

Charity registration number SC032686 (Scotland)

SHETLAND BUS FRIENDSHIP SOCIETY
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

SHETLAND BUS FRIENDSHIP SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

J Blackburn
A Eunson
C Grant
J Hunter
A Johnson
C Leask
W Moore
J Young
J Leask
J Glesnes (Appointed 23 June 2021)

Charity number (Scotland) SC032686

Principal address

Scalloway Museum
Castle Street
Scalloway
United Kingdom
ZE1 0TP

Independent examiner

Thyme Accountants Limited
42 Carden Place
Aberdeen
Scotland
AB10 1UP

SHETLAND BUS FRIENDSHIP SOCIETY

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SHETLAND BUS FRIENDSHIP SOCIETY

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, 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)".

Objectives and activities

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity should undertake.

Achievements and performance

The easing of restrictions following the Covid epidemic of 2020 meant that the Museum was able to reopen on 5 July 2021 on a restricted basis. Restrictions eased later in the summer, but visitor numbers were well down on previous years. There were no visits from cruise ship passengers as they were not allowed to visit shore attractions. Admission revenue was much reduced as a result.

Several insurance companies had initially declined to meet claims for business losses from closure due to Covid restrictions, including SBFS'S insurers. The Financial Conduct Authority took several insurance companies to court and won its case. This resulted in SBFS's claim being upheld for Loss of Income due to Business Interruption from 24 March 2020, when lockdown began, to 15 July 2020 when restrictions were eased, although the Museum did not open at all in 2020. Our finances were boosted by a pay out of £21,273 from our insurance company for business interruption in 2020.

Fundraising continued during the year for the project to restore the Prince Olav Slipway to its WWII appearance. The slipway and ships' cradle built at William Moore & Sons' shipyard in Scalloway during WWII, was required to repair the fishing boats used on secret missions to occupied Norway, known as the Shetland Bus. The timber cradle built in 1942 was replaced in 1971, this cradle will be removed and replaced with a replica of the WWII cradle. Thanks to the recollections of two former employees of William Moore & Sons who worked on the wartime slipway, the replica cradle will be built to a 95% plus accuracy. A Partnership Agreement has been signed between SBFS and the Malakoff, which will result in the slipway being developed as new visitor attraction in Scalloway.

The wartime Prince Olav Slipway is of national importance to Norway. Project funding commenced with donations from SBFS and the Kommune of Øygarden (near Bergen), and subsequent donations have resulted from the Royal Norwegian Navy, and other parties in Norway. Funding is also being sought from within Shetland and the UK.

Trustee Allister Rendall passed away on 27 December 2021. He had a great interest in small boats and played a large part in the development of our new outdoor exhibition of Shetland small boats.

Financial review

It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

The balance held as unrestricted funds at 31 March 2022 was £428,860 of which £204,165 are regarded as free reserves, after allowing for funds tied up in tangible fixed assets and investments. Actual 3 month cash payments totalled £11,206 The current level of reserves is therefore higher than is needed.

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.

SHETLAND BUS FRIENDSHIP SOCIETY

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Plans for future periods

The Trustees are planning to restore the Crown Prince Olav Slipway at Moore's Yard in Scalloway to its World War 2 condition. The slipway was built during WW2 to service boats used in the Shetland Bus Operations.

The SBFS Trustees were approached by the Mayor of Oygarden and the Kommandant of Bergenhus Fortress in Norway asking if SBFS had considered building a replica cradle at the slipway and how much it would cost. They have indicated that they may be willing to donate money towards its construction. Plans have been drawn up of the cradle which will be almost an exact replica of the original, thanks to the knowledge of two former Moore's employees.

The trustees have decided to plan a long-term strategy for the Museum. Although the Society has ample reserves its ongoing sustainability depends on a steady income stream and manageable costs

Structure, governance and management

The charity is controlled by its governing document and constitutes a Scottish Incorporated Organisation (SCIO).

The Trustees who served during the year and up to the date of signature of the financial statements were:

J Blackburn

A Eunson

C Grant

J Hunter

A Johnson

C Leask

W Moore

J Young

J Leask

J Glesnes

(Appointed 23 June 2021)

A Rendall

(Deceased 27 December 2021)

Related parties

SBFS Trading Ltd is a 100% trading subsidiary of the charity.

The Trustees report was approved by the Board of Trustees.

C Grant

Trustee

30 November 2022

SHETLAND BUS FRIENDSHIP SOCIETY

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF SHETLAND BUS FRIENDSHIP SOCIETY

I report on the financial statements of the Charity for the year ended 31 March 2022, which are set out on pages 4 to 12.

Respective responsibilities of Trustees and examiner

The Charity's Trustees are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's Trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the financial statements.

Independent examiner's statement

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In connection with my examination, no other matter except that referred to in the previous paragraph has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - (ii) to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Martin R Watt FCCA
Thyme Accountants Limited
42 Carden Place
Aberdeen
AB10 1UP
Scotland

Dated: 30 November 2022

SHETLAND BUS FRIENDSHIP SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<u>Income from:</u>			
Donations and legacies	3	1,933	30,899
Charitable activities	4	21,209	20
Other trading activities	5	9,060	2,590
Investments	6	15	32
		<hr/>	<hr/>
Total income		32,217	33,541
		<hr/>	<hr/>
<u>Expenditure on:</u>			
Charitable activities	7	44,823	39,805
		<hr/>	<hr/>
Net expenditure for the year/ Net movement in funds		(12,606)	(6,264)
Fund balances at 1 April 2021		439,648	445,912
		<hr/>	<hr/>
Fund balances at 31 March 2022		427,042	439,648
		<hr/> <hr/>	<hr/> <hr/>

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

All income and expenditure derive from continuing activities.

SHETLAND BUS FRIENDSHIP SOCIETY

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11		1		1
Property, plant and equipment	12		224,670		230,751
			<u>224,671</u>		<u>230,752</u>
Current assets					
Trade and other receivables	13	17,863		12,846	
Cash at bank and in hand		187,064		199,256	
		<u>204,927</u>		<u>212,102</u>	
Current liabilities	14	(2,556)		(3,206)	
Net current assets			202,371		208,896
Total assets less current liabilities			<u>427,042</u>		<u>439,648</u>
Income funds					
Unrestricted funds			427,042		439,648
			<u>427,042</u>		<u>439,648</u>

The financial statements were approved by the Trustees on 30 November 2022

J Hunter
Trustee

SHETLAND BUS FRIENDSHIP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Shetland Bus Friendship Society is a Scottish Charitable Incorporated Organisation (SCIO).

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's governing document, 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 Charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements 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, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

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 financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Charity.

1.4 Income

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.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

SHETLAND BUS FRIENDSHIP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Share	Not depreciated
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1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	in accordance with the property
Leasehold improvements	25% reducing balance
Plant and equipment	25% reducing balance
Computers	335 reducing balance

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 the statement of financial activities.

1.8 Impairment of non-current 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).

1.9 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. Bank overdrafts are shown within borrowings in current liabilities.

SHETLAND BUS FRIENDSHIP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.10 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 trade and other receivables 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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables 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 payables 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 payables 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.

1.11 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.

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.

SHETLAND BUS FRIENDSHIP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Donations and gifts	919	3,484
Grants	1,014	27,415
	<u>1,933</u>	<u>30,899</u>

4 Charitable activities

	Charitable Income	Charitable Income
	2022	2021
	£	£
Other income	21,209	20
	<u>21,209</u>	<u>20</u>

5 Other trading activities

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Shop income	6,092	-
Rental income	2,400	2,400
Subscriptions	568	190
	<u>9,060</u>	<u>2,590</u>

SHETLAND BUS FRIENDSHIP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Interest receivable	15	32
	<u>15</u>	<u>32</u>

7 Charitable activities

	Charitable Expenditure	Charitable Expenditure
	2022	2021
	£	£
Rates, water, insurance	7,038	6,838
Light & heat	2,307	5,046
Telephone	1,434	1,082
Office costs	424	420
Advertising	747	490
Sundries	596	39
Displays & equipment	2,520	280
Cleaning	3,161	819
Building maintenance	7,044	9,760
Events	1,305	-
Subscriptions	1,702	821
Curators fees	8,330	4,253
Donations	100	500
	<u>36,708</u>	<u>30,348</u>
Share of support costs (see note 8)	6,111	7,002
Share of governance costs (see note 8)	2,004	2,455
	<u>44,823</u>	<u>39,805</u>

SHETLAND BUS FRIENDSHIP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Bank charges	30	-	30	36	-	36
Depreciation	6,081	-	6,081	6,966	-	6,966
Independent examiners fee	-	840	840	-	599	599
Legal & professional fees	-	1,164	1,164	-	1,856	1,856
	<u>6,111</u>	<u>2,004</u>	<u>8,115</u>	<u>7,002</u>	<u>2,455</u>	<u>9,457</u>
Analysed between						
Charitable activities	<u>6,111</u>	<u>2,004</u>	<u>8,115</u>	<u>7,002</u>	<u>2,455</u>	<u>9,457</u>

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Charity during the year.

10 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Total	-	-
	<u>-</u>	<u>-</u>

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

11 Intangible fixed assets

	Share £
Cost	
At 1 April 2021 and 31 March 2022	1
	<u>1</u>
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	-
	<u>-</u>
Carrying amount	
At 31 March 2022	1
	<u>1</u>
At 31 March 2021	1
	<u>1</u>

SHETLAND BUS FRIENDSHIP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Property, plant and equipment

	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Computers £	Total £
Cost					
At 1 April 2021	224,981	15,188	23,425	4,204	267,798
At 31 March 2022	224,981	15,188	23,425	4,204	267,798
Depreciation and impairment					
At 1 April 2021	10,460	8,227	14,247	4,113	37,047
Depreciation charged in the year	2,480	1,740	1,816	45	6,081
At 31 March 2022	12,940	9,967	16,063	4,158	43,128
Carrying amount					
At 31 March 2022	212,041	5,221	7,362	46	224,670
At 31 March 2021	214,521	6,961	9,178	91	230,751

13 Trade and other receivables

	2022 £	2021 £
Amounts falling due within one year:		
Trade receivables	64	1,364
Other receivables	16,370	10,272
Prepayments and accrued income	1,429	1,210
	17,863	12,846

14 Current liabilities

	2022 £	2021 £
Trade payables	2,076	2,726
Accruals and deferred income	480	480
	2,556	3,206

15 Related party transactions

There were no disclosable related party transactions during the year {2020: £22,525 donated}.