

**Scottish Hydro - Electric Community Trust
Trustees' report and financial statements
For the year ended 31 March 2021**

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Scottish Hydro - Electric Community Trust

Scottish charity number SC027243

Trustees' report

The trustees are pleased to present the annual report and audited financial statements for the year ended 31 March 2021.

Reference and Administration Information

Trustees

Secretary

Fiona Paterson

Principal Office

200 Dunkeld Road
Perth
PH1 3AQ

Auditor

Morris and Young, Statutory Auditor
Chartered Accountants
6 Atholl Crescent
Perth
PH1 5JN

Bankers

Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Investment Managers

Rathbone Investment Management Ltd
Port of Liverpool Building
Pier Head
Liverpool
L3 1NW

Scottish Hydro - Electric Community Trust

Trustees' report (continued)

Structure, Governance and Management

The Scottish Hydro-Electric Community Trust is an unincorporated charitable trust that was established under a trust deed dated 21 October 1997.

The Trust comprises the Chairman, Board of Trustees and the Secretary. The Board of Trustees are selected from inhabitants of the grant award territory who bring together a broad range of expertise and have an awareness of local community needs. The Trustees usually consider applications four times in the year or as business dictates.

The Trustees who acted at any time during the year and up to the date of this report were as follows:

Training of Trustees

The Trustees are aware of relevant changes in legislation and financial procedures and understand the requirements and guidelines relating to the performance of trustees. Any further training is arranged as required.

Objectives and activities

The charitable objectives of the Trust are:

- (a) to improve the condition and life of the inhabitants of that area of Scotland in which SSE Plc or its successors are authorised to transmit and distribute electricity;
- (b) to assist in securing the establishment of new or enhanced electricity supplies to such inhabitants by subsidising electricity connections, and those related to alternative or renewable energy sources to non-profit-distributing community projects, projects where the connection costs would be such as to prevent the project taking place; and
- (c) to make awards towards funding for domestic electricity connections, and those related to alternative renewable energy sources where there would be a positive impact on the community if the connection were to go ahead.

These objectives are achieved through the consideration of all grant applications received by the Trust at the periodic meetings of the Trustees. The grants are funded solely from the investment returns of the charity's investment portfolio.

The Trustees confirm that they have referred to the guidance contained in the Office of the Scottish Charity Regulator's (OSCRs) general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting policies.

Scottish Hydro - Electric Community Trust

Trustees' report (continued)

Achievements and performance

During the year the Trust has continued to meet its stated aims and objectives. 40 grants (2020: 43 grants) totalling £137,510 (2020: £181,735) have been awarded to both individuals and community groups, enabling them to secure electricity supplies to rural areas. The Trust issues a twice-yearly Press Release to increase awareness of and number of grants awarded by the Trust. Details of grants payable are given in note 3 to the financial statements.

Grants policy

Community groups and members of the public can apply for grants to assist with the cost of connection to the network. The decision to make grant awards is made by the Trustees following receipt of an application and discussion of that application, and any further relevant information. The award is then approved or declined through a vote by the Trustees. It is the policy of the charity to make grant awards on the merits of each individual application whilst achieving their purpose of assisting domestic and community projects in the North of Scotland to procure electricity connections. The Board of Trustees meets periodically to consider these applications against the objects of the charity.

Successful applicants must adhere to a condition which requires applicants to notify the Trust if within five years of the grant they no longer live or occupy the address where the award was made. A post award audit was carried out during the year and the Trustees were pleased to note that most still lived or occupied the address where the award was made.

Investment policy and performance

The Trustees have determined that the Scottish Hydro-Electric Community Trust funds should be managed on a discretionary basis by an external investment manager in accordance with guidelines contained within The Charities and Trustee Investment (Scotland) Act 2005.

The investment strategy pursued by the Trust through its appointed investment manager, Rathbones, is consistent with a medium risk profile in line with Rathbones strategy 3 (scale from 1 to 6 with 1 representing lowest risk). This strategy aims to generate a return over time above the rate of inflation. The long term objective of this strategy is inflation plus 2%, with inflation measured by the Consumer Price Index.

The trustees expect investments in the portfolio normally to comprise of leading UK and international companies, Unit and Investment Trusts (collectives), including those investing in major international equity markets and fixed interest securities. The portfolio may include a proportion of medium or smaller sized companies, but investments should be suitable for a fund seeking growth of capital and income. Within the UK portfolio the emphasis should be on well-established dividend paying companies, while overseas investments may be predominantly accessed via collectives.

The Trust looks to grow the principal capital value of its investments in real terms, by way of dividend receipts and capital appreciation, and with reference to industry standard performance benchmarks. Within these terms the Trustees are prepared to give the investment manager tactical discretion over asset allocation, and have not included any specific ethical restrictions within the mandate.

This policy is to enable the trust to cover all expected grants payable within the period while limiting the risk of financial exposure. To date, the investment portfolio continues to perform in excess of this strategy and ahead of target. Income of £104,490 was achieved for the year (2020: £135,557), with an investment value of £5,437,623 at the year-end (2020: £4,327,962).

Risk assessment

The Trustees have reviewed the major strategic, business and operational risks that the Trust faces during the year and confirm that systems have been established to mitigate these risks. During the year the Trustees updated the risk register and mitigations. One of the key risks relates to the investment policy and performance is detailed above. The Trustees also updated all policies and procedures to ensure compliance with the Data Protection Act 2018.

Scottish Hydro - Electric Community Trust

Trustees' report (continued)

Due to Covid 19 travel restrictions all meetings in the 2020/21 financial year were held by zoom call. The Secretary reported however that all administrative services provided by SSE have continued without interruption and application levels remained high. It is hoped to commence face to face meetings as soon as Covid 19 restrictions are lifted.

Financial review

The results for the year are set out in the Statement of Financial Activities on page 12. The Trustees consider operations to be satisfactory. Net income for the year was £1,089,858 (2020: *Net Expenditure of £728,927*). Total funds at 31 March 2021 were £5,282,584 (2020: £4,192,726). The financial statements show a net current liability position of £155,039 (2020: £135,236).

Reserves policy

The main reason for holding Fixed Reserves is to ensure that the Trust has sufficient incoming resources through total return from investments to fund the current level of applications which are approved. It is believed that the current level of applications is a good indicator of the level of future applications. It is therefore the Trustees' policy to maintain the level of funds under management at such a level in order to maximise the total return to the Trust and therefore the amount available for ultimate distribution.

The Trustees consider the Fixed Reserves to be the £1,500,000 capital received from SSE plc in 1998 plus the £750,000 donation from SSE Power Distribution in 2014 both adjusted annually for inflation.

There was a gain on investments incurred in the year of £1,144,649 (2020 – loss on investments of £656,834). This was mainly due to an upturn in the market following the downturn prior to March 2020 as a result of the Coronavirus Pandemic and other associated restrictions.

Administrative services

The Trustees wish to thank the staff of SSE plc who provides essential administrative, secretarial, and financial assistance. The Trust chairman and secretary are the key points of contact for these services, which are provided for no financial consideration.

Plans for future periods

The Trust proposes to continue providing assistance to individuals and charitable institutions requiring electricity connections in the North of Scotland, subject to the grant award policy.

The standalone trust website SHECT.org offers an online application facility to assist potential applicants. Currently more than three quarters of all applications are received via the website. The Trust will continue to issue a twice yearly press release, not only to highlight recent donation recipients, but to encourage further applications to the Trust.

The Secretary continues to ensure that the contents of the application form comply with OSCR best practice and the latest HMRC regulations and that the application form is modified accordingly.

Scottish Hydro - Electric Community Trust

Trustees' report (continued)

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they each are aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Auditor

Following a tender process, Morris and Young Chartered Accountants, 6 Atholl Crescent, Perth were appointed Accountants for a period of three years, commencing with the 2018/19 set of accounts.

On behalf of the Board

Chairman

22 October 2021

Scottish Hydro - Electric Community Trust

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Independent auditor's report to the Trustees of Scottish Hydro-Electric Community Trust

Opinion

We have audited the financial statements of Scottish Hydro - Electric Community Trust for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, comprising Charities SORP (FRS 102) and 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- are in accordance with the Charities Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act.

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the Trustees of Scottish Hydro-Electric Community Trust (continued)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 7), the trustees are responsible for: the preparation of financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the nature of the regulated sector, control environment and understanding of the entity including, but not restricted to, the understanding that the trustees are not remunerated, and the prevalence of fraud in the sector especially in the current uncertain economic environment;
- results of our enquiries of trustees about their own identification and assessment of the risks of irregularities;

Independent auditor's report to the Trustees of Scottish Hydro-Electric Community Trust (continued)

- any matters we identified having obtained and reviewed the Charity's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to charitable payments made. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the charity's own Trust Deed, and various charity-specific legislation, including The Charities and Trustee Investment (Scotland) Act 2005.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of Trustees and other relevant parties concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- selected a sample of grants paid during the year, checking approval to the minutes, and ensured all relevant paperwork was completed and authorised, as appropriate;
- proof in total of investment income was conducted, and consideration given to revenue recognition accounting policies;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

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

Independent auditor's report to the Trustees of Scottish Hydro-Electric Community Trust (continued)

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Morris & Young, Statutory Auditor
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Chartered Accountants
6 Atholl Crescent
PERTH
PH1 5JN

Date 8 NOVEMBER 2021

Scottish Hydro - Electric Community Trust

Statement of Financial Activities for the year ended 31 March 2021

	Note	Unrestricted Funds 2021 £	Unrestricted Funds 2020 £
Income and endowments from:			
Investments	2	104,490	135,557
Other income		677	4,804
Total income		105,167	140,361
Expenditure on:			
Raising funds		(19,479)	(20,397)
Charitable activities	3	(140,479)	(192,057)
Total expenditure		(159,958)	(212,454)
Gains/(losses) on investments		1,144,649	(656,834)
Net income/(expenditure)		1,089,858	(728,927)
Total funds brought forward		4,192,726	4,921,653
Total funds carried forward		5,282,584	4,192,726

All of the charity's activities are continuing.

All gains and losses in the year are included above.

The notes on pages 15 to 21 form part of these financial statements.

Scottish Hydro – Electric Community Trust

Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	6	5,437,623	4,327,962
		<u>5,437,623</u>	<u>4,327,962</u>
Current assets			
Cash at bank	9	5,890	19,945
		<u>5,890</u>	<u>19,945</u>
Creditors: amounts falling due within one year	8	(160,929)	(155,181)
Net current liabilities		<u>(155,039)</u>	<u>(135,236)</u>
Net assets		<u>5,282,584</u>	<u>4,192,726</u>
The funds of the charity:			
Unrestricted funds		<u>5,282,584</u>	<u>4,192,726</u>

The notes on pages 15 to 21 form part of these financial statements.

These financial statements were approved by the Trustees on 22 October 2021 and signed on their behalf by

Scottish Hydro – Electric Community Trust

Cash Flow Statement as at 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
<i>Net cash (used in) operating activities</i>	9	(153,534)	(211,889)
Cash flows from investing activities:			
Brokers handling charge		19,479	20,397
Cash transferred from Investment Manager		120,000	205,000
<i>Net cash provided by investing activities</i>		<u>139,479</u>	<u>225,397</u>
Change in cash and cash equivalents in the reporting period		(14,055)	13,508
Cash and cash equivalents at the beginning of the reporting period		19,945	6,437
Cash and cash equivalents at the end of the reporting period		<u>5,890</u>	<u>19,945</u>

Scottish Hydro – Electric Community Trust

Notes on the financial statements for the year ended 31 March 2021

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

Basis of accounting

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investment assets and are in accordance with applicable accounting standards, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice: 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) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic or Ireland (FRS 102) and the Trust Deed.

The trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Investments

The investments held are a form of basic financial instrument and comprise of fixed income securities, equities, mutual funds and cash deposits, are stated at the market value at the balance sheet date. Fixed income securities held as part of pooled investment vehicles are stated at bid price for funds with bid offer spreads as provided by the investment manager. Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Investment income

Investment income is accounted for on the receivable basis.

Other income

Other income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Scottish Hydro – Electric Community Trust

Notes on the financial statements for the year ended 31 March 2021

Resources expended

Resources expended are recognised on an accruals basis in the statement of financial activities include expenditure of grants payable (recognised by reference to date of approval), support costs and governance costs. These are charged as charitable expenditure as appropriate, being those expenses incurred in the ordinary operations of the charity. Raising funds include the costs incurred for investment management. These costs are regarded as necessary to generate funds that are needed to finance charitable activities. Charitable activities expenditure enables the Trust to meet its charitable aims and objectives. Expenses include irrecoverable VAT.

Funds

All of the Trust's funds are unrestricted and can be used for any purpose at the discretion of the Trustees as set out in the Trust Deed.

Scottish Hydro – Electric Community Trust

Notes on the financial statements for the year ended 31 March 2021

2. Income and endowments from: Investments

	2021 £	2020 £
Investments	104,490	135,557
	<hr/> 104,490	<hr/> 135,557

3. Charitable activities

Grants payable in the year comprised the following:

	2021 £	2020 £
Grants to individuals	106,469	71,695
Grants to institutions	31,041	110,040
	<hr/> 137,510	<hr/> 181,735
Governance costs (see note 4)	1,802	1,804
Support costs: including trustees' expenses (see note 5)	1,167	8,518
	<hr/> 140,479	<hr/> 192,057

All grants were for assistance with connection to the electricity network.

Scottish Hydro - Electric Community Trust

Notes on the financial statements for the year ended 31 March 2021

3. Charitable activities (continued)

Institutional grants in the year in excess of £1,000 were awarded as follows:

	2021 £	2020 £
Inverness Rowing Club	6,250	
Nairn Coastal Rowing Club	2,650	
Raasay Heritage Trust	7,600	
Mull & Iona Community Trust – Acharonich	7,750	
Mull & Iona Community Trust - Oskamull	6,550	
Northmavine Community Development Company		8,250
Plastic@Bay CIC		1,150
Aboyne & District Mens Shed		9,416
Tay Rowing Club		11,221
Dingwall Mens Shed		7,650
Rogart Development Trust		9,600
Raasay Heritage Trust		6,050
Tarland Development Group		1,950
Raasay Development Trust		7,700
Iona Village Hall Community Trust		13,000
Cunningsburgh & Districts Agricultural Society		9,000
East Sutherland Rescue Association		13,150
West Burrafirth Community Broadband Group		5,750
Tresta Boating and Fishing Club		4,800
The Findhorn Village Conservation		2,800
	30,800	111,487

35 grants totalling £106,469 net were awarded to individuals in the year, ranging from £450 to £15,000 (2020: 28 grants totaling £84,273 net).

Scottish Hydro - Electric Community Trust

Notes on the financial statements for the year ended 31 March 2021

4. Governance costs

	2021 £	2020 £
Bank handling charges	2	4
Auditor's remuneration – audit of these financial statements	1,800	1,800
	1,802	1,804

5. Employees and trustees

There were no employees of the Trust. The Trustees received no remuneration from the Trust during the year.

Expenses were reimbursed during the year to six Trustees and the Secretary, totaling £556 (2020: six trustees and the Secretary, totaling £7,460) and the Secretary. The Trustees held four meetings this year all of which were held remotely.

The Trust considers its key management personnel comprise the trustees. The total employment benefits of the key management personnel were £nil (2020: £nil).

6. Investments

	Market Value at 1 April 2020 £	Additions £	Disposals £	Change in Market Value £	Market Value at 31 March 2021 £
Fixed income securities	938,548	373,095	(196,820)	10,615	1,125,438
Equities	2,801,630	1,174,927	(798,630)	852,190	4,030,117
Mutual Funds	319,997	-	(176,326)	7,365	151,036
Cash deposits	267,787	-	(136,755)	-	131,032
	4,327,962	1,548,022	(1,308,531)	870,170	5,437,623

There was 1 material investment over 5% of the portfolio value at 31 March 2021 (2020: 1), Scottish Mortgage Investment Trust at 6.7%,

The historical cost of the investments held at 31 March 2021 is £4,383,439.

Investments are held for investment purposes.

Scottish Hydro - Electric Community Trust

Notes on the financial statements for the year ended 31 March 2021

7. Key risks

The main risk to the Trust is Investment Risk, exposing the Trust to market risk; credit risk; inflation risk; interest rate risk, and liquidity risk. The Trust manages its investment risk by retaining expert advisors, and by overseeing an investment policy that engages with a diversified range of investment assets listed on regulated exchanges.

Market risk, commonly referred to as 'systematic' risk, refers to adverse movements affecting the overall market in terms of changes in investment values or currencies which might reduce the Trust's income, or the value of its assets. The Trust's exposure to market risk in the SHECT portfolio is managed by its appointed advisors within an agreed investment mandate, to include investment assets designed to deliver returns with a lower correlation to equity market returns.

Credit risk refers to the possibility that bond issuers, or other counterparties, may not be able to meet their financial obligations to pay interest or repay capital in accordance with contractual terms. To mitigate credit risk, the SHECT portfolio includes direct exposures to developed market government bonds, higher rated investment grade corporate bonds, and more diversified exposures across the wider bond spectrum through the use of collective investments.

Inflation risk can be defined as the risk of the purchasing power of the Trust's assets being eroded by inflation over time. To combat this, the SHECT portfolio includes investments which offer the prospect of inflation-linked returns, and investments containing a growth element that might be anticipated to generate a 'real return' above the rate of inflation over the longer term.

Interest rate risk can be defined as the potential for the value of fixed-interest investments such as bonds to be affected by changes in interest rates. The Trust aims to mitigate interest rate risk through the use of non-term cash deposits, diversified bond strategies, variable rate bonds, and inflation-linked securities.

Liquidity risk is the risk that an investor cannot buy or sell an investment when desired, or at a reasonable market price. Liquidity risk for the cash and securities held within the SHECT portfolio is low. All listed securities and collective investments held are traded on regulated exchanges with good liquidity and high trading volumes. The SHECT portfolio holds no material investments in markets which are or may be subject to exchange controls or trading restrictions.

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Grants payable	159,100	153,277
Accruals	1,829	1,904
	<hr/>	<hr/>
	160,929	155,181
	<hr/>	<hr/>

Scottish Hydro - Electric Community Trust

Notes on the financial statements for the year ended 31 March 2021

9. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the reporting period	1,089,858	(728,927)
Adjustments for:		
(Gains)/losses on investments	(1,144,649)	656,834
Investment income	(104,490)	(135,557)
Increase in creditors	5,748	(4,239)
Net cash (used in) operating activities	(153,534)	(211,889)
	2021 £	2020 £
Cash in hand	5,890	19,945
Total cash and cash equivalents	5,890	19,945

10. Analysis of Net Funds

	Net Funds at 1 April 2020	Cash-flows	Net Funds at 31 March 2021
	£	£	£
Cash at bank and in hand	19,945	(14,055)	5,890
Net Funds	19,945	(14,055)	5,890

11. Related party transactions

SSE plc provides administration services to the Trust for no consideration. An exact value for these donated services cannot be identified; however, the Trustees are able to estimate the value with sufficient reliability to conclude it is not material.