

**Scottish Hydro - Electric Community Trust
Trustees' report and financial statements
For the year ended 31 March 2019**

CONTENTS	Page No.
Trustees' report	2 – 5
Statement of Trustees' responsibilities in respect of the financial statements	6
Independent auditor's report to the Trustees of Scottish Hydro-Electric Community Trust	7 – 8
Statement of Financial Activities	9
Balance Sheet	10
Cash Flow Statement	11
Notes on the financial statements	12 – 18

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 2019.

Reference and Administration Information

Trustees

Secretary

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:

The power of appointing and removing the trustees is vested in SSE plc.

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. 53 grants (2018: 43 grants) totalling £150,955 (2018: £88,812) have been paid 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 investment strategy pursued by the Trust through its investment managers, Rathbones, is set to achieve an above sector average return combined with long term capital growth, all consistent with a relatively conservative risk profile. Investments are held principally in the UK maintaining a balanced portfolio with investments in fixed income securities, fixed deposit accounts and equities. 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 £132,526 was achieved for the year (2018: £146,894), with an investment value of £5,074,636 at the year end (2018: £4,944,184).

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.

Financial review

The results for the year are set out in the statement of financial activities on page 9. The Trustees consider operations to be satisfactory. Net income for the year was £99,425. (2018: Net Expenditure of £5,250). Total funds at 31 March 2019 were £4,921,653 (2018: £4,822,228). The financial statements show a net current liability position of £152,983 (2018: £121,956).

Scottish Hydro - Electric Community Trust

Trustees' report (continued)

Reserves policy

The Trustees consider the free reserves of the Trust to be defined as total unrestricted funds less the capital contribution received from SSE plc of £3,251,556, being the original £1,500,000 capital contribution from SSE in 1998 plus a £750,000 donation from Scottish and Southern Energy Power Distribution both adjusted for inflation. At 31 March 2019 the free reserves therefore stood at £1,670,097 (2018: £1,634,428). The trust needs to hold a small amount of reserves (£15,000) to cover the costs of generating funds, governance and support costs. However, the main reason for holding reserves is to ensure that the Trust has sufficient incoming resources, through returns from reserves held as investments, to fund the current level of applications which are approved, as 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 on these to the Trust and therefore the amount available for ultimate distribution. In the current year, investment income stood at £132,526 (2018: £146,894) and covered 73% of total resources expended (2018: 119%).

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 stand alone 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.

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, the term to commence with the 2018/19 set of accounts

On behalf of the Board

Chairman

27th September 2019

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 2019 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 2019 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
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) 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.

Going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 6), 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.

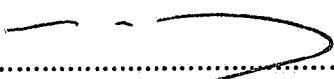
Auditor's responsibilities for the audit of the financial statements

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.

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.

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 31 OCTOBER 2019

Scottish Hydro - Electric Community Trust

Statement of Financial Activities for the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Unrestricted Funds 2018 £
Income and endowments from:			
Investments	2	132,526	146,894
Other income		10,180	13,737
Total income		142,706	160,631
Expenditure on:			
Raising funds		(19,948)	(20,460)
Charitable activities	3	(160,823)	(103,420)
Total expenditure		(180,771)	(123,880)
Gain/(Losses) on investments		137,490	(42,001)
Net income/(expenditure)		99,425	(5,250)
Total funds brought forward		4,822,228	4,827,478
Total funds carried forward		4,921,653	4,822,228

All of the charity's activities are continuing.

All gains and losses in the year are included above.

The notes on pages 12 to 18 form part of these financial statements.

Scottish Hydro – Electric Community Trust

Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	6	5,074,636	4,944,184
		<hr/>	<hr/>
		5,074,636	4,944,184
Current assets			
Cash at bank	10	6,437	25,719
Debtors	8	-	384
		<hr/>	<hr/>
		6,437	26,103
Creditors: amounts falling due within one year	9	(159,420)	(148,059)
		<hr/>	<hr/>
Net current liabilities		(152,983)	(121,956)
		<hr/>	<hr/>
Net assets		4,921,653	4,822,228
		<hr/>	<hr/>
The funds of the charity:			
Unrestricted funds		4,921,653	4,822,228
		<hr/>	<hr/>

The notes on pages 12 to 18 form part of these financial statements.

These financial statements were approved by the Trustees on 27th September 2019 and signed on their behalf by

Chairman

Scottish Hydro – Electric Community Trust

Cash Flow Statement as at 31 March 2019

	Note	2019 £	2018 £
Cash flows from operating activities:			
<i>Net cash(used in) operating activities</i>	10	(159,230)	(209,127)
Cash flows from investing activities:			
Brokers handling charge		19,948	20,460
Cash transferred from Investment Manager		120,000	180,000
<i>Net cash provided by investing activities</i>		<u>139,948</u>	<u>200,460</u>
Change in cash and cash equivalents in the reporting period		(19,282)	(8,667)
Cash and cash equivalents at the beginning of the reporting period		25,719	34,386
Cash and cash equivalents at the end of the reporting period		<u>6,437</u>	<u>25,719</u>

Scottish Hydro – Electric Community Trust

Notes on the financial statements for the year ended 31 March 2019

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 2015) – (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 difference between the market value at the beginning and end of the financial year. Realised gains and losses represent the difference between the proceeds and the market value at the beginning of the financial year.

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 2019

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 2019

2. Income and endowments from: Investments

	2019 £	2018 £
Investments	132,526	146,894
Interest on cash at bank and on deposit	-	-
	<hr/>	<hr/>
	132,526	146,894
	<hr/>	<hr/>

3. Charitable activities

Grants payable in the year comprised the following:

	2019 £	2018 £
Grants to individuals	147,671	55,214
Grants to institutions	3,283	33,598
	<hr/>	<hr/>
	150,955	88,812
	<hr/>	<hr/>
Governance costs (see note 4)	3,004	6,003
Support costs: including trustees' expenses (see note 5)	6,864	8,605
	<hr/>	<hr/>
	160,823	103,420
	<hr/>	<hr/>

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 2019

3. Charitable activities (continued)

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

	2019 £	2018 £
St Fergus Community Pitch	3,735	-
GAIN, Eorpie Dunes Play Park	2,700	-
Tay Rowing Club	3,550	-
Kettins Parish Hall	6,300	-
Comunn Eachdraidh Nis	1,550	-
Rotary Club of Thurso	2,900	-
The Findhorn Village Conservation Company	2,800	-
Kyle of Sutherland Development Trust	-	2,350
Broadford and Strath Community Company	-	30,563
Craignure Golf Club	-	5,950
Pitmedden Public Park	-	2,350
Rothiemurchus and Aviemore Tennis Club	-	4,800
Michaelswood Public Amenity	-	2,250
Arrochar Community Hydro, Arrochar	-	10,000
Ronas Drama Group	-	1,500
Aboyne Canoe Club	-	2,250
Stonehaven and District Angling Association	-	3,150
Fetterangus Community Sports Hub	-	6,150
North Uist Development Company	-	25,000
	23,535	96,313

45 grants totalling £156,185 net were awarded to individuals in the year, ranging from £750 to £15,050 (2018: 30 grants totalling £85,650 net). Grants awarded but not taken up in the year were £21,600 (2018: £94,186). This consists of £6,750 of grants to individuals and £14,850 institutional grants.

Scottish Hydro - Electric Community Trust

Notes on the financial statements for the year ended 31 March 2019

4. Governance costs

	2019 £	2018 £
Bank handling charges	4	3
Auditor's remuneration – audit of these financial statements	1,800	6,000
Auditor's remuneration – under provision of prior year	1,200	-
	3,004	6,003

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, totalling £5,921 (2018: six trustees and the Secretary, totalling £6,215). Included within Trustee expenses are costs relating to meeting room hire and Trustees' travel and subsistence.

6. Investments

	Market Value at 1 April 2018 £	Additions £	Disposals £	Change in Market Value £	Market Value at 31 March 2019 £
Fixed income securities	1,243,586	435,390	(296,833)	23,564	1,405,707
Equities	2,891,145	474,984	(604,670)	133,465	2,894,924
Mutual Funds	626,939	33,185	-	(6,012)	654,112
Cash deposits	182,514	-	(62,621)	-	119,893
	4,944,184	943,559	(964,124)	151,017	5,074,636

The investments are held mainly in the UK and all investments other than cash deposits are direct investments in listed securities.

There was 1 material investment, being those over 5% of the portfolio value, at 31 March 2019 (2018: 2).

Scottish Mortgage Investment Trust 6.02%

The historical cost of the investments held at 31 March 2019 is £4,215,273.

Investments are held for investment purposes.

Scottish Hydro - Electric Community Trust

Notes on the financial statements for the year ended 31 March 2019

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. Debtors: amounts falling due within one year

	2019 £	2018 £
Accrued income	-	318
Accrued investment income	-	66
	-	384

9. Creditors: amounts falling due within one year

	2019 £	2018 £
Grants payable	156,698	141,200
Accruals	2,722	6,859
	159,420	148,059

Scottish Hydro - Electric Community Trust

Notes on the financial statements for the year ended 31 March 2019

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

	2019 £	2018 £
Net income/(expenditure) for the reporting period	99,425	(5,250)
Adjustments for:		
(Gains)/losses on investments	(137,490)	42,001
Investment income	(132,526)	(146,894)
Increase/(Decrease) in creditors	11,361	(98,984)
Net cash (used in) provided by operating activities	(159,230)	(209,127)
	2019 £	2018 £
Cash in hand	6,437	25,719
Total cash and cash equivalents	6,437	25,719

11. Key Management Personnel

The Trust considers its key management personnel comprise the trustees. The total employment benefits of the key management personnel were £nil (2018: £nil).

12. 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.