

PICKAQUOY CENTRE TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

PICKAQUOY CENTRE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

A Drever, Orkney Islands Council
S Kemp, Public Representative
H Kerr, Public Representative
K Macleod, Public Representative
F McNaughton, Public Representative
J Nelson, Public Representative
J Richards, OIC councillor
S Sankey, OIC councillor
J Scott, OIC councillor
G Shearer, OIC councillor
G Smee, St Magnus Festival
W Stewart, Public Representative
S Sutherland, Public Representative

Charity number (Scotland) SCO28833

Principal address

Muddisdale Road
Kirkwall
Orkney
KW15 1LR

Auditor

A J B Scholes Ltd
8 Albert Street
Kirkwall
Orkney
KW15 1HP

Bankers

Clydesdale Bank
3 Broad Street
Kirkwall
Orkney
KW15 1DH

PICKAQUOY CENTRE TRUST

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PICKAQUOY CENTRE TRUST

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2020

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

In recent years the management team have placed a focus on continual progress and development of the product offering, particularly with regards to ActiveLife, which has resulted in a continual move towards a more sustainable business model. Within this financial year, the senior management team has been bolstered with the arrival of Suzanne Gray who took up post as Financial Controller in September 2019.

Improving the customer experience has been a key focus of the 2019/20 financial year and the Trust has been able to improve facilities through the lease of new gym equipment, purchase of new spin bikes and increasing the number of family parking spaces available at the centre. These improvements have gained positive feedback from customers and has helped us to continue to grow our membership base throughout the year.

The Trust are delighted to have been able to work along side the MS Society and Parkinson's UK during 2019/20 and have introduced exercise classes tailored to their service users. We are also in the early stages of working with NHS Orkney with a hope to being able to provide a similar service to those diagnosed with Diabetes.

2019/20 has of course not been all plain sailing and the Trust has been presented with unprecedented challenges. In March 2020 we very quickly started to see the impact of the Covid-19 pandemic with a usage drop evident early in the month as uncertainty crept in and customer confidence fell. The trust also started to see a significant increase in the number of membership cancellations that were being received. The centre was then forced to close in March and the decision was made to freeze memberships payments in order to support customers on restricted income, and to protect membership numbers.

The centre remained closed until 2nd November 2020, and through use of the Government's Job Retention Scheme the Trust was able to retain and protect our very valuable workforce.

I would like to extend my personal thanks to Orkney Islands Council for continuing to support us throughout our period of closure.

Whilst challenges remain in the future, the various external support funding that has been secured by the management team has provided a degree of security that will see us through what we hope has been the worst period of the current global pandemic.

Finally, I would like to extend thanks to all the trust staff, we simply could not provide the quality of service that we do to the Orkney Community without them and we recognise that the last 9 months have been particularly challenging with many of them being on furlough for an extended period.



Stephen Kemp
Chairman

PICKAQUOY CENTRE TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report and financial statements for the year ended 31 March 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 3 to the accounts and comply with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and activities

The Trust's aim is to provide facilities for recreation and leisure, with the objective of improving the social and physical wellbeing of the inhabitants of and visitors to Orkney; in particular, establishing, equipping, maintaining and continually developing a sports and leisure complex at Pickaquoy, Kirkwall.

Achievements and performance

Key stakeholders

We are continuing to work in partnership with Orkney Islands Council to develop our ActiveLife Membership in order to provide a value for money service to the Orkney Islands community.

The Trust continues to work in partnership with NHS Orkney, MS Society Orkney, Dementia Awareness UK, Parkinson's UK and Diabetes UK in order to develop, fund and deliver specialist population activity sessions.

The Trust is also continuing to work in collaboration with SportScotland to develop the PDP programme and develop internal staff to help in the delivery of the programme.

Staff training

A number of training courses were delivered both by in-house and by external trainers for Pickaquoy Centre staff and some external participants, including the following;

Course Description	Attendees
Working at Heights	22
Ladders & Step Ladders	30
National Pool Lifeguard Qualification (NPLQ)	5 staff, 8 externals
UKCC Level 1 Trampoline Coaching	2
UKCC Level 1 Gymnastics General	4
CPD Pre-School Gymnastics	8
CIPD Employment Law on Tour	1
HIE Emerging Leaders Programme (ongoing programme)	3
Level 2 Gym Instructor Course	4 staff, 3 externals
CWA Climbing Instructor Training	3
CWA Supervision of Recreational Climbing Training	3
SportScotland Child Wellbeing & Protection in Sport	6
Understanding Multiple Sclerosis for Exercise Professionals	2
Exercise for Neurological Conditions	2
Pilates for Neurological Conditions	2
CIPD Diploma in Human Resource Practice (Level 3)	1
Level 3 Personal Training Course	1
Scottish Personal Licence Refresher Training	5
Zumba Fitness Training	1
REHIS Elementary Food Hygiene	7
REHIS Intermediate Food Hygiene	7
Allergy and Intolerance Course	15
EVAC Chair Refresher Training	21

PICKAQUOY CENTRE TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Key performance indicators

	Description of Indicator	Number of Participants
1.	Fitness including Strength & Conditioning	61,283
2.	Group Exercise	40,276
3.	Health	23,993
4.	Junior Activities	28,433
5.	Arena Sports	37,291
6.	Other Indoor Leisure	19,414
7.	Campsite	16,070
8.	Track and Infield	93,929
9.	Playing Fields	3,611
10.	Synthetic Grass Pitch	4,497
11.	Swimming	89,827
12.	Squash	5,624
13.	Cinema	34,132
14.	Soft Play	10,571

Financial review

The trust reports a net increase in funds of £269,255 (2019: net decrease of £288,359) with total funds as at 31 March 2020 at a surplus of £20,714 (2019: deficit £248,541), which is stated net of a deficit on the pension scheme calculated at £242,000 (2019: £565,000) by the scheme's actuaries. Excluding a gain of £549,000 (2019: loss of £261,000) arising from movements in the Trust's share of the local authority defined benefit pension scheme, there was a deficit of £279,745 (2019: £27,359). Net current assets decreased from £157,159 to £79,265.

Incoming resources decreased from £2.87m to £2.83m. The prior year's incoming resources included catch up billing for the lifestyle centre service fee as well as increased event income due to a one-off large event. The events held in the year were of a much smaller nature and therefore event income has fallen by £37k and the lifestyle centre service fee is £61k lower. This has been offset by further increase in ActiveLife membership fees of £65k.

Expenditure increased from £2.90m to £3.11m. Total staff costs (including training etc.) increased by £139k this is largely due to increased investment in training as well as increased management cost with the Managing Director being in post for the full year and a new Financial Controller in post from September 2019. Direct costs have increased by £37k mainly due to increase in the use of OIC facilities fee. There has however been a decrease in the following costs; advertising down £17k with the prior year including costs for development of a new website and 20th anniversary merchandise, and property costs down £29k due to reduced repairs and maintenance and cleaning costs.

Expenditure also includes £226,000 (2019: £129,000) of other costs associated with the defined benefit pension scheme. Excluding those adjustments provided by the scheme's actuaries, the accounts reflect a deficit of £53,745 (2019: surplus of £101,641).

The trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks. The trust has appointed a well qualified and experienced management team to oversee the operation of the centre. Risk is minimised by adherence to written quality procedures and work instructions, staff training and assessment, and internal management review. Risk assessments are reviewed and updated regularly.

Structure, governance and management

The trust is governed by:-

1. An agreement between the Millennium Commission, Orkney Islands Council (OIC) and the Pickaquoy Centre Trust;
2. A declaration of trust by Orkney Islands Council registered with the Registers of Scotland on 27 May 1999;
3. A schedule of powers dated 6 April 1999 and registered with the Registers of Scotland;
4. A deed of variation dated 16 January 2008;
5. The standing orders of the Pickaquoy Centre Trust as agreed by the board of trustees; and
6. The service agreement with Orkney Islands Council which is re-negotiated every three years.

PICKAQUOY CENTRE TRUST

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

The trustees who served during the year were:-

A Drever, Orkney Islands Council

S Kemp, Public Representative

H Kerr, Public Representative

K Macleod, Public Representative

F McNaughton, Public Representative

J Nelson, Public Representative

(Appointed 31 October 2019)

J Richards, OIC councillor

S Sankey, OIC councillor

J Scott, OIC councillor

G Shearer, OIC councillor

G Smee, St Magnus Festival

N Stevenson, Public Representative

(Resigned 3 June 2019)

W Stewart, Public Representative

S Sutherland, Public Representative

When a vacancy occurs for a publicly nominated trustee, an advertisement is placed in the local newspaper and on the trust's website. Interested applicants are sent a trustee duties specification and asked to complete and return a trustee application form. Applicants require nomination by two independent members of the local community. All completed applications are submitted to the existing trustees who aim to maintain a board with a good spread of skills and knowledge and a good gender mix. Other trustees are nominated by organisations as set out in the trust deed and such nominees also come before the current board for consideration before being asked to join.

The board of trustees meets at least six times per year. The trustees have delegated the day to day management of the centre to the Managing Director. Sub-committees are formed as required and last until a report has been submitted to the board and a strategy agreed.

New trustees are given an induction pack that includes details of the Pickaquoy Centre and the activities that take place within it, information on the role and responsibilities of a trustee, details of the legal framework, the trust's advisors, the internal organisation of the centre, quality standards, past financial reports and, finally, past board and sub-committee minutes.

The Trust has an arm's length relationship with Orkney Islands Council. Communications are channelled through the designated Council officer and all centre use by Council departments is invoiced to the Council at market prices. Where the Council provides services to the Trust, the actual costs incurred are invoiced to the Trust. Decisions on strategy and programme development are entirely the responsibility of the board of trustees but do of course take account of the requirements laid out in the service agreement with Orkney Islands Council and the needs of all user stakeholders.

The current board of 13 trustees includes five representatives of Orkney Islands Council. The Board consider that this is an appropriate level of representation for one of its major stakeholders. All trustees are fully aware of the requirement to act in the best interests of the trust when acting in their capacity as a trustee. The trust has a conflict of interest policy which all trustees are required to adhere to.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

The trustees report was approved by the Board of Trustees.



S Kemp
Trustee

Dated: 14 December 2020

PICKAQUOY CENTRE TRUST

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2020

The trustees are responsible for preparing the Trustees Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charity (Accounts and Reports) Regulations 2006 (as amended) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PICKAQUOY CENTRE TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF PICKAQUOY CENTRE TRUST

Opinion

We have audited the financial statements of Pickaquoy Centre Trust (the 'charity') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 28 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

We draw attention to note 3.2 in the financial statements, which indicates that the charity was forced to close its facilities due to the coronavirus pandemic, which has, and will continue to have an adverse impact on the charity's financial position. As stated in note 3.2, these events or conditions, along with other matters as set forth in note 3.2, indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

PICKAQUOY CENTRE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF PICKAQUOY CENTRE TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

This report is made solely to the charity's trustees, as a body, in accordance with section 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



A J B Scholes Ltd

Chartered Accountants
Statutory Auditor

14 December 2020

8 Albert Street
Kirkwall
Orkney
KW15 1HP

PICKAQUOY CENTRE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Income from:			
Donations and legacies	4	779,397	807,640
Charitable activities	5	1,988,160	2,015,257
Other trading activities	6	61,359	49,052
Investments	7	1,758	819
Other Income	8	4,027	-
Total income		2,834,701	2,872,768
Expenditure on:			
Raising funds	9	28,540	18,208
Charitable activities	10	3,068,906	2,874,919
Other	15	17,000	7,000
Total resources expended		3,114,446	2,900,127
Net expenditure for the year/ Net outgoing resources		(279,745)	(27,359)
Other recognised gains and losses			
Actuarial gain/(loss) on defined benefit pension schemes		549,000	(261,000)
Net movement in funds		269,255	(288,359)
Fund balances at 1 April 2019		(248,541)	39,818
Fund balances at 31 March 2020		20,714	(248,541)

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

All income and expenditure derive from continuing activities.

PICKAQUOY CENTRE TRUST

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	17		183,449		159,300
Current assets					
Stocks	18	25,750		35,180	
Debtors	19	160,809		224,135	
Cash at bank and in hand		284,039		268,595	
		<u>470,598</u>		<u>527,910</u>	
Creditors: amounts falling due within one year	20	<u>(391,333)</u>		<u>(370,751)</u>	
Net current assets			<u>79,265</u>		<u>157,159</u>
Total assets less current liabilities			<u>262,714</u>		<u>316,459</u>
Provisions for liabilities	21		<u>(242,000)</u>		<u>(565,000)</u>
Net assets/(liabilities)			<u>20,714</u>		<u>(248,541)</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	23	183,449		159,300	
General unrestricted funds		<u>(162,735)</u>		<u>(407,841)</u>	
			<u>20,714</u>		<u>(248,541)</u>
			<u>20,714</u>		<u>(248,541)</u>

The financial statements were approved by the board of trustees and authorised for issue on 14 December 2020 and are signed on its behalf by:


S Kemp
Trustee

PICKAQUOY CENTRE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated/(absorbed) by operations	26		102,985		(52,584)
Investing activities					
Purchase of tangible fixed assets		(98,377)		(14,847)	
Proceeds from sale of tangible fixed assets		9,078			
Interest received		1,758		819	
Net cash used in investing activities			(87,541)		(14,028)
Financing activities					
Payment of obligations under finance leases		-		(7,522)	
Net cash used in financing activities			-		(7,522)
Net decrease in cash and cash equivalents			(15,444)		(74,134)
Cash and cash equivalents at beginning of year			268,595		342,729
Cash and cash equivalents at end of year			284,039		268,595

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Change in accounting policy

Income and expenditure associated with the cinema kiosk are now presented under Arts; previously it was included within In-house catering. Direct shared costs are now allocated to each sector based on income; previously it was solely presented under Sport and functions. The comparative amounts have been restated accordingly. There is no effect on the net outgoing resources or net liabilities/ assets reported in the current or comparative period.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Accounting policies

Company information

Pickaquoy Centre Trust is a charity registered in Scotland (charity number SC028833). Its principle address is Muddisdale Road, Kirkwall, Orkney, KW15 1LR.

3.1 Accounting convention

These accounts have been prepared in accordance with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

3.2 Going concern

Although the Trust has ended the year with a surplus of £20,714 and a healthy bank balance of £284,039, the Covid-19 pandemic developed rapidly throughout 2020 which has had a significant effect on our revenues. Mainly attributed to the facility forced to close in March 2020 and only reopening in November 2020. As a result, there is a material uncertainty that may cast doubt on the Trusts ability to continue as a going concern. In response to these matters throughout the period of closure, the management team has worked hard to secure additional funding and taken necessary steps to reduce costs and mitigate losses as much as possible.

The trust has been successful in securing the following funding; Third Sector Resilience Fund (£75,000), Performing Arts Venue Relief Fund (£150,000), OIC top-up Fund (£7,500), Independent Cinema Recovery and Resilience Fund (£21,244) and the Film Hub Scotland BFI FAN Exhibition Fund (£5,221). In addition to this, the Trust has utilised the Job Retention Scheme with 90 staff being put on furlough in April and only a core staff of 11 remaining throughout the closure and Orkney Islands Council continued to pay our monthly management fee throughout, providing some much-needed support.

Management will continue to monitor the situation closely reacting to changes in guidelines as quickly as possible in particular when these will have a positive effect on revenues. Customer confidence is key to our success and therefore particular attention has been paid to our marketing to ensure that customers are aware of all measures that are in place to ensure their safety.

Although there is still significant uncertainty around the Covid-19 pandemic, management feels that the above actions along with the announcement of the first vaccine being approved is sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis.

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Accounting policies

3.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

3.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable. Income generated from the supply of goods and services is included in the Statement of Financial Activities in the period in which the supply is made and is stated net of VAT.

Deferred income represents amounts received or invoiced in advance for future periods, and is released to incoming resources in the period it is earned.

3.5 Resources expended

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. The trust is registered for VAT, and expenditure is shown net of recoverable VAT.

Charitable expenditure comprises those costs incurred by the trust in delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the trust and include the audit fees and costs linked to the strategic management of the trust.

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

3.6 Tangible fixed assets

Expenditure on fixed assets held for ongoing use by the charity is capitalised and depreciated over the life of the asset. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Tenant improvements	10% straight line basis
Plant and machinery	25% reducing balance basis
Fixtures, fittings & equipment	25% reducing balance basis
Computers	33% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Accounting policies

3.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any.

3.8 Stocks

Stocks held for resale are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured at cost.

Stocks of consumable resources, including heating oil and chemicals, are carried at cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.9 Cash and cash equivalents

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

3.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Accounting policies

3.10 Financial instruments (continued)

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

3.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3.12 Retirement benefits

The trust's employees are eligible to join a defined benefit local government pension scheme. Contributions payable to this scheme are charged to the statement of financial activities over the working lives of the members of the scheme. The contributions are determined by a qualified actuary on the basis of triennial valuations. These contributions are invested separately from the trust's assets.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

3.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of financial activities on a straight line basis.

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Donations and legacies

	2020 £	2019 £
Donations	779,397	807,640
Grants receivable for core activities		
Management fee for delivery of leisure services	776,592	776,600
Other general grants	2,805	858
Activelife set-up	-	30,182
	<u>779,397</u>	<u>807,640</u>

5 Charitable activities

	Sports & functions £	Arts £	In-house catering £	Campsite £	Total 2020 £	Total 2019 £
Sales within charitable activities	1,333,124	255,937	246,513	152,586	1,988,160	2,015,257
	<u>1,333,124</u>	<u>255,937</u>	<u>246,513</u>	<u>152,586</u>	<u>1,988,160</u>	<u>2,015,257</u>
For the year ended 31 March 2019						
Unrestricted funds	1,374,827	As amended 236,414	As amended 267,516	136,500		2,015,257
	<u>1,374,827</u>	<u>236,414</u>	<u>267,516</u>	<u>136,500</u>		<u>2,015,257</u>

6 Other trading activities

	2020 £	2019 £
Non-charitable trading activities	61,359	49,052
	<u>61,359</u>	<u>49,052</u>

7 Investments

	2020 £	2019 £
Interest receivable	1,758	819
	<u>1,758</u>	<u>819</u>

8 Other income

	2020 £	2019 £
Insurance proceeds	4,027	-
	<u>4,027</u>	<u>-</u>

9 Raising funds

	2020 £	2019 £
<u>Trading costs</u>		
Other trading activities	28,540	18,208
	<u>28,540</u>	<u>18,208</u>

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Charitable activities

	Sports & functions £	Arts £	Catering £	Campsite £	Total 2020 £	Total 2019 £
Staff costs	809,525	87,239	198,220	57,993	1,152,977	1,047,199
Depreciation and impairment	22,218	510	3,941	4,500	31,169	41,170
Purchases	9,608	119,736	112,551	-	241,895	253,765
Other direct costs	30,090	270	7,138	-	37,498	33,483
Travel & transport	801	-	-	-	801	2,582
Repairs & property costs	64,236	15,829	9,831	26,689	116,585	157,323
Heating oil	58,437	11,219	10,806	-	80,462	105,842
Electricity	182,608	35,058	33,766	16,650	268,082	225,967
Water & sewerage	19,614	3,766	3,627	2,630	29,637	33,537
Cleaning	15,566	2,443	2,410	10,614	31,033	42,765
Subs & licences	18,560	2,528	1,599	2,783	25,470	12,663
Lease costs	20,238	-	-	-	20,238	-
Marketing	404	(67)	-	1,512	1,849	5,023
OIC hire of facilities	132,000	-	-	-	132,000	112,200
Bad Debts	1,264	-	-	-	1,264	-
Clothing	968	35	1,237	-	2,240	-
Equipment	7,163	17	2,147	139	9,466	-
Other staff costs	25,177	-	132	-	25,309	-
Printing	1,657	1,114	156	750	3,677	-
Professional fees	1,362	-	-	-	1,362	-
Stationery & postage	721	289	126	19	1,155	-
Other general expenses	-	40	-	-	40	-
Loss on disposal of FA	12,328	-	-	-	12,328	-
Bank Charges	-	-	1,972	463	2,435	-
Telephone	-	-	-	10	10	-
	<u>1,434,545</u>	<u>280,026</u>	<u>389,659</u>	<u>124,752</u>	<u>2,228,982</u>	<u>2,073,519</u>
Share of support costs (see note 11)	580,941	98,067	94,456	58,465	831,929	793,600
Share of governance costs (see note 11)	5,361	1,029	991	614	7,995	7,800
	<u>1,984,744</u>	<u>387,096</u>	<u>488,402</u>	<u>119,434</u>	<u>3,068,906</u>	<u>2,874,919</u>
Analysis by						
Unrestricted	<u>1,984,744</u>	<u>387,096</u>	<u>488,402</u>	<u>119,434</u>	<u>3,068,906</u>	
	<u>1,984,744</u>	<u>387,096</u>	<u>488,402</u>	<u>119,434</u>	<u>3,068,906</u>	
For the year ended 31 March 2019						
Unrestricted funds	As amended 1,918,146	As amended 334,321	As amended 478,449	As amended 144,003		2,874,919
	<u>1,918,146</u>	<u>334,321</u>	<u>478,449</u>	<u>144,003</u>		<u>2,874,919</u>

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Support costs

	Support costs	Governance costs	2020	2019	Basis of allocation
	£	£	£	£	
Staff costs	574,652	-	574,652	468,390	Income
Depreciation	21,096	-	21,096	24,918	Income
Other staff costs	29,224	-	29,224	40,507	Income
Clothing	2,885	-	2,885	3,916	Income
Insurance	13,036	-	13,036	11,728	Income
Service fees	32,018	-	32,018	30,880	Income
Equipment	2,438	-	2,438	457	Income
Stationary & postages	6,043	-	6,043	8,788	Income
Telephone	9,719	-	9,719	9,895	Income
Travel	2,208	-	2,208	4,875	Income
Professional fees	4,881	-	4,881	43,049	Income
Bank charges	18,265	-	18,265	24,129	Income
Printing	4,261	-	4,261	9,395	Income
Advertising	10,274	-	10,274	24,391	Income
Non-recoverable VAT	70,131	-	70,131	62,149	All sports & functions
Other general expenses	1,045	-	1,045	1,362	Income
Bank Interest	453	-	453	-	Income
Subs & licenses	28,743	-	28,743	24,771	Income
Loss on disposal of FA	557	-	557	-	Income
Audit fees	-	3,595	3,595	3,500	Income
Accountancy	-	4,400	4,400	4,300	Income
	<u>831,929</u>	<u>7,995</u>	<u>839,924</u>	<u>801,400</u>	
Analysed between					
Charitable activities	<u>831,929</u>	<u>7,995</u>	<u>839,924</u>	<u>801,400</u>	

12 Trustees

During the year, the charity entered into the following transactions with certain trustees or businesses associated therewith:

- Income includes room hire and other services totalling nil (2019: £218);
- Income relating to advertising boards totalling £nil (2019: £1,000), which is included in deferred income; and
- Debtors include balances due totalling £nil (2019: £1,341)

13 Auditor's remuneration

Support costs include payments to the auditor for: audit fees of £3,595 (2019: £3,500), assistance with preparation of the financial statements of £4,400 (2019: £4,300) and other non-audit services of £9,404 (2019: £21,304).

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Management & administration	23	23
Sports & functions	83	83
Arts	5	5
Maintenance & cleaning	7	7
Catering	14	13
	<u>132</u>	<u>131</u>

Employment costs

	2020 £	2019 £
Wages and salaries	1,276,822	1,196,387
Social security costs	76,221	61,311
Other pension costs	374,586	257,891
	<u>1,727,629</u>	<u>1,515,589</u>

Key management personnel received remuneration during the year totalling £51,000 (2019: £27,740).

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

15 Other

	2020 £	2019 £
Pension scheme interest cost	17,000	7,000
	<u>17,000</u>	<u>7,000</u>

16 Taxation

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

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Tangible fixed assets

	Tenant improvements	Plant and machinery	Fixtures, fittings & equipment	Computers	Total
	£	£	£	£	£
Cost					
At 1 April 2019	-	446,367	277,801	123,467	847,635
Additions	14,006	68,242	1,624	14,505	98,377
Disposals	-	(144,578)	-	(2,179)	(146,757)
At 31 March 2020	14,006	370,031	279,425	135,793	799,255
Depreciation and impairment					
At 1 April 2019	-	356,003	220,594	111,738	688,335
Charge for the year	292	25,595	14,570	11,808	52,265
Disposals	-	(122,615)	-	(2,179)	(124,794)
At 31 March 2020	292	258,983	235,164	121,367	615,806
Carrying amount					
At 31 March 2020	13,714	111,048	44,261	14,426	183,449
At 31 March 2019	-	90,364	57,207	11,729	159,300

18 Stocks

	2020	2019
	£	£
Goods for resale and consumables	25,750	35,180

19 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	101,743	184,202
Other Debtors	6,659	3,530
Prepayments and accrued income	52,407	36,403
	160,809	224,135

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	57,555	70,465
Deferred income	63,808	93,722
Trade creditors	94,634	29,317
Other creditors	2,609	19,408
Accruals	172,727	157,839
	<u>391,333</u>	<u>370,751</u>

21 Provisions for liabilities

	Notes	2020 £	2019 £
Retirement benefit obligations	22	242,000	565,000
		<u>242,000</u>	<u>565,000</u>

22 Retirement benefit schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

Defined benefit schemes

The company's employees are eligible to join a Local Government pension scheme, which is a defined benefit statutory scheme. The most recent full actuarial valuation was on 31 March 2017 and was carried out by a qualified independent actuary. An updated valuation has been prepared at 31 March 2020 for the purpose of disclosure in these accounts. Contributions to the scheme are determined by the actuary on the basis of triennial valuations using the projected unit method.

Key assumptions

	2020 %	2019 %
Discount rate	2.3	2.5
Expected rate of increase of pensions in payment	1.8	2.4
Expected rate of salary increase	2.1	2.8

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Retirement benefit schemes

(Continued)

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2020 Years	2019 Years
Retiring today		
- Males	21.1	21.7
- Females	23.0	23.8
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	22.3	23.3
- Females	25.1	26.2
	<u> </u>	<u> </u>

Amounts recognised in the profit and loss account:

	2020 £	2019 £
Current service cost	368,000	267,000
Net interest on defined benefit liability/(asset)	17,000	7,000
	<u> </u>	<u> </u>
Total costs	385,000	274,000
	<u> </u>	<u> </u>

Amounts taken to other comprehensive income:

	2020 £	2019 £
Actual return on scheme assets	(143,000)	221,000
Less: calculated interest element	(98,000)	(95,000)
	<u> </u>	<u> </u>
Return on scheme assets excluding interest income	(241,000)	126,000
Actuarial changes related to obligations	790,000	(387,000)
	<u> </u>	<u> </u>
Total income/ (costs)	549,000	(261,000)
	<u> </u>	<u> </u>

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

	2020 £	2019 £
Present value of defined benefit obligations	4,122,000	4,404,000
Fair value of plan assets	(3,880,000)	(3,839,000)
	<u> </u>	<u> </u>
Deficit in scheme	242,000	565,000
	<u> </u>	<u> </u>

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Retirement benefit schemes

(Continued)

Movements in the present value of defined benefit obligations:

	2020 £
Liabilities at 1 April 2019	4,404,000
Current service cost	368,000
Benefits paid	(26,000)
Contributions by scheme members	51,000
Actuarial gains and losses	(790,000)
Interest cost	115,000
	<u>4,122,000</u>

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

Movements in the fair value of plan assets:

	2020 £
Fair value of assets at 1 April 2019	3,839,000
Interest income	98,000
Return on plan assets (excluding amounts included in net interest)	(241,000)
Benefits paid	(26,000)
Contributions by the employer	159,000
Contributions by scheme members	51,000
	<u>3,880,000</u>

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

	2020 £	2019 £
Equity instruments	3,376,000	3,340,000
Debt instruments	465,000	422,000
Cash	39,000	77,000
	<u>3,880,000</u>	<u>3,839,000</u>

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2019	Transfers	Balance at 31 March 2020
	£	£	£
Fixed Assets	159,300	24,149	183,449
	<u>159,300</u>	<u>24,149</u>	<u>183,449</u>

The balance of the fixed asset designated fund represents the net book value of fixed assets held by the trust at the balance sheet date.

24 Operating lease commitments

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

	2020	2019
	£	£
Within one year	40,476	-
Between two and five years	101,190	-
	<u>141,666</u>	<u>-</u>

25 Related party transactions

Orkney Islands Council (OIC), the local authority, is entitled to nominate trustees and in addition it provides annual funding under the terms of a service level agreement to enable the charity to carry on its charitable activities. The property and specific fixtures of the leisure centre are owned by OIC. The lease period is 80 years, expiring 5th April 2079. The annual rental is a nominal value of £1.

OIC charge the charity for certain services including maintenance and utilities. The cost for these recharges in the year totalled £241,735 (2019: £182,588). Creditors falling due within one year include £25,726 (2019: £3,013) due to OIC for services provided to the charity.

The charity received from OIC a revenue contribution of £776,592 (2019: £776,600) and a contribution to Activelife set-up costs of £nil (2019: £30,812). The charity provides certain services to OIC, including event management and facilities hire. The total income for these services during the year was £40,238 (2019: £100,419). These transactions are at normal commercial terms. Debtors include balances due from OIC totalling £84,532 (2019: £140,574).

PICKAQUOY CENTRE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Cash generated from operations

	2020	2019
	£	£
Deficit for the year	(279,745)	(27,359)
Adjustments for:		
Investment income recognised in statement of financial activities	(1,758)	(819)
Loss on disposal of tangible assets	12,885	-
Depreciation and impairment of tangible fixed assets	52,265	66,088
Difference between pension charge and cash contributions	226,000	129,000
Movements in working capital:		
Decrease/(increase) in stocks	9,430	(2,299)
Decrease/(increase) in debtors	63,326	(81,026)
(Decrease)/increase in creditors	20,582	(136,169)
Cash generated/(absorbed) by operations	<u>102,985</u>	<u>(52,584)</u>

27 Analysis of changes in net debt

The charity had no debt during the year.

28 Auditor's Ethical Standards

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditor to assist with the preparation of the accounts.