

REGISTERED COMPANY NUMBER: 01653639 (England and Wales)
REGISTERED CHARITY NUMBER: SC038956

Companies House

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
THE HEBRIDEAN TRUST LIMITED**

Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA



THE HEBRIDEAN TRUST LIMITED

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FOR THE YEAR ENDED 31 MARCH 2022**

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THE HEBRIDEAN TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual trustees' report together with the financial statements of the charity for the year ending 31st March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

OBJECTIVES AND ACTIVITIES

Objectives and Activities for the Public Benefit

Our mission remains to support, stimulate and develop the economies of island communities, to restore and maintain buildings of outstanding architectural heritage; to protect and preserve the natural environment; and to educate the public in all matters Gaelic.

The Hebridean Trust was formed in 1982 with the aim of helping reverse the population decline in the Hebridean Islands by creating jobs and income for those living on the islands restoring buildings of architectural significance and informing the general public about the Hebrides, its way of life, its Gaelic culture and its natural heritage.

The Trust has referred to the guidance contained in the Charity Commission's general guidance on public benefit and the Office of the Scottish Charity Regulators guidance on meeting the charity test when reviewing aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The Trust set out by restoring two significant buildings of heritage and architectural worth. The Signal Tower Hynish, Isle of Tiree, once the only means of communicating with the keepers of the Skerryvore Lighthouse some 10 miles out at sea, was opened as a small museum. More recently the Trust has re told the "Story of Skerryvore Lighthouse" in an interpretative exhibition, now housed in the former smithy in Hynish. The exhibition attracts significant numbers of visitors. The Trust also restored a terrace of thatched buildings including a cottage, bam and byre, on the Isle of Tiree which has subsequently passed back into the island's housing stock.

All our available properties are let (7 in total). 4 are long term lets and 3 short term. All are let to local people on Tiree.

The Trust has regenerated a former stores building, also Category A listed, to provide a residential facility for visiting groups from all over the UK. In 1991, HRH The Princess Royal opened Alan Stevenson House, which, in conjunction with a former smithy conversion to a self-catering unit known as Morton Boyd House, now forms The Hynish Centre. Since then the Trust has subsidised use of the facilities by thousands of disadvantaged young people and educational groups. Part of the Trust's strategy in developing The Hynish Centre was to create additional employment within the Centre itself. It employed both a local full time Warden and a full time Assistant Warden as well as various paid for and voluntary staff. The local economy benefited from the custom of visiting groups. The Centre continued to flourish following a major refurbishment in 2011-12. However COVID put a stop to this activity and the all staff's contracts were terminated. The Centre was used for self catered holiday rentals during this season as a short term measure.

In terms of natural heritage, the Trust raised funds to purchase the Treshnish Isles, which are one of the finest sites in the British Isles for studying natural history. An uninhabited archipelago of islands, rocks and skerries lying to the west of the Isle of Mull, they have attracted many visitors keen to visit their unspoilt habitat. In 2000 their future was uncertain and, although the islands have SSSI (Site of Special Scientific Interest) status and classification as a Special Protection Area under the EC Directive on the Conservation of Wild Birds, the Trust felt it was important that they should be managed to maximise their long-term contribution to the community as well as to nature conservation. Since acquiring the islands, the Trust has co-ordinated and financed archaeological surveys and annual wildlife surveys which are published on the Trust's website. The Trust has produced a detailed management plan for the islands.

THE HEBRIDEAN TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

ACHIEVEMENT AND PERFORMANCE

Achievements and Performance

The following report focuses on those activities undertaken to further our charitable purposes and provide public benefit.

Support, stimulation and development of the economies and cultures of island communities

Our 11 Category A listed buildings are of architectural significance and could be viewed freely from the outside throughout the year as part of the Hynish Heritage Trail. In order to respect the privacy of the tenants, access to the interior was by arrangement only. The future use of these properties are under review, and refurbishment continues on some.

Visitor numbers to The Story of Skerryvore lighthouse exhibition and the Treshnish Isles Natural History exhibition have decreased due to Covid-19 as the exhibitions were closed over almost all of the period in question. However they were opened for a short time during the last year.

Restoration of buildings of historical and architectural worth

We were successful with a number of Covid grant applications and support in particular from the Heritage Lottery Fund that allowed us to carry out essential repairs. We renovated the Stables Cottage and it is now available for short term let.

Discussions that started in February 2021 are ongoing with a number of funding bodies regarding Hynish becoming part of the Scottish Government Clachan Project initiative. Funding was received for a Feasibility Study as part of this initiative. It is hoped this will be completed by October 22.

The development of the interpretative element of bringing Hynish harbour and flushing system back to life, with a view to restoring the system when the economic climate allows, has been taken forward. We have been working towards creating a digital animation of the system, supported by Glasgow School of Art's Digital Design Studio. They are responsible for the ground breaking international 3D scanning project to digitally document Scotland's UNESCO designated World Heritage Sites and five international ones. Fund raising stopped during COVID but this will be picked up again after the Feasibility Study is completed.

Protection and conservation of the natural environment

The annual seabird survey, conducted on our behalf by the Treshnish Isles Auk Ringing Group (TARG), took place again this year.

FINANCIAL REVIEW

Financial Review

The results for the year and the financial position of the charity are as shown in the annexed financial statements. The surplus for the period under review was £17,288 (2021 - £27,488). The net assets of the Charity at the year-end were £2,887,710 (2021 - £2,870,422), of which net assets of £43,257 (2021 - £21,682) related to Unrestricted Funds and net assets of £2,844,453 (2021 - £2,848,740) related to Restricted Funds.

Funds in deficit

The Trust's surplus on unrestricted reserves was £43,257 at 31 March 2022 (2021 - £21,682). The Trustees will seek to build free reserves through fundraising and income generation. The Trustees will also continue to raise funds to repay the balance of the loan outstanding at 31 March 2023.

FUTURE PLANS

Funding was given for a Feasibility Study of the site. This was to develop an updated set of figures for the refurbishment and upgrading of all properties on the site. It was also to develop a Business Plan for the future.

Discussions and negotiations have started with Tiree Community Development Trust again regarding the transfer of ownership of the Hynish site to the community.

THE HEBRIDEAN TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Charity constitution

The charity is governed by its Memorandum & Articles of Association.

Organisational structure

The Trustees collectively form the Council of Management. The existing Council members appoint any new Trustees. The Trustees, all of whom are specialists in their own areas, are given the opportunity of attending additional training courses and making visits to projects. Michael Stanfield, who Chairs the Council of Management, will, from time to time, nominate a Trustee with particular knowledge relating to a project to oversee that project. In these circumstances the Trustee may also act as spokesperson for the project. All Trustees give of their time freely and no Trustee remuneration was paid in the year. The Trustees make policy decisions but are not involved in the day to day running of the Trust.

Risk management

The major risks to which the charity has been exposed have been reviewed by the Trustees and systems established to mitigate those risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01653639 (England and Wales)

Registered Charity number

SC038956

Registered office

194 Woodstock Road
Oxford
OX2 7NQ

Trustees

Ms R Campbell (resigned 12/4/2021)
Ms S G C Mackenzie
Ms I J MacKinnon (resigned 12/4/2021)
A M Smith
L P Stanfield
M P Stanfield
Sir I L Boyd

Company Secretary

M P Stanfield

THE HEBRIDEAN TRUST LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2022

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Hebridean Trust Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

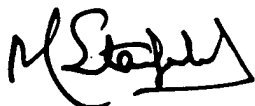
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Milne Craig, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 22 November 2022 and signed on its behalf by:



M P Stanfield - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HEBRIDEAN TRUST LIMITED

Opinion

We have audited the financial statements of The Hebridean Trust Limited (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HEBRIDEAN TRUST LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HEBRIDEAN TRUST LIMITED

Our responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company, and determined that the most significant are those that relate to the form and content of the financial statements such as the accounting policies and the UK Companies Act 2006.

We assessed how the charitable company is complying with these frameworks by observing the oversight of those charged with governance, the culture of honesty and ethical behaviours and a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

We assessed the susceptibility of the charitable company financial statements to material misstatement, including how fraud might occur, by making an assessment of the key fraud risks to the charitable company, and the manner in which such risks may occur in practice, based on our previous knowledge of the charitable company, as well as an assessment of the current business environment.

Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk, including management override of controls. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error. We evaluated the design and operational effectiveness of controls put in place to address the risks identified, or that otherwise prevent, deter and detect fraud.

In addition, our audit procedures included enquiring of management concerning actual and potential litigation and claims, and performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. We addressed the fraud risk in relation to revenue recognition by testing completeness and cut off of income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

As with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance, and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE HEBRIDEAN TRUST LIMITED**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alex Webb BAcc FCCA (Senior Statutory Auditor)
for and on behalf of Milne Craig
Chartered accountants
Statutory auditor
Abercorn House
79 Renfrew Road
Paisley
Renfrewshire
PA3 4DA

22 November 2022

THE HEBRIDEAN TRUST LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies		3,806	-	3,806	55,387
Charitable activities					
Charitable	3	81,269	15,000	96,269	117,632
Investment income	2	2	-	2	16
Total		<u>85,077</u>	<u>15,000</u>	<u>100,077</u>	<u>173,035</u>
EXPENDITURE ON					
Charitable expenditure					
Charitable		63,502	19,287	82,789	145,547
NET INCOME FOR THE YEAR		<u>21,575</u>	<u>4,287</u>	<u>17,288</u>	<u>27,488</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		21,682	2,848,740	2,870,422	2,842,934
TOTAL FUNDS CARRIED FORWARD		<u>43,257</u>	<u>2,844,453</u>	<u>2,887,710</u>	<u>2,870,422</u>

The notes form part of these financial statements

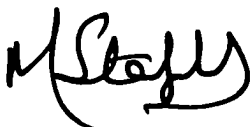
THE HEBRIDEAN TRUST LIMITED

**BALANCE SHEET
31 MARCH 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	9	2,640,371	2,660,400
Heritage assets	10	<u>255,687</u>	<u>255,687</u>
		2,896,058	2,916,087
CURRENT ASSETS			
Debtors	11	7,257	20,566
Cash at bank and in hand		<u>26,383</u>	<u>10,734</u>
		33,640	31,300
CREDITORS			
Amounts falling due within one year	12	<u>(16,736)</u>	<u>(44,356)</u>
NET CURRENT ASSETS		<u>16,904</u>	<u>(13,056)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,912,962	2,903,031
CREDITORS			
Amounts falling due after more than one year	13	<u>(25,252)</u>	<u>(32,609)</u>
NET ASSETS		<u>2,887,710</u>	<u>2,870,422</u>
FUNDS	16		
Unrestricted funds		43,257	21,682
Restricted funds		<u>2,844,453</u>	<u>2,848,740</u>
TOTAL FUNDS		<u>2,887,710</u>	<u>2,870,422</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 22 November 2022 and were signed on its behalf by:



M P Stanfield - Trustee

The notes form part of these financial statements

THE HEBRIDEAN TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on an accruals basis.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. As a result, the financial statements have been prepared on the going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided for where objective evidence of the need for a provision exists.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Government Grants

Government grants are recognised in the Statement of Financial Activities so as to match them with the expenditure toward which they are intended to contribute.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 2% on cost
Fixtures and fittings	- 25% on cost

THE HEBRIDEAN TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES - continued

Heritage Assets

Heritage assets are included at cost.

Taxation

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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transactions costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

1. ACCOUNTING POLICIES - continued

Debtors

Debtor balances are stated at the transaction price less any impairment.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Creditors

Creditor balances are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised in the financial statements at their settlement amount.

2. INVESTMENT INCOME

	2022	2021
	£	£
Deposit account interest	<u>2</u>	<u>16</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2022	2021
	Activity	£	£
Grants	Charitable	23,000	53,102
Government grants	Charitable	-	24,126
Holiday accommodation	Charitable	56,074	28,345
Residential accommodation	Charitable	15,395	12,059
Long term lettings	Charitable	<u>1,800</u>	-
		<u>96,269</u>	<u>117,632</u>

Grants received, included in the above, are as follows:

	2022	2021
	£	£
First Port Resilience Fund	-	37,102
Argyll & Bute Council Small Business Support Grant	-	10,000
Argyll & Bute Council Strategic Framework Business Fund	8,000	6,000
Historic Environment Scotland	<u>15,000</u>	-
	<u>23,000</u>	<u>53,102</u>

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

4. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
Charitable	<u>37,281</u>	<u>436</u>	<u>4,279</u>	<u>41,996</u>

Support costs, included in the above, are as follows:

	2022 Charitable £	2021 Total activities £
Wages	4,334	13,700
Social security	-	12
Pensions	173	413
Insurance	11,229	11,615
Travel & office expenses	1,516	-
Depreciation of tangible and heritage assets	20,029	19,603
Bank charges	436	420
Auditors' remuneration	3,600	3,720
Auditors' remuneration for non audit work	-	204
Interest payable and similar charges	<u>679</u>	<u>-</u>
	<u>41,996</u>	<u>49,687</u>

5. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022 £	2021 £
Auditors' remuneration	3,600	3,720
Auditors' remuneration for non audit work	-	204
Depreciation - owned assets	<u>20,029</u>	<u>19,603</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

6. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

One trustee received a reimbursement of travel expenses of £1,372 during the year (2021 - £nil).

7. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	14,876	60,981
Social security costs	-	62
Other pension costs	<u>454</u>	<u>2,155</u>
	<u>15,330</u>	<u>63,198</u>

The average monthly number of employees during the year was as follows:

	2022	2021
Hynish Centre	-	1
Support Costs	<u>2</u>	<u>2</u>
	<u>2</u>	<u>3</u>

No employees received emoluments in excess of £60,000.

8. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	18,387	37,000	55,387
Charitable activities			
Charitable	117,632	-	117,632
Investment income	<u>16</u>	<u>-</u>	<u>16</u>
Total	<u>136,035</u>	<u>37,000</u>	<u>173,035</u>
EXPENDITURE ON			
Charitable activities			
Charitable	90,617	54,930	145,547
NET INCOME/(EXPENDITURE)	45,418	(17,930)	27,488
RECONCILIATION OF FUNDS			
Total funds brought forward	(23,736)	2,866,670	2,842,934
TOTAL FUNDS CARRIED FORWARD	<u>21,682</u>	<u>2,848,740</u>	<u>2,870,422</u>

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

9. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Fixtures and fittings £	Totals £
COST				
At 1 April 2021 and 31 March 2022	<u>2,618,188</u>	<u>57,644</u>	<u>73,539</u>	<u>2,749,371</u>
DEPRECIATION				
At 1 April 2021	17,455	531	70,985	88,971
Charge for year	<u>17,455</u>	<u>1,153</u>	<u>1,421</u>	<u>20,029</u>
At 31 March 2022	<u>34,910</u>	<u>1,684</u>	<u>72,406</u>	<u>109,000</u>
NET BOOK VALUE				
At 31 March 2022	<u>2,583,278</u>	<u>55,960</u>	<u>1,133</u>	<u>2,640,371</u>
At 31 March 2021	<u>2,600,733</u>	<u>57,113</u>	<u>2,554</u>	<u>2,660,400</u>

Included in freehold property is freehold land of £1,745,459 which is not depreciated.

10. HERITAGE ASSETS

	Total £
MARKET VALUE	
At 1 April 2021 and 31 March 2022	<u>255,687</u>
NET BOOK VALUE	
At 31 March 2022	<u>255,687</u>
At 31 March 2021	<u>255,687</u>

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	5,377	18,983
Prepayments and accrued income	<u>1,880</u>	<u>1,583</u>
	<u>7,257</u>	<u>20,566</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 14)	7,358	5,391
Trade creditors	1,892	7,666
Social security and other taxes	-	691
Accruals and deferred income	<u>7,486</u>	<u>30,608</u>
	<u>16,736</u>	<u>44,356</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 14)	<u>25,252</u>	<u>32,609</u>

14. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>7,358</u>	<u>5,391</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>7,552</u>	<u>7,358</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>17,700</u>	<u>25,251</u>

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	2022 Total funds	2021 Total funds
	£	£	£	£
Fixed assets	33,997	2,862,061	2,896,058	2,916,087
Current assets	18,640	15,000	33,640	31,300
Current liabilities	(9,380)	(7,356)	(16,736)	(44,356)
Long term liabilities	-	(25,252)	(25,252)	(32,609)
	<u>43,257</u>	<u>2,844,453</u>	<u>2,887,710</u>	<u>2,870,422</u>

16. MOVEMENT IN FUNDS

	At 1/4/21 £	Net movement in funds £	At 31/3/22 £
Unrestricted funds			
General fund	21,682	21,575	43,257
Restricted funds			
Upper Square	870,939	(6,189)	864,750
Alan Stevenson House	11,000	-	11,000
Lower Square	1,658,646	(12,746)	1,645,900
Treshnish Islands	308,099	(352)	307,747
National Lottery Heritage Fund	56	-	56
Historic Environmental Scotland	-	15,000	15,000
	<u>2,848,740</u>	<u>(4,287)</u>	<u>2,844,453</u>
TOTAL FUNDS	<u>2,870,422</u>	<u>17,288</u>	<u>2,887,710</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	85,077	(63,502)	21,575
Restricted funds			
Upper Square	-	(6,189)	(6,189)
Lower Square	-	(12,746)	(12,746)
Treshnish Islands	-	(352)	(352)
Historic Environmental Scotland	15,000	-	15,000
	<u>15,000</u>	<u>(19,287)</u>	<u>(4,287)</u>
TOTAL FUNDS	<u>100,077</u>	<u>(82,789)</u>	<u>17,288</u>

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

16. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1/4/20 £	Net movement in funds £	At 31/3/21 £
Unrestricted funds			
General fund	(23,736)	45,418	21,682
Restricted funds			
Upper Square	876,943	(6,004)	870,939
Alan Stevenson House	11,000	-	11,000
Lower Square	1,670,276	(11,630)	1,658,646
Treshnish Islands	308,451	(352)	308,099
National Lottery Heritage Fund	-	56	56
	<u>2,866,670</u>	<u>(17,930)</u>	<u>2,848,740</u>
TOTAL FUNDS	<u>2,842,934</u>	<u>27,488</u>	<u>2,870,422</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	136,035	(90,617)	45,418
Restricted funds			
Upper Square	-	(6,004)	(6,004)
Lower Square	-	(11,630)	(11,630)
Treshnish Islands	-	(352)	(352)
National Lottery Heritage Fund	<u>37,000</u>	<u>(36,944)</u>	<u>56</u>
	<u>37,000</u>	<u>(54,930)</u>	<u>(17,930)</u>
TOTAL FUNDS	<u>173,035</u>	<u>(145,547)</u>	<u>27,488</u>

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

16. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1/4/20 £	Net movement in funds £	At 31/3/22 £
Unrestricted funds			
General fund	(23,736)	66,993	43,257
Restricted funds			
Upper Square	876,943	(12,193)	864,750
Alan Stevenson House	11,000	-	11,000
Lower Square	1,670,276	(24,376)	1,645,900
Treshnish Islands	308,451	(704)	307,747
National Lottery Heritage Fund	-	56	56
Historic Environmental Scotland	-	15,000	15,000
	<u>2,866,670</u>	<u>(22,217)</u>	<u>2,844,453</u>
TOTAL FUNDS	<u>2,842,934</u>	<u>44,776</u>	<u>2,887,710</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	221,112	(154,119)	66,993
Restricted funds			
Upper Square	-	(12,193)	(12,193)
Lower Square	-	(24,376)	(24,376)
Treshnish Islands	-	(704)	(704)
National Lottery Heritage Fund	37,000	(36,944)	56
Historic Environmental Scotland	15,000	-	15,000
	<u>52,000</u>	<u>(74,217)</u>	<u>(22,217)</u>
TOTAL FUNDS	<u>273,112</u>	<u>(228,336)</u>	<u>44,776</u>

Explanation of Funds

The purpose of each fund is as follows:

Unrestricted Funds

Fundraising/General Fund

The purpose of this fund is to provide general funds for the charity to use at its discretion towards costs perhaps not met by another fund.

THE HEBRIDEAN TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

16. MOVEMENT IN FUNDS - continued

Restricted Funds

Upper Square

We have restored the four lighthouse properties at Upper Square, which are all let to islanders. All these buildings are listed Category A.

Alan Stevenson House

The balance at 31 March 2021 represent grants received to provide subsidised and free holidays to disadvantaged children after the year end.

Lower Square - This includes the following projects:

Alan Stevenson House

This development at Hynish comprises Morton Boyd House, The Cottage, Hynish Harbour Scouring System, Boom Gates and Alan Stevenson House. Alan Stevenson House is used as an activity centre. All these buildings are listed Category A.

The Barracks

This Category A building in Hynish is being restored and will be upgraded to give 6 apartments when funds allow.

Hynish Harbour and Other Developments

This includes the harbour and the conversion of the Old Stores, cowsheds, pigsty and Old Stable at Hynish to workshops, storerooms and accommodation, all listed Category A.

National Lottery Heritage Fund

This fund is related to monies received from the National Lottery Heritage Fund to assist with capital works to freehold properties and the general operations of the charity.

Historic Environmental Scotland

This is an energy efficiency trial to flat roofs and ventilation for the Upper Square roof.

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2022.