

Charity No. SC040872
Company No. SC365775

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

REPORT and FINANCIAL STATEMENTS

For the year ended 30 September 2017

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NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

For the year ended 30 September 2017

Reference and administrative information

Directors	Captain Alastair Beveridge (B) – Chairman (appointed Chairman March 2017) Peter Mackay CB – Chairman (C director, resigned April 2017) Michael Peter Bullock (A) Lesley Anne Brydon (C, appointed July 2014) Captain Michael Brew (B) Robert Alastair Dunlop QC (C, resigned April 2017) Dr John Ross CBE (B, resigned October 2017) Barri Stewart Millar (C, appointed June 2015) William Tulloch Muir (C, appointed June 2015) Stuart Alexander McDonald (C, appointed September 2015) Robert Duncan McIntosh (C, appointed April 2017) Elaine Isobel Wilkinson (C, appointed October 2017) Mairi Elizabeth Rae (A, appointed October 2017)
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 2017

The Trustees present their annual report and financial statements of the charity for the year ended 30 September 2017. 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), the Companies Act 2006, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and activities

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.

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2017

Achievements and performance

During the year the Directors have:

- Completed Phase 2 of the oral history project with Erin Farley from the School of Scottish Studies at the University of Edinburgh to collect an oral history of the crew of the ships, the Commissioners and engineering staff that served with the NLB during the period when there were light keepers. The Directors believe this will add to valuable records and resources on a former way of life. Transcripts of the interviews are now 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 provided assistance with the digitisation and printing of the stereoscopic slides taken by C Dick Peddie CBE the Secretary of NLB from 1901 to 1929 and also the printing of the display boards and the purchase of the other items required to produce a touring exhibition.
- 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 book *Scottish and Manx Lighthouses - a photographic journey in the footsteps of the Stevensons* - ISBN 978-09567209-1.7 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.
- Provided financial support to upgrading the obsolescent display at the Arbroath Signal Tower Lighthouse Museum.
- Agreed in principle to assist the construction of a local memorial to the 3 keepers lost in the Flannan Isles tragedy in 1901.
- Contributed towards the design and installation of a display case in the planned Heritage area within the Stevenson Rooms at 84 George Street. Further commitment to the purchase and installation in the Stevenson Rooms of audio-visual displays to improve access for NLB staff and visitors to various digitised records and photographic displays.
- Contributed towards a plaque within the hotel building at I Baxter's Place, Edinburgh which was the family home, workshop and office of Thomas Smith and Robert Stevenson until the latter died in 1850. The hotel opened in early 2017.
- Had initial discussions with a number of potential applicants for financial assistance.
- Discussed potential visits to the Museum of Scottish Lighthouses, Fraserburgh; Isle of May Lighthouse and Trinity House, Leith.
- Agreed to provide a donation to the Mull of Galloway Experience towards the restoration of one further Kelvin K2 engine and coupled Alley McLelland air compressor which have not been used for 30 years.

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

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2017

Achievements and performance (Continued)

- Agreed to provide a financial contribution of £500 towards the work to conserve the armorial panel at the Isle of May Lighthouse.
- Continued to progress with the development of the Trust's own website (with the support and help of NLB) and/or Facebook page.

Financial Review

In the year to 30 September 2017 the net income of the Trust was £1,766 before a realised and unrealised gain on investments of £27,862. The net assets at 30 September 2017 are £574,372, which is principally comprised of heritage assets of £87,939, listed investments of £458,547, cash held as part of the investment portfolio of £8,683, and other cash at bank of £34,253. Liabilities are £18,330. Since the formation of the Trust in 2009 the Trust's investment capital has grown from approximately £350,000 to approximately £460,000 and annual expenditure on grants and publications etc has averaged around £13,000 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.

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.

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.

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

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2017

Financial Review (continued)

Reserves Policy

Reserves at 30 September 2017 amounted to £574,372, 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 book 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 to help them achieve their aims.
- Establishing the Heritage Trust website.
- Moving all the paper records of the Trust's assets to a recognised Asset Management software package.
- Supporting deserving applications for funding support for local lighthouse related heritage projects.
- Commencing Phase 3 of the oral history project with Dr Ella Leith to collect an oral history from the office staff that worked within the Headquarters during the period when there were light keepers.

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.

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 one Director ('A' Director) who 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 six 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.

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

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2017

Structure, Governance and Management (Continued)

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.

Related parties

The 'B' Directors, Captain Michael Brew, Alastair Beveridge and John Ross are also Commissioners of the Northern Lighthouse Board. The 'A' Director, Michael Bullock is the Chief Executive of the Northern Lighthouse Board. Details of transactions with the Northern Lighthouse Board are included in the notes to the financial statements.

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).

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)

For the year ended 30 September 2017

Directors' Responsibilities (Continued)

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 and with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102).

BY ORDER OF THE BOARD

Captain Alastair Beveridge
Director

A handwritten signature in black ink, appearing to read 'CAB', with a long horizontal line extending to the right and a large loop at the end.

10 April 2018

**INDEPENDENT EXAMINER'S REPORT TO THE DIRECTORS OF
NORTHERN LIGHTHOUSE HERITAGE TRUST**



I report on the financial statements of Northern Lighthouse Heritage Trust for the year ended 30 September 2017 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 Trustees 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

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

16 April 2018

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

STATEMENT of FINANCIAL ACTIVITIES
(Including income and expenditure account)

For the year ended 30 September 2017

	Note	Un- restricted Funds £	Total 2017 £	Total 2016 £
Income and endowments from:				
Investments	2	13,254	13,254	13,116
Donations and legacies		100	100	-
<i>Charitable activities:</i>				
Book and print sales		2,335	2,335	10,568
Total Income		15,689	15,689	23,684
Expenditure on:				
Charitable activities	3	9,669	9,669	37,684
<i>Raising funds:</i>				
Investment management fees		4,254	4,254	3,820
Total Expenditure		13,923	13,923	41,504
Net Income/(Expenditure) before gains and losses on investments		1,766	1,766	(17,820)
Realised gains on investments		2,452	2,452	2,848
Unrealised gains on investments	6	25,410	25,410	51,964
Net income for the year		29,628	29,628	36,992
Reconciliation of funds:				
Total funds brought forward at 30 September 2016		544,744	544,744	507,752
Total funds carried forward at 30 September 2017		574,372	574,372	544,744

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure are derived from continuing activities.

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

BALANCE SHEET

As at 30 September 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	5	87,939	87,939
Investments	6	467,230	460,414
Total Fixed Assets		555,169	548,353
Current assets			
Debtors	7	835	2,464
Stocks		2,445	2,383
Cash at bank and in hand		34,253	16,159
Total Current Assets		37,533	21,006
Liabilities			
Creditors falling due within one year	8	18,330	24,615
Net current assets/(liabilities)		19,203	(3,609)
Total assets less current liabilities		574,372	544,744
Net assets	10	574,372	544,744
The funds of the charity:			
Unrestricted funds	9	574,372	544,744
Total charity funds		574,372	544,744

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 10 April 18 and are signed on their behalf by:


 Captain Alastair Beveridge
 Director

Company No. SC365775

The notes on pages 11 to 16 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 2017

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.

Transition from previous Generally Accepted Accounting Practice

The date of transition is 1 October 2015, with the accounts for the year ended 30 September 2016 being the last prepared under the old UK GAAP.

First time adoption of FRS 102

In preparing the financial statements, the Trust have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required. In accordance with the requirements of FRS 102, a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

Reconciliation of reported net expenditure

Net expenditure as previously stated	(17,820)
Adjustment for gains on investments now shown as a component of net income	<u>54,812</u>
2016 net income as restated	<u>36,992</u>

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 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.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently at their mid-market 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.

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2017

1. Accounting policies (Contd.)

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.

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.

2. Investments	2017	2016
	£	£
Dividends	13,141	13,043
Interest on cash deposits	113	73
	<u>13,254</u>	<u>13,116</u>

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2017

3. Charitable activities	2017	2016
	£	£
Selling and publishing costs		
Sale costs	174	183
Publishing costs	-	9,883
	-----	-----
	174	10,066
	=====	=====
 Education and conservation		
Mull of Galloway *	4,000	-
Isle of May Beacon *	500	-
Contribution to museum guidebooks costs	257	-
Contribution towards the establishment of NLB Heritage Room	610	8,000
Museum of Scottish Lighthouses *	1,158	6,500
Bell Rock Museum Lens	441	4,038
Edinburgh University	-	665
Conservation of Collection	-	804
Flannan Islands Memorial *	-	5,000
	-----	-----
	6,966	25,007
	=====	=====
 * Grants committed but not yet paid		
 Support costs		
Book-keeping and accountancy fees – Chiene + Tait LLP	1,179	1,086
Sundry costs	-	175
	-----	-----
	1,179	1,261
	=====	=====
 Governance costs		
Independent Examiner's remuneration	675	675
Year end accountancy fees – Chiene + Tait LLP	675	675
	-----	-----
	1,350	1,350
	=====	=====
	9,669	37,684
	=====	=====

The Directors received no remuneration or expenses during the period. The charity had no direct employees during the year.

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.

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2017

5. Heritage assets	Books & Documents	Silver	Total
	£	£	£
Valuation			
At 1 October 2016	50,984	36,955	87,939
Additions	-	-	-
Revaluation	-	-	-
	-----	-----	-----
At 30 September 2017	50,984	36,955	87,939
	=====	=====	=====
Net book value			
At 30 September 2017	50,984	36,955	87,939
	=====	=====	=====
At 30 September 2016	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.

Financial summary of heritage asset transactions	2017	2016	2015	2014	2013
	£	£	£	£	£
Additions:					
<u>Bought</u>					
Books and documents	-	-	584	-	-
Silver	-	-	-	557	-
	-----	-----	-----	-----	-----
Total	-	-	584	557	-
	=====	=====	=====	=====	=====

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2017

6. Investments	2017
	£
Listed investments	
Market value at 1 October 2016	452,543
Investments purchased	16,464
Investments sold	(35,868)
Unrealised gain	25,410

Market value at 30 September 2017	458,547
	=====
<u>Movement of cash held on deposit for investments:</u>	
Cash at 1 October 2016	7,871
Increase	812

Cash at 30 September 2017	8,683
	=====
Total investment portfolio at 30 September 2017 at valuation	467,230
	=====
Total investment portfolio at 30 September 2017 at historic cost	342,818
	=====
Gross income	13,141
	=====

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:	2017
	£
Artemis Fund Manager Income CLS	37,947
Invesco Managers Perpetual High Income	26,731
Capita Financial Managers Trojan Income	40,221
Finsbury G & I Trust Ord GBP 0.25	24,120
JP Morgan AM UK Ltd US Equity Inc	38,692
Aviva Investors UK US Equity Income 2	37,548

7. Debtors	2017	2016
	£	£
Other debtors – book and print sale proceeds	360	1,999
Investment income	475	465
	-----	-----
	835	2,464
	=====	=====

NORTHERN LIGHTHOUSE HERITAGE TRUST
(A Company Limited by Guarantee)

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 30 September 2017

8. Creditors: amounts falling due within one year	2017	2016
	£	£
Other creditors and accruals	276	261
Accruals – professional fees	1,350	1,350
Accruals – investment management fees	1,046	966
Grants committed but not paid (See Note 3)	15,658	22,038
	<u>18,330</u>	<u>24,615</u>
	=====	=====

9. Analysis of charitable funds

	Balance at 1 October 2016 £	Income £	Expenditure £	Investment Gains £	Balance at 30 September 2017 £
Unrestricted funds					
General Fund	456,805	15,689	(13,923)	27,862	486,433
Designated Fund: Heritage assets	87,939	-	-	-	87,939
	<u>544,744</u>	<u>15,689</u>	<u>(13,923)</u>	<u>27,862</u>	<u>574,372</u>
	=====	=====	=====	=====	=====

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	467,230	-	19,203	486,433
Designated funds	-	87,939	-	87,939
	<u>467,230</u>	<u>87,939</u>	<u>19,203</u>	<u>574,372</u>
	=====	=====	=====	=====

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.

