	222,160	219,750	217,055
<b>Fund balances carried forward</b>		(5,410)	209,122	203,712	219,750

All funds are unrestricted income funds. The incoming resources and resulting net movement in funds all arose from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 22 to 38 form a part of the financial statements.

## Consolidated balance sheet

at 31 March 2012

	<i>Note</i>	<b>2012</b> <b>£000</b>	<b>2012</b> <b>£000</b>	2011 £000	2011 £000
<b>Fixed assets</b>					
Tangible assets	4		<b>33,198</b>		30,748
Investments:					
Investments	5	<b>174,097</b>		178,793	
Programme-related investments	6, 7	<b>2,917</b>		2,631	
			<b>177,014</b>		181,424
<b>Total fixed assets</b>			<b>210,212</b>		212,172
<b>Current assets</b>					
Stocks		<b>53</b>		42	
Debtors	8	<b>2,797</b>		3,328	
Cash at bank and in hand		<b>8,254</b>		8,802	
<b>Total current assets</b>		<b>11,104</b>		12,172	
<b>Creditors:</b> amounts falling due within one year	9	<b>(2,191)</b>		(2,317)	
<b>Net current assets</b>			<b>8,913</b>		9,855
<b>Total assets less current liabilities</b>			<b>219,125</b>		222,027
<b>Provisions for liabilities and charges</b>	11		<b>(1,004)</b>		(1,138)
<b>Net assets excluding pension liability</b>			<b>218,121</b>		220,889
Pension liability	14		<b>(1,243)</b>		(1,113)
<b>Net assets including pension liability</b>			<b>216,878</b>		219,776
<b>Represented by:</b>					
Expendable endowment	12		<b>209,122</b>		244,681
Unrestricted income funds:	13				
General funds			<b>(4,167)</b>		(17,219)
Trading funds			<b>12,985</b>		(6,937)
Revaluation reserve			<b>181</b>		64
Minority interest			<b>-</b>		300
Unrestricted income funds excluding pension reserve			<b>8,999</b>		(23,792)
Pension reserve	13		<b>(1,243)</b>		(1,113)
<b>Total unrestricted income funds</b>			<b>7,756</b>		(24,905)
<b>Total group funds</b>			<b>216,878</b>		219,776

These financial statements were approved by the trustees on 13 September 2012 and were signed on their behalf by:

**W A Ratter**  
Chairman

**J W G Wills**  
Vice-Chairman

The notes on pages 22 to 38 form a part of these financial statements.

## Trust balance sheet

at 31 March 2012

	<i>Note</i>	<b>2012</b> <b>£000</b>	<b>2012</b> <b>£000</b>	2011 £000	2011 £000
<b>Fixed assets</b>					
Tangible assets	4		9,549		10,701
Investments:					
Investments	5	174,097		178,793	
Programme-related investments	6, 7	38,306		51,616	
			<u>212,403</u>		<u>230,409</u>
<b>Total fixed assets</b>			<b>221,952</b>		<b>241,110</b>
<b>Current assets</b>					
Debtors	8	2,014		2,559	
Cash at bank and in hand		4,075		4,454	
			<u>6,089</u>	<u>7,013</u>	
<b>Total current assets</b>		<b>6,089</b>		<b>7,013</b>	
<b>Creditors: amounts falling due within one year</b>	9	<b>(586)</b>		<b>(1,260)</b>	
			<u>5,503</u>		<u>5,753</u>
<b>Net current assets</b>			<b>5,503</b>		<b>5,753</b>
<b>Total assets less current liabilities</b>			<b>227,455</b>		<b>246,863</b>
<b>Creditors: amounts falling due outwith one year</b>	10		<b>(22,500)</b>		<b>(26,000)</b>
			<u>204,955</u>		<u>220,863</u>
<b>Net assets excluding pension liability</b>			<b>204,955</b>		<b>220,863</b>
Pension liability	14		<b>(1,243)</b>		<b>(1,113)</b>
			<u>203,712</u>		<u>219,750</u>
<b>Net assets including pension liability</b>			<b>203,712</b>		<b>219,750</b>
<b>Represented by:</b>					
Expendable endowment	12		209,122		222,160
Unrestricted income funds					
General funds	13		(4,167)		(1,297)
Pension reserve	13		(1,243)		(1,113)
			<u>(5,410)</u>		<u>(2,410)</u>
<b>Total unrestricted income funds</b>			<b>(5,410)</b>		<b>(2,410)</b>
			<u>203,712</u>		<u>219,750</u>

These financial statements were approved by the trustees on 13 September 2012 and were signed on their behalf by:

**W A Ratter**  
*Chairman*

**J W G Wills**  
*Vice-Chairman*

The notes on pages 22 to 38 form a part of these financial statements.



## Consolidated cash flow statement

for the year ended 31 March 2012

	2012 £000	2012 £000	2011 £000	2011 £000
<b>Net cash outflow from operating activities</b>		(7,964)		(10,288)
<b>Returns on investment and servicing of finance</b>				
Investment income and interest received		4,790		4,805
<b>Capital expenditure and financial investment</b>				
Purchase of managed funds investments	(119,487)		(11,781)	
Purchase of tangible fixed assets	(4,184)		(4,268)	
Purchase of shares within joint venture	(720)		(455)	
Sale of managed funds investments	127,250		28,933	
Loans repaid	-		205	
		<hr/>	<hr/>	
<b>Net cash inflow from capital expenditure and financial investment</b>		2,859		12,634
<b>Management of liquid resources</b>				
Net movement in cash flows attributable to managed fund investments		1,623		(4,522)
Funds (deposited) withdrawn from short term deposit (net)		(1,856)		(1,437)
		<hr/>		<hr/>
<b>(Decrease) / increase in cash in the year</b>		(548)		1,192
		<hr/> <hr/>		<hr/> <hr/>

**Notes to the consolidated cash flow statement**  
*for the year ended 31 March 2012*

<b>Reconciliation of net (outgoing) resources to net cash outflow from operating activities</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Net (outgoing) resources	(4,893)	(5,403)
Investment income and interest receivable	(4,790)	(4,805)
Depreciation and impairment of tangible fixed assets	1,324	1,443
Movement in pension liability, excluding actuarial gains and losses	(36)	226
Increase in stock	(11)	(6)
Decrease (increase) in debtors	702	(940)
Decrease in creditors	(126)	(794)
Decrease in provisions	(134)	(9)
Increase in provision for programme related investments	-	-
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(7,964)</b>	<b>(10,288)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Increase (decrease) in cash in the year	(548)	1,192
Cash outflow (inflow) from increase (decrease) in liquid resources	1,856	1,437
	<hr/>	<hr/>
Change in net funds resulting from cash flows	1,308	2,629
Net funds at the start of the year	10,235	7,606
	<hr/>	<hr/>
Net funds at the end of the year	11,543	10,235
	<hr/> <hr/>	<hr/> <hr/>
<b>Net funds comprise:</b>		
Cash in hand held by investment managers	2,910	1,433
Cash at bank and in hand	8,254	8,802
	<hr/>	<hr/>
	<b>11,543</b>	<b>10,235</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

(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.

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost accounting rules, as modified by the revaluation of investments and in accordance with applicable accounting standards and the provisions of the Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005.

#### ***Basis of consolidation***

These financial statements consolidate the assets and liabilities of the charity and its subsidiaries, Shetland Leasing and Property Developments Limited, Shetland Heat Energy and Power Limited, and Viking Energy Limited, on a line by line basis. The income and expenditure of these subsidiaries are also consolidated on a line by line basis, where appropriate. During the year, the Trust acquired the 10% minority interest shareholding in Viking Energy Limited. The minority interest in that company is shown in the comparative consolidated balance sheet.

In accordance with FRS 21 *Events after the balance sheet date*, gift aid payments are accounted for in the year payments are actually made.

#### ***Fund accounting***

All funds of the Trust are unrestricted, to be used in accordance with the charitable objectives of the Trust at the discretion of the trustees. The expendable endowment represents the long-term investment funds of the Trust. The unrestricted income funds include the Trust's general funds, which represent the annual operating funds of the Trust, and the trading funds.

The trading funds represent the accumulated results of Shetland Leasing and Property Developments Limited, Shetland Heat Energy and Power Limited, and Viking Energy Limited, adjusted to remove interest payable by the Trust to those companies and gift aid payments made to the Trust by those companies.

#### ***Incoming resources***

##### *Activities for generating funds*

Turnover in Shetland Heat Energy and Power Limited represents the amounts (excluding value added tax) derived from the supply of hot water for heating systems and arises entirely in the United Kingdom.

Turnover in Shetland Leasing and Property Development Limited comprises rental income from the leasing of investment properties, the leasing of an aeroplane and the chartering of a vessel and arises entirely in the United Kingdom. Rental income from the operating lease of investment properties is recognised on a straight line basis over the period of the lease. Certain of the group's property developments and lease agreements provide for a notional rate of interest to be charged on development costs for the purpose of calculating the rental due. Such notional interest is not reflected in these financial statements, but will effectively be credited to the statement of financial activities over the lives of the relevant assets as a component of rental income.

Turnover in Viking Energy Limited represents miscellaneous income.

##### *Investment income*

Dividends are included within incoming resources when they are receivable. Loan interest is included in the statement of financial activities on an accruals basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Other incoming resources*

Rental income included within accruals and deferred income in the balance sheet is credited to incoming resources over the period of the lease to which it relates.

#### *Donated assets*

Tangible fixed assets donated to the Trust are accounted for as incoming resources within the expendable endowment at valuation or cost. The assets are depreciated in accordance with the Trust's depreciation policy.

#### *Resources expended*

Charitable expenditure is recognised when it is payable. The Trust has given commitments to certain charitable bodies to provide ongoing revenue funding and to finance various capital projects. In view of the long-term nature of these commitments which are subject to review, combined with the uncertainty as to the amounts involved, these commitments are accounted for only when irreversible decisions on funding are communicated to the charitable bodies.

Support costs are directly attributable to the Trust's charitable activities and are recorded within the "charitable activities" section of resources expended in the statement of financial activities.

#### *Cost of generating funds*

The cost of generating funds represents fund managers' fees.

#### *Governance costs*

Governance costs comprise the costs associated with the Trust's compliance with charity regulation and good practice and include related professional fees.

#### *Grants*

Capital based grants received by the Trust's subsidiary undertakings are included within accruals and deferred income in the balance sheet and credited to activities for generating funds over the estimated useful economic lives of the assets to which they relate.

#### *Investments*

Managed funds investments are stated at market value. Realised and unrealised gains and losses arising on these investments are taken to the expendable endowment and are included within other recognised gains and losses in the statement of financial activities. Where investments are transferred between investment managers, an amount equal to the unrealised gains or losses on the investments as at the time of transfer is taken to the expendable endowment.

Investments in subsidiary undertakings are stated at cost less provisions. Any provisions made against these investments are charged to the expendable endowment.

#### *Tangible fixed assets and depreciation*

All expenditure incurred on tangible fixed assets is capitalised irrespective of its value (ie there is no minimum level above which assets purchased are capitalised). Tangible fixed assets are capitalised at cost, with the exception of investment properties.

Depreciation is charged to the expendable endowment to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	7 to 10 years
Fixtures and fittings	-	3 to 5 years
Plant and machinery	-	10 years
Vessel and aircraft	-	10 years or 20 years

## Notes (continued)

### 1 Accounting policies (continued)

The asset value of the Sullom Voe site is being depreciated over its estimated remaining economic life of ten years commencing 1 April 2012, and the district heating scheme infrastructure is depreciated over a period of 30 years commencing on 1 April 2004. The depreciation is charged to the expendable endowment. No depreciation is provided in respect of freehold land.

Where the recoverable amount of a tangible fixed asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant resources expended category in the statement of financial activities.

#### *Investment properties*

In accordance with Statement of Standard Accounting Practice No. 19 *Investment properties*, properties (including properties held under leases with more than 20 years' unexpired lease term) are not depreciated or amortised but are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Where a deficit arising on revaluation is expected to be permanent, the deficit is charged to resources expended in the period of revaluation. Reversals of deficits previously treated as permanent are credited to net incoming resources to the extent that the carrying value remains below cost.

#### *Taxation*

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 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 2011 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.

The charge or credit for taxation is based on the results of the consolidated subsidiary companies for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The charge or credit is taken to expenditure of trading subsidiaries within the statement of financial activities. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Pension costs*

The Trust participates in the Local Government Pension Scheme administered by Shetland Islands Council. This scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust in an independently administered fund.

The pension scheme assets are measured using market values. For quoted securities the mid-market price is taken as market value. The 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 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 within the statement of financial activities.

#### *Stock*

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

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, 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)

### 2 Cost of activities in furtherance of the charity's objects

#### Charitable expenditure

The group's charitable expenditure, which mainly comprises grants payable in respect of the year, is summarised below:

	2012 £000	2011 £000
<b>General funds</b>		
Payments to charitable organisations	5,316	5,404
Schemes	2,722	2,731
Direct schemes	2,060	1,770
One-off projects	567	434
Charitable grants repaid	(39)	(20)
	<hr/>	<hr/>
Total charitable grants	10,626	10,319
Support costs, excluding governance costs (below)	471	518
Pension adjustments under FRS 17	36	(226)
	<hr/>	<hr/>
Total charitable expenditure – general funds	11,133	10,611
	<hr/>	<hr/>
<b>Expendable endowment</b>		
Depreciation – see note 4	1,324	1,326
	<hr/>	<hr/>
Total resources expended on charitable activities	12,457	11,937
	<hr/> <hr/>	<hr/> <hr/>

Included within project expenditure are the Trust's Christmas grants to pensioners and Social Assistance grants, both of which are payable to individuals. All other grants are payable to organisations. Further details of the group's charitable expenditure are included in Section 4 of the Trustees' Report.

#### Support costs

Support costs for the year of £471,000 (2011: £518,000) principally represent administration expenses and are all deemed to be attributable to the group's charitable activities. Included within administration expenses is £595,000 (2011: £317,000) in respect of staff costs (see note 3), of which £234,438 (2011: £241,939) was charged to subsidiaries.

#### Governance costs

Governance costs totalling £79,000 (2011: £81,000) comprise the costs associated with the Trust's compliance with charity regulation and good practice. They include £38,000 (2011: £36,000) representing an appropriate apportionment of salary costs, together with trustees' expenses (see note 3), and audit fees of £24,000 (2011: £24,000).

	Group and charity	
	Total 2012 £	Total 2011 £
Allocation of staff and support costs, including Trustees' allowance and expenses (see note 3)	38	36
Other costs	17	21
External auditor's remuneration:		
Audit of these financial statements	24	24
Audit of subsidiary undertakings (excluded from charitable governance costs)	31	31
Other services: taxation in relation to subsidiary undertakings	11	11
	<hr/>	<hr/>
<b>Total governance costs</b>	79	81
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 3 Staff numbers and costs

The group had an average of 14 employees during the year (2011: 14). The aggregate payroll cost of these employees was as follows:

	2012 £000	2011 £000
Wages and salaries	465	481
Social security costs	41	39
Pension costs / (credit)	89	(203)
	595	317
	595	317

The significant change in pension costs is as a result of a one-off past service credit to the 2010-11 balance of £290,000 in respect of changes made to base future pension increases on the Consumer Prices Index (CPI) and not the Retail Prices Index (RPI), following HM Government's announcement in 2011.

Employee costs totalling £234,438 (2011: £241,939) were charged by Shetland Charitable Trust in respect of work performed by its subsidiary company Shetland Heat Energy and Power Limited. Six employees worked wholly or mainly on the subsidiary company's activities during the year.

Two employees (2011: two employees) received emoluments each totalling between £60,000 and £69,999. Retirement benefits are accruing to these members of staff under a defined benefit pension scheme. No other employees received emoluments totalling in excess of £60,000 in either the current or previous financial year.

Two trustees, the chair and the vice-chair, received trustees' allowances totalling £7,490 (2011: £7,500) from the Trust and its group during the year. Expenses totalling £4,132 (2011: £2,785) were reimbursed to 12 trustees (2011: 11 trustees) during the year.

### 4 Tangible fixed assets

Group	Land and buildings £000	District heating scheme infrastructure £000	Investment properties £000	Vessel and aircraft £000	Other £000	Total £000
<b>Cost or valuation</b>						
At beginning of year	25,434	16,845	15,151	865	4,838	63,133
Additions	-	172	2	-	4,010	4,184
Disposals	-	-	(38)	-	-	(38)
Revaluations	-	-	(252)	-	-	(252)
	25,434	17,017	14,863	865	8,848	67,027
<b>Depreciation</b>						
At beginning of year	19,757	11,821	-	355	454	32,387
Charge for year	1,064	260	-	33	85	1,442
	20,821	12,081	-	388	539	33,829
<b>Net book value</b>						
<b>At 31 March 2012</b>	<b>4,613</b>	<b>4,936</b>	<b>14,863</b>	<b>477</b>	<b>8,309</b>	<b>33,198</b>
At 31 March 2011	5,677	5,024	15,151	510	4,384	30,748

**Notes (continued)**

**4 Tangible fixed assets (continued)**

Land and buildings primarily consist of the site at Sullom Voe, plus the six rural care homes, previously operated by Shetland Welfare Trust, and donated to the Trust in 2007. The rural care homes have been previously funded by the Trust and the capital grant conditions applied to funding to Shetland Welfare Trust required any building owned by Shetland Welfare Trust to be transferred to the Trust when Shetland Welfare Trust ceased to operate (effectively 1 April 2006). These are specialised buildings in rural locations in Shetland without comparators, which mean that it is not possible to establish a meaningful valuation for them in their present use. The trustees therefore capitalised them at original cost, in line with the Trust's accounting policy for tangible fixed assets, which they believed to be a reasonable indication of their value at the date they were donated. The buildings continue to be used as care homes, in furtherance of the Trust's charitable objects, and as such are not held for investment purposes.

The investment properties were valued on an open market value for existing use basis as at 31 March 2011 by professionally qualified valuers, and updated on a directors' valuation basis to 31 March 2012. These valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual Practice Statements. The commercial property market in Shetland has not fallen in 2011/12, as Shetland has been largely insulated from the shocks experienced in most of the rest of the UK.

The net book value of other tangible fixed assets is analysed as follows:

	<b>2012</b>	2011
	<b>£000</b>	£000
Plant and machinery, fixtures and fittings held by Shetland Heat Energy and Power Limited	<b>450</b>	469
Assets under construction held by Shetland Leasing and Property Development Limited	<b>7,857</b>	3,915
	<hr/>	<hr/>

<b>Charity</b>	<b>Land and buildings £000</b>	<b>Donated Assets £000</b>	<b>District heating scheme infra-structure £000</b>	<b>Total £000</b>
<i>Cost</i>				
At beginning of year	16,275	9,159	16,845	42,279
Additions	-	-	172	172
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	16,275	9,159	17,017	42,494
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	15,375	4,382	11,821	31,578
Charge for year	150	914	260	1,324
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	15,525	5,296	12,081	32,902
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2012	<b>750</b>	<b>3,863</b>	<b>4,936</b>	<b>9,549</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2011	900	4,777	5,024	10,701
	<hr/>	<hr/>	<hr/>	<hr/>



**Notes (continued)**

**5 Managed funds**

<b>Group and Charity</b>	<b>2012 Market Value £000</b>	<b>2012 Cost £000</b>	2011 Market Value £000	2011 Cost £000
Listed investments:				
UK Government securities	19,572	18,595	23,446	22,662
Other UK fixed interest	19,455	18,718	24,608	23,260
Other Overseas fixed interest	10,710	8,545	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	49,737	45,858	48,054	45,922
	<hr/>	<hr/>	<hr/>	<hr/>
UK equities	50,119	45,251	54,897	48,632
Overseas equities	51,061	42,081	54,872	43,717
Property units	20,148	19,261	19,595	18,611
	<hr/>	<hr/>	<hr/>	<hr/>
	121,328	106,593	129,364	110,960
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	171,065	152,451	177,418	156,882
Cash on deposit and in hand	3,031	2,910	1,375	1,433
	<hr/>	<hr/>	<hr/>	<hr/>
	174,097	155,362	178,793	158,315
	<hr/>	<hr/>	<hr/>	<hr/>

	<b>2012 £000</b>	2011 £000
<b><i>Reconciliation of market value of investments</i></b>		
Market value at beginning of year	178,793	180,583
Investments purchased	119,487	11,781
Investments sold	(127,250)	(28,933)
Total gains on managed fund investments	2,140	14,052
Movement in investment managers' cash balances	927	1,310
	<hr/>	<hr/>
Market value at end of year	174,097	178,793
	<hr/>	<hr/>

As at 31 March 2012, the Trust's funds other than programme-related investments are managed by Insight Investment Management, Blackrock Global Investors and Schroders. The split of the portfolio between the investment managers is as follows:

	<b>2012 Market value £000</b>	<b>2012 Cost £000</b>	2011 Market value £000	2011 Cost £000
Insight Investment Management	51,866	47,866	49,862	47,325
Blackrock Global Investors	101,190	87,342	109,624	92,350
Schroders	21,041	20,154	19,307	18,639
	<hr/>	<hr/>	<hr/>	<hr/>
	174,097	155,362	178,793	158,314
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 6 Programme-related investments

	Group		Charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Equity (below)	2,257	1,795	37,646	50,780
Loans (note 7)	660	836	660	836
	<u>2,917</u>	<u>2,631</u>	<u>38,306</u>	<u>51,616</u>

Equity - Group	Shares in subsidiary undertakings £000	Unlisted investments £000	Total £000
<i>Cost</i>			
At beginning of year	7,771	626	8,397
Additions	462	-	462
Disposals	(6,001)	-	(6,001)
Cost at end of year	<u>2,232</u>	<u>626</u>	<u>2,858</u>
<i>Provisions</i>			
At beginning of year	6,001	601	6,602
Released in year	(6,001)	-	(6,001)
Provisions at end of year	<u>-</u>	<u>601</u>	<u>601</u>
<i>Net book value</i>			
At 31 March 2012	<u>2,232</u>	<u>25</u>	<u>2,257</u>
At 31 March 2011	<u>1,770</u>	<u>25</u>	<u>1,795</u>

Equity – Charity	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	73,300
Additions	720
Capital reduction in year	(35,000)
Cost at end of year	<u>39,020</u>
<i>Provisions</i>	
At beginning of year	22,520
Released in year	(21,146)
Provisions at end of year	<u>1,374</u>
<i>Net book value</i>	
At 31 March 2012	<u>37,646</u>
At 31 March 2011	<u>50,780</u>

**Notes** *(continued)*

**6 Programme-related investments** *(continued)*

As stated in note 1, these consolidated financial statements include the results of the charity's wholly owned trading subsidiaries, Shetland Leasing and Property Developments Limited (SLAP), Shetland Heat Energy and Power Limited (SHEAP) and Viking Energy Limited (VEL). The trading results of these companies are summarised below:

	2012 SLAP £000	2012 SHEAP £000	2012 VEL £000	2012 Total £000	2011 Total £000
<b>Turnover</b>	2,570	1,965	-	4,535	4,479
Cost of sales	(157)	(915)	-	(1,072)	(1,007)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Gross profit</b>	2,413	1,050	-	3,463	3,472
Administration expenses	(424)	(699)	(211)	(1,334)	(2,565)
Gift aid payment to Shetland Charitable Trust	(3,082)	(399)	-	(3,481)	(3,048)
Other operating income	10	9	-	19	10
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating (loss) profit</b>	(1,083)	(38)	(211)	(1,333)	(2,131)
Reversal of investment property valuation deficit	-	-	-	-	81
Interest receivable and similar income	536	1	1	538	602
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>(Loss) on ordinary activities before taxation</b>	(547)	(37)	(210)	(795)	(1,448)
Tax on (loss) on ordinary activities	124	11	-	132	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>(Loss) on ordinary activities after taxation being loss for the financial year</b>	(423)	(26)	(210)	(663)	(1,441)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 6 Programme-related investments (continued)

The expenditure of the companies, as recorded in the consolidated statement of financial activities, is analysed as follows:

	2012 Total £000	2011 Total £000
Cost of sales	1,072	1,007
Administration expenses	1,334	2,527
Reversal of investment property valuation deficit	-	(81)
Tax charge (credit) on profit on ordinary activities	(132)	(7)
Minority interest	-	(50)
	2,274	3,396

Included within the companies' profit (loss) for the year is a total of £3,481,149 (2011: £3,048,509) paid to the Trust by way of gift aid from SLAP and SHEAP which has been eliminated within the consolidated statement of financial activities.

The assets and liabilities of the subsidiaries were:

	2012 SLAP £000	2012 SHEAP £000	2012 VEL £000	2012 Total £000	2011 Total £000
Tangible fixed assets	23,197	452	-	23,649	20,045
Investments	25	-	2,069	2,094	1,797
Current assets	26,531	648	356	27,535	31,189
Current liabilities	(610)	(473)	(507)	(1,590)	(1,081)
Creditors: amounts due after one year	(977)	(27)	-	(1,004)	(1,144)
	48,166	600	1,918	50,684	50,806
Called up share capital	35,000	600	3,420	39,020	73,600
Profit and loss account	12,985	-	(1,502)	11,483	(22,857)
Revaluation reserve	181	-	-	181	63
	48,166	600	(1,918)	50,684	50,806

Further details of the subsidiary companies and of their tax charge (credit) for the year are included in their financial statements, copies of which may be obtained from Companies House, 139 Fountainbridge, Edinburgh EH3 9FF.

### 7 Programme-related investments – Loans

Group and charity	2012 £000	2011 £000
Agricultural Ten Year Loan Scheme	719	898
Provisions for doubtful debts	(59)	(62)
	660	836

**Notes (continued)**

**8 Debtors**

	Group		Charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade debtors	768	639	36	1
Amounts owing from subsidiary undertakings	-	-	-	30
Prepayments and accrued income	1,118	1,761	1,100	1,700
Other debtors:				
Loan repayments due	-	1	-	1
VAT recoverable	33	100	-	-
Programme-related loans	878	827	878	827
	<u>2,797</u>	<u>3,328</u>	<u>2,014</u>	<u>2,559</u>

**9 Creditors: amounts falling due within one year**

	Group		Charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade creditors	95	477	-	-
Rents in advance	66	66	-	-
Other tax and social security	14	20	6	4
Other creditors and accruals	2,016	1,754	580	1,256
	<u>2,191</u>	<u>2,317</u>	<u>586</u>	<u>1,260</u>

**10 Creditors: amounts falling due after more than one year**

Charity	2012 £000	2011 £000
Loan from subsidiary undertaking	22,500	26,000
	<u>22,500</u>	<u>26,000</u>

The loan of £22,500,000 (2011: £26,000,000) from Shetland Leasing and Property Developments Limited represents an unsecured loan which is repayable between 2013 and 2017. It bears interest at a rate of 1.5% over base rate.

**Notes** *(continued)*

**11 Provisions for liabilities and charges**

<b>Group</b>	<b>Deferred taxation £000</b>
At beginning of year	1,138
Credit for the year	(54)
Effect of increased tax rates	(87)
Adjustment in respect of prior period	7
	1,004
At end of year	1,004

The deferred tax liability arising within the Trust's subsidiary companies at the year end of £1,004,000 (2011: £1,138,000) is analysed as follows:

	<b>2012 £000</b>	<b>2011 £000</b>
Accelerated capital allowances	196	243
Other timing differences: Gift aid	808	793
Other timing differences	-	102
	1,004	1,138
	1,004	1,138

**12 Expendable endowment**

	<b>Group Total £000</b>	<b>Charity Total £000</b>
At beginning of year	244,681	222,160
Outgoing resources	(1,324)	(15,178)
Transfer to general funds	(36,375)	-
Gains in the year	2,140	2,140
	209,122	209,122
At end of year	209,122	209,122

**Notes** (continued)

**13 Unrestricted income funds**

Group	General funds £000	Trading funds £000	Revaluation reserve £000	Pension reserve £000	Minority interest £000	Total unrestricted income funds £000
At beginning of year	(17,219)	(6,937)	64	(1,113)	300	(24,905)
Net movement in funds	(5,694)	2,293	117	(130)	(300)	(3,714)
Transfers between funds	18,746	17,629	-	-	-	36,375
At end of year	<u>(4,167)</u>	<u>12,985</u>	<u>181</u>	<u>(1,243)</u>	<u>-</u>	<u>7,756</u>

Charity	General funds £000	Pension reserve £000	Total unrestricted income funds £000
At beginning of year	(1,297)	(1,113)	(2,410)
Net incoming resources before other recognised gains and losses	(2,906)	-	(2,906)
Actuarial losses	-	(94)	(94)
Transfer to (from) pension reserve	36	(36)	-
At end of year	<u>(4,167)</u>	<u>(1,243)</u>	<u>(5,410)</u>

The Trustees have considered the presentation and classification of their fund balances and, following the capital restructuring undertaken in Shetland Leasing and Property Developments Limited, taken the opportunity to make transfers between the expendable endowment and the general and trading funds held within unrestricted income funds in order to simplify the presentation. Accordingly, the group trading funds balance now represents the accumulated surplus on the Trust's subsidiary company undertakings, while the group and charity general fund balances have been brought into alignment.

**14 Pension scheme**

The Trust participates in the Shetland Islands Council Pension Fund which provides benefits based on final pensionable 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 2011 and was updated for FRS 17 purposes to 31 March 2012 by a qualified independent actuary.

	2012 £000	2011 £000
Present value of funded defined benefit obligations	(2,598)	(2,409)
Fair value of plan assets	1,427	1,443
Present value of unfunded defined benefit obligations	<u>(1,171)</u> (72)	<u>(966)</u> (147)
Net (liability)	<u>(1,243)</u>	<u>(1,113)</u>

**Notes** *(continued)*

**14 Pension scheme** *(continued)*

Movements in present value of defined benefit obligation:

	2012 £000	2011 £000
At 1 April	2,556	2,885
Current service cost	85	93
Interest cost	140	150
Actuarial losses / (gains)	(15)	(272)
Past service cost	-	(290)
Contributions by members	34	33
Benefits paid	(130)	(43)
	2,670	2,556
At 31 March	2,670	2,556

Movements in fair value of plan assets:

	2012 £000	2011 £000
At 1 April	1,443	1,286
Expected return on plan assets	101	96
Actuarial gains / (losses)	(109)	(12)
Contributions by employer	88	83
Contributions by members	34	33
Benefits paid	(130)	(43)
	1,427	1,443
At 31 March	1,427	1,443

Expenditure recognised in the statement of financial activities:

	2012 £000	2011 £000
Current service cost	(85)	(93)
Interest on defined benefit pension plan obligation	(140)	(150)
Expected return on defined benefit pension plan assets	101	96
Past service cost	-	290
	(124)	143
Total	(124)	143

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

	2012 £000	2011 £000
Charitable activities – support costs	(124)	143
	(124)	143

The total amount recognised in the other recognised gains and losses section of the statement of financial activities is a loss £94,000 (2011: gain £260,000).



**Notes** (continued)

**14 Pension scheme** (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2012 Fair value £000	2011 Fair value £000
Equities	1,156	1,154
Corporate bonds	114	130
Property	100	101
Cash	57	58
	1,427	1,443
	14	85

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 weighted averages) at the year end were as follows:

	2012 %	2011 %
Discount rate	4.8	5.5
Expected rate of return on plan assets	5.8	7.0
Future salary increases	4.8	5.1
Inflation / pension increase rate	2.5	2.8

In valuing the liabilities of the pension fund at 31 March 2012, 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: 23 years (male), 25.8 years (female).

Future retiree upon reaching 65: 24.9 years (male), 27.7 years (female).

**History of plans**

The history of the plans for the current and prior periods is as follows:

*Balance sheet*

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of scheme liabilities	(2,670)	(2,556)	(2,885)	(1,628)	(1,578)
Fair value of scheme assets	1,427	1,443	1,286	866	1,254
	(1,243)	(1,113)	(1,599)	(762)	(324)
	(1,243)	(1,113)	(1,599)	(762)	(324)

**Notes** *(continued)*

**14 Pension scheme** *(continued)*

*Experience adjustments*

	<b>2012</b> £000/%	2011 £000/%	2010 £000/%	2009 £000/%	2008 £000/%
Experience adjustments on scheme liabilities [as a percentage of scheme liabilities]	<u>165 / 6.2</u>	<u>(7) / (0.3)</u>	<u>(7) / (0.2)</u>	<u>(86) / 5.3</u>	<u>3 / 0.2</u>
Experience adjustments on scheme assets [as a percentage of scheme assets]	<u>(109) / (7.6)</u>	<u>(12) / (0.8)</u>	<u>300 / 23.3</u>	<u>(518) / (59.8)</u>	<u>(195) / (15.6)</u>

The Trust expects to contribute approximately £77,000 to its defined benefit plans in the next financial year to 31 March 2013.

**15 Related parties**

In the normal course of business, some of the trustees are appointed as directors or as trustees of other organisations and charitable bodies within the Shetland Islands, including those which the Trust may from time to time transact with, either through routine business or in the provision of charitable grants. These relationships are not considered to be related party transactions as in no instance is the level of mutual trustees such as to provide direct or indirect control, or to place the trustees in a position where they are able to provide influence over the financial and operating policies of the other organisations.

**SHETLAND CHARITABLE TRUST**  
**Summary of the Movements on the Revenue and Capital Accounts for the Year Ended 31 March 2012**

	2011/12	2010/11	2009/10	2008/09
	£ million	£ million	£ million	£ million
<b>Fund Managers</b>				
Dividends and Interest	4.8	4.8	4.1	4.4
Capital Movements	2.0	7.8	45.6	-44.7
Fees	-0.7	-0.6	-0.2	-0.4
	<u>6.1</u>	<u>12.0</u>	<u>49.5</u>	<u>-40.7</u>
<b>Local Investments</b>				
Ag. Loan Interest	0.1	0.1	0.1	0.1
SLAP/SHEAP Profits	2.0	0.9	3.9	2.6
Rents, Less Depreciation	1.1	0.9	1.0	1.3
	<u>3.2</u>	<u>1.9</u>	<u>5.0</u>	<u>4.0</u>
<b>TOTAL INVESTMENT RETURNS</b>	<u>9.3</u>	<u>13.9</u>	<u>54.5</u>	<u>-36.7</u>
<b>Expenditure</b>				
Charitable	-10.6	-10.0	-11.4	-12.5
Administration	-0.6	-0.6	-0.6	-0.6
	<u>-11.2</u>	<u>-10.6</u>	<u>-12.0</u>	<u>-13.1</u>
<b>TOTAL EXPENDITURE</b>	<u>-11.2</u>	<u>-10.6</u>	<u>-12.0</u>	<u>-13.1</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<u>-1.9</u>	<u>3.3</u>	<u>42.5</u>	<u>-49.8</u>
<b>OPENING NET ASSETS</b>	<u>219.8</u>	<u>217.1</u>	<u>176.3</u>	<u>219.4</u>
<b>Donated Properties</b>				
New Donations	0.0	0.0	0.0	8.0
Depreciation on Donated Properties	-0.9	-0.9	-0.9	-0.9
<b>MOVEMENT ON DONATED PROPERTIES</b>	<u>-0.9</u>	<u>-0.9</u>	<u>-0.9</u>	<u>7.1</u>
<b>MOVEMENT IN PENSION LIABILITY</b>	<u>-0.1</u>	<u>0.3</u>	<u>-0.8</u>	<u>-0.4</u>
<b>CLOSING NET ASSETS</b>	<u>216.9</u>	<u>219.8</u>	<u>217.1</u>	<u>176.3</u>

**SHETLAND CHARITABLE TRUST**  
Balance Sheet at 31 March 2012

**APPENDIX B**

	2011/12 £ million	2011/12 £ million	2010/11 £ million	2010/11 £ million	2010/11 £ million	2009/10 £ million	2008/09 £ million	2008/09 £ million	2008/09 £ million
<b>Fixed Assets including Donated Properties</b>		9.6		10.7		11.6		12.2	
<b>Managed funds</b>		174.0		178.8		180.6		143.0	
<b>Local Investments</b>									
Equity	50.8		50.9		51.6		51.0		52.2
Agricultural loans	0.7		0.8		1.0		1.2		
		51.5		51.7		52.6		52.2	
<b>Net current assets</b>		5.5		5.7		4.9		5.1	
<b>SLAP Borrowing</b>		-22.5		-26.0		-31.0		-35.5	
<b>Pension Liability</b>		-1.2		-1.1		-1.6		-0.7	
		<u>216.9</u>		<u>219.8</u>		<u>217.1</u>		<u>176.3</u>	
<b>Financed by</b>									
Reserves b/fwd		219.8		217.1		176.3		219.4	
Surplus/deficit for year		-1.9		3.3		42.5		-49.8	
Movement on donated properties/pension liability		-1.0		-0.6		-1.7		6.7	
		<u>216.9</u>		<u>219.8</u>		<u>217.1</u>		<u>176.3</u>	

Chief Executive: Ann Black  
Financial Controller: Jeff Goddard

KPMG LLP  
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www.shetlandcharitabletrust.co.uk

If calling please ask for:  
Jeff Goddard  
Direct Dial: 01595 744991

Our Ref: JPG/DR/em/TA2  
Your Ref:

Date: 13 September 2012

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Shetland Charitable Trust ("the Trust"), for the year ended 31 March 2012, for the purpose of expressing an opinion as to:

- I. whether the financial statements give a true and fair view of the state of the group's and the Trust's affairs as at 31 March 2012 and of the group's and the Trust's incoming resources and application of resources for the year then ended;
- II. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- III. whether the financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

These financial statements comprise the consolidated and Trust balance sheets, the consolidated and Trust statements of financial activities, the consolidated cash-flow statement, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Trustees confirm that the representations they make in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Trustees confirm that, to the best of their knowledge and belief, having made such inquiries as they considered necessary for the purpose of appropriately informing themselves:

#### **Financial statements**

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 18 May 2011, for the preparation of financial statements that:
  - give a true and fair view of the state of the group's and the Trust's affairs as at 31 March 2012 and of the group's and the Trust's incoming resources and application of resources for the year then ended;
  - have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Trustees in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which FRS 21 *Events after the balance sheet date* requires adjustment or disclosure have been adjusted or disclosed.

#### **Information provided**

4. The Trustees have provided you with:
  - access to all information of which they are aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Trustees for the purpose of the audit; and
  - unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Trustees acknowledge their responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Trustees acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
 

The Trustees have disclosed to you the results of their assessment of the risk that the financial statements may be materially misstated as a result of fraud.
7. The Trustees have disclosed to you all information in relation to:
  - a) fraud or suspected fraud that they are aware of and that affects the Trust and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and
  - b) allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.
8. The Trustees have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Trustees have disclosed to you and has appropriately accounted for and/or disclosed in the financial statements in accordance with FRS 12 *Provisions, Contingent Liabilities and Contingent Assets* all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Trustees have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions of which it is aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 *Related party disclosures*.

11. The Trustees confirm that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Trust's ability to continue as a going concern as required to provide a true and fair view.
- b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Trust to continue as a going concern.

12. On the basis of the process established by the Trustees and having made appropriate enquiries, the Trustees are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with its knowledge of the business.

The Trustees agree with the findings of Hymans Robertson as the Trust's actuarial specialist in preparing the pension scheme valuations. In connection with the actuarial specialist's study, the Trustees provided the specialist with all significant and relevant information of which it is aware. The Trustees did not give or cause any such instructions to be given to the actuarial specialist with respect to the values or amounts derived in an attempt to bias their work, and it is not otherwise aware of any matters that have had an impact on the independence or objectivity of the actuarial specialist.

The Trustees further confirm that:

(a) all significant retirement benefits, including any arrangements that are:

- statutory, contractual or implicit in the employer's actions;
- arise in the UK and the Republic of Ireland or overseas;
- funded or unfunded; and
- approved or unapproved,
- have been identified and properly accounted for; and

(b) all settlements and curtailments have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Trustees on 13 September 2012. In addition, the Trustees confirm that the Trust's financial controller has delegated authority to provide updated information in respect of these representations to the date of issuance of the audit opinion.

Yours faithfully,

**Chair of Trustees**

## **Appendix A to the Board Representation Letter of Shetland Charitable Trust: Definitions**

### **Financial Statements**

A complete set of financial statements comprises:

- a consolidated and Trust balance sheet as at the end of the period;
- a consolidated and Trust statement of financial activities for the period;
- a consolidated cash-flow statement; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

The ASB's *Statement of Principles for Financial Reporting* states that:

“An item of information is material to the financial statements if its misstatement or omission might reasonably be expected to influence the economic decisions of users of those financial statements, including their assessments of management's stewardship.”

### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

### **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements, in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that :

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **Management**

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

### **Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 8 *Related Party Disclosures* as the “reporting entity”).

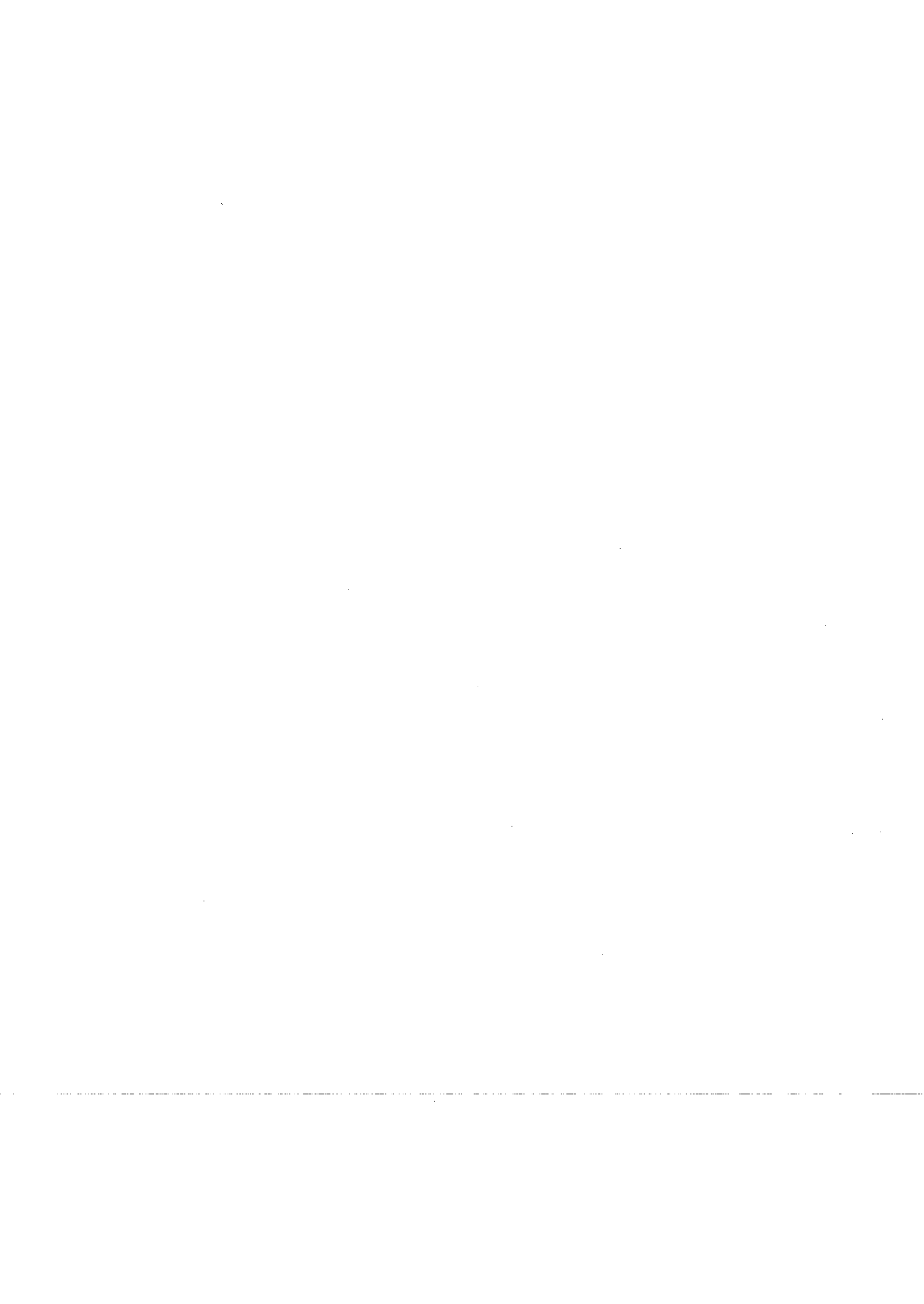
- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.



- b) An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a retirement benefit scheme for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a scheme, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**Related party transaction**

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a price is charged.





*cutting through complexity™*

# Shetland Charitable Trust

Audit highlights memorandum and management letter  
Year ended 31 March 2012

4 September 2012



# Contents

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### About this Report

We have prepared this Report in accordance with our audit engagement letter dated 18 May 2011.

### Purpose of this report

This Report is made to the Trustees of Shetland Charitable Trust ("the Charity") in order to communicate matters of interest as required by ISAs (UK and Ireland), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

### Restrictions on distribution

This Report is subject to disclosure restrictions as set out in the engagement letters.

### Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Charity's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors reporting to the Charity's Trustees in accordance with 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006.

We have not designed or performed procedures outside those required of us as auditor for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditor. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

We have also aimed to use our knowledge of the business gained during our audit work to make useful comments for management to consider. However, our audit work is designed to enable us to form our opinion on the financial statements, viewed as a whole. As a result, the points raised should not be relied upon to disclose all internal control matters that may exist across the Charity, nor to disclose errors that are not material in relation to the financial statements.

## Section one Introduction

We set our audit opinion as a result of the audit of the financial statements of Shetland Charitable Trust for the year ended 31 March 2012.

### Background

The purpose of this report is to set out certain matters which came to our attention during the course of our audit of the financial statements for the year ended 31 March 2012 of Shetland Charitable Trust ("the charity or "the Trust") and its subsidiaries:

- Shetland Heat and Power Limited ("SHEAP")
- Shetland Leasing and Property Developments Limited ("SLAPD")
- Viking Energy Limited ("VEL")

We have also been engaged as the auditors of Viking Energy, a partnership which is jointly controlled by VEL and SSE Viking Limited.

### Objectives of our audit

Our audit work is designed to consider whether the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 March 2012 and of the group's and charity's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our objective is to use our knowledge of the Trust gained during our routine audit work to make useful comments and suggestions for you to consider. However, you will appreciate that our routine audit work is designed to enable us to form the above audit opinions on the financial statements of charity and should not be relied upon to disclose errors or irregularities which are not material in relation to those financial statements.

In respect of the subsidiary companies, our audit work is designed to provide an audit opinion in accordance with the requirements of the Companies Act 2006.

The audit of Viking Energy has been conducted in accordance with specific regulations relating to partnership financial statements.

There are no significant control matters identified in the current year which are to be brought to the attention of the Trustees. We do, however, highlight one significant matter in respect of the restructuring of the Trust's ownership of Viking Energy Limited, and the holding of its interest in Viking Energy.

### Independence

KPMG conforms to the highest governance standards at all times and ensure that any additional services are approved by the Trustees as part of agreeing any engagement to ensure transparency.

International Standard on Auditing (UK and Ireland) 260: *Communication with those charged with governance* requires us to communicate at least once a year regarding all relationships between KPMG and the charity that may be reasonably thought to have bearing on our independence.

We have made enquiries of all KPMG teams providing services to the charity and are not aware of any relationships which represent matters that have occurred during the financial year on which we are to report. Confirmation of our independence is given in Appendix five.

**Audit differences**

Under the requirements of ISA (UK and Ireland) 260: *Communication of audit matters with those charged with governance*, we are required to report any adjusted audit differences arising from our work. These have been reported in appendix one and adjusted in the various financial statements.

We are also required to report any unadjusted audit differences, other than those that are “clearly trivial” (if there are any) to Trustees. There are no such differences this year for either the Trust or its subsidiary companies.

**Audit progress and status**

Our audit work on the financial statements is now complete and we anticipate issuing an unqualified audit opinion on the group and charity financial statements for the year ended 31 March 2012, following the approval of the financial statements by the Board of Trustees. Our audit opinions in respect of the subsidiary undertakings are also unqualified.

The only matters currently outstanding at the time of writing this report are receipt of the management representation letter for the charity and its subsidiaries.

**Acknowledgement**

We would like to take this opportunity to thank all staff we met with during our audit for their continued co-operation and assistance.

## Section two Highlights memorandum

This section of our report summarises the primary financial statements for the charity.

### Statement of financial activities

The financial results of the charity for the year ended 31 March 2012 are shown in the consolidated Statement of Financial Activities ("SOFA").

#### Incoming resources

Gift aid received from subsidiary undertakings The gift aid received increased by £433,000 over the prior year. As gift aid is effectively recognised by the Trust in its own financial statements a year behind, this reflects the positive trading results of the subsidiary companies in 2010-11.

#### Investment income

Investment income has decreased by £15,000 in 2011-12, as the Trust's investments have performed marginally poorer in 2011-12, a reflection on the continued challenging current economic climate.

#### Resources expended

##### Movement in investments

There has been a significant one-off movement in the Trust's investments, reducing the charity's investment position by £13.9 million, primarily as a result of the capital reduction exercise undertaken in SLAPD. This is explained in more detail later in the report.

##### Charitable activities

Charitable activities expenditure has increased by £534,000 in 2011-12. This is due to a £299,000 increase in charitable grants made in the year, such as to direct schemes such as planned maintenance grants in the year. The 2010-11 net expenditure was also reduced by £226,000 reduction due to a one-off FRS 17 adjustment made in the year, with the comparative figure for 2011-12 being £189,000 less.

##### Other gains and losses

Gains on managed fund investments reduced by £5,685,000 in 2011-12. As with investment income, this is due to the performance of the Trust's investments compared to 2010-11. Actuarial losses of £94,000 were experienced in respect of the Trust's participation in the local government pension scheme in the year, based on the FRS 17 report prepared for the Trust by the pension scheme's actuaries.

Statement of financial activities	2012 £'000	2011 £'000
<b>Incoming resources</b>		
Gift aid received from subsidiary undertakings	3,481	3,048
Investment income	4,790	4,805
Rental income	1,220	1,287
Other income	41	56
<b>Total incoming resources</b>	<b>9,532</b>	<b>9,196</b>
<b>Resources expended</b>		
Movement in investments	(13,854)	(1,340)
Investment management costs	(701)	(645)
Charitable activities	(12,457)	(11,937)
Governance costs	(79)	(81)
Interest payable on loan from subsidiary	(525)	(583)
<b>Total resources expended</b>	<b>(27,616)</b>	<b>(14,586)</b>
Gain on managed fund investments	2,140	7,825
Actuarial losses (gains) in defined pensions benefit scheme	(94)	260
<b>Net movement in funds</b>	<b>(15,038)</b>	<b>2,995</b>
<b>Fund balances brought forward</b>	<b>219,750</b>	<b>217,055</b>
<b>Fund balances carried forward</b>	<b>203,712</b>	<b>219,750</b>

Source: draft financial statements

## Section two Highlights memorandum (continued)

Significant movements in balance sheet captions year on year relate primarily to the programme related investments. The capital reduction in Strickton Leasing and Property Developments Limited has had the effect of transferring £13.3 million from the charity to group balance sheet.

### Balance sheet

#### Tangible fixed assets

The decrease in tangible fixed assets is as a result of the depreciation charge for the year of £1,354,000. There were no significant additions to the charity's fixed assets in the year.

#### Investments

The investments balance has decreased by £4,696,000. The market value of investments held by the charity varies with the global economic climate and, after a significant increase in their market value in 2011, has reduced slightly in 2012.

#### Programme-related investments

The reduction in programme-related investments of £13.3 million is the balance sheet effect of the movement in investment charged to the charity statement of financial activities following the capital reduction in SLAPD.

#### Working capital balances

The net working capital balance of the Trust, being current assets less current liabilities has remained relatively constant as a result of the steady nature of the Trust's activities year on year.

#### Creditors due over one year

The Trust has reduced its outstanding loan to SLAPD by £3.5 million. This is primarily due to the requirement for cash within the subsidiary company as it continues to invest in its investment property portfolio.

#### Net pension liability

There has been a £130,000 increase in the charity's net pension liability. The pension scheme obligation has increased in the year as a result of the movement in the actuarial assumptions used by the scheme actuaries to calculate the Trust's share of assets and liabilities in the local government pension scheme on an FRS 17 basis.

Balance sheet - charity	2012 £'000	2011 £'000
Tangible fixed assets	9,549	10,701
Investments	174,097	178,793
Programme related investments	38,306	51,616
<b>Total fixed assets</b>	<b>221,952</b>	<b>241,110</b>
Debtors	2,014	2,559
Cash at bank	4,075	4,454
<b>Total current assets</b>	<b>6,089</b>	<b>7,013</b>
Creditors due within one year	(586)	(1,260)
<b>Total assets less current liabilities</b>	<b>227,455</b>	<b>246,863</b>
Creditors due over one year	(22,500)	(26,000)
Net pension liability	(1,243)	(1,113)
<b>Net assets (including pension liability)</b>	<b>203,712</b>	<b>219,750</b>
Representability		
Expendable endowment	209,122	222,160
Unrestricted income funds	(4,167)	(1,297)
Pension reserve	(1,243)	(1,113)
<b>Total charity funds</b>	<b>203,712</b>	<b>219,750</b>

Source: draft financial statements



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### Viking Energy restructuring

During the year, the Trust entered into a restructuring of its interest in Viking Energy, its partnership with SSE Viking Limited for the development of a wind farm in Shetland. Until 21 February 2012, the ownership of the Company was the Trust, 90%, and Viking Wind Limited, 10%. On that date, the Trust acquired Viking Wind Limited's shareholding and the Company became wholly owned. At this time, Viking Energy Limited (“VEL”) entered into an agreement with Viking Wind Limited to form Viking Energy Shetland LLP, a limited liability partnership. The partners' interests in Viking Energy Shetland LLP are Viking Energy Limited, 90%, and Viking Wind Limited, 10%.

In our audit planning discussions for the Trust, management indicated that, while the restructuring was being progressed, it was not considered to have major implications in respect of the 2011-12 financial statements of VEL. In preparing the draft financial statements for audit, management had not fully considered the implications of the legal agreements establishing Viking Energy Shetland LLP (dated 21 February 2012), including the effect of transferring VEL's interest in Viking Energy to the newly formed Viking Energy Shetland LLP within the financial year under audit. In addition, certain other transactions involving the introduction of members' capital had not been fully updated for the new arrangement.

As a result, as part of our audit, significant additional time has been required to identify and correct accounting entries to reflect the actual position as at 21 February 2012 relating to the establishment of Viking Energy Shetland LLP. This led to some delay in the finalisation of the audit work for the year.

The audit adjustments required as a result of our analysis are included in appendix one. There was no impact on the loss for the year of £209,991 as a result of these adjustments. The net assets of VEL, however, increased by £126,425.

The carrying value of VEL's interest in Viking Energy Shetland LLP is dependent on the underlying value of the Viking Energy partnership's intangible asset in respect of the wind farm project. We have asked

for specific representation from the directors of VEL that they have considered the carrying value of VEL's interest in Viking Energy Shetland LLP, and do not consider the carrying value to be materially impaired.

While management had sought appropriate legal advice in respect of the restructuring from VEL's legal advisers, we recommend that where such restructuring exercises are undertaken, that it is important for management to raise and discuss such matters in advance of the year end, to ensure that any accounting consequences can be identified, with appropriate recording of the required transactions.

### Capital reduction in Shetland Leasing and Property Developments

As a result of historical significant accumulated losses, while SLAPD had issued share capital of £70 million, the accumulated profit and loss account showed a deficit of £21.6 million as at 31 March 2011. As a result, in the Trust financial statements, the charity was carrying a large provision for these accumulated losses against the value of its investment in this subsidiary.

During the year, and following simplified arrangements now available under the Companies Act 2006, the directors of SLAPD applied for a reduction of capital whereby £35 million of paid-up share capital was cancelled, leaving the Company with issued share capital of £35 million (comprising 35 million £1 shares).

The impact of this, plus the trading results for 2011-12, has been to generate an accumulated profit within the Company of £13.0 million as at 31 March 2012. In terms of the group and charity financial statements, while the capital reduction had no net impact on the group position, the accumulated profit and loss held within SLAPD is now recognised only within the group financial statements. This means that the net assets shown in the charity balance sheet are £13.0 million lower than the consolidated group position.

Our audit procedures include a high level review of governance procedures of the charity, including this year's annual meeting and corporate strategy.

### Charity re-organisation

The Trust submitted an application to the Office of the Scottish Charity Regulator ("OSCR") to reorganise the governance of the Trust, through its trustee body. This was in response to ongoing discussions with OSCR in respect of the existing structure, whereby the charity's Trustees are the councillors of Shetland Islands Council, appointed *ex officio*, plus two others.

The reorganisation proposes a new trustee body of 15 trustees, comprising eight appointed trustees, recommended by a selection panel and appointed by trustees, and seven councillor trustees appointed by Shetland Islands Council.

The submitted application was open to objections, and OSCR published a summary of the objections on its website on 24 May 2012. OSCR's final decision on the proposed reorganisation, on the basis of all available information including the objections received and response from the Trust, will be made by 19 October 2012.

The current trustee body, formed after the local government elections in May 2012, is therefore anticipated to represent a transitional stage, pending the final decision on a change to the existing arrangements which would be introduced, assuming consent from OSCR, in 2013.

### Compliance with statement of recommended practice for charities 2005 ("SORP")

There have been no changes to the SORP and the reporting requirements for the charity are the same as in prior years. Management has reviewed the appropriateness of disclosures in the Trustees' report in the year and updated where relevant.

Following the capital reduction exercise in SLAPD, management has taken the opportunity to review the presentation of the unrestricted general and trading funds, in order to improve their overall transparency and clarity of disclosure.

### Risk assessment

Procedures are unchanged from prior years and the ongoing review of the risk register by management and the Trustees ensures that there is appropriate consideration and management of the risks facing the group. In line with best practice, the Trustees' report discloses the key risks in sufficient detail to enable a reader to sufficiently understand them and is updated annually.

### Reserves policy

The reserves policy of the Charity as set out in the Trustees' report is as follows:

*The policy of the Trustees is to invest the reserves of the Trust to generate income to support charitable expenditure and to maintain the real value of the reserves in the long term. Trustees seek to control risk through proper diversification and take advice, as appropriate, in determining the mix of asset types in its investments.*

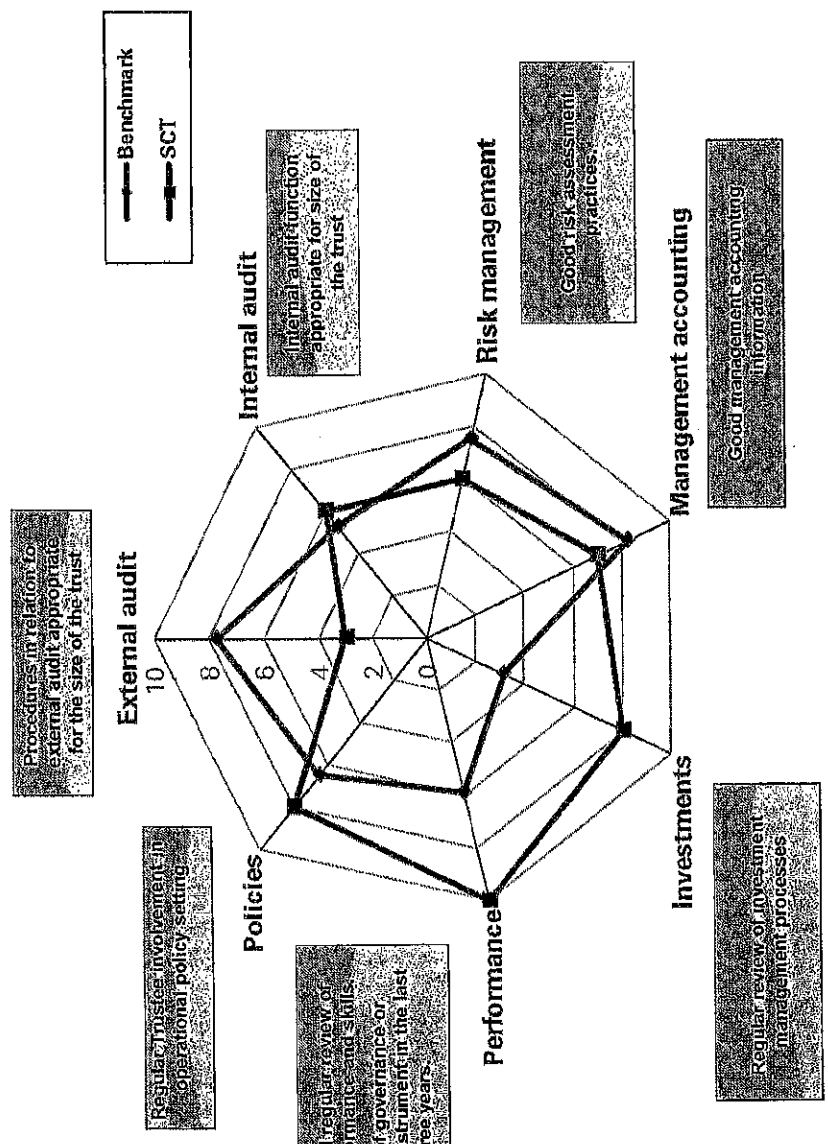
*None of the Trust's funds are for restricted purposes. Trustees are free to determine how to apply their Unrestricted Reserves in a manner consistent with the Trust objectives and in line with its Budget Strategy.*

*Trust reserves at 31 March 2012 were £217 million, compared to £219 million at 31 March 2011, which covers current levels of expenditure for around 19 years.*

The Trustees do, however, require to keep these statements and the underlying matters under regular review and we specifically draw them to your attention at this time prior to approval of the Trustees' report.

# Section three Corporate governance

When we performed our external audit, we assessed the effectiveness of the trust's internal controls to provide the trustees with a high level of assurance over its financial statements and its compliance with applicable laws and regulations. The results of our audit are set out in our audit report. The results of our audit are set out in our audit report. The results of our audit are set out in our audit report.



Governance has been high on charities' and regulators' agendas for the last few years resulting in a governance structure which is leaner and more fit for purpose. With the recent banking system crisis, governance has come under renewed scrutiny and boards must realistically challenge themselves on the adequacy and completeness of risk assessment and control arrangements as well as effective management challenge. Within the not-for-profit sector, governance is also coming under increased scrutiny.



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# Appendices

## Appendix one Audit misstatements

### Audit differences

As in previous years, we are required by ISA (UK and Ireland) 260: *Communication of audit matters to those charged with governance* to communicate all uncorrected misstatements, other than those that we believe are clearly trivial, to the board of trustees. In addition, we are required to report all material misstatements that management has corrected, but that we believe should be communicated to the board of trustees to assist it in fulfilling its governance responsibilities. This appendix sets out the audit differences that we identified for the Trust and its subsidiaries during the course of our audit for the year ended 31 March 2012.

Shetland Charitable Trust	Statement of Financial Activities (£'000)			Balance sheet (£'000)	
	Dr	Cr	Dr	Cr	
Adjusted differences					
Other creditors and accruals				17	
Support costs		17			
<i>Being a historic accrual for an expense no longer likely to occur</i>					
Fixed assets					14
Funds carried forward					14
<i>Being a journal recharging fixed asset additions to a subsidiary incorrectly</i>					
Charitable activities		8			
Other creditors and accruals					8
<i>Being expenditure in 2011-12 identified post yearend by management</i>					
Investment management costs				106	
Accruals					106
<i>Being a correction for year end investment management costs</i>					

The net effect of these differences on the Statement of Financial Activities is £115,000.

There were no unadjusted audit differences relating to the Charity financial statements.



## Appendix one Audit misstatements (continued)

The net effect of these differences is a debit of £100,000. Loss Allocation: Shearman & Sterling Heat Energy and Power Limited, £100,000.

Shearman Heat Energy and Power Limited	Profit and Loss Account (£'000)		Balance sheet (£'000)	
	Dr	Cr	Dr	Cr
Adjusted differences				
Accruals and deferred income			3	
Amounts due to group companies				3
<i>Being a reallocation of a creditor balance to the correct classification</i>				
Fixed assets additions				2
Administration expenses	22			
Accruals and deferred income				24
<i>Being expenditure in 2011-12 identified post year end by audit testing</i>				
Trade debtors				24
Amounts due from group companies			24	
<i>Being a reallocation of a debtor balance to the correct classification</i>				
Trade debtors			17	
Trade creditors				17
<i>Being a reallocation of customer credit balances to creditors</i>				
Amounts due to group companies				14
Administration expenses		14		
<i>Being a reversal of expenditure double counted in 2011-12</i>				
Trade debtors				27
Turnover		27		
<i>Being income in 2011-12 identified post yearend by management</i>				

Appendix one  
**Audit misstatements (continued)**

Shetland Leasing and Property Developments Limited		Profit and Loss Account (£'000)		Balance sheet (£'000)	
	Dr	Cr	Dr	Cr	
Adjusted differences					
Revaluation reserve					118
Administration expenses	118				
<i>Being an increase in property revaluation to be credited to revaluation reserve not profit and loss</i>					
Profit and loss reserve					11
Cost of sales	11				
<i>Being an adjustment to 2011-12 cost of sales</i>					

Viking Energy Limited		Profit and Loss Account (£'000)		Balance sheet (£'000)	
	Dr	Cr	Dr	Cr	
Adjusted differences					
Partnership investment					50
Creditors				50	
<i>Being adjustment for a transaction actually undertaken by VES LLP, post 21 February 2012</i>					
Partnership investment				87	
Creditors					87
<i>Being accounting for capital introduction from VEL to VES LLP, post 21 February 2012</i>					
Partnership investment				126	
Capital reserve					126
<i>Being capital reserve arising on partnership restructuring</i>					

The end of UK GAAP is a foregone conclusion but the remaining structure that will replace it in a state of flux. Recently IFRSs are being re-released and some have been like current proposals.

At present, the expectation is still that the charity sector will move to IFRS in line with the UK Accounting Standards Board's convergence programme for UK GAAP. This has, however, been pushed back to accounting periods starting on or after 1 January 2015. The first year for which this will apply to the charity will therefore be the year ending 31 March 2016.

On 30 January 2012 the Accounting Standards Board (ASB) issued its latest Financial Reporting Exposure Drafts (FREDs 46 to 48) which outline the revised proposals for the future of financial reporting in the UK. These no longer include a tiered approach to financial reporting based upon public accountability.

The proposed replacement for UK GAAP continues to be based on the IASB's IFRS for Small and Medium Sized Entities (IFRS for SMEs). However, in response to comments on the previous FRED, the ASB now proposes new accounting policy choices, simpler tax disclosure requirements and clarification of proposals in certain key areas. The overall effect should be to simplify the transition process for many UK entities compared with the proposals issued in 2010.

It is proposed entities (including the charity) not following EU-IFRS or the FRSSSE will follow FRED 48 (draft FRS102) *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (no longer to be known as the FRSM). This standard will be based on the IFRS for SMEs although amendments will be made specifically for the UK market.

Accounting regime	Applicable to:	Example:
EU-IFRS	<ul style="list-style-type: none"> <li>■ Those required by law or regulation</li> <li>■ Optional for others</li> </ul>	<ul style="list-style-type: none"> <li>■ Group accounts of EU listed entities</li> <li>■ Group accounts of AIM listed entities</li> </ul>
FRS 102 * (no longer known as the FRSM)	<ul style="list-style-type: none"> <li>■ Large and medium sized entities</li> </ul>	<ul style="list-style-type: none"> <li>■ Parent company in a listed group</li> <li>■ Subsidiaries in a listed group</li> <li>■ Large and medium private companies</li> </ul>
FRSSE	<ul style="list-style-type: none"> <li>■ Qualifying small entities</li> </ul>	<ul style="list-style-type: none"> <li>■ Small private companies</li> </ul>

\* the charity would fall into this category.



## Appendix two The future of UK GAAP (continued)

Accounting policies	Current UK GAAP	Previous proposed FRSME	Current proposal FRS 102
Defined benefit plans	<ul style="list-style-type: none"> <li>■ Can be all off balance sheet</li> </ul>	<ul style="list-style-type: none"> <li>■ Treatment not clear</li> </ul>	<ul style="list-style-type: none"> <li>■ Must be recognised on balance sheet</li> </ul>
Development costs	<ul style="list-style-type: none"> <li>■ Policy choice to capitalise or expense</li> </ul>	<ul style="list-style-type: none"> <li>■ Must expense</li> </ul>	<ul style="list-style-type: none"> <li>■ Policy choice to capitalise or expense</li> </ul>
Borrowing costs	<ul style="list-style-type: none"> <li>■ May capitalise</li> </ul>	<ul style="list-style-type: none"> <li>■ Must expense</li> </ul>	<ul style="list-style-type: none"> <li>■ Policy choice to capitalise or expense</li> </ul>
Investments (<20%)	<ul style="list-style-type: none"> <li>■ At cost less impairment</li> </ul>	<ul style="list-style-type: none"> <li>■ At fair value</li> <li>■ Changes through P&amp;L</li> </ul>	<ul style="list-style-type: none"> <li>■ Policy choice to hold at cost or fair value</li> </ul>

### The future of the charity SORP

All charities are required to prepare financial statements. The regulations require financial statements to present a true and fair view of incoming resources, application of resources and to be prepared in accordance with the SORP.

The charities SORP 2005 requires the application of accounting standards, clarifying how they apply to accounting by charities. The SORP will be updated to reflect the requirements of FRS 102.

### Other matters

The format of the financial statements and fund accounting will be clarified with the advent of the new SORP.

## Appendix three Top ten tips for compliance with the Bribery Act

The Bribery Act 2010 (the Act) was designed to provide a more effective legal framework to combat bribery in the public and private sectors and replace the fragmented and complex regimes of common law and in the legislation of numerous other jurisdictions.

Organisations should consider the applicability of the Bribery Act 2010 on all overseas subsidiaries and identify, design and plan and mitigate controls and procedures.

### 1. Take a clear anti-bribery stance

Set a tone throughout the organisation which communicates and enforces an anti-bribery and corruption ethos. Share the anti-bribery message in a written code of business conduct or ethics.

### 2. Assess where risks might lie

With a knowledge of where operations might be exposed to risks of bribery and corruption (for example sales functions in potentially higher risk countries), management can efficiently target the development of compliance measures to mitigate dangers unique to those operations.

### 3. Management responsibility

Senior management should take responsibility for anti-bribery and corruption compliance within the business and ensure that the tone is appropriate throughout its operations, including better aligning management motivation to balance financial targets with compliance goals.

### 4. Have clear policies

Do the business's existing policies cover anti-bribery and corruption? Developing a specific policy is better practice, but ensuring existing policies (such as gifts and entertainment or expenses) include sufficient provisions is also an option.

### 5. Spread awareness and record it

Disseminate anti-bribery policies and procedures through communications and training to all "at risk" employees and third parties who conduct business on the organisation's behalf (e.g. agents and consultants). Make sure that your business keeps a record of recipients.

### 6. Due-diligence

Conduct due diligence on key employees and business partners who could be "at risk", including acquisition targets, pre-and post-engagement.

### 7. Monitor and audit

Implement proportionate measures to monitor and audit "at risk" functions, contracts and transactions. Assess how well accounting and other controls can be used to monitor for compliance.

### 8. Encourage reporting of misconduct

Consider whether the business has effective whistle blowing and other reporting procedures which are open – and clearly publicised – to employees and relevant third parties. Ensure processes are in place that will protect those who report from retaliation.

### 9. Consistent and robust disciplinary processes

Ensure that misconduct is dealt with consistently and proportionately, such that employees – and others acting on the business's behalf – are aware that the consequences of breaches are severe. Reconsider termination clauses in contracts.

### 10. Investigation procedures

Establish appropriate investigation procedures and standards with agreed methods for capturing, protecting and evaluating evidence. Devise procedures for liaising with police and prosecutors.



## Appendix four Ten audit committee priorities for 2012

<p>Understand the significant risks facing the Company</p>	<ul style="list-style-type: none"> <li>Every board and audit committee should be asking whether the company's delivery model has been changed permanently, and whether a 'cost-reduced' business model can be sustained.</li> <li>As companies cut costs and reduce their workforce, the control environment becomes even more critical.</li> </ul>
<p>Ensure the system of internal control is fit for purpose and working as intended</p>	<ul style="list-style-type: none"> <li>Ensure appropriate internal control procedures are in place (whether from operations, head office functions or internal/external audit) for all significant risks including operational risk, compliance risk and risks arising in the wider financial arena – such as indirect tax, treasury, etc.</li> </ul>
<p>Continue to monitor fair value issues, impairments and management assumptions</p>	<ul style="list-style-type: none"> <li>These issues, together with pension funding shortfalls and going-concern challenges, will continue to be a major focus for audit committees. At the same time, there are important new financial reporting developments – including changes in accounting for transfers of financial assets, revenue recognition, and IFRS – that may require the committee's attention.</li> <li>Set aside time at each committee meeting for a deep dive into a specific financial reporting development impacting the company.</li> </ul>
<p>Look beyond the numbers when reviewing corporate reports</p>	<ul style="list-style-type: none"> <li>Narrative reporting, earnings releases and analyst briefings can pose difficult issues because they contain important business information which often does not come from the financial reporting system, is not audited, and is not subject to internal controls.</li> </ul>
<p>Review the anti-bribery and corruption processes in light of the Bribery Act</p>	<ul style="list-style-type: none"> <li>Audit committees should ensure that management has implemented 'adequate procedures' to prevent bribery and that particular attention is paid to 'risky' countries/operations and some of the less well understood areas such as facilitation payments, entertaining costs etc.</li> <li>Are they applicable to all employees and to all entities over which the company has control? Does the company engage in appropriate due diligence with respect to all its business relationships, including the supply chain, agents, intermediaries and joint ventures? Do whistle blowing and other feedback mechanisms support the continuous improvement of the anti-bribery regime?</li> </ul>

## Appendix four Ten audit committee priorities for 2012 (continued)

<p>Prepare for the potential impact of accounting and regulatory changes</p>	<ul style="list-style-type: none"> <li>■ Major public policy changes will impact a cross section of companies and impose additional reporting, transparency and compliance obligations. These in turn may require new or modified compliance, risk and governance oversight processes.</li> </ul>
<p>Understand the company's significant tax risks</p>	<ul style="list-style-type: none"> <li>■ Tax authorities are ratcheting-up their enforcement efforts and more aggressively sharing information with a view to increasing the effectiveness of their tax audits.</li> <li>■ Given this tax risk environment, audit committees should seek to understand the company's appetite and management's processes for managing tax risk.</li> </ul>
<p>Make sure internal audit is properly focused and fully utilised</p>	<ul style="list-style-type: none"> <li>■ Help refine internal audit's role – and focus internal audit's activities on key areas of risk, as well as risk management generally.</li> <li>■ Internal audit is not accountable or responsible for risk management, but it should provide added assurance to the audit committee regarding the adequacy of the company's risk management processes.</li> <li>■ Internal audit is most effective when it is focused on risk: ensure that the internal audit plan is risk-based and focuses on the critical risks to the business – not just compliance and financial risks.</li> </ul>
<p>Understand the impact of performance based remuneration on behaviour</p>	<ul style="list-style-type: none"> <li>■ While remuneration committees have a role in setting the remuneration of executive directors and senior management, audit committees must also understand the impact of performance based remuneration on behaviour and ensure appropriate checks and balances are in place. Particular attention should be paid when results are 'at the margin'.</li> </ul>
<p>Evaluate their role in major transactions</p>	<ul style="list-style-type: none"> <li>■ With global M&amp;A activity set to recover, audit committees are re-evaluating their role in major transactions. Responsibility generally lies with the full board, but audit committees can be asked to play a larger role both pre and post transaction.</li> <li>■ In the pre-transaction phase audit committees can provide balance in transaction discussions, oversee due diligence activity and the risks associated with the deal, and provide assurance to the board that management are able to successfully integrate post deal.</li> <li>■ In the post-transaction phase the audit committee has a role in helping ensure the transaction is accurately reported and that the right controls are in place.</li> </ul>

This is not a prescriptive list; individual trustee bodies will find it valuable to set aside time to reassess and reflect on their own priorities, taking into account their unique circumstances and needs.

## Appendix five Independence confirmation

Dear Sirs

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed. This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence.

We have considered the fees paid to us by Shetland Charitable Trust for professional services provided by us during the reporting period. We have summarised the fees paid to us by the charity and its related entities for significant professional services provided by us during the reporting period in the next slide. We are satisfied that our general procedures support our independence and objectivity.

### General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- instilling professional values;
- communications;
- internal accountability;
- risk management;
- independent review.

Please inform us if you would like to discuss any of these aspects of our procedures in more detail. There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Trustees of Shetland Charitable Trust.

### Confirmation of audit independence

We confirm that as of 4 September 2012 in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and the audit staff is not impaired.

This report is intended solely for the information of the Trustees of Shetland Charitable Trust and should not be used for any other purposes.

Yours faithfully

**KPMG LLP**



## Appendix five Independence confirmation (continued)

Services provided to the charity by KPMG in 2011-12	
Audit of the financial statements of the Shetland Charitable Trust (including expenses)	£20,900
Audit of subsidiary entities (including expenses)	£27,100
Tax work	£17,750

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**REPORT****To:** Shetland Charitable Trust

13 September 2012

**From:** Chief Executive  
**Risk Management – Annual Review****Report:** CT1209037**1 Introduction and Key Decisions**

- 1.1 Trustees are asked to consider the Risk Management Assessment, and agree the potential risks which have been identified, the likelihood of them occurring, the severity of impact (should they occur) and the action list which identifies the steps which need to be taken to mitigate those risks.

**2 Background**

- 2.1 The most recent Statement of Recommended Practice (SORP) for the preparation of the Trust's Annual Report and Accounts requires the Trust to make a statement confirming that:

"...the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks."

- 2.2 Although many aspects of Risk Management are already imbedded in the management of the Trust's business, it is considered good practice to adopt a formal, systematic evaluation of risk on a regular basis.
- 2.3 The Trust's Risk Management Assessment is now reviewed quarterly by officers, and annually by a sub group of Trustees. The final draft Assessment is then presented to all Trustees for comment and subsequent approval.

**3 Risk Management Framework**

- 3.1 The Risk Management Assessment for the Trust is included at Appendix 1. The potential risks facing the Trust, are considered under the following headings:
- Governance and Management
  - Compliance Risks (Laws and Regulation)
  - Operational Risks
  - Financial Risks
  - Environmental / External Factors



- 3.2 Appendix 1 also explains the potential impact of each of the risks identified, should that event occur.
- 3.3 The next step is to consider the likelihood of that potential risk occurring. The definitions used are:

Descriptor	Description
Almost certain	I would not be at all surprised if this happened within the next few months
Likely	I think this could occur sometime in the coming year or so
Possible	I think this could maybe occur at some point, but not necessarily in the immediate future
Unlikely	I would be mildly surprised if this occurred, but cannot entirely rule out the possibility
Rare	I would be very surprised to see this happen, but cannot entirely rule out the possibility

- 3.4 It is also then necessary to think about how severe the impact will be on the business of the Trust, should the event occur. The severity of impact has been categorised from “insignificant” to “catastrophic” using the following classifications:

- Insignificant
- Minor
- Significant
- Major
- Catastrophic

for their potential impact on: personal safety; property loss or damage; failure to provide statutory service or breach of legal requirements; financial loss or increased cost of working; disruption in service; personal privacy infringement; environmental; community and embarrassment.

- 3.5 The Risks are then plotted on a Residual Risk Rating Matrix and, for simplicity, the matrix classifies risks as either red, amber or green. The degree of urgency and importance increases as you move along the matrix from a “rare and insignificant” risk to an “almost certain catastrophic” risk. This is the scoring system that was used.



### Residual Risk Rating Matrix: Framework

		FREQUENCY				
		Rare	Unlikely	Possible	Likely	Almost Certain
S E V E R E R I S K I T Y	Insignificant				4	
	Minor			6	8	
	Significant		6	9		
	Major	4	8			
	Catastrophic					

3.6 The Trust's Risk Management Assessment is reviewed quarterly at officer level, and annually at Trustee level. The risks identified are categorised below.

### Residual Risk Rating Matrix: Shetland Charitable Trust

		FREQUENCY				
		Rare	Unlikely	Possible	Likely	Almost Certain
S E V E R E R I S K I T Y	Insignificant				0	
	Minor			0	0	
	Significant		8	1		
	Major	1	2			
	Catastrophic					

3.7 The Trust has identified 33 potential risks, which may impact on the business of the Trust. In this review, 2 have been classified as Red, 12 as Amber and 19 as Green.

3.8 Priority will be given to tackling any issue which has a high likelihood of occurring and a significant impact on service delivery should it occur. Only two Red risks were identified.

3.9 The two Red risks are in the areas of conflict of interests and compliance with charity law. Both areas are included within the current governance review.

## 4 Financial Implications

4.1 There are no financial implications associated with this report.

## 5 Recommendations

5.1 I recommend that Trustees

- (a) approve the Risk Management Assessment set out in Appendix 1;
- (b) note that progress on the actions will be reported to Trustees, from time to time; and
- (c) agree that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks.

Shetland Charitable Trust  
EMA/TA20

Report No CT1209037

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
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**Governance and Management**

Charitable Status removed [RED]	<ul style="list-style-type: none"> <li>Wind up SCT</li> </ul>	Rare	Catastrophic	<ul style="list-style-type: none"> <li>Seeking legal advice</li> <li>Continuing the reorganisation application to find a satisfactory outcome for the regulator and the Trust</li> </ul>
The charity lacks direction, strategy and forward planning [AMBER]	<ul style="list-style-type: none"> <li>The charity drifts with no clear objectives, priorities or plans.</li> <li>The relationship between what should be provided as core services and what the Trust should support as valued added services remains unclear.</li> <li>Issues are addressed piecemeal with no strategic reference.</li> <li>Needs of beneficiaries not fully addressed.</li> <li>Financial management difficulties.</li> <li>Loss of reputation</li> </ul>	Unlikely	significant	<ul style="list-style-type: none"> <li>The Trust has a long term approach to financial planning, which feeds a 3-Year Budget Strategy</li> <li>Regular Management Accounts and Investment Reports are presented to Trustees and discussed</li> <li>A system of service performance monitoring has been established the Annual Report</li> <li>Review Corporate Plan and Trust Deed [ACTION]</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Trustee body lacks relevant skills or commitment  [AMBER]	<ul style="list-style-type: none"> <li>Charity becomes moribund or fails to achieve its purpose</li> <li>Decisions are made by-passing the Board</li> <li>Resentment or apathy amongst staff</li> <li>Poor value for money on service delivery</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Skills list for new trustees, to identify gaps and take remedial action – training or bought in expertise</li> <li>Competence Framework and Job Descriptions</li> <li>Trustee Training – induction and ongoing (personal development plans)</li> <li>Trustees to be encouraged to access national organisations/websites etc.</li> <li>Risk management framework reviewed quarterly by officers and annually by Trustees</li> </ul>
Board of Trustees dominated by one or two individuals or by connected individuals  [AMBER]	<ul style="list-style-type: none"> <li>Decisions may be taken outside of Trustee body</li> <li>External political interference</li> <li>Trustees' external interests may give rise to conflicts of interest, or the perception of conflict</li> <li>Pursuit of personal agendas</li> <li>Culture of secrecy and deference</li> <li>Arbitrary over-riding of control mechanisms</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Understanding of trust law.</li> <li>Protocol for disclosure of potential conflicts of interest in place.</li> <li>Procedures for not participating in certain decisions in place.</li> <li>Procedural framework for meetings and recording decisions</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Trustees are benefiting from charity (eg remuneration) <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>• Reputation, morale and ethos</li> <li>• Impact on overall control systems</li> <li>• Conflicts of interest</li> <li>• Regulatory action</li> </ul>	Rare	Minor	<ul style="list-style-type: none"> <li>• Ensure legal authority for payment or benefit</li> <li>• Ensure procedures for scrutiny and sign-off in place</li> </ul>
Conflicts of Interest <b>[RED]</b>	<ul style="list-style-type: none"> <li>• Risks of conflicts of interest arising in a small community:-                             <ul style="list-style-type: none"> <li>○ from all SIC councillors being Trustees of the SCT.</li> <li>○ from Trustees of the SCT being appointed by the Council as Trustees / Directors on Council created Trusts/Companies.</li> </ul> </li> <li>• Charity unable to pursue its own interests and agenda</li> <li>• Decisions may not be based on relevant considerations and may be challenged</li> <li>• Impact on reputation – reputational damage and financial loss</li> </ul>	Likely	Significant	<ul style="list-style-type: none"> <li>• Understanding of Trust Law</li> <li>• Review of Governance – OSCR approved Reorganisation Scheme on 3 July 2012.</li> <li>• Protocol for disclosure of potential conflicts of interest</li> <li>• Procedures for standing down on certain decisions.</li> <li>• Institute of Directors' report on review of the governance of SCT sub sidiary companies completed June 2012</li> <li>• Commissioned specialist advice on restructuring and appropriate deployment of SCT staff to avoid conflicts of interest</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
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**Compliance Risk (law and regulation)**

<p>Compliance with legislation and regulations</p> <ul style="list-style-type: none"> <li>• Data Protection</li> <li>• Employment Law</li> <li>• Human Rights</li> <li>• Equality</li> <li>• Health and Safety</li> </ul> <p><b>[GREEN]</b></p>	<ul style="list-style-type: none"> <li>• Fines or penalties.</li> <li>• Action for negligence.</li> <li>• Reputational risks</li> </ul>	Rare	Significant	<ul style="list-style-type: none"> <li>• Identify key legal and regulatory requirements.</li> <li>• Allocate responsibility for key compliance procedures.</li> <li>• Service Level Agreements in place</li> <li>• Legal Advisers employed</li> </ul>
<p>Compliance with Charity Law</p> <p><b>[AMBER]</b></p>	<ul style="list-style-type: none"> <li>• Action for negligence.</li> <li>• Reputational risks</li> </ul>	Possible	Significant	<ul style="list-style-type: none"> <li>• Identify key legal and regulatory requirements</li> <li>• Submitted reorganisation scheme and working through agreed timetable</li> </ul>
<p>Regulatory reporting requirements</p> <p><b>[GREEN]</b></p>	<ul style="list-style-type: none"> <li>• Regulatory action.</li> <li>• Reputational risks.</li> </ul>	Rare	Minor	<ul style="list-style-type: none"> <li>• Compliance procedures and allocation of staff responsibilities.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Professional advice <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>• Errors or omissions</li> <li>• Failure to meet deadlines</li> <li>• Failure to address local service needs or compliance risks.</li> </ul>	Rare	Significant	<ul style="list-style-type: none"> <li>• Service Level Agreements in place and annually reviewed</li> <li>• Contracts regularly reviewed</li> <li>• Legal Adviser / External Audit arrangements. Regularly reviewed</li> <li>• Insurance provision regularly reviewed</li> </ul>
Organisational structure <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>• Lack of information flow and poor decision making</li> <li>• Remoteness from operational activities</li> <li>• Uncertainty as to roles and duties.</li> <li>• Decisions made at inappropriate level or excessive bureaucracy</li> </ul>	Rare	Insignificant	<ul style="list-style-type: none"> <li>• Organisational chart and clear understanding of roles and duties</li> <li>• Delegation and monitoring consistent with good practice and constitutional or legal requirements</li> <li>• Review of structure and constitutional change</li> </ul>
Activities potentially outside objects, powers or terms of gift (restricted funds) <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>• Loss of funds available for beneficiary class</li> <li>• Potential for breach of trust and regulatory action</li> <li>• Taxation implications (if non-qualifying expenditure)</li> </ul>	Rare	Significant	<ul style="list-style-type: none"> <li>• Protocol for reviewing new projects to ensure consistency with objects, powers and Budget Strategy</li> <li>• Legal adviser</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Loss of key staff [AMBER]</p>	<ul style="list-style-type: none"> <li>• Experience or skills lost.</li> <li>• Operational impact on key projects and priorities.</li> <li>• Loss of contact base and corporate knowledge.</li> </ul>	Possible	Significant	<ul style="list-style-type: none"> <li>• Documentation of systems, plans and projects regularly reviewed.</li> <li>• Training programmes.</li> <li>• Notice periods and handovers.</li> <li>• Recruitment processes</li> </ul>
<p>Reporting to trustees (accuracy, timeliness and relevance) [GREEN]</p>	<ul style="list-style-type: none"> <li>• Inadequate information resulting in poor quality decision making.</li> <li>• Failure of Board to fulfil its control functions.</li> <li>• Board becomes remote and ill informed.</li> </ul>	Rare	Minor	<ul style="list-style-type: none"> <li>• Proper strategic planning, objective setting and budgeting processes.</li> <li>• Timely and accurate service performance reporting.</li> <li>• Timely and accurate financial reporting.</li> <li>• Proper project assessment and authorisation procedures.</li> <li>• Regular contact between trustees, the Chief Executive and the Chairman</li> </ul>



Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<b>Operational Risk</b>				
Contract risk <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Unclear contractual / partnership relationship with funded organisations</li> <li>Potential indirect subsidy of public provision.</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Application Form / Service Level Agreement with funded organisations.</li> <li>Performance Monitoring arrangements documented and reviewed annually</li> <li>Regularly reviewed and updated</li> </ul>
Service provision – beneficiary satisfaction <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Beneficiary complaints.</li> <li>Negligence claims.</li> <li>Reputational risks.</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Service performance monitoring procedures.</li> <li>Complaints procedures.</li> </ul>
New project or service delivery and development <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Compatibility with SCT objects, plans and priorities.</li> <li>Inadequate assessment of need</li> <li>Funding and financial viability and sustainability</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Project Appraisal procedures</li> <li>Application Forms / Service Level Agreements</li> <li>Role of Service Co-ordinator as defined in the Trustee handbook</li> <li>Performance monitoring procedures.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Capacity and Use of Resources, including tangible fixed assets <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Under-utilised or lack of building / office space</li> <li>Spare capacity not being utilised</li> <li>Buildings not properly maintained</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Building and Plan Inspection Programme</li> <li>Repairs and Maintenance Programme</li> </ul>
Security of assets <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Loss or damage.</li> <li>Theft of assets.</li> <li>Infringements of intellectual property rights.</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Review of security.</li> <li>Asset Register</li> <li>Facilities Management arrangements</li> <li>Safe custody arrangements for title documents.</li> <li>Insurance Reviews</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Employment issues [GREEN]</p>	<ul style="list-style-type: none"> <li>• Employment disputes</li> <li>• Health and Safety issues</li> <li>• Claims for injury, stress, harassment, unfair dismissal</li> <li>• Equal opportunities issues</li> <li>• Adequacy of staff training</li> <li>• Child protection issues</li> <li>• Low Morale</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>• Recruitment processes</li> <li>• Job training and development</li> <li>• Job descriptions / tasks</li> <li>• Reviews Health and safety training</li> </ul>
<p>Health, Safety and Environment [GREEN]</p>	<ul style="list-style-type: none"> <li>• Staff injury</li> <li>• Product or service liability</li> <li>• Ability to operate</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>• Compliance with law and regulation</li> <li>• Training</li> <li>• Risk Assessments and Reporting procedures</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Disaster recovery and planning – business continuity <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Computer system failures or loss of data.</li> <li>Destruction of property, equipment, records through fire, flood or similar damage.</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>IS recovery plan.</li> <li>Data back up procedures and precautions.</li> <li>Disaster recovery plan for alternative accommodation.</li> <li>Insurance Cover</li> </ul>
Procedural and systems documentation <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Lack of awareness of procedures and policies.</li> <li>Actions taken without proper authority.</li> </ul>	Rare	Significant	<ul style="list-style-type: none"> <li>Proper documentation of policies and procedures.</li> <li>Audit and review systems in place and regularly reviewed.</li> </ul>
Information Technology <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Systems fail to meet operational need.</li> <li>Failure to innovate or update systems.</li> <li>Loss/corruption of data</li> <li>Lack of technical support.</li> </ul>	Rare	Insignificant	<ul style="list-style-type: none"> <li>Use of service level agreements and support contracts.</li> <li>Disaster recovery procedures.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Insurance Cover Inadequate <b>[GREEN]</b>	<ul style="list-style-type: none"> <li>Financial loss</li> </ul>	Rare	Insignificant	<ul style="list-style-type: none"> <li>Service Level Agreement (Insurance and Risk)</li> <li>Annual Insurance Review</li> </ul>

**Financial Risks**

Budgetary control and financial reporting <b>[AMBER]</b>	<ul style="list-style-type: none"> <li>The spending programme could become unaffordable or unsustainable</li> <li>Budget does not match key objectives and priorities.</li> <li>Decisions made based on unreliable data.</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Targets set out in 3 year Budget Strategy.</li> <li>Budgets linked to business planning and Trust objectives.</li> <li>Timely and accurate monitoring and reporting for all aspects of the Trust's business.</li> </ul>
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Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Protection of Reserves / Endowment and Dependency on income sources</p> <p><b>[AMBER]</b></p>	<ul style="list-style-type: none"> <li>The spending programme may not be affordable or sustainable</li> <li>Inability to meet commitments or planned objectives.</li> <li>Financial loss through inappropriate or speculative investments</li> <li>Financial loss through lack of investment advice or lack of diversity</li> <li>Inability to meet commitments or key objectives.</li> <li>Ability to function as going concern.</li> </ul>	Unlikely	Major	<ul style="list-style-type: none"> <li>Reserves / Investment Strategy</li> <li>Investment Adviser / Fund Management contracts</li> <li>3 Year Budget Strategy</li> <li>Regular Reporting of Investment Performance</li> <li>Performance review of beneficiaries</li> <li>5 year maintenance plan</li> <li>Selection and review of fund managers</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Inappropriate or loss-making non-charitable activities <b>[AMBER]</b>	<ul style="list-style-type: none"> <li>Resources and energy diverted from core activities.</li> <li>Regulatory action, and accountability.</li> <li>Reputational risk if publicised.</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Adequate authorisation procedures for any funding provided by charity (prudence, proper advice, investment criteria)</li> <li>Legal Adviser</li> </ul>
Fraud or error <b>[AMBER]</b>	<ul style="list-style-type: none"> <li>Financial loss.</li> <li>Reputational risk.</li> <li>Regulatory action</li> </ul>	Rare	Major	<ul style="list-style-type: none"> <li>Financial control procedures.</li> <li>Segregation of duties.</li> <li>Authorisation limits.</li> <li>Security of Assets</li> <li>Insurable Risks</li> </ul>
<b>Environmental / External factors</b>				
Contaminated Land <b>[AMBER]</b>	<ul style="list-style-type: none"> <li>Potential financial and other liabilities</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Restoration clauses</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Failure to communicate [GREEN]</p>	<ul style="list-style-type: none"> <li>Impact on beneficiaries</li> <li>Impact on morale of staff.</li> <li>Adverse publicity / Public Perception</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Complaints Procedure</li> <li>Media Strategy and Support in place</li> <li>Website established and kept up to date</li> </ul>
<p>Failure to plan for demographic changes [AMBER]</p>	<ul style="list-style-type: none"> <li>Impact of demographic distribution of beneficiaries.</li> <li>Increasing beneficiary class – older people and people in need</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Profiling and understanding of beneficiary needs</li> <li>Use of actuarial analysis to establish future funding requirements</li> </ul>
<p>Failure to secure value for money from current arrangements [AMBER]</p>	<ul style="list-style-type: none"> <li>Inefficient use of funds</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Application Forms</li> <li>Performance Monitoring</li> <li>Financial and Management Reports and Information</li> </ul>



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**REPORT****To:** Shetland Charitable Trust**Date** 13 September 2012**From:** Chief Executive**Report:** CT1209038**Health and Safety Policy****1. Introduction**

- 1.1 This report asks Trustees to approve and adopt an updated Health and Safety Policy, procedures and guidelines.

**2. Background**

- 2.1 From April 2004, the Trust became a completely separate organisation from Shetland Islands Council (SIC), although it continues to purchase some services from SIC under service level agreements, due to the small number of staff it employs.
- 2.2 The Trust is continually reviewing its policies, to ensure that they meet current legislative requirements and are fit for purpose.

**3. Present Position**

- 3.1 Attached as Appendix 1 is a draft policy on Health and Safety, which has been reviewed and updated to meet current requirements. Trustees are asked to approve and adopt the policy.

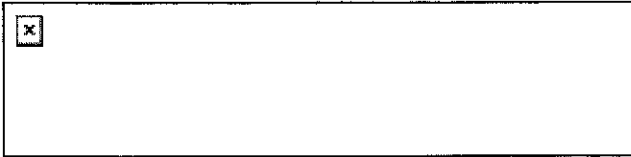
**4. Financial Implications**

- 4.1 There are no financial implications arising from this report.

**5. Recommendations**

- 5.1 Trustees are recommended to approve and adopt the Health and Safety Policy, Procedures and Guidelines attached as Appendix 1.

2



SC027025

**This is the Health and Safety Policy Statement of Shetland Charitable Trust**

**Our statement of general policy is:**

- To provide adequate control of the health and safety risks arising from our work activities:
- To consult with our employees on matters affecting their health and safety:
- To provide and maintain safe plant and equipment:
- To ensure safe handling and use of substances:
- To provide information, instruction and supervision for employees:
- To ensure all employees are competent to do their tasks, and to give them adequate training:
- To prevent accidents and cases of work related ill health:
- To maintain safe and healthy working conditions: and
- To review and revise this policy annually, or sooner in response to a significant change in circumstances.

(signed).....

Date..... Review Date – Officers – December 2012  
Trustees September 2013

**Responsibilities**

Overall and final responsibility for health and safety rests with the Board of Trustees.

Day to day responsibility for ensuring this policy is put into practice is delegated to the Chief Executive.

Ensuring that health and safety standards are maintained/improved and documentation kept up to date is the responsibility of the Building Manager. This responsibility is at present held by the Principal Officer

All employees have a duty to:-

- Co-operate with supervisors and managers on health and safety issues:
- Not interfere with anything provided to safeguard their health and safety
- Take reasonable care of their own health and safety, and that of their colleagues:
- Report all health and safety concerns to the appropriate person as noted above

### **Health and Safety Risks arising from our work activities**

Risk Assessments will be carried out by the Building Manager

The findings of the Risk Assessment will be reported to the Chief Executive

Action required to remove/control the risks will be approved by the Chief Executive

The Building Manager will be responsible for ensuring the action required is implemented, and will check that the implemented action has removed/reduced the risk.

Assessments will be reviewed every three months, or when work activity changes, whichever is the sooner.

### **Consultation with Employees**

All employees are consulted directly, and have input into Risk Assessment both directly and in routine staff meetings. All employees are encouraged to raise any concerns on health and safety issues. Staff have access to Occupational Health advice through the Council's Welfare Officer and health and safety advice is available from the Council's Safety and Risk Section. Independent advice is also available via the Healthy Working Lives and HSE websites ([www.healthyworkinglives.com](http://www.healthyworkinglives.com) and [www.hse.gov.uk](http://www.hse.gov.uk)). Healthy Working Lives also provide a free telephone helpline (0800 019 2211) and accept queries via email.

An up-to-date Health and Safety Law poster is displayed in the main corridor

### **Safe Building**

Under a service level agreement with Shetland Islands Council, the Building Services Unit will ensure that:-

- Building related risk assessments are carried out and any necessary actions within the remit of the service level agreement are carried out;
- There are co-ordinated inspections of premises to ensure that buildings and relevant, fixed equipment are safe and properly maintained;
- Records of all statutory tests and inspections carried out by Building Services are maintained.

### **Safe Plant and Equipment**

All electrical equipment is tested regularly under the service level agreement with Shetland Islands Council.

The exception to this is the photocopier, which is maintained by Danwood Highland, the agents for the machine.

### **Induction and Training**

Induction of new staff includes training on the safe use of equipment as appropriate.

All staff are trained in the safe use of all equipment.

Training is regularly updated (as appropriate) and records are kept by the Office Administrator.

### **Accidents and first aid**

There is a trained first aider on site, and first aid boxes are located in reception.

All incidents and cases of work-related ill-health are recorded in the accident book which is kept in reception.

Accidents are investigated by the Building Manager in the first instance, and reported to the Chief Executive, who decides on further action if appropriate.

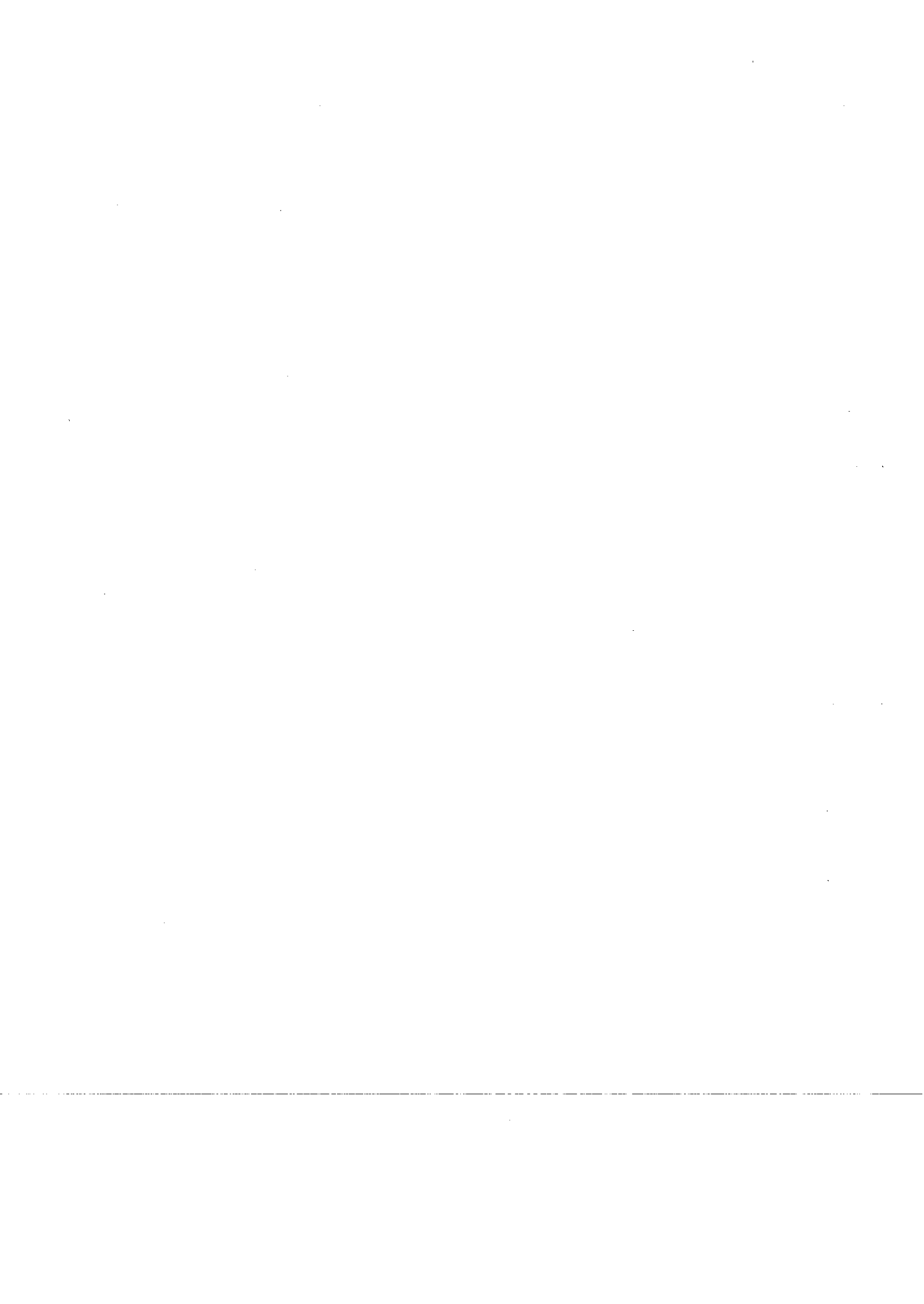
### **Other duties of Building Manager**

The Building Manager will ensure that:-

- Any new equipment meets health and safety standards before it is purchased
- Hazardous substances such as cleaning chemicals are stored and handled in line with the Control of Substances Hazardous to Health [COSHH] Regulations 2002
- Appropriate security measures are in place;
- There is suitable and sufficient first aid provision within the building;
- A fire risk assessment is undertaken and that fire fighting equipment and warning systems, if fitted, are properly maintained and tested and escape routes regularly checked;
- Appropriate emergency procedures are in place, practiced as necessary and relevant records maintained.

### **Communication**

This policy document – and any subsequent revisions to it – will be brought to the attention of all employees by including Health and Safety as a standing item on the agenda at the regular monthly staff meetings.



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**REPORT****To:** Shetland Charitable Trust**Date** 13 September 2012**From:** Chief Executive**Report:** CT1209039**Lone Working Policy****1. Introduction**

- 1.1 This report asks Trustees to approve and adopt an updated Lone Working Policy, procedures and guidelines.

**2. Background**

- 2.1 From April 2004, the Trust became a completely separate organisation from Shetland Islands Council (SIC), although it continues to purchase some services from SIC under service level agreements, due to the small number of staff it employs.
- 2.2 The Trust is continually reviewing its policies, to ensure that they meet current legislative requirements and are fit for purpose.

**3. Present Position**

- 3.1 Attached as Appendix 1 is a draft policy on lone working, which has been reviewed and updated to meet current requirements. Trustees are asked to approve and adopt the policy.

**4. Financial Implications**

- 4.1 There are no financial implications arising from this report.

**5. Recommendations**

- 5.1 Trustees are recommended to approve and adopt the Lone Working Policy, Procedures and Guidelines attached as Appendix 1.

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**Lone Working – Policy, Procedures and Guidelines**

**1. Policy Statement**

Where staff are required to work alone, both the individual staff member and the management have a duty of care to assess and reduce the risks which lone working presents. While many hazards at work are relatively easy to identify and control, other health and safety aspects are less easy to define.

Shetland Charitable Trust is committed to the protection of its staff, and will ensure that wherever possible, it

- Supports staff in both establishing and maintaining safe working practices
- Recognises and reduces risk
- Provides appropriate support and training to all staff
- Ensures that everybody understands their responsibilities

**2. Definition**

The Health and Safety Executive's definition of lone worker is

***“those who work by themselves without close or direct supervision, either employees who work separately from others in an establishment, or mobile workers who work away from a fixed base”.***

Relevant examples include staff who are working outside normal working hours, and staff working in an isolated part of the building.

Within this document, “lone working” refers to situations where staff in the course of their duties work alone in the office, and are physically isolated from colleagues, possibly without access to immediate assistance.

**3. Assessing the Risks**

Having identified a Lone Working situation, the risks to which they are exposed need to be assessed. This assessment should take account any risk inherent in the task, and the environment, along with any additional risks associated with the fact that the employee is working on their own.

Before working alone, an assessment of the risks involved should be made in conjunction with the Line Manager. Considerations should include:-

- The environment – location, security, access, safety
- The context – nature of the task, any special circumstances
- The individuals concerned – indicators of potential or actual risk, eg medical history, pregnancy etc.
- History – any previous incidents in similar circumstances
- Any other special circumstances

#### **4. Management controls**

Having carried out a risk assessment affecting lone workers it is important to ensure that suitable and sufficient control measures are identified and put in place. Suitable measures would be:-

- Physical control measures – for instance, during regular opening hours, reception inner door should be locked and hatch in “safe” position
- Communication – another member of staff should be aware that someone is working alone, and procedures should be in place for regular communication
- The Lone Worker must be fully familiar with fire evacuation procedures

#### **5. Monitoring and Review**

The Lone Working Policy should be reviewed regularly, at least annually. Any incidents should be reported immediately to the Chief Executive, and the policy revised as appropriate.

Staff are encouraged to seek advice/assistance from their Line Manager if they are unsure about a situation.



## REPORT

To: Shetland Charitable Trust

13 September 2012

From: Chief Executive

Report number CT1209044

### Service Performance of Funded Organisations – Year Ending 31 March 2012

#### 1. Introduction

- 1.1 The purpose of this Report is to present Trustees with information regarding the services, which are being provided by the various organisations to which the Trust provides funding. The Report is for noting, following consideration of the information provided.

#### 2. Background

- 2.1 Trustees may recall that as part of the budgeting process, Service Co-ordinators are required, on behalf of the Trust, to determine:
- the strategic service framework within which any bid for funding from the SCT should be considered;
  - an appropriate level and standard of service to be provided and express that in a Service Statement or Service Level Agreement (as appropriate);
  - the appropriate cost at which to buy that service with due regard to comparable information and funding from other sources; and
  - an appropriate monitoring and evaluation framework to ensure that services are being delivered to the required standard.
- 2.2 This Report now seeks to measure how successful the organisations are at delivering that given range of services to the community.

#### 3. Present Position

- 3.1 Appendix A is a brief summary of the detailed service performance reports provided by each organisation in response to our request for service based information. The Grant Offer Letter, which organisations sign up to prior to any money being released, states that, *"the Grantee provides service performance reports as required for the proper monitoring of the grant, the reports to be of a format and frequency to be agreed by the Service Co-ordinator"*.

Depending on the size of the organisation, and other factors, the information can be requested quarterly, six monthly or on an annual basis.

- 3.2 Table 1 below provides a summary of progress and/ or highlights any major variations to the targets set, with explanations as required.

**Table 1: Summary of Key Issues and/or achievements**

<b>Organisation</b>	<b>Comment</b>
COPE Ltd	COPE Ltd has appointed a permanent new General Manager and is undertaking a review of its services and staffing structure during the current year.
Couple Counselling Shetland	Couple Counselling Shetland continues to experience difficulties in the recruitment and retention of volunteer counsellors. However this has not impacted on service delivery to date.
Shetland Islands Citizens Advice Bureau	SICAB had another very busy year and reported impressive results across the service for 2011/12.
Swan Trust	The Swan was involved in the 2011 Tall Ships and assisted a number of local young people to participate in various parts of the Tall Ships race. The Swan also won an award for Sail Training Organisation of the Year – Small Vessels.
Shetland Churches Council Trust	SCCT staged an open air Sunday service for the Tall Ships event, at Holmsgarth. This service also served as a remembrance for the Norwegian tragedy which took place that weekend. Despite the weather, the open air service was attended by over 1,000 people and was featured on television news.
Shetland Amenity Trust	Shetland Amenity Trust and Shetland Museum and Archives, both retained the Gold Level in the Green Business Award Scheme.

#### **4. Financial Implications**

- 4.1 There are no financial implications arising from this Report.

#### **5. Conclusions**

- 5.1 In terms of performance, there are no major issues of concern with regard to service delivery to report to Trustees. The Trust continues to work closely with organisations throughout the year to help ensure maximum benefits to Shetland and its inhabitants.

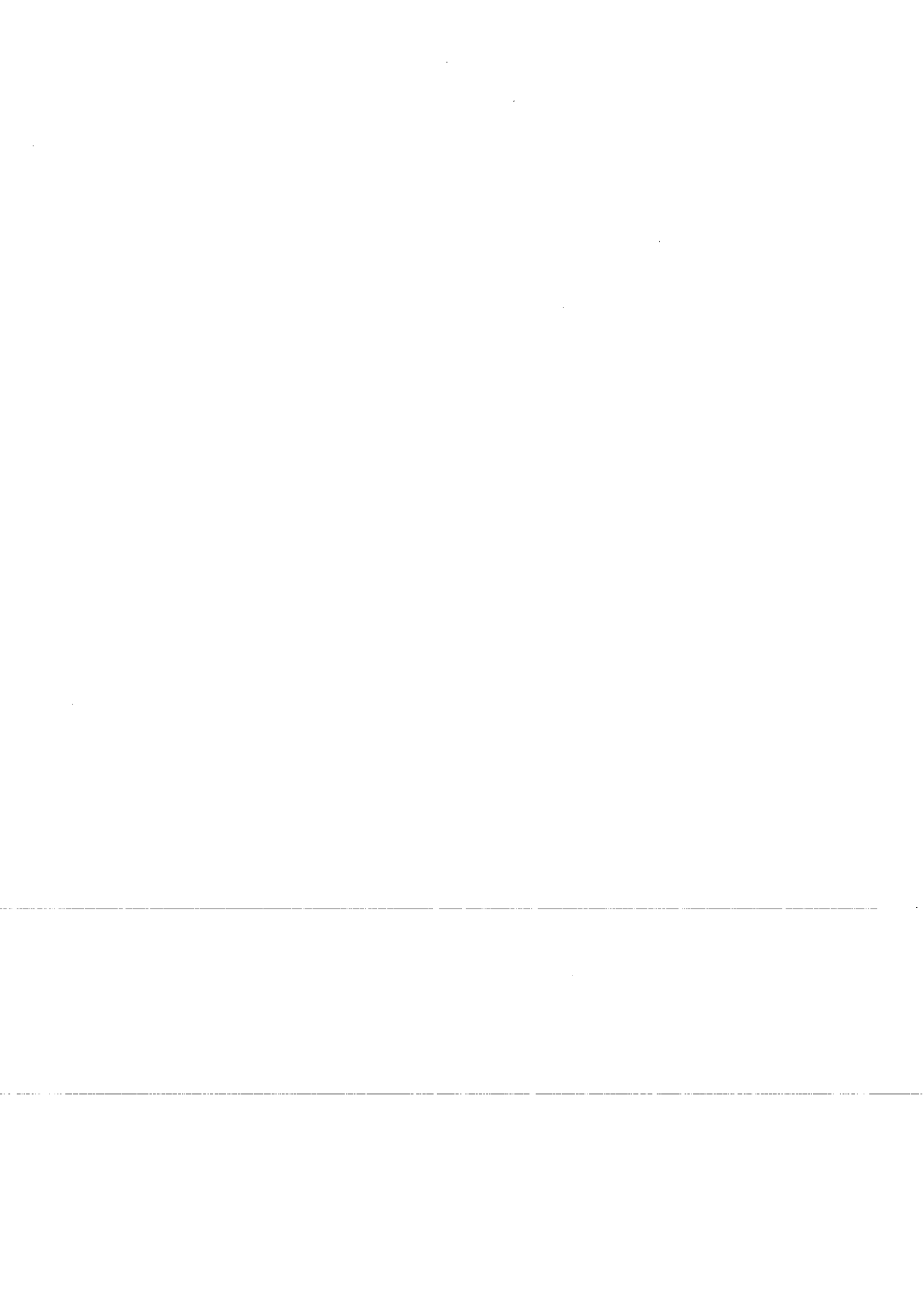
#### **6. Recommendations**

- 6.1 I recommend that Trustees:
- a) Consider the content of Appendix A;

- b) Highlight issues or areas where Trustees might wish to receive further information or clarification; and
- c) Otherwise, note the satisfactory service performance of the organisations that received funding from Shetland Charitable Trust.

Shetland Charitable Trust  
3 September 2012

AJ/DA1  
Report Number CT1209044



## Appendix A

### Purpose

The Appendices set out the purpose of most of the organisations for which funding was provided from Shetland Charitable Trust for the financial year 2011/12.

It sets out the key targets that were agreed for the funding provided and details a summary of actual service performance over the period as stated.

This Appendix is presented to reflect the following areas:

- Arts and Culture
- Children and Families
- Community Care
- Sport and Leisure
- Infrastructure Services

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**Arts & Culture**

**Shetland Arts Development Agency  
2011/12 Grant - £696,038**

Purpose: To encourage, support, inspire, promote, develop and deliver activities in the fields of: dance; drama; theatre; film; literature; music; crafts; and visual arts with a view to the advancement of arts and culture and improving the quality of life for the inhabitants of the Shetland Isles.

Key Targets for 2011/12	Actual service delivery
Exhibitions by local, national and international artists and makers at Bonhoga	<p>Bonhoga held a number of exhibitions throughout the year including Dennis Coutts "Sixties exposure". This exhibition proved to be one of the most popular ever held at Bonhoga.</p> <p>Various local artists were involved in the Bonhoga Gallery Touring Programme and the circuit is being revamped for 2012/13.</p> <p>Workshops were delivered to schools by artists involved in the Bonhoga Gallery Education Programme.</p>
Promoting and supporting Visual Arts	<p>Visual Arts Development Officer (VADO) provided support and advice for individual artists with regards to professional development and exhibition opportunities.</p> <p>VADO continued to work as part of team which delivers the arts and restorative justice project, Space2face.</p> <p>VADO supported the artist in residence and arranged CPD and other training events.</p> <p>VADO is also working on new projects, some of which will be in collaboration with other organisations and agencies.</p>
Support Crafts development	<p>Craft Development Officer (CDO) continued to administer the Working Up4 Craft Makers Scheme, with small grants going to a number of local makers.</p> <p>CDO continued its collaboration with Dundee Contemporary Arts &amp; Crafts. This will result in an exhibition of poetry and craft making by Fife and Shetland artists in autumn of 2012.</p>
	<p>CDO has also delivered workshops on basket making and held talks with local community groups about textiles.</p>



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	<p>CDO has been actively involved in the quality assessment process for Shetland Islands Council and Shetland Arts and Crafts Association. CDO also part of a research project with officers at Highlands and Islands Enterprise and Shetland College for marketing, skills development and other promotion.</p> <p>CDO continues to mentor and support individual craftmakers, designers and artists and provides support to various community groups and organisations.</p>
<p>Provide Drama development opportunities</p>	<p>Drama Development Officer (DDO) worked on various aspects of the 2011 Tall Ships Event, including the Opening Ceremony and puppet shows held over that weekend.</p> <p>DDO worked closely with Splinters Youth Theatre and Shetland Youth Theatre. Both groups were assisted with rehearsals and were successfully performed to audiences.</p> <p>DDO delivered drama sessions to school teachers and pupils in Brae and Sandwick.</p> <p>DDO, working with other staff at Shetland Arts Development Agency, was instrumental in organising and enabling the two days of casting for B4 Films "Between Weathers". Casting sessions took place in the Garrison Theatre and at Fetlar Community Hall and a number of local people were selected.</p>
<p>Develop Dance activities</p>	<p>Traditional Dance Artist in residence delivered workshops in schools across Shetland and also provided dance sessions as part of Traditional Dance Island Trails.</p> <p>Workshops in Traditional Dancing have also taken place with a variety of groups including nursery groups, over 60s clubs and youth clubs.</p> <p>Discussions also held about a potential partnership working with Aberdeen City Moves Dance Company.</p>
<p>Encourage Literature development and seek out partnership projects</p>	<p>Ongoing support was provided by the Literature Development Officer (LDO) to Lerwick Writers' Group, West Mainland Writers' Group and the Annabrae "Just Writing" Group.</p>
	<p>10th Wordplay Book Festival was successfully delivered which featured a programme of writers, illustrators, broadcasters and comedians.</p>

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<p>Promote Music development</p>	<p>The LDO oversaw the work of the five Readers in Residence and LDO also delivered lessons / workshops in song writing for students undertaking the new Music NC course at Shetland College.</p> <p>LDO also carried out creative writing sessions and provided mentoring and support to young writers.</p> <p>Music Development Officer (MDO) worked with Shetland College on the development of new NC and HNC Music courses.</p> <p>MDO was involved in the annual Fiddle Frenzy summer school. MDO also assisted local community groups such as Shetland Jazz Club and Shetland Young Promoters Group with events.</p> <p>MDO delivered mentoring and provided advice to a range of individuals and organisations.</p> <p>MDO has been involved in Mareel Operations Sub-committee, which meets regularly to plan for activities which will take place in Mareel.</p> <p>MDO also worked on the visit to Shetland of the Royal Scottish National Orchestra that took place in February 2012. A complex programme saw members of RSNO accompanying Shetland musicians to Unst, Skerries, Fair Isle and Foula.</p>
<p>Encourage Film and Digital Media development</p>	<p>Shetland Arts Development Agency regularly had its film equipment used by different groups and individuals throughout the year.</p> <p>SADA staff continued to support a variety of local film makers such as Maddrim Media.</p> <p>Screenplay 2011 was successfully delivered and included 10 short film submissions. Local film makers received feedback and comments from the Screenplay curators.</p> <p>SADA secured funding from the Olympic Lottery Fund and Creative Scotland for a transnational and trans regional film project as part of the London 2012 Cultural Olympiad. The project is to involve a repay of short films around the UK as part of the London 2012 Olympic Games.</p>
	<p>SADA worked with Shetland Film Club screening a variety of films at different venues across Shetland. SADA continued to work with B4 Films on its plan to make a feature film in Fetlar, "Between Weathers".</p>

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Provide performances at Garrison Theatre to entertain, challenge and attract audiences	<p>The Garrison was again used for a range of events including films, drama, live music and variety concerts.</p> <p>Monthly film weekends were programmed at throughout the year. Other popular events held in the Garrison included Young Fiddler of the Year and the Shetland Country Drama Festival.</p>
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Shetland Arts Development Agency Attendance figures – 2011/12

	2011/12 Target	2011/12 Actual
<b>Attendance at performances - own venue (exc. Film)</b>		
Number of performances	60	50
Total attendances	11,000	12,551
<b>Attendance at visual arts/crafts exhibitions – own venue</b>		
Number of exhibitions	25	20
Total attendances	20,000	21,615
<b>Participation in education &amp; outreach events – own venue</b>		
Number of events	75	97
Total attendances	2,135	1,878
<b>Attendance at performances - other venues (exc. Film)</b>		
Number of performances	65	75
Total attendances	3,580	5,995
<b>Attendance at visual arts/crafts exhibitions – other venues</b>		
Number of exhibitions	60	40
Total attendances	30,900	33,139
<b>Participation in education &amp; outreach events – other venues</b>		
Number of events	612	739
Total number of participants	9,545	16,096
<b>Support for artists / artistic development / professional training</b>		
Number of events	104	403
Total number of participants	830	2,328
<b>Film (Garrison)</b>		
Total performances	150	222
Total attendances	15,000	22,921

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**Shetland Accordion and Fiddle Festival  
2011/12 Grant - £12,000**

**Purpose:**

To provide opportunities for the performance of accordion and fiddle music at a festival.

To provide the opportunity for visiting musicians to meet and play with local musicians thereby imparting knowledge and styles to each other.

To provide an opportunity for young Shetland musicians to broaden their horizons and perform to large audiences.

Key Targets for 2011/12	Actual service delivery
Maintain and build on the high standard of previous years	Festival Club was located in Islesburgh Community Centre over the weekend and was well attended by festival goers.
Encourage as wide a range of traditional music as possible by bringing musicians from Scandinavia, Scotland, England and Ireland	Visiting musicians came from a variety of locations out with Shetland including the Scottish mainland, England, Ireland and Norway.
Maintain festival club membership – 650 members	624 memberships sold – a decrease of 89 from 2010 festival. However the 2010 festival was fairly unique as it had two large groups from Northumberland (50) and Aberdeen (30) in attendance that skewed membership numbers for that year.
Maintain audience numbers at the various venues – 2,600	A total of 2,670 tickets sold.
Maintain the number of club members from out with Shetland thus boosting off season tourism – 279	200 memberships sold to visitors from outside Shetland. Many of these visitors are repeat members.
Ensure that the festival covers all areas of Shetland	Concerts were held in venues throughout Shetland including Uyeasound, Symbister and Walls.
Satisfaction survey – 100% satisfaction	No formal customer survey carried out. However the 2011 festival received positive coverage in the local press  Feedback from those attending was again very positive and no complaints were received by the organising committee.

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**Shetland Folk Festival Society**  
**2011/12 Grant - £18,000**

**Purpose:**

To assist with the costs of providing artists to perform at the 30th Shetland Folk Festival and to help cover the costs of providing transport and venues.

Key Targets for 2011/12	Actual service delivery
Festival club - a central meeting place for members and artists available during the festival	Festival club was busy and well used throughout the weekend. Facilities included storage, function room, bar and catering facilities, session rooms and workshop areas.
1 youth event (free attendance) featuring young musicians from throughout Shetland	1 afternoon Youth Event (free for Festival members to attend) was held on the Saturday afternoon in the Festival Club featuring the winners of the young fiddler of the year competition as well as groups New Tradition and Young school accordionists. In addition to the 40 young performers, there were 120 in the audience.
Concerts – approximately 21 concerts are held throughout Shetland with 5,000+ in attendance	A total of 27 ticketed concerts held with 5,829 in attendance.
Outreach Concert – one in Unst, Fetlar, Out Skerries or Fair Isle, with up to 150 in attendance	Outreach concerts held in Fetlar and Fair Isle with 130 in attendance.
Additional Support Needs Concert – private concert for adults and children with additional support needs, with up to 100 in attendance	1 private afternoon concert for young adults and children with additional support needs was held at the Bells Brae ASN Unit. In addition to the visiting band in attendance (Knerten & Co), there was also a performance by Allansmagic from Aberdeen. Excluding committee volunteers and performing artistes, 70 students and parents/carers were in attendance.  One private music session for participants at the Eric Gray Resource Centre was also held on the Friday morning. This was hugely successful and may become an established visit for the Festival in future years.
Playgroup Concert – one held annually each year, with up to 300 in attendance.	1 playgroup concert for children aged 3-5years was organised in partnership with the Association of Shetland Playgroups. This was held at the Clickimin Centre on Friday lunchtime of the Festival with about 400 in attendance (including parents)

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<p>SFFS will provide information on total number of tickets (per venue) and memberships sold</p> <p>SFFS will provide information on how many tickets/memberships are purchased from visitors to Shetland</p> <p>SFFS will carry out a customer satisfaction survey and report results to SCT. Content to be agreed with Service Co-ordinator</p> <p>At least one visit to a primary school for exchange of music</p>	<p>A detailed breakdown of ticket sales was provided by SFFS. A total of 5,829 tickets sold across 27 concerts, with 2,316 memberships sold.</p> <p>515 memberships sold to visitors to Shetland (included in total memberships above). Memberships purchased by visitors in UK, Europe and USA/Canada. At present current system cannot provide accurate number of tickets purchased by visitors but a new on-line system will be in place for the 2013 Festival, which should be able to provide this data.</p> <p>A customer survey was conducted at 2011 festival and feedback was very positive and helpful to SFFS committee in terms of planning for future festivals.</p> <p>1 visit to a primary school in Shetland with Genticorum from Quebec (Walls Primary School).</p> <p>Most pupils and staff in the school, as well as some visiting students, were in attendance. The visit occurred on the Friday afternoon - the same night as a concert was held in the Walls hall.</p> <p>A whole range of other activities were arranged in the Festival Club over the 4 day event. This included 5 workshops in banjo, fiddle, drumming, and Shetland dancing as well as scheduled sessions (and countless spontaneous sessions where anyone is welcome to join in.</p>
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**Children and Families**

**Shetland Befriending Scheme**  
**2011/12 Grant - £54,418**

**Purpose:**

Offering young people the opportunity to form a trusting relationship with an adult to promote his/her personal development, self esteem, self confidence and emotional growth.

Key Targets for 2011/12	Actual service delivery
To continue to provide a service Shetland wide.	Shetland Befriending Scheme provided a befriending service to children and young people throughout Shetland.
To continue to support, monitor and review matches to ensure the befriending is benefiting young person	Shetland Befriending Scheme provided a service to 26 young people during 2011/12
To promote the service	Shetland Befriending Scheme regularly promotes its services using a range of methods. Promotional campaigns are carried out at different times of year, and in different locations, to help raise awareness of the Befriending project and to ensure maximum exposure. This promotion often leads to enquiries from prospective volunteers.
Recruit up to 6 new volunteers	16 new volunteers accepted on to initial volunteer training programme. However volunteer enquiries and recruitment is a year round process.
Deliver one group 8-week training sessions for new volunteers	Three 8-week group training sessions were held during the year for new volunteers.
To have up to 6 newly trained volunteers ready to be matched	16 new volunteers were fully trained and ready for matching with a client.
To offer 3 sessions of peer support to working volunteers	5 sessions delivered on a variety of topics.
To offer a minimum of 6 group activity days for volunteers and their young person to participate in	6 group activities took place for volunteers and their young person including a cookery session, craft work and African drumming. Group sessions were generally well attended.
To offer credited training to volunteers as and when the opportunity arises	One volunteer undertook Child Protection training.
General Client Information & case studies	General client information and case studies received.

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**Shetland Youth Information Service  
2011/12 Grant - £188,840**

**Purpose:**

To motivate, challenge and enhance the lives of young people in Shetland by providing support and information services, which are developed and delivered in partnership with young people.

Key Targets for 2011/12	Actual service delivery
Contact with young people – 3,500	3,209 contacts with young people.
One to one work with young people – 50	Drop in centre offers young people access to information, advice and support with a range of issues.
Regular outreach sessions – 70	72 one to one support sessions held. Majority of contacts about were employment and training, but support provided on other topics.
Group activity sessions - 10	46 outreach sessions delivered in Junior High schools across Shetland. Various topics covered including employability, healthy eating, housing and money.
Provide report of issues raised by young people	20 group sessions and workshops held through the year, which were generally well attended. Most group sessions occur through the Peer Education project. This has enabled a number of young people to be trained as Peer Educators. The Peer Educators then deliver workshops to other young people on a variety of topics and issues.
Report on website usage	A wide range of issues raised by young people including bullying, racism, physical and mental health, employment, housing, finance, drugs and alcohol, smoking and relationships.
Provide at least one case study per quarter	4,500 website contacts.
	Regular case studies received.



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**Community Care**

**Shetland Islands Citizens Advice Bureau  
2011/12 Grant - £147,383**

Purpose:

Providing an independent advice and information service to:

1. Ensure the individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively and;
2. To exercise a responsible influence on the development of social policies and services, both locally and nationally.

Key Targets for 2011/12	Actual Service delivery
New client contacts (3,000)	3,325
New client issues (4,500)	6,050
Repeat client contacts (6,000)	5,662
Repeat client issues (10,000)	11,666
Employment tribunals (or negotiated settlements including ACAS) - 10	18 completed. This is the second highest in the Bureau's history after 2010/11
Confirmed employment annual financial gains (£20,000)	£66,871  Financial gains also second highest in Bureau's history
Confirmed annual financial gains across all subject areas, excluding Welfare Rights (£30,000)	£107,390
Welfare Rights Appeal tribunals (50)	44 completed. The Bureau had successful outcome in 88% of tribunals
Welfare Rights Reviews / Supersessions (90)	102
Welfare Benefit Health Checks (200)	352 carried out across all projects within the local Bureau
Welfare Rights Confirmed annual financial gain (£750,000)	£1,674,702
Total debt managed including money advice project (£2,500,000)	£2,529,559
	Existing debt total is £1,414,143 New debt total is £1,115,416

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Customer satisfaction results	<p>Money advice financial gains total £207,329 – most gains due to “Low Income Low Asset” route with 12 applications completed during the year.</p> <p>Extensive customer survey completed in March 2012 with very positive results.</p> <p>100% of service users surveyed indicated they would use service again</p>
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**COPE Ltd**  
**2011/12 Grant - £154,967**  
**Additional Grant - £288,000**

Purpose:

Providing training, support and employment opportunities to adults with learning or physical disabilities

Key Targets for 2011/12	Actual service delivery
<p>To provide training, support and employment opportunities for 50 people with disabilities in Shetland.</p> <p>10 school placements expected to be made available</p> <p>Supported placements within COPE enterprises resulting in approximately 900 hours</p>	<p>On average 60 placements have been provided by COPE each quarter during the year.</p> <p>COPE also employ 10 people with a disability</p> <p>16 school placements provided plus a number of referrals</p> <p>COPE are providing over 700 hours of supported work placements provided per week</p> <p>During 2011/12 COPE appointed a new General Manager and work is underway to review all COPE's services and its structure going forward.</p> <p>In 2011/12 COPE operated the following enterprises:</p> <ul style="list-style-type: none"> <li>Shetland Soap Company</li> <li>Scrapstore and Last Ditchology</li> <li>COPE Catering (including Karibuni)</li> <li>COPE Pet Supplies</li> <li>COPE Trees and Shrubs</li> <li>Cards from the Heart</li> </ul>

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**Couple Counselling Shetland**  
**2011/12 Grant - £12,000**

Purpose:  
 Providing a counselling service to resolve or reduce relationship problems.

Key Targets for 2011/12	Actual service delivery
<p>Recruit one counsellor to be trained and accredited by Relationships Scotland (2 year programme)</p> <p>General client information and case studies</p>	<p>One counsellor currently accredited with a student currently undergoing required training. A third counsellor resigned during 2011/12.</p> <p>In 2011/12 a total of 252 counselling sessions were delivered to couples.</p> <p>General client information received. This reported that service users are between ages of 21-63 years and over 60% reside in Lerwick and North Mainland areas.</p> <p>Nature of problems includes financial problems and debts, alcohol issues, health issues and relationship breakdowns.</p> <p>No case studies received</p>

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**Disability Shetland Recreation Club**  
**2011/12 Grant - £12,641**

**Purpose:**

To support the running costs of the Recreation Club including hiring venues, transport, volunteer expenses and training;

To contribute to the costs of delivering the Social Activities project at Montfield.

Key Targets for 2011/12	Actual service delivery
Sport Sessions (14)	14 sessions delivered
Swimming Sessions (10)	10 sessions delivered
Swimming Sessions (Unst, 60)	99 sessions delivered
Swimming Gala (annually)	1 competition held. 60 service users participated in a successful event in September 2011
Yoga sessions (10)	10 sessions delivered
Bowls Competition (annually)	1 competition held. 59 service users attended a successful event in May 2011
"Wootton Lass" Trips (20)	32 trips delivered *
New trained volunteers (15)	10 volunteers recruited and trained
All Stars football Club (10)	10 sessions delivered
Social Activities at Montfield (50)	The "Wednesday Club" delivered a variety of activities, games and speakers during the year. The club met 50 times during the year with 13 clients regularly attending.
Satisfaction outcome – 100%	Service evaluation was carried out during 2011/12 and results were very positive. 100% of service users were satisfied with services and activities provided.
Client information	No information received
Case studies	No case studies received

\* The target number of "Wootton Lass" trips was again exceeded in 2011/12. The Boat covered 217 miles at sea and had 181 passengers including 13 wheelchair users. The Wootton Lass also offered trips during the Tall Ships event which proved to be very popular.

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**Shetland Link Up  
2011/12 Grant - £47,994**

Purpose:  
Providing support to people who are affected by mental health problems.

Key Targets for 2011/12	Actual Service Delivery
Attendance at Mixed Group (1,000)	1,285
Total client contacts (1,500)	1,492
Average number of clients actively receiving a service at any one time (22)	21 active clients
Number of volunteers (2)	5 volunteers
Total volunteer hours (200)	398 volunteer hours
Satisfaction Outcome (75%)	Satisfaction surveys continue to be undertaken each quarter – the average result for 2011/12 was 96% satisfaction
General client information	<p>The profile of service users is summarised as follows:</p> <p>Slightly over 50% of clients are men</p> <p>Over 95% of service users are between the ages of 26-55 years old.</p> <p>Service users come from all over Shetland but almost 60% of clients are located in central mainland area.</p>

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**Voluntary Action Shetland**  
**2011/12 Grant - £144,367**

**Purpose:**

To provide a central point for the voluntary sector, providing office space, storage, administrative support, sign posting, advice and information to the voluntary sector in Shetland

Key Targets for 2011/12	Actual service delivery
<p><b>Building the Third Sector relationships with Community Planning</b> – Being a full partner on Shetland Community Planning Partnership, representing the Third Sector on strategic forums and partnerships.</p> <p><b>Supporting and Developing a Strong Third Sector</b>– Working closely with partners at operational level to ensure best use of local knowledge and resources, giving appropriate support and advice.</p>	<p>Voluntary Action Shetland is involved in a numerous strategic groups, forums, networks and partnerships including the Community Planning Partnership, Child Protection Committee, Fairer Shetland Group, Social Economy and Regeneration Partnership, and Scenario Planning Steering Group.</p> <p>VAS's involvement in such groups has provided representation and a voice for the local Third Sector. It has also enabled the Third Sector to input and contribute to local strategy development with partner agencies.</p> <p>VAS has worked closely with partners such as Shetland Islands Council and Highlands and Islands Enterprise (HIE) to support and develop local community groups and voluntary organisations.</p> <p>VAS has provided direct support to organisations in a number of ways e.g. providing accommodation, payroll services; help with external funding, governance, advice and information.</p> <p>VAS has also supported groups at meetings and signposted them to other agencies where appropriate.</p> <p>VAS assisted organisations in Market House to secure over £0.6m of funding for local services and projects.</p> <p>Market House had a total of 10,403 service users during 2011/12.</p>
	<p>VAS staff completed training to support community groups to become Scottish Charitable Incorporated Organisations (SCIO). Several groups have already been assisted to become SCIOs.</p>

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<p><b>Social Enterprise Development –</b> Linking with national learning opportunities and using results from local Social Economy Research to give baseline data, in order to shape development of enterprising behaviour and growth.</p> <p><b>Volunteer Development –</b> Providing a varied training programme for volunteers. Assessing potential volunteers and matching with appropriate volunteering opportunities and monitoring placements and progress of all volunteering activities.</p>	<p>VAS continues to circulate important information to the voluntary sector through its networks and mailing lists.</p> <p>VAS provides day to day management of Disability Shetland staff.</p> <p>The New Shetlander magazine continues to be supported by VAS. 4 editions were produced during 2011/12 with over 1,000 copies sold each quarter.</p> <p>VAS continues to support and expand the membership of Social Economy network. By working with the Council and HIE it helped ensure that all available funding streams are utilised by organisations in the Third Sector whenever possible.</p> <p>Social Economy research identified that local groups need to become more enterprising in order to maximise income and funding opportunities.</p> <p>VAS launched the Shetland Youth Volunteering Awards. This is targeted at secondary age pupils and was promoted at schools and other local events e.g. careers events.</p> <p>These Awards encourage young people to get involved in volunteering. Volunteering training packs have been developed. VAS has over 100 young people registered and working towards their respective volunteering awards.</p> <p>A wide range of training opportunities and new skills are gained by young people participating in Youth Volunteering Awards. An annual Awards ceremony is also held to celebrate success of those participating.</p> <p>Adult are also actively encouraged to become volunteers. New volunteers are placed on a database and offered training and support to find a volunteering opportunity or placement.</p>



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	<p>A number of individuals who have been recruited as volunteers have proceeded to change careers and subsequently gain employment as a result of their volunteering experience and placements.</p> <p>VAS monitors its volunteers and periodically holds supervision meetings to monitor their progress and offer assistance to individuals as and when required.</p>
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**W.R.V.S.**  
**2011/12 Grant - £47,622**

Purpose:

To enable older people to get more out of life by delivering practical support and a range of community based services tailored to individual need

Key Targets for 2011/12	Actual service delivery
<p>Continue current range of clubs and services throughout Shetland;-</p> <p>2 lunch clubs – Increase attendance by 10% (Sandwick, Cunningsburgh and Quarff).</p> <p>5 social clubs (Brae, Burra, Lerwick, Nothmavine and Whalsay).</p> <p>Good Neighbours Assistance scheme – 30 people and 10% growth in passenger journeys.</p> <p>Blether Together – 10 established service users, 60 will receive regular contact calls</p> <p>Establish, consolidate and evaluate up to 4 new or re-structured clubs – Walls, Scalloway, Whiteness &amp; Weisdale and Yell</p> <p>Recruit relevant numbers of volunteers in line with service expansion.</p> <p>Register 70 people as active volunteers by March '12.</p> <p>Achieve a 10% growth in the number of users of WRVS Community Services by March '12.</p>	<p>The 2 existing lunch clubs were successfully maintained and total attendances increased by 6.5% during the year.</p> <p>6 social clubs operating successfully. New club established at Walls</p> <p>A total of 39 people were assisted during the year and passenger journeys increased from 590 to 805, representing growth of 36% on the previous year's total.</p> <p>Research identified that a dedicated telephone befriending service was not needed. However WRVS made between 50-90 calls per month to its service users re club attendance so these calls included a general catch up to check on clients and ensure their needs are being met.</p> <p>4 new clubs were set up. A new Social Club was established in Walls and operated successfully during the year. Yell and Scalloway closed after a short time following lack of demand. A club in Whiteness &amp; Weisdale is looking quite positive and further work to be undertaken in this location.</p> <p>A total of 10 volunteers were recruited during the year, which is almost in line with increased service levels.</p> <p>71 volunteers were registered with WRVS at March 2012</p> <p>Total service users increased from 137 in April 2011 to 171 at March 2012 – an increase of 25%</p>
<p>Carry out focus groups to help evaluate services.</p>	<p>Volunteer and service user surveys were carried out in addition to focus groups. All responses were received and analysed and illustrate very positive results.</p>

**Shetland Charitable Trust  
Service Performance Monitoring Statement  
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**Sport and Leisure**

**Shetland Recreational Trust  
2011/12 Grant - £2,583,392**

**Purpose:**

To provide wide range of leisure and sport activities and facilities at 8 locations throughout Shetland. The facilities are professionally operated, well maintained to a high standard with appropriate opening hours. The facilities are seen as places for whole communities to meet, socialise and play. They are a major attraction for local residents and an important factor in attracting tourists.

Key Targets for 2011/12	Actual service delivery
Maintain existing opening hours and user numbers.	See table below
Achieve target users of 714,000	See table below
Promote more joined up work between Shetland Islands Council and Shetland Recreational Trust to maximise the use of all recreation resources, to ensure people have more active lifestyles.	The Trust and SIC worked effectively together on a number of joint projects and areas of service delivery. These included: provision of facilities for PE for school children throughout Shetland, the management of parks and playing fields in Lerwick, the provision of children's' holiday activities, sale of tickets for SRT events through Shetland Box Office, development of centralised booking system for all SIC/SRT facilities linked to the Smartcard project, provision of exercise classes for healthy working lives initiative and management of the corporate leisure scheme.
To improve physical access to community and sports facilities to encourage use of them by all people	Shetland Charitable Trust agreed that the SRT could utilise its surplus from financial year 2010/11 for the provision of a passenger lift within Clickimin Leisure Complex. It is expected that the work will be completed by the end of 2012.
To develop and support imaginative and innovative approaches to getting all people active	SRT in partnership with Shetland Islands Council supported 'Games for Scotland 2011'.  Games for Scotland is a programme of events designed to inspire, motivate and engage people in sport and celebrate the countdown to the Glasgow Commonwealth Games in 2014.
	Shetland Sports Week was held in September 2011 with over 1,500 participants and 90 events delivered across Shetland. A total of 147 volunteers gave up their time to support these events.

**Shetland Charitable Trust**  
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<p>To develop community initiatives that seek to address low levels of participation particularly from hard to reach and vulnerable groups</p> <p>To ensure that programmes of school based and out of school activities and opportunities are developed to support children and young people to enjoy a safe and active life</p> <p>Develop an Active Life and Sport Strategy</p> <p>Be an active partner in the Highlands and Islands Regional Sporting Partnership and contribute towards its annual action plan</p>	<p>The 14 Commonwealth sports which exist locally delivered the programme in addition to all the events provided through leisure centres.</p> <p>Not progressed</p> <p>An initial meeting has been held with representatives of Active Schools, SIC Sports Development, PE staff and SRT to ensure closer working relationships with the aim of creating improved programmes.</p> <p>During discussions regarding the formation of an Active Life Strategy it was agreed that a separate Sports Strategy should be created. With regard to the Active Life Strategy, NHS Shetland is leading the creation of this document and it is expected to be agreed by all partners by the end of 2012.</p> <p>SRT and SIC have jointly led the Sports Strategy with a number of meetings being held followed by a period of public consultation. New Sports Strategy to be finalised in June 2012.</p> <p>This partnership consists of Shetland, Orkney, Western Isles and Highland and it meets 3 times per year. Two meetings are held in Inverness and the third meeting rotates around the islands.</p> <p>The aim of the partnership is:</p> <ul style="list-style-type: none"> <li>• to work together to collectively increase participation and improve performance in sport</li> <li>• to share information, innovate and add value to each other</li> <li>• to inform and improve strategy, policy and delivery of effective sport pathways with the region.</li> </ul> <p>SRT management continue to place a high priority on the work of the partnership and are committed to contributing to the outcomes.</p>
	<p>SRT staff facilitated the attendance of two senior officers from <b>sportscotland</b> at the recent NatWest Island Games in the Isle of Wight.</p>

**Shetland Charitable Trust  
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	This enabled <b>sportscotland</b> staff to: have a better understanding of Island Games sports, competition, structure and organisation; have a better understanding of the standards of competitors performance; and experience a well run enjoyable competitive sporting event that is vital within the Shetland sporting calendar.
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**Actual SRT opening hours in 2011/12**

Facility	Actual Opening Hours per Annum	Target Opening Hours per Annum
Clickimin Leisure Complex	5,593	5,500
Unst Leisure Centre	3,671	3,800
Yell Leisure Centre	3,713	3,700
North Mainland Leisure Centre	4,063	3,900
Whalsay Leisure Centre	3,713	3,700
South Mainland Pool	2,717	3,000
Scalloway Pool	3,159	3,100
West Mainland Leisure Centre	3,929	3,900

**Actual SRT admission numbers in 2011/12**

Facility	Actual Admissions at 6 Months	Actual Admissions at 9 Months	Actual Admissions at 12 Months	Annual Target Number of Admissions
Clickimin Leisure Complex	207,348	305,368	434,971	425,000
Unst Leisure Centre	11,846	18,015	25,652	25,000
Yell Leisure Centre	16,304	25,343	36,565	40,000
North Mainland Leisure Centre	36,942	53,540	67,385	60,000
Whalsay Leisure Centre	19,844	33,527	46,559	50,000
South Mainland Pool	12,241	19,413	28,723	30,000
Scalloway Pool	14,197	20,898	29,275	30,000
West Mainland Leisure Centre	28,243	42,256	60,359	54,000
<b>Total</b>	<b>346,965</b>	<b>518,360</b>	<b>729,489</b>	<b>714,000</b>

**Shetland Charitable Trust**  
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**The Swan**  
**2011/12 Grant - £44,650**

**Purpose:**

To make the Swan available for viewing, restored in good working order and registered as an approved sail-training vessel.

To encourage young people to sail on the Swan, to appreciate Shetland's sailing and fishing history and experience our wildlife and culture.

Key Targets for 2011/12	Actual service delivery
<p><b>Usage:</b>            Shetland schools (10)            Orkney schools (6)            Additional Support Needs (2)            Youth Groups (2)</p> <p><b>Analysis:</b>            School children (300)            Youths under 25 (70)            Adults (50)</p> <p>Percentage of users who were satisfied with the service provided (80%)</p> <p>Percentage of users who would return for another trip (80%)</p> <p>Report demonstrating activity of the Swan</p>	<p>13 Shetland schools            7 Orkney schools            1 Additional Support Needs group            0 youth groups</p> <p>375 school children            53 youths under 25            173 adults</p> <p>A satisfaction survey was not carried out. However feedback from service users continues to be very positive, especially by young people. No complaints were received from service users.</p> <p>This data has not been formally recorded. However there are a significant number of repeat service users and many others indicate that they would consider booking the Swan again in future.</p> <p>Following maintenance works in MacDuff the Swan left Scalloway for Orkney with 7 schools on trips during an 11 day period.</p> <p>On its return to Shetland the Swan carried out 8 school charters and two private charters including a trip to St Klida. The Swan then carried out 3 further school trips with west side schools and set off for Waterford, South Ireland, to commence in the Tall Ships race.</p> <p>Berths were sold and a number of local young adults took part in the Tall Ships race which was organised in partnership with Shetland Sail Training Organisation.</p> <p>A total of 8 trainees (6 from Shetland) participated in the Tall Ships race. During the race the Swan called into Campbeltown, Arran, Greenock, Lochmaddy and Stornaway before sailing to Shetland and stopping by at Scalloway, Cullivoe, Baltasound, Whalsay and finally arriving at Lerwick.</p>

**Shetland Charitable Trust**  
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	<p>The Swan took a further 8 trainees (4 from Shetland) on the journey from Lerwick to Stavanger and then to Halmstad before returning to Lerwick. The remainder of the season included a mixture of school charters and private hires before tying up at Scalloway for the winter.</p> <p>During the winter the Swan and its team of volunteers undertook its annual maintenance programme from cleaning and painting, to renewing a selection of sheets, radar upgrade and improvements to the cabin lighting and heating. Various servicing duties and repairs were also carried out as necessary to safety equipment and lifejackets/life rafts.</p> <p>The Swan updated its merchandise products and dealt with enquiries and bookings for the 2012 season.</p> <p>In addition to the winter maintenance programme the Swan Trust was awarded the trophy for <b>Sail Training Organisation of the Year – Small Vessels</b> at the annual Sail Training Conference held in Toulon, France.</p> <p>This award recognises best practise and innovation for sail training opportunities to young people and is considered a major international award by the Swan Trust.</p>
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**Infrastructure Services**

**Shetland Amenity Trust  
2011/12 Grant - £1,052,728**

Shetland Amenity Trust continues to be an active, broad based and successful Trust, running the Shetland Museum and Archives and a range of heritage and culture services, many by means of service level agreement with the Council. The Trust has had numerous successes in the year and below are listed a few highlights.

Key Performance Targets	Actual Service Delivery
<p><u>Administration and Management</u> Support the diverse range of projects/ services offered by the Trust</p> <p>Ensure the Finance Function continues to support the business needs of the organisation.</p> <p>Implement a new staff appraisal system.</p> <p>Continue to review the structure and function of administration within the Trust to ensure that it effectively supports the organisation.</p>	<p>Current focus is the commencement of the Sumburgh Head project, in 1<sup>st</sup> quarter of 2012/13.</p> <p>Review of finance staffing structure completed and team working at full strength.</p> <p>Draft appraisal system prepared and well received by Union. To be presented to Staff Council and Trustees for approval during 2012.</p> <p>New structure in place and successfully delivering Trust's administrative requirements. Ongoing assessment of performance and needs, reviewed monthly by Admin Manager and Team.</p>
<p><u>Interpretation</u> Continue to develop and publish works under Trust's Heritage Publications banner.</p> <p>Consider and develop innovative interpretive initiatives and review the Shetland Interpretive Plan.</p>	<p>The following have been printed; Fishing Meids, Jacobsen Conference Papers, When Rats Eat the Fat, A Shetland Antiquarian.</p> <p>An Interpretive Officer was appointed as part of the Sumburgh Head project. A transnational LEADER Project was initiated to develop Geological Interpretation using mobile phone technology. A final draft of the Shetland Interpretive Plan has been prepared and the format is under review.</p>
<p><u>Natural Heritage</u> Maintain the present functions of SBRC.</p> <p>Continue to progress the Sumburgh Head project.</p>	<p>SBRC database now has 232,000 records</p> <p>All funding has been secured and planning consent received. The work is to commence in the near future.</p>



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<p>Ensure that all species of endemic and threatened hawkweeds are in cultivation (working with Woodlands Team).</p> <p><u>Archaeology</u>          Develop Old Scatness Broch as a high quality visitor centre with use of innovative architecture to protect and showcase the site.</p> <p>Enhance, develop and maintain the SMR database.</p> <p>Complete Phase 1 of the Viking Unst project and develop Phase 2.</p> <p><u>Place Names</u>          Record place names from oral and archive sources to incorporate in Shetland Place Names database and linked digital maps.</p> <p>Promote the project at local, national and international events.</p> <p>Make fishing meids information accessible..</p> <p><u>Environmental Improvement</u>          Continue to expand core recycling activities and salvage architectural building materials for public renovation projects</p> <p>Waste minimisation and education visits to schools, youth groups and public events</p>	<p>A plan for germination and translocation has been developed for 2012.</p> <p>Historic Scotland have indicated support and a meeting has been attended to find out how to progress the World Heritage Status application.</p> <p>Over 8,000 recorded sites and monuments are now on the database, all having summary descriptions.</p> <p>Viking longhouse has the walls and roof structure built. Turfing of the roof to take place in spring 2012.</p> <p>2 successful recording sessions were held with members of Nesting History Group resulting in many new names mapped and ready for incorporation into the database.</p> <p>Delivered a lecture on Women in Place Names to International Women’s Day Conference in Orkney in March.</p> <p>Books on meids available for purchase.</p> <p>16 tonnes of aluminium recycled.          1073 inkjet cartridges recycled.          Ongoing work in conjunction with Architectural Heritage Team on the recycling of building materials</p> <p>2 school visits to Enviroglass site and attendance at 1 country show.          2 school workshops delivered on recycling and litter.          Participation in a two day event – SHEEP DIP (involving 15 schools, 158 pupils).          Organised events to promote sustainable travel, including cycling scavenger hunts and sustainable transport roadshows.</p>
	<p>Attended the litter day of action event on Commercial Street on 9<sup>th</sup> June to promote anti litter messages.</p>

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<p>Da Voar Redd Up</p> <p>Continue Muck and Bruck operations throughout all parts of Shetland</p> <p>Further develop glass recycling</p> <p><u>Woodlands</u> Continue to support and promote local tree planting initiatives</p> <p>Continue propagation programme at the new Horticultural Unit, and further conservation of Shetland's woodland development.</p>	<p>Nearly 4,200 volunteers involved with nearly 64 tonnes of bruck collected and disposed of. Mini Redd Ups supported throughout the year.</p> <p>342 end of life vehicles uplifted. 272 requests for uplift of fencing wire, redundant agri-equipment and large electrical goods (North Isles only) completed. 230 end of life vehicles depolluted with Certificates of Destruction.</p> <p>Over 566 tonnes of waste glass processed &amp; recycled.</p> <p>Further site visits to potential applicants (approx. 24 registered an interest).</p> <p>Tissue culture: 4 rare Scottish alpines now in in—vitro cultivation, with required number (100) of one species nearly ready for transfer to peat compost.</p> <p>Large number of native Shetland willow cuttings made; birch and alder seed sown amongst others. Wild flower seed sown.</p>
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**Shetland Charitable Trust**  
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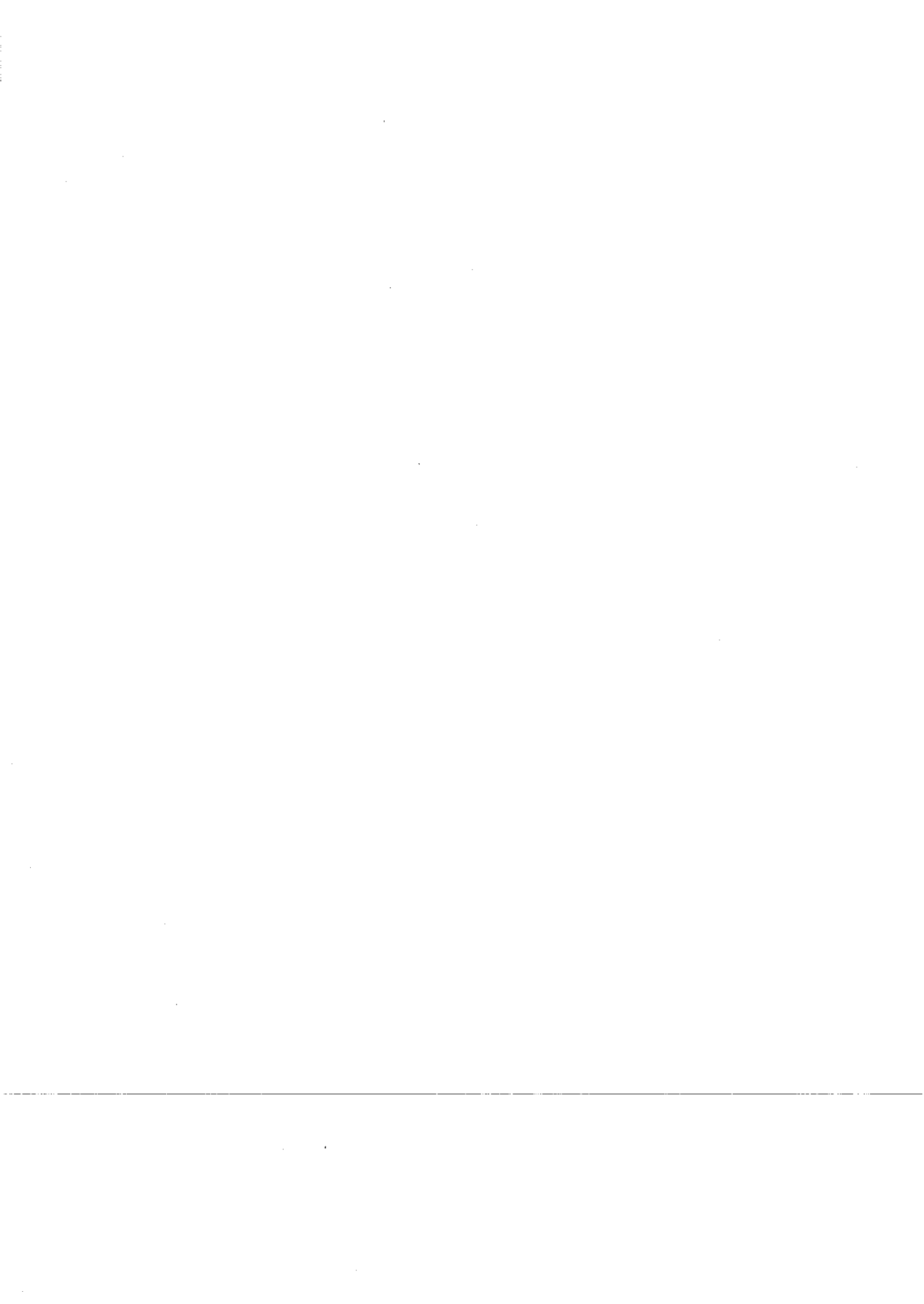
**Shetland Churches Council Trust**  
**2011/12- £54,075**

**Purpose**

The Trust deed states that the Objects of the Trust are

- a) to strive to enable those Christian congregations in Shetland who wish to participate in the Shetland Churches Council to co-operate in using their resources, both human and material, more effectively in working for the extension of Christian knowledge and experience, in playing a corporate part in influencing and changing society and in worship.
- b) For such other purpose or purposes charitable in law as the Trustees shall from time to time determine

Key Performance Targets	Actual service delivery
To hold regular meetings of Trustees, around 6 per year, to consider Grant applications and to receive reports from Trust representatives on various groups that the trust is involved in.	2 meetings held
To continue to assist Christian congregations with the upkeep and repair of their buildings, particularly where they have a wider architectural or community benefit, in order to ensure that these buildings can continue to provide satisfactory places of worship.	2 awards primarily for external works and 3 awards for internal works  Geographical spread: Lerwick, Scalloway, Burra
To ensure, where practical, that entrances are not a barrier to wheel-chair bound users and that other impairments, such as deafness, are mitigated by provision of 'Loop' systems	1 grant given relating to disabled toilets
To work together to co-ordinate and facilitate services and events for the Tall Ships Race and other community events	Organised service at Holmsgarth during Tall Ships
Provide travel grants to defray some of the costs of travel from Shetland.	3 grants awarded
Sit on committees and bodies dealing with issues such as drugs and alcohol, Emergency Forum, etc	Representatives on 3 bodies
To support "Rebellion" – a regular youth event for teens of all denominations and none	Rebellion has taken place 3 times this year. Supported Burra Baptist football holiday club. 1 grant awarded to a teenager.



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## REPORT

To: Shetland Charitable Trust

Date 13 September 2012

From: Financial Controller

Report: CT1209041

### Windfarms – Health and Property Values

#### 1. Introduction

- 1.1 This report informs Trustees of actions taken following the Trustee decision at the last meeting to commission their own independent report on the health effects, if any, of windfarms and to consider the suggestion that a fund should be set up to compensate householder whose properties are devalued as a result of the windfarm, if and when they move.

#### 2. Actions Taken

- 2.1 Dr Sarah Taylor, Director of Public Health with NHS Shetland, has agreed to provide an updated literature review on Windfarms and health. This will be presented to Trustees when completed.
- 2.2 The Chair of the Trustee board wrote to the developer after the Trustee meeting on 28 June 2012 and asked that the developer consider the need for a compensation arrangement. The developer is of the view that there is no reliable evidence that indicates that the development of a wind farm leads to a fall in value of houses in the general area. I suggest that for the time being Trustees agree to keep this matter under review. The developer's full response is attached as an Appendix to this report.

#### 3. Conclusion

- 3.1 Further reports on these topics will be presented to Trustees as required.

#### 4. Recommendations

- 4.1 I recommend that Trustees note the contents of this report.

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Appendix A  
CT1209041  
The Gutters' Hut  
North Ness Business Park  
Lerwick  
Shetland  
ZE1 0LZ

Tel: 01595 744930  
Fax: 01595 744920  
e-mail: [Info@vikingenergy.co.uk](mailto:Info@vikingenergy.co.uk)

30/08/2012

Drew Ratter  
Chairman  
Shetland Charitable Trust  
22-24 North Road  
Lerwick  
ZE1 0NQ

Our Ref: BM/SCT  
Your Ref: DR/JPG/em/IS4

Dear Drew,

**Trustee Decision of 28 June 2012**

Thank you for your letter informing me of the Trust's decision in respect of its further investment in the Viking project. The project now has a considerable asset value and we will seek, at all times, to continue to protect and enhance that asset value through the coming weeks and months as the project moves forward from the consented stage.

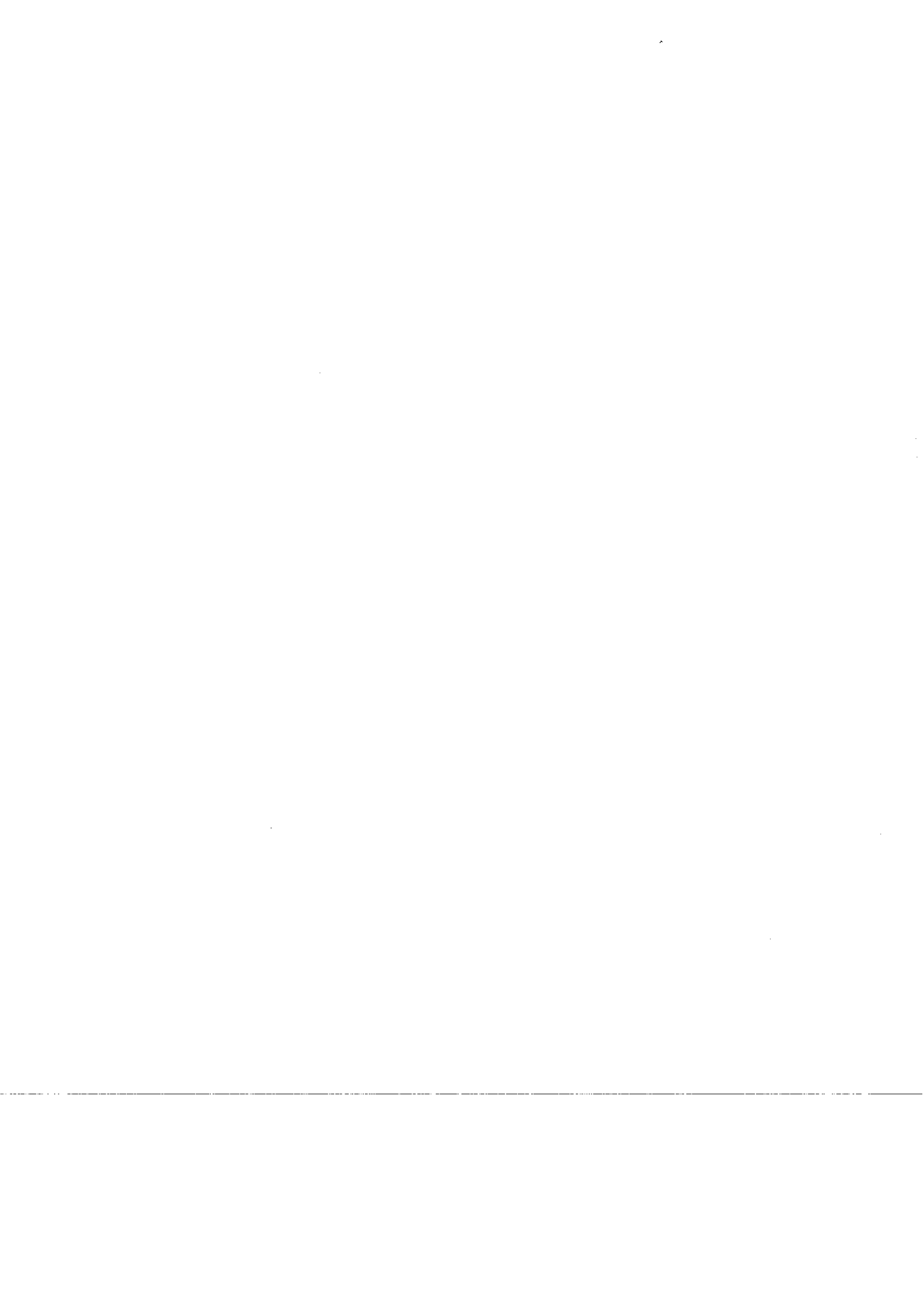
I'm conscious that I need to reply in respect of the point regarding consideration of the developer setting up a compensation fund for "householders whose properties are devalued as a result of the windfarm, if and when they move". Viking Energy Partnership has examined and considered available evidence in respect of the effect of developed wind farms on property values and has to conclude that there is no evidence of a link between operating wind farms and property devaluation. The available evidence includes specific work by the Royal Institute of Chartered Surveyors. Property prices are determined by a combination of many thousands of tangible and intangible factors. To intervene and effectively underwrite the Shetland property market is not something any responsible business could undertake to do and Viking Energy Partnership must conduct its business in a responsible way.

I hope very much that the majority of Trustees can appreciate that there is no evidence to support the contention that windfarm developments cause a reduction in property values. I also hope that they can appreciate that developers have to act responsibly and in the financial interests of all shareholders. It would not be responsible to effectively underwrite a "floor price" in the local property market.

I hope the foregoing is of value to you in preparing your report for Trustees.

Yours Sincerely,

Bill Manson,  
Chairman,  
Viking Energy Shetland LLP





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**REPORT****To:** Shetland Charitable Trust

13 September 2012

**From:** Financial Controller

Report: CT1209043

**Payments to Trustees in the year to 31 March 2012****1. Introduction**

- 1.1 This report is presented to show the payments which have been made to Trustees in the year to 31 March 2012.

**2. Background**

- 2.1 Trustees are entitled by law and in terms of their Trust Deed, to "reimburse the Trustees out of the Trust Fund for all expenses reasonably incurred by them in connection with the administration of the Trust". The Trust has also agreed to pay remuneration costing £5,000 and £2,500 to the Chair and Vice Chair respectively, in recognition of the work they carry out for the Trust.
- 2.2 At their meeting on 28 May 2009, Trustees requested that the payments made to Trustees are published (Min Ref CT/39/09).

**3. Present Position**

- 3.1 A spreadsheet is attached as Appendix 1, showing the remuneration and expenses which have been paid to Trustees in the year to 31 March 2012, totalling £11,622.31.

**4. Financial Implications**

- 4.1 A budget of £10,300 was set aside for payments to Trustees, and this has been enhanced by virement to cover the shortfall.

**5. Recommendation**

- 5.1 This report is for noting.

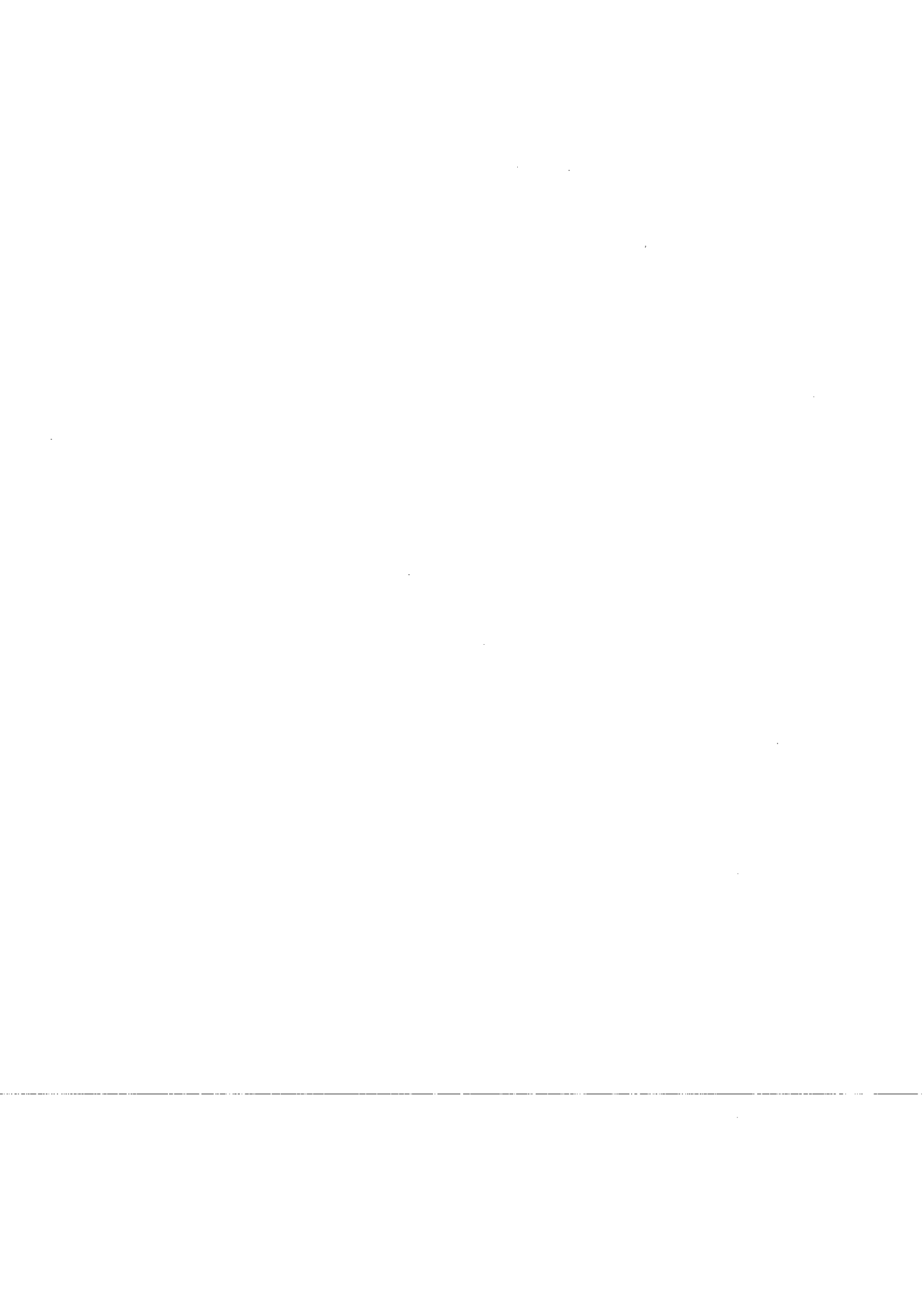
Reference: EMA/TA21/2

Report Number CT1209043



Payments to Trustees for the year to 31 March 2012

	Position	Remuneration	Travel	Subsistence	Total	Total 10/11
		£	£	£	£	£
Mr W Manson	Chair	5,000.00	2,206.14	332.65	7,538.79	6,424.62
Mr J Henry	Vice chair	2,490.22			2,490.22	2,777.33
Mrs L Baisley	Trustee		250.20		250.20	217.84
Mr A Doull	Trustee		180.00		180.00	160.00
Mr A Duncan	Trustee		62.10		62.10	-
Mrs F Grains	Trustee		607.50		607.50	57.50
Mrs I Hawkins	Trustee		25.60		25.60	188.30
Mr R Henderson	Trustee		188.20		188.20	94.96
Mr R Nickerson	Trustee		197.60		197.60	121.60
Mr F Robertson	Trustee		57.60		57.60	57.60
Mr G Robinson	Trustee					37.35
Mr J Simpson	Trustee		24.50		24.50	148.36
		7,490.22	3,799.44	332.65	11,622.31	10,285.46



## REPORT

To: Shetland Charitable Trust

13 September 2012

From: Financial Controller

Report No: CT1209045

### MANAGEMENT ACCOUNTS – THREE MONTHS ENDED 30 JUNE 2012

#### 1 Introduction and Key Decisions

- 1.1 This report presents the Trust's Management Accounts to the end of June 2012, for noting. These Management Accounts deal with revenue budgets and expenditure.

#### 2 Management Accounts

- 2.1 Table 1 below shows the Summary Budget for the Charitable Trust for 2012/13 and the expenditure in the three months to 30 June 2012.

**Table 1: Summary Management Accounts 2012/13**

Item	Current Budget £m	Spend to June 12 £m
<b>Charitable Expenditure</b>		
Schemes and Organisations	8.5	2.7
Maintenance/Capital Programme	1.7	0.8
One-Off Projects	0.2	0.0
Operating Costs	0.5	0.1
<b>Total</b>	<b>10.9</b>	<b>3.6</b>

- 2.2 A more detailed analysis of the expenditure programmes is set out in Appendix 1.
- 2.3 The total budget for Schemes and Organisations is £8.5 million, of which £2.7 million has been spent to date. Where the running costs of projects are greater than £20,000, grant assistance is paid out in 2 stages - the first payment is made in April and the second is subject to a review of the organisation's accounts from the previous year.

- 2.4 The Maintenance Funding Programme includes £1.6 million which is paid to the major Trusts in two instalments with 50% of the budget being paid at the beginning of the year on submission of their maintenance programme for the year. The second instalment will be paid on receipt of a satisfactory statement of the first six months' expenditure.
- 2.5 Table 2 below sets out the revisions/enhancements to the original budget for 2012/13 to give the current budget.

**Table 2: Budget Amendments**

<b>Original Budget Presented 21 February 2012</b>	<b>10,920,017</b>
<b>Approvals Presented 29 March 2012</b>	
Shetland Folk Festival Society	18,000
<b>Revised budget as at 30 June 2012</b>	<b><u>£10,938,017</u></b>

- 2.6 Budget Virements have been effected as follows:-

£500 from the Supplies and Services Budget into the Professional Membership Fees Budget;

£500 from the Bank Charges Budget into the Administration Budget;

£6,500 from the Trustees' Allowances Budget into the Travel and Subsistence Budget, Trustees' Expenses Budget and the Miscellaneous Budget;

£10,000 from the Bought in Finance Budget and £1,000 from the Water Rates Budget into the Training and Staff Development Budget, Professional Fees Other Budget and the Energy Costs Budget.

**3 Financial Implications**

- 3.1 No direct financial implications flow from this information report.

**4 Recommendations**

- 4.1 I recommend that Trustees note the satisfactory financial performance to June 2012, as shown in the Management Accounts in Appendix 1.

Financial Controller  
Shetland Charitable Trust  
Our Ref:LF/DA5

Report No: CT1209045  
Date: 29 August 2012

**Shetland Charitable Trust Management Accounts**  
**Charitable Expenditure : Period to 30 June 2012**

	Current Budget £	Actual spend to 30 June £	Year to date variance £
Shetland Amenity Trust	1,052,728	526,364	526,364
Shetland Arts Development Agency	696,038	348,019	348,019
Shetland Recreational Trust	2,518,550	1,259,275	1,259,275
<b><u>Other Charitable Organisations</u></b>			
Disability Shetland Recreation Club	12,641	12,641	0
The Swan Trust	44,650	22,325	22,325
VAS - New Shetlander	670	670	0
Shetland Churches Council Trust	54,055	27,028	27,027
Shetland Youth Information Service	188,840	94,420	94,420
Shetland Befriending Scheme	54,418	27,209	27,209
Citizens Advice Bureau	147,383	73,692	73,691
COPE Limited	154,967	77,484	77,483
Couple Counselling Shetland	12,000	12,000	0
Shetland Link Up	47,994	23,997	23,997
Voluntary Action Shetland	144,367	72,184	72,183
Festival Grants	30,000	30,000	0
Local Charitable Organisations	14,000	7,552	6,448
Womens Royal Voluntary Service	47,622	23,811	23,811
Alternative Psychological Therapies	26,212	0	26,212
<b>Sub Total Charitable Organisations</b>	<b>5,247,135</b>	<b>2,638,671</b>	<b>2,608,464</b>
<b><u>Schemes</u></b>			
Community Development Grants	14,272	4,500	9,772
Community Support Grants	72,321	0	72,321
Arts Grant Scheme	35,000	11,683	23,317
Sheltered Housing Heating	25,500	0	25,500
Senior Citizens Clubs	20,000	11,124	8,876
Support to Rural Care Model	2,491,000	0	2,491,000
Social Assistance Grants	35,000	2,225	32,775
Buses for Elderly and Disabled	49,980	8,330	41,650
Supported Employment	8,000	0	8,000
<b>Sub Total Schemes</b>	<b>2,751,073</b>	<b>37,862</b>	<b>2,713,211</b>
<b><u>Direct Schemes</u></b>			
Springfield	1,500	1,611	-111
Xmas grant Scheme	487,000	0	487,000
Planned Maintenance	1,711,549	785,745	925,804
<b>Sub Total Direct Schemes</b>	<b>2,200,049</b>	<b>787,356</b>	<b>1,412,693</b>
<b><u>One-Off Projects</u></b>			
SRT - Sandwick Pool Roof	200,000	0	200,000
<b>Sub Total One-Off Projects</b>	<b>200,000</b>	<b>0</b>	<b>200,000</b>
Trust Administration	539,760	158,471	381,289
Surplus Grants Refunded	0	-7,677	7,677
<b>Total</b>	<b>10,938,017</b>	<b>3,614,683</b>	<b>7,323,334</b>

**Shetland Charitable Trust Management Accounts**  
**Management and Administration : Period to 30 June 2012**

	Current Budget £	Actual spend to 30 June £	Year to date variance £
<b>Staffing Costs</b>			
Basic Pay and Allowances	350,000	87,385	262,615
Professional Membership Fees	1,500 v	180	1,320
Travel and Subsistence	10,000 v	1,098	8,902
Training and Staff Development	10,000 v	4,845	5,155
<b>Sub Total Staffing Costs</b>	<b>371,500</b>	<b>93,508</b>	<b>277,992</b>
<b>Operating Costs</b>			
Insurance	10,000	9,892	108
Administration	3,500 v	1,041	2,459
Supplies and Services	4,500 v	1,243	3,257
Bank Charges	500 v	133	367
Professional Fees: Other	6,000 v	10,809	-4,809
Miscellaneous Items	2,000 v	879	1,121
External Audit Fees	25,000	12,000	13,000
Trustees' Allowances	1,000 v	622	378
Trustees' Expenses	8,000 v	1,287	6,713
Legal Fees	80,000	22,323	57,677
Trustee Selection Costs	20,000	0	20,000
<b>Sub Total Operating Costs</b>	<b>160,500</b>	<b>60,230</b>	<b>100,270</b>
<b>Property Costs</b>			
Energy Costs	5,000 v	1,154	3,846
Water Rates	2,000 v	0	2,000
Cleaning	3,500	0	3,500
<b>Sub Total Property Costs</b>	<b>10,500</b>	<b>1,154</b>	<b>9,346</b>
<b>Supplies Service</b>	<b>-70,000</b>	<b>0</b>	<b>-70,000</b>
<b>Bought In Services</b>			
Finance	33,000 v	1,420	31,580
Internal Audit	9,000	0	9,000
Committee Services	12,000	0	12,000
Computer Services	9,100	0	9,100
Messenger Service	2,000	0	2,000
Insurance Admin	2,160	2,160	0
<b>Sub Total Bought In Services</b>	<b>67,260</b>	<b>3,580</b>	<b>63,680</b>
<b>Total</b>	<b>539,760</b>	<b>158,471</b>	<b>381,289</b>

v These budgets have been modified by virements



## REPORT

To: Shetland Charitable Trust

13 September 2012

From: Financial Controller

Report: CT1209046

### FUND MANAGER TRANSACTIONS

#### 1. Introduction

1.1 Shetland Islands Council provides Treasury support to Shetland Charitable Trust under the terms of a Service Level Agreement (SLA).

#### 2. Investment Decisions

2.1 Appendix A lists the investment decisions made by Insight Investment Management Limited during the period from 1st May 2012 to 30th June 2012.

2.2 Appendix B lists the investment decisions made by Schroder Investment Management Limited during the period from 1st May 2012 to 30th June 2012.

2.3 BlackRock made no purchases or sales between 1st May 2012 and 30th June 2012.

2.4 These appendices list purchases in order of transaction size and sales in order of the size of the gain or loss made on the transaction.

2.5 The Fund Managers make investment decisions based on the terms of Investment Management Agreements.

#### 3. Movement on Charitable Trust Funds

3.1 The following table shows the movement on the Charitable Trust funds for the current financial year, 2012/13, up to 24th August 2012:

	£ million
Mkt Value at 1 Apr '12	174.1
Market Movement	2.1
Injection/(Withdrawal)	0.0
Mkt Value at 24 Aug '12	<u>176.2</u>

(These are unaudited figures and are for information only.)

#### 4. Recommendation

4.1 The Trustees are asked to note this report.

## INSIGHT INVESTMENT MGMT REPORT - PURCHASES

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)
	QF = quoted fixed UF = unquoted fixed			
<b>UNITED KINGDOM</b>				
UK(GOVT OF) 4.5% STK 07/12/2042 GBP0.01	QF GB GB	08/05/2012	1,183,000.00	1,473,532.97
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	08/05/2012	1,364,000.00	1,410,144.12
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	09/05/2012	1,230,000.00	1,271,328.00
ILF GBP LIQUIDITY FD	DEP	09/05/2012	460,000.00	460,000.00
UK(GOVT OF) 4.5% STK 07/12/2042 GBP0.01	QF GB GB	08/06/2012	213,000.00	277,858.50
UK(GOVT OF) 0.75% I/L STK 22/3/34 GBP	QF GIL GB	26/06/2012	139,000.00	169,011.19
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	03/05/2012	42,000.00	144,388.02
TSY 0 1/8% 2029 I/L STK .125% 22 MAR 2029	QF GIL GB	22/06/2012	130,000.00	137,766.00
UK(GOVT OF) 1.125% I/L STK 22/11/37 GBP100	QF GIL GB	11/06/2012	88,000.00	134,934.46
UK(GOVT OF) 0.75% I/L STK 22/3/34 GBP	QF GIL GB	28/05/2012	105,000.00	127,816.59
UK(GOVT OF) 1.125% I/L STK 22/11/37 GBP100	QF GIL GB	18/06/2012	77,000.00	120,382.76
UK(GOVT OF) 0.375% I/L STK 22/3/62	QF GIL GB	14/06/2012	89,000.00	103,438.22
UK(GOVT OF) 0.375% I/L STK 22/3/62	QF GIL GB	29/05/2012	86,000.00	102,294.52
UK(GOVT OF) 0.625% I/L STK 22/03/40 GBP	QF GIL GB	09/05/2012	77,000.00	99,199.17
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	11/06/2012	27,000.00	93,098.70
ILF GBP LIQUIDITY FD	DEP	07/06/2012	80,000.00	80,000.00
UK(GOVT OF) 2.5% I/LKD 16/8/13 GBP0.01	QF GIL GB	30/05/2012	27,000.00	76,526.10
UK(GOVT OF) 4.125% I/L STK 22/07/30 GBP	QF GIL GB	31/05/2012	23,000.00	73,071.00
ILF GBP LIQUIDITY FD	DEP	19/06/2012	70,000.00	70,000.00
UK(GOVT OF) 2.5% I/L STK 16/04/20 GBP	QF GIL GB	30/05/2012	18,000.00	66,686.58
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	08/06/2012	62,000.00	63,956.10
UK(GOVT OF) 1.125% I/L STK 22/11/37 GBP100	QF GIL GB	18/06/2012	30,000.00	46,929.64
ILF GBP LIQUIDITY FD	DEP	01/06/2012	25,000.00	25,000.00
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	28/05/2012	12,000.00	23,009.28
UK(GOVT OF) 0.375% I/L STK 22/3/62	QF GIL GB	13/06/2012	18,000.00	20,869.10
ILF GBP LIQUIDITY FD	DEP	23/05/2012	10,000.00	10,000.00
ILF GBP LIQUIDITY FD	DEP	31/05/2012	5,000.00	5,000.00
ILF GBP LIQUIDITY FD	DEP	01/06/2012	2,222.77	2,222.78
ILF GBP LIQUIDITY FD	DEP	01/05/2012	1,641.36	1,641.47

TOTAL UNITED KINGDOM

6,690,105.27**OVERSEAS**

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL OVERSEAS

0.00

## INSIGHT INVESTMENT MGMT REPORT - SALES

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
	QF = quoted fixed UF = unquoted fixed				
<b>UNITED KINGDOM</b>					
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	08/05/2012	1,576,000.00	1,865,337.84	74,135.04
TSY 3 3/4% 2021 T-GILT 3.75% 7/9/2021 GBP	QF GB GB	08/05/2012	1,181,000.00	1,372,215.71	60,275.34
UK(GOVT OF) 4.5% BDS 07/09/2034 GBP	QF GB GB	09/05/2012	1,025,000.00	1,265,465.00	36,642.91
UK(GOVT OF) 4.5% BDS 07/09/2034 GBP	QF GB GB	08/06/2012	263,000.00	340,400.90	25,103.14
UK(GOVT OF) 1.125% I/L STK 22/11/37 GBP100	QF GIL GB	28/05/2012	98,000.00	152,217.24	17,217.77
UK(GOVT OF) 0.75% I/L STK 22/3/34 GBP	QF GIL GB	18/06/2012	110,000.00	136,191.63	15,658.68
UK(GOVT OF) 0.75% I/L STK 22/3/34 GBP	QF GIL GB	11/06/2012	125,000.00	151,195.37	14,226.10
UK(GOVT OF) 0.75% I/L STK 22/3/34 GBP	QF GIL GB	22/06/2012	93,000.00	113,705.16	11,800.03
UK(GOVT OF) 2.5% I/L STK 16/04/20 GBP	QF GIL GB	03/05/2012	40,000.00	146,801.60	6,825.11
UK(GOVT OF) 2.5% I/L STK 17/07/24 GBP	QF GIL GB	31/05/2012	30,000.00	101,370.00	4,917.96
UK(GOVT OF) 0.625% I/L STK 22/03/40 GBP	QF GIL GB	26/06/2012	102,000.00	133,418.98	4,798.68
UK(GOVT OF) 2.5% I/L STK 17/07/24 GBP	QF GIL GB	18/06/2012	30,000.00	101,070.00	4,617.96
UK(GOVT OF) 2.5% I/L STK 16/04/20 GBP	QF GIL GB	09/05/2012	14,000.00	51,548.00	2,556.23
UK(GOVT OF) 0.375% I/L STK 22/3/62	QF GIL GB	09/05/2012	39,000.00	46,309.36	1,943.42
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	30/05/2012	42,000.00	145,958.40	1,570.38
ILF GBP LIQUIDITY FD	DEP	10/05/2012	120,000.00	120,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	30/05/2012	100,000.00	100,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	12/06/2012	75,000.00	75,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	14/06/2012	25,000.00	25,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	15/06/2012	100,000.00	100,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	25/06/2012	25,000.00	25,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	27/06/2012	35,000.00	35,000.00	0.00
TOTAL UNITED KINGDOM				<u>6,603,205.19</u>	<u>282,288.73</u>
<b>OVERSEAS</b>					
NO OVERSEAS INVESTMENTS SOLD					
TOTAL OVERSEAS				<u>0.00</u>	<u>0.00</u>

**SCHRODERS REPORT - PURCHASES**

NAME OF SECURITY	AREA QE = quoted equity UE = unquoted equity	DATE	NUMBER OF SHARES	PURCHASE PRICE (£)
<b>UNITED KINGDOM</b>				
MAYFAIR CAP PPTY (MCPUT)	UP UT GB	31/05/2012	256.60	262,245.20
TOTAL UNITED KINGDOM				<u>262,245.20</u>
<b>OVERSEAS</b>				
NO OVERSEAS INVESTMENTS PURCHASED				
TOTAL OVERSEAS				<u>0.00</u>

**SCHRODERS REPORT - SALES**

NAME OF SECURITY	AREA QE = quoted equity UE = unquoted equity	DATE	NUMBER OF SHARES	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
<b>UNITED KINGDOM</b>					
NO UK INVESTMENTS SOLD					
TOTAL UNITED KINGDOM				<u>0.00</u>	<u>0.00</u>
<b>OVERSEAS</b>					
NO OVERSEAS INVESTMENTS SOLD					
TOTAL OVERSEAS				<u>0.00</u>	<u>0.00</u>

## REPORT

To Shetland Charitable Trust

13 September 2012

From: Chief Executive

Report No. CT1209047

### RECOMMENDED DISBURSEMENTS – SOCIAL CARE

#### 1. Background

- 1.1 This report concerns approvals by the Council's Director of Community Care Services in the period to 31 August 2012, in terms of Report Number CT/030/94, which was approved by the Trustees on 8 April 1994.

#### 2. Social Assistance Grant Scheme - £799.00

- 2.1 The Director of Community Care approved the following;-

	(£)
2 Social Assistance Grant of up to £2,000 (Appendix A)	799.00

- 2.2 The grants would be allocated from the Social Assistance Grant Scheme budget head.

#### 3. Recommendations

- 3.1 Trustees are asked to note the Social Assistance Grants referred to in paragraph 2.1, totalling £799.00

Shetland Charitable Trust  
Date: 31 August 2012  
Ref: EM/DS1

Report No: CT1209047

**Appendix A**

**SOCIAL ASSISTANCE GRANT SCHEME at 31 August 2012**

Funds available in 2012/2013	<b>£ 35,000.00</b>
Less previously allocated	<b>£ 1,525.99</b>

Less the following: -

<u>Reference</u>	<u>Amount</u>
12/13 07	£699.00
12/13 08	£100.00

<b>(2) Approval by Director of Community Care</b>	<b>£ 799.00</b>
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Balance of Funds remaining	<b>£ 32,675.01</b>
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I confirm the above grants have been approved, for the relief of vulnerable persons in need by reason of age, ill health, disability or financial hardship.

Director of Community Care Services  
 Agent for the Trustees of Shetland Charitable Trust

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**REPORT**

To: Shetland Charitable Trust

13 September 2012

From: Chief Executive

Report No. CT1209048

**RECOMMENDED DISBURSEMENTS – APPROVALS****1. Background**

- 1.1 On 30 March 2000, Trustees approved a report which authorised the then Director of Education and Community Services to act on behalf of the Trust and approve applications for community development and community support grants to organisations operating within Shetland. (Min. Ref. CT/19/00)
- 1.2 On 8 February 2006, Trustees approved a report which authorised the then Head of Service – Community Development to act on behalf of the Trust and approve applications for community arts grants to organisations and individuals operating within Shetland. (Min. Ref. CT/02/06)
- 1.3 It is a requirement that all approvals are reported to subsequent Trust Meetings.

**2. Community Development Grants - £ 750**

- 2.1 The following community development grants were approved by the Director of Development Services in the period from 18 June 2012 – 27 August 2012: -

<b>Name of Organisation</b>	<b>Grant Approved (£)</b>
Whitedale Youth Club	750.00



**3. Community Support Grants - £9,868**

3.1 The following community support grants were approved by the Director of Development Services in the period from 18 June 2012 to 27 August 2012:-

<b>Name of Organisation/ Individual</b>	<b>Grant Approved (£)</b>
Brae Youth Centre	9,868

**4. Community Arts Grants - £11,522**

4.1 The following community arts grants were approved by the Director of Development Services, in consultation with Shetland Arts, in the period from 18 June 2012 to 27 August 2012: -

<b>Name of Organisation/ Individual</b>	<b>Grant Approved (£)</b>
Ms Barbara Ridland	295
Mrs Valerie Wishart (on behalf of Sophie Wishart)	441
Unst Festival Committee	1,500
Mrs Janis Adamson (on behalf of Hannah Adamson)	281
Ms Joy Duncan	572
Miss Johanna Goodlad	215
Miss Maggie Adamson	420
Mr Bruce Eunson	142
Miss Frances Wilson	515
Ms Ruth Brownlee	287
Mrs Hazel Tindall	434
Mrs Wilma Malcolmson	469
Thomas Fraser Memorial Committee	3,000
Ms Gina Scanlon (on behalf of Max Tyler)	352
Shetland Blues Festival	2,599

**5. Recommendation**

5.1 Trustees are asked to note the approvals listed in paragraphs 2.1 and 3.1 and 4.1.