

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the year ended 30 September 2019



NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

For the year ended 30 September 2019

Legal and administrative information

Directors	Captain Alastair Beveridge – Chairman (B Director, first appointed 1 June 2013) Michael Peter Bullock (A, appointed 2014) Mairi Elizabeth Rae (A, appointed 2017) Captain Michael Brew (B, appointed 2014 resigned 16 May 2019) Elaine Wilkinson (B, appointed 2017) Hugh Shaw (B appointed 16 May 2019) Alison Di Rollo (B, appointed 16 May 2019) William Muir (C, appointed 2015) Stuart McDonald (C, appointed 2015) Robert McIntosh (C, appointed 2017) Captain Sean Rathbone (C, appointed 16 May 2019) Trish Donaldson (C, appointed 16 May 2019) Lesley Anne Brydon (C, appointed 2014 resigned 6 May 2019) Barri Millar (C, appointed 2015 – resigned 3 October 2018)
Company Secretary	AS Company Services Limited
Principal Office	84 George Street Edinburgh EH2 3DA
Registered Office	1 Rutland Court Edinburgh EH3 8EY
Independent Examiner	Chiene + Tait LLP Chartered Accountants 61 Dublin Street Edinburgh EH3 6NL
Bankers	Bank of Scotland New Town Edinburgh EH11 1YH
Investment Managers	Brewin Dolphin Atria One 144 Morrison Street Edinburgh EH3 8EX
Solicitors	Anderson Strathern LLP 1 Rutland Court Edinburgh EH3 8EY
Charity number	SC040872
Company number	SC365775

**NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)**

DIRECTORS' REPORT

For the year ended 30 September 2019

The Trustees present their annual report and financial statements of the Charity for the year ended 30 September 2019. 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 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 applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Objectives and activities

The Trust was established in 2009 by the Commissioners of Northern Lighthouses. The Commissioners of Northern Lighthouses are the General Lighthouse Authority for Scotland and adjacent seas and islands and the Isle of Man and draw their statutory powers from the Merchant Shipping Act 1995, as amended.

The Northern Lighthouse Board (NLB) carries out the functions of the Commissioners of Northern Lighthouses who are constituted in terms of, and are given certain powers and duties by, Part VIII of and Schedules 8 and 9 to the Merchant Shipping Act 1995. The subject matter of that Act is a reserved matter under Section 30 of and Schedule 5 to the Scotland Act 1998 and in terms of Section 29 of the Scotland Act 1998. The Board's affairs are therefore subject to legislation passed by the United Kingdom Parliament. Ministerial responsibility is with the Department for Transport.

The present Commissioners are aware of the rich maritime heritage and the work of their predecessors in building iconic lighthouses around our coast together with the high level of public interest in lighthouses. They are also aware that they are the sole providers of aids to general marine navigation and with that comes a moral responsibility to take steps to preserve its history for future generations. However, the Commissioners can only act within their statutory powers and those powers do not permit the Commissioners to take an active or financial interest in protecting or nurturing interest in this rich heritage. For example, the principal source of funding for the Commissioners' statutory duties are from light dues which are charged on commercial shipping at United Kingdom and Republic of Ireland ports. The basis of the charge on the ship owner or operator is for the recovery of the cost of providing this modern network of aids to marine navigation not for protecting heritage.

The Commissioners have however in the past been able to provide support to others interested in lighthouse heritage e.g. The National Museum of Scotland and Scotland's Lighthouse Museum. However, the present Commissioners and their recent predecessors believe that more should be done but that it is inappropriate to do so with funds derived from light dues. So they established the Northern Lighthouse Heritage Trust, largely funded by the sale of the Commissioners' library which belonged to them rather than to the General Lighthouse Fund.

The Commissioners believe that the purpose of the Trust falls within the scope of the following "charitable purpose" as set out and explained in S.7(2) and 7(3) of the Charities and Trustee Investment (Scotland) Act 2005: -

The advancement of the arts, heritage, culture or science

The Trust aims to operate in the fields of "heritage" and "culture" in both the built heritage and the culture from over 200 years of building and maintaining lighthouses around our coast.

The advancement of environmental protection or improvement; and the advancement of education

Details of the activities undertaken in line with the Trust's objectives are noted in the Achievements and Performance section of this report.

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2019

Achievements and performance

During the year the Directors have:

- Commenced with Phase 3 of the oral history project with Martine Roberston to collect an oral history of the staff working at the NLB's headquarters at 84 George Street during the period of automation. The Directors believe this will add to valuable records and resources on a former way of life. Transcripts of the interviews will be held by the School of Scottish studies.
- Continued discussions with Scotland's Lighthouse Museum in Fraserburgh on the mutual benefit of collaborative working to assist the Museum to achieve its aims.
- In pursuit of the above objective NLB has provided assistance with a number of significant buoys which they have refurbished at Oban Depot. The Trust is in dialogue with the Museum as to how they could help with providing a permanent display area for these buoys. The Trust are also undertaking some research into the history of the very old conical riveted buoys of which there are a number of survivors.
- Provided funding to pay for the necessary conservation work to the two Bell Rock 200 year old embroidered (by Jane Stevenson) flags for redisplay at the Museum of Scottish Lighthouses.
- Continued to monitor the sales of the first book published by the Trust - "A Dynasty of Engineers" by Professor Roland Paxton (ISBN 978-0-9567309-0-0). Professor Paxton generously assigned his rights in the book to the Trust and the surplus already generated from sales will be used for the Trust's charitable purposes.
- Manage the sale of prints from the painting "*Rain squall over the Bell Rock Lighthouse*" very kindly donated by John Lowrie Morrison. The surplus already generated from sales will be used for the Trust's charitable purposes.
- Manage the sale of the paperback book *Scottish and Manx Lighthouses - a photographic journey in the footsteps of the Stevensons* - ISBN 978-0-9567209-1-7 to increase awareness and knowledge of lighthouse heritage. The costs have already been covered and profits will be used for the Trust's charitable purchases.
- Manage the sales of the pre-printed the book *Scottish and Manx Lighthouses* in hardback - a photographic journey in the footsteps of the Stevensons - ISBN 978-0-9567209-2-4 to increase awareness and knowledge of lighthouse heritage. The costs have already been covered and profits will be used for the Trust's charitable purchases.
- Had initial discussions with a number of potential applicants for financial assistance.
- Discussed potential visits to the Museum of Scottish Lighthouses, Fraserburgh and Isle of May Lighthouse.
- The Trust have been in dialogue with the owners of the North Carr Light Vessel currently in Dundee Docks regarding the future of the vessel, the owners do have a long term plan for the vessel and we will continue to liaise with them as matters develop.
- The Trust have provided financial support to Gairloch & District Heritage Company Ltd to help towards their project to redisplay their collection of objects from Rubh Re Lighthouse in a much improved, modern museum installation in the new Gairloch Museum premises.
- Investigated the viability of producing and selling a number of signed Stevenson original site drawings and sketches of various Pillar lights, some of which are beautifully detailed and very well preserved.

**NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)**

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2019

Achievements and performance (continued)

- The Trust are exploring ways of providing much improved access to the outcomes of projects and the wider NHLT archive using the new Northern Lighthouse Board website.
- The restoration of various clocks continues and work is well advanced in the final transfer of assets from NLB to NHLT
- The restoration of the William Trotter chairs in the Board Room and Chief Executive's Office.
- Engaged with professional librarians to catalogue and display the retained books prior to valuation.
- The Trust are also undertaking some research into the history of the NLB vessels.
- Held discussions with Flagstone Production about what support the Trust could provide to their play "The Keepers" depicting the story of the disappearance of the lighthouse keepers on the Flannan Islands.

Financial Review

In the year to 30 September 2019 the net expenditure of the Trust was £14,549 before a realised and unrealised gain on investments of £16,219. The net assets at 30 September 2019 are £592,822, which is principally comprised of heritage assets of £87,939, listed investments of £482,676, cash held as part of the investment portfolio of £6,661, and other cash at bank of £15,351. Liabilities are £7,839. Since the formation of the Trust in 2009 the Trust's investment capital has grown from approximately £350,000 to approximately £480,000 and annual expenditure on grants and publications etc has averaged around £23,000 a year (see financial statements below for more detailed information).

Principal Funding and Investment Policy

The funding for the charity is principally derived from the proceeds of the disposal of antiquarian books gifted by the Commissioners of Northern Lighthouses, most of which has been invested in order to provide a source of annual income. Modest additional income has been derived from the sale of the Trust's two books and sales of the print "the Bell Rock Lighthouse in a storm".

In accordance with the Articles of Association, the Directors have power to invest in such stocks, shares, investments and property in the United Kingdom or abroad as they in their sole discretion think fit.

The Directors have agreed a Statement of Investment Policy that sets out the principles governing decisions regarding the investment of the assets of the company. The Directors have decided that for the immediate future they should restrict their outgoings to what can be financed from income, but they do not rule out in the longer term drawing on capital if circumstances justify that. The Trustees have the power to invest the monies of the company not immediately required for its purposes in or upon such investments, securities or property as may be thought fit. The Trustees will continue to review their investment policy in light of the impact of COVID 19.

Other than cash required in the short-term, the Trustees rely on professional fund managers for the day-to-day discretionary management of the assets of the Trust.

**NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)**

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2019

Financial Review

The fund managers, Brewin Dolphin, are responsible for the allocation of assets between types of investments and for a selection of individual stocks within each type of investment. The funds are managed on a discretionary basis where the fund manager makes all investment decisions in line with the agreed investment objectives and benchmark and reports in retrospect to the charity.

The fund managers have been instructed to achieve a balance between capital growth and the generation of income. No formal income target has been set. However, the investment managers should refer to the Trust's spending plans when managing the portfolio and work with the Trustees to ensure that the Trust's financial commitments can be satisfied. All investments made must satisfy the conditions of the Trustee Investment Act 2000 and relevant statutory instruments.

In order to achieve the stated objective a diversified-risk approach will be adopted that corresponds to a diversified portfolio invested in a broad spread of equities both directly and indirectly through pooled funds but also including a proportion of fixed interest securities, cash and where appropriate alternative readily realisable assets such as property and infrastructure funds.

Reserves Policy

Reserves at 30 September 2019 amounted to £592,822, all of which were unrestricted. Heritage assets are held in a designated fund to distinguish them from free reserves which can be readily realised. The Directors aim to hold appropriate levels of reserves to secure sufficient income in any one year to finance its normal expenditure without recourse to forced sale of investments.

Plans for Future Periods

The Directors are continuing to review the Business Plan. Short-term objectives include:

- Making arrangements to continue the phased restoration and conservation of the retained lighthouse heritage books and silver collection.
- Making arrangements for the transfer of other lighthouse heritage assets from the Commissioners of Northern Lighthouses.
- Providing assistance to the Museum of Scottish Lighthouse and other lighthouse related Museums to help them achieve their aims.
- Moving all the paper records of the Trust's assets to an Asset Management package.
- Supporting deserving applications for funding support for local lighthouse related heritage projects.
- Proceeding with the phased restoration and conservation of the furniture and clocks.

Grant Making Policy

The Directors are continuing to develop their policy of making donations to those organisations they feel require most support and whose purposes fall within the spectrum of the charitable purpose. They have decided that in the meantime they will not normally give financial assistance for the construction, maintenance, repair or restoration of buildings, and that at least in its early years, taking one year with another, it will aim to live within its income and not draw on its capital. (Operating principles approved by Directors in May 2015).

Structure, Governance and Management

Governing Document

Northern Lighthouse Heritage Trust is a company limited by guarantee governed by the objects as set out in its Memorandum of Association.

Registered as a Scottish Charity by the Office of the Scottish Charity Regulator on 25 September 2009.

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2019

Structure, Governance and Management (continued)

Appointment of Directors

The number of directors is not subject to any maximum and the minimum number of directors shall be seven consisting of at least one 'A' Director, three 'B' Directors and three 'C' Directors. Currently, there is two Directors ('A' Directors) one is also the Chief Executive of the Northern Lighthouse Board. There are three Directors ('B' Directors) who are also Commissioners of Northern Lighthouses. There are five Directors ('C' Directors) who have at no time in the preceding two years prior to the date of appointment been an executive director to the Commissioners of Northern Lighthouses. The Chairman is appointed by the Directors from amongst their number.

The 'A' Directors and 'B' Directors are not subject to retirement by rotation.

The Directors may appoint as a director, either to fill a vacancy or as an additional director, any person who is willing to act.

The appointment of a person as a 'C' Director shall be for a fixed period of 3 years, renewable only by ordinary resolution for a further fixed period of 3 years. No person may be reappointed for any further period(s) without a break of at least 1 year but after such break may hold office for a renewable period of 3 years or such lesser period as the Directors decide.

The restriction contained in Article 31, which states that no 'C' Director can be reappointed for any further period(s) after serving two fixed terms of 3 years without a break of at least 1 year, will not apply to the continuing appointment of any 'C' Director who is appointed Chairman at any time during his or her period of office as a 'C' Director. Whilst such a 'C' Director acting as Chairman will remain subject to his or her appointment as a 'C' Director being renewed for fixed three years terms, such 'C' Director holding the office of Chairman will be capable (if reappointed by ordinary resolution) of being reappointed for a third fixed term of 3 years without such a 1 year break. A 'C' Director acting as Chairman may not be reappointed as a 'C' Director for any further period(s) after serving for 9 years as a 'C' Director without a break of at least 1 year but after such break may hold office for such fixed period being not more than 3 years as the Directors may decide. Upon any 'C' Director ceasing to be Chairman during his or her third 3 year term, he or she would also automatically cease to be a 'C' Director upon such cessation.

Director induction and training

As part of their induction all Directors have received a copy of the OSCR Guidance for Trustees published by the Office of the Scottish Charity Regulator (OSCR). The Guidance is designed to assist charity trustees to understand what is expected of them, as individuals and collectively, under the Charities and Trustee Investment (Scotland) Act 2005.

Organisation

All Directors are actively involved in the decision-making process. The Directors have met three times in the current year.

Day to day administration is delegated to Mairi Rae, the Director of Business Services of the Northern Lighthouse Board and also an 'A' Director.

Related parties

The 'B' Directors, Captain Michael Brew, Alastair Beveridge, Elaine Wilkinson, Hugh Shaw and Alison Di Rollo are also Commissioners of the Northern Lighthouse Board. The 'A' Directors, Michael Bullock is the Chief Executive of the Northern Lighthouse Board and Mairi Rae is the Director of Business Services of the Northern Lighthouse Board. Details of transactions with the Northern Lighthouse Board are included in the notes to the financial statements.

**NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)**

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2019

Structure, Governance and Management (Continued)

Risk Management

The Directors have assessed the principal risks to which the Trust is exposed, and believe that these lie mainly in the performance of investments. The Directors of the Trust are satisfied that systems have been implemented to mitigate exposure to these major risks, including retaining expert investment managers who they meet with annually which helps them maintain a diversified portfolio.

Administrative Details

The reference and administrative details, including the names of the Directors who held office during the year, are set out on page 1.

Directors' Responsibilities

The Directors (who are also trustees of the Northern Lighthouse Heritage Trust for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial period 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 the year. In preparing these financial statements the Directors are required to:

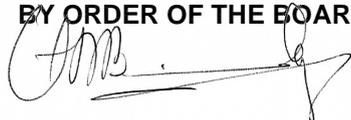
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed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

The Directors are responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD



Alastair Beveridge

5 June 2020

I report on the financial statements of Northern Lighthouse Heritage Trust for the year ended 30 September 2019 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes.

This report is made to the Directors of Northern Lighthouse Heritage Trust, as a body, in accordance with the terms of my engagement. My work has been undertaken to enable me to prepare the financial statements on behalf of the Directors and to report my opinion as set out below and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Directors and members of Northern Lighthouse Heritage Trust, as a body, for my work or for this report.

Respective responsibilities of Directors and independent examiner

The charity's Directors (who are also the Directors of the company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 (the Act) and the Charities Accounts (Scotland) Regulations 2006 (as amended) (the Regulations). The charity Directors consider that the audit requirement of Regulation 10(1)(a) to (c) of the 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 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 Directors 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

In the course of my examination, no matter has come to my attention:

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



Malcolm Beveridge CA
CHIENE + TAIT LLP
Chartered Accountants and Independent Examiner
61 Dublin Street
Edinburgh
EH3 6NL

8 June 2020

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

STATEMENT of FINANCIAL ACTIVITIES
(Including income and expenditure account)

For the year ended 30 September 2019

		Un- restricted Funds	Total 2019	Total 2018
		£	£	£
Income and endowments from:				
Investments	2	13,046	13,046	14,915
Donations and legacies		163	163	75
<i>Charitable activities:</i>				
Book and print sales		2,211	2,211	921
Total Income		----- 15,420 -----	----- 15,420 -----	----- 15,911 -----
Expenditure on:				
<i>Raising funds:</i>				
Investment management fees		4,206	4,206	4,322
Charitable activities	3	25,763	25,763	11,379
Total Expenditure		----- 29,969 -----	----- 29,969 -----	----- 15,701 -----
Net (expenditure)/income before gains and losses on investments		(14,549)	(14,549)	210
Realised (losses)/gains on investments		(1,605)	(1,605)	1,635
Unrealised gains on investments	6	17,824	17,824	14,935
Net income for the year		----- 1,670 -----	----- 1,670 -----	----- 16,780 -----
Reconciliation of funds:				
Total funds brought forward at 30 September 2018		591,152	591,152	574,372
Total funds carried forward at 30 September 2019		----- 592,822 =====	----- 592,822 =====	----- 591,152 =====

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

All income and expenditure are derived from continuing activities.

All income and expenditure in the current year and prior year is unrestricted.

The notes on pages 11 to 17 form part of these financial statements.

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

BALANCE SHEET

As at 30 September 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	5	87,939	87,939
Investments	6	489,337	494,324
		-----	-----
Total Fixed Assets		577,276	582,263
Current assets			
Debtors	7	327	428
Stocks		7,707	9,113
Cash at bank and in hand		15,351	9,436
		-----	-----
Total Current Assets		23,385	18,977
Liabilities			
Creditors falling due within one year	8	7,839	10,088
		-----	-----
Net current assets		15,546	8,889
		-----	-----
Total assets less current liabilities		592,822	591,152
		-----	-----
Net assets	10	592,822	591,152
		=====	=====
The funds of the charity:			
Unrestricted funds	9	592,822	591,152
		-----	-----
Total charity funds		592,822	591,152
		=====	=====

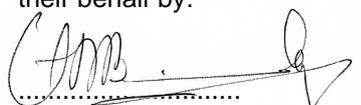
The Directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The Directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 and 387 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus or deficit for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006 and with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102).

The financial statements were approved by the Directors on 5 June 2020 and are signed on their behalf by:


.....
Captain Alastair Beveridge
Director

Company No. SC365775

The notes on pages 11 to 17 form part of these financial statements.

**NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)**

NOTES to the FINANCIAL STATEMENTS

For the year ended 30 September 2019

1. Accounting policies

General information

The charity is a private company limited by guarantee registered in Scotland (SC365775). The addresses of the company's registered office and principal place of business are detailed on Page 1.

Accounting convention

The financial statements have been prepared under the historic cost convention. The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have assessed the charity's ability to continue as a going concern, as set out in Note 13, and have reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Heritage assets

The Trust holds a number of assets which were gifted for nil consideration by the Northern Lighthouse Board on 7 January 2010 and 31 March 2011. These consist of over 500 separate books, maps, records and other documents, as well as 75 items of silverware, which are of historical significance and are to be retained and preserved in line with the Trust's conservation and educational charitable objectives. Access to these documents for research and educational purposes is permitted to members of the public on application to the Manager at the principal office.

In accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) these assets are reported in the balance sheet at valuations prepared by RL Christie for silver and plate items for insurance purposes at auction value, valued in 2015, and by Lyon and Turnbull for all other heritage assets in 2009. The Directors are of the opinion that this valuation represents the asset's fair value at the balance sheet date.

During the prior year, various drawings were acquired and a donation of £100 was given in exchange to British Red Cross. No valuation was provided for these as the drawings belonged to the Northern Lighthouse Board and formed an important part of their history. With regard to this, no reliable value can be attributed and therefore the Charity Trustees believe that the significant costs that would be incurred in assessing and maintaining a reliable valuation record would be disproportionate to the clarity derived. Accordingly, the assets have not been capitalised in the accounts. Further information is provided in note 5.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Income

All income is recognised once the Trust has entitlement to the income, there is sufficient certainty or receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

NORTHERN LIGHTHOUSE HERITAGE TRUST
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2019

1. Accounting policies (Contd.)

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is included on an accruals basis and all expenses are allocated to the applicable expenditure headings in the statement of financial activities. Expenditure is classified under the following activity headings:

Costs of raising funds

Costs of raising funds comprise those costs associated with generating income for the Trust, namely investment management fees.

Charitable activities

Charitable activities costs are those costs expended on meeting the charity's objectives and include both support and governance costs.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs include the costs of general governance of the charity as opposed to direct management inherent in meeting charitable objectives and are those costs associated with strategic, constitutional and statutory requirements.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the Trust 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The Trust only has financial assets and financial liabilities of a kind which qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the settlement value.

VAT

The Trust is not registered for VAT and accordingly expenditure includes VAT where appropriate.

Funds

Unrestricted general funds are the funds which can be used in accordance with the charitable objects at the discretion of the Directors. Designated funds are the funds set aside by the Directors out of the unrestricted general funds for specific purposes and projects.

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2019

2. Investments	2019	2018
	£	£
Dividends	12,947	14,817
Interest on cash deposits	99	98
	-----	-----
	13,046	14,915
	=====	=====
3. Charitable activities	2019	2018
	£	£
Selling and publishing costs		
Sale costs	1,406	-
Publishing costs	-	537
	-----	-----
	1,406	537
	=====	=====
Education and conservation		
Restoration of Oak Wood chairs	9,685	-
Conservation of flags	9,000	-
Gairloch Heritage Museum *	3,000	-
Gairloch & District Heritage Company *	-	5,000
Laings Foundry (Edinburgh) Ltd – Bronze Plaque	-	402
Red Cross	-	100
	-----	-----
	21,685	5,502
	=====	=====
* Includes grants committed but not yet paid		
Support costs		
Book-keeping and accountancy fees – Chiene + Tait LLP	1,221	1,278
Sundry costs	102	372
Provision for slow moving stock	(274)	2,115
	-----	-----
	1,049	3,765
	=====	=====
Governance costs		
Independent Examiner's remuneration	811	787
Year end accountancy fees – Chiene + Tait LLP	812	788
	-----	-----
	1,623	1,575
	=====	=====
	25,763	11,379
	=====	=====

The Directors who are the key management personnel received no remuneration or expenses during the period. The charity had no direct employees during the year.

NORTHERN LIGHTHOUSE HERITAGE TRUST
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2019

4. Taxation

No Corporation Tax has been provided in the financial statements as the income of Northern Lighthouse Heritage Trust, being a registered charity, is within the exemptions granted by Part 11 of the Corporation Tax Act 2010.

5. Heritage assets	Books & Documents	Silver	Total
	£	£	£
Valuation			
At 1 October 2018	50,984	36,955	87,939
Additions	-	-	-
Revaluation	-	-	-
	-----	-----	-----
At 30 September 2019	50,984	36,955	87,939
	=====	=====	=====
Net book value			
At 30 September 2019	50,984	36,955	87,939
	=====	=====	=====
At 30 September 2018	50,984	36,955	87,939
	=====	=====	=====

Movement in prior years comprises of the gift of books from the Northern Lighthouse Board (“NLB”) in January 2010 and a gift of silver from the NLB in March 2011. Further information relating to the acquisition and valuation of the heritage assets is detailed in note 1.

During 2015 a valuation of the silver was undertaken by RL Christie, an independent external valuer. The valuation was prepared on an insurance basis at auction replacement value. The assets were previously valued in 2011 by Lyon & Turnbull when the silver was originally donated to the charity. The basis of the valuation at that time was on an insurance basis at replacement value. The directors believe that the basis of the valuation at auction replacement value is more appropriate and consequently have reflected the valuation on this basis.

The valuation of the books and documents within the heritage assets was prepared by Lyon & Turnbull, Auctioneers for insurance purposes in 2009.

The trustees are of the opinion that this valuation represents the asset’s fair value at the balance sheet date.

During the prior year, various drawings were acquired and a donation of £100 was given in exchange to British Red Cross. No valuation was provided for these and no reliable value can be attributed as the significant costs in obtaining a valuation would outweigh the benefit. Accordingly, the assets have not been capitalised in the accounts.

	2019	2018	2017	2016	2015
	£	£	£	£	£
Financial summary of heritage asset transactions					
Additions:					
<u>Bought</u>					
Books and documents	-	-	-	-	584
	-----	-----	-----	-----	-----
Total	-	-	-	-	584
	=====	=====	=====	=====	=====

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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2019

6. Investments	2019
	£
Listed investments	
Market value at 1 October 2018	484,163
Investments purchased	77,286
Investments sold	(96,597)
Unrealised gain	17,824

Market value at 30 September 2019	482,676
	=====
 <u>Movement of cash held on deposit for investments:</u>	
Cash at 1 October 2018	10,161
Decrease	(3,500)

Cash at 30 September 2019	6,661
	=====
 Total investment portfolio at 30 September 2019 at valuation	489,337
	=====
 Total investment portfolio at 30 September 2019 at historic cost	385,438
	=====
 Gross income	12,947
	=====

All listed investments held are listed on the UK Stock Exchange. The investments are managed by Brewin Dolphin which operates under a discretionary agreement.

Investments considered material in the context of the portfolio are:

	2019
	£
Vanguard Funds Plc S&P 500 UCITS USD	25,267
JP Morgan AM UK Ltd US Equity Inc	35,157
Aviva Investors UK US Equity Income 2	27,484
Baillie Gifford American B Nav Inc	22,437
	=====

7. Debtors	2019	2018
	£	£
Investment income	327	428
	=====	=====

8. Creditors: amounts falling due within one year	2019	2018
	£	£
Other creditors and accruals	300	288
Accruals – professional fees	1,622	1,575
Accruals – investment management fees	1,076	1,110
Grants committed but not paid (See Note 3)	3,000	5,000
Provision for slow moving stock	1,841	2,115
	-----	-----
	7,839	10,088
	=====	=====

NORTHERN LIGHTHOUSE HERITAGE TRUST
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2019

9. Analysis of charitable funds

	Balance at 1 October 2018 £	Income £	Expend- iture £	Investment Gains £	Balance at 30 September 2019 £
Unrestricted funds					
General Fund	503,213	15,420	(29,969)	16,219	504,883
Designated Fund: Heritage assets	87,939	-	-	-	87,939
Total	591,152	15,420	(29,969)	16,219	592,822
	=====	=====	=====	=====	=====
	Balance at 1 October 2017 £	Income £	Expend- iture £	Investment Gains £	Balance at 30 September 2018 £
Prior year comparative					
Unrestricted funds					
General Fund	486,433	15,911	(15,701)	16,570	503,213
Designated Fund: Heritage assets	87,939	-	-	-	87,939
Total	574,372	15,911	(15,701)	16,570	591,152
	=====	=====	=====	=====	=====

The designated fund represents the Heritage Assets and distinguishes them from free reserves.

10. Analysis of net assets between funds	Investments £	Heritage Assets £	Net Current Assets £	Total £
General funds	489,337	-	15,547	504,884
Designated funds	-	87,939	-	87,939
	489,337	87,939	15,547	592,822
	=====	=====	=====	=====
Prior year comparative	Investments £	Heritage Assets £	Net Current Assets £	Total £
General funds	489,337	-	8,889	503,213
Designated funds	-	87,939	-	87,939
	489,337	87,939	8,889	591,152
	=====	=====	=====	=====

**NORTHERN LIGHTHOUSE HERITAGE TRUST
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2019

11. Related party transactions

Related parties are detailed within the Directors' report.

During the year administrative support was provided to Northern Lighthouse Heritage Trust by employees of the Northern Lighthouse Board and from their offices at 84 George Street. In the opinion of the Directors it is not possible to value the cost of this support and therefore it has not been accounted for within these financial statements.

12. Members' liability

Northern Lighthouse Heritage Trust is a company limited by guarantee and therefore has no share capital. Each member undertakes to contribute £1 to the company's assets in the event of the company being wound up.

13. Subsequent Events

Since the year end the Trust has faced a new challenge relating to COVID19. The Trustees are reviewing all aspects of the ongoing needs of the Trust. Whilst there are short term implications to reduction in investment income and the value of investments the Trust is well placed to support all activities due to the ongoing positive cash flow and as a consequence continues to be a going concern.