

Charity number: SC032302
Company number: SC224141

Isle of Gigha Heritage Trust
(A company limited by guarantee)

Directors' report and financial statements
for the year ended 31 March 2019

Isle of Gigha Heritage Trust
(A company limited by guarantee)

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Isle of Gigha Heritage Trust
(A company limited by guarantee)

Legal and administrative information

Charity number SC032302
Company registration number SC224141

Business address Craft Workshops
Isle of Gigha

Registered office Gigha Hotel
Isle of Gigha
Argyll
PA41 7AA

Directors

| | |
|-----------------------|--|
| Ian Wilson | Appointed 20 October 2016 |
| Malcolm Henderson | Re-Appointed October 2016 |
| Jane Clements | Appointed 25 April 2016 |
| Fergus Christie | Appointed 28 March 2016 |
| Catherine Anne Shaw | Appointed 22 November 2018 |
| Stuart Gordon McNeill | Appointed 22 November 2018 |
| Brandon Clements | Appointed 18 December 2018 |
| Ailsa Raeburn | Appointed 20 May 2019 |
| Andy Oliver | Appointed 16 April 2018, resigned 21 January 2019 |
| Barney Higgins | Appointed 15 February 2018, resigned 17 December 2018 |
| Alasdair McNeill | Appointed 20 October 2016 resigned 25 June 2018 |

Trust Manager Elaine Morrison Appointed 2 June 2017, resigned 7 April 2018

Independent Auditors R A Clement Associates
Chartered Accountants & Registered
Auditors
5 Argyll Square
Oban
Argyll
PA34 4AZ

Isle of Gigha Heritage Trust
(A company limited by guarantee)

Legal and administrative information

| | |
|-------------------|--|
| Bankers | Bank of Scotland 9 Longrow South Campbeltown Argyll |
| Solicitors | T C Young, Solicitors 7 West George Street Glasgow G2 1BA |

Isle of Gigha Heritage Trust
(A company limited by guarantee)

Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019. The directors, who are also trustees of Isle of Gigha Heritage Trust for the purposes of charity law and who served during the year and up to the date of this report are set out on page 1 - 2.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts 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 effective January 2015 (FRS 102).

Structure, governance and management

Organisational structure

The Isle of Gigha Heritage Trust is company limited by guarantee and governed in accordance with its Memorandum and Articles of Association. It is registered as a charity with the Office of the Scottish Charity Regulator.

The membership of the Trust is open to all ordinary residents of the Island registered on the electoral role. The Membership elects a Board of Directors who are responsible for the management of the Trust's assets and income. The Board meets regularly to manage and direct the affairs of the Trust. The Board can include co-opted Directors who are not ordinarily resident on the island or who can otherwise not be members

In accordance with the Memorandum and Articles, one third of the directors retire at the AGM. Any directors retiring by rotation are free to stand for re-election. If no nominations are received, retiring directors may be re-elected. All ordinary members of the Trust are eligible to apply for election in accordance with the company bye-laws.

The Board may appoint Nominated Members, being individuals, institutions or organisations who support the objectives of the Trust. Other individuals, charitable bodies, and commercial bodies may be invited to become Associates of the Trust.

Related Parties

The Trust owns 100% of the share capital of Gigha Trading Limited which operates the moorings, pontoons and holiday letting properties on the island. The Trust also owns 100% of the share capital of Gigha Renewable Energy Limited which operates three wind turbines on the island, and 100% of the share capital of Gigha Green Power Limited which operates an Enercon E33 turbine.

Reserves

The policy of the Trust is to retain sufficient reserves to meet the cost of salaries, insurances, and other regular commitments for a period of a minimum of three months, as well as a contingency to enable it to continue to develop further projects. The Trust met this policy at the year end of this report.

Investment powers, policy and performance

In accordance with the Memorandum and Articles, the directors have the power to invest in stocks, shares, investments and property in the UK as they see fit. The directors have considered the most appropriate policy for investing funds, and have decided that surplus funds should be held in a mixture of current and investment accounts to optimise interest earned and accessibility.

Retirement of directors

As required by the Memorandum & Articles, a specified number of the longest serving directors are due to retire by rotation, and any co-opted directors during the year must stand down. Any retiring directors are eligible to stand for re-election.

Isle of Gigha Heritage Trust
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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2019

Risk Management

The directors are in the process of re-assessing the major risks to which the charity is exposed, and in particular those related to the operations and finances of the Trust, in order to ensure that systems are in place to mitigate any exposure to these risks. A detailed Risk Register is being prepared which will be a standing item on Board agendas.

Major risks and how we intend to address them

Loans - At the year end the Trust still carried a debt of £1,187,147, costing £108,000 in Capital and Interest payments per annum. The Board agreed during the year to undertake a strategic review of all assets to identify possible properties that could be sold to help further reduce the debt burden on the Trust. Assets were categorised against operational or strategic need and the future management and maintenance burdens assets would place on the Trust. The Board recognised that some members had extreme concerns about the sale of assets, but following advice from key funders and the Scottish Government, came to the conclusion that a very limited number of asset sales was the only realistic route to reducing the debt burden to the more manageable level.

Other options considered included extending the debt over a longer period but, in line with the current Board's focus on the island's future, it was felt unreasonable to pass this debt burden onto future generations. Whilst extending the debt would have resolved an urgent short term cash flow issue, it would not have helped release income to the Trust which is critical for the day to day management of its operations and maintenance of its housing stock.

A number of properties were identified for sale, which were agreed by the Board to have no strategic or operational impact on its activities and which would release sufficient capital to pay down its most expensive debts. This is a programme which would continue into the following financial year. There is an aspiration by the Board to reduce the total IGHT debt to £500,000 in 2019/20.

During the year the Board also focussed on reducing its core costs, which is shown by an overall reduction in the year of £132,842 from the previous years. These savings were made through not replacing Trust staff (with Board members taking on more responsibility) and reducing professional fees.

Turbines - The Board of Gigha Green Power Limited successfully refinanced the E33 Enercon turbine post financial close in October 2018. As part of the refinance, GGPL was able to repay some of its loan with IGHT. Work is ongoing to review the long-term sustainability of the renewable subsidiary's income.

Housing repairs - Significant investment is required in the housing stock held by the Trust on the island. As IGHT finances improve, through reducing debt repayments and reducing core costs (both achieved during the current year), funds will be made available for a programme of ongoing improvements. We have been working with Fyne Homes to identify ways of better managing the Trust housing stock and reduce the maintenance burden on the Trust.

During the year the Board agreed to increase rents over a period of 3 years to bring them into line with other affordable rents in the area. Again, this was a difficult decision to make and we thank the Trust staff and tenants for making this process as smooth as possible.

We will continue to look for funds to bring our stock up to standard where we can and learn from others as to how best manage our housing and other assets.

Isle of Gigha Heritage Trust
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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2019

Young people

The current Board are very keen to engage the young people of Gigha in decisions relating to the future of the island. We were very pleased to welcome Brandon Clements as a co-opted Director. Brandon has been instrumental in setting up a young Board who help advise the main Board on matters of interest to our young people. Brandon has also kicked off a project to create sports facilities on the island, for which development funding was secured from Argyll and Bute Council. Many of the Board's long term strategic decisions are being taken with the future of our young people in mind. Retaining and attracting young people and young families to Gigha is essential to helping our island thrive.

Objectives and activities

Principal object

The principal object of the charity is to manage the heritage of the Isle of Gigha for the benefit of the community, the general public and future generations, relieving poverty, providing housing for the community and developing the infrastructure of the island.

During the year we secured the support of Argyll and Bute Council and the Rural Housing Fund to taking our housing project forward. In the long term we hope this will provide housing for our older people as well as housing suitable for young people, together with a community hub, on an IGHT owned site near to the hotel.

We also developed plans for a camping and motorhome site near to the ferry slip.

The Garden continues to develop and we are pleased to report an upturn in visitor numbers and income during the year, which has allowed us to reinvest in staff and equipment for the coming year.

Board and staff update

During the year the Board had a number of very challenging decisions to make and communicate to the community. These included asset sales to reduce the debt burden and raising housing rents. However, there were also positive decisions to be made, including the appointment of new staff, new Directors and agreement on taking projects designed to support Gigha's future forward.

Ian Wilson was re elected as Chair at the AGM. Anne Shaw was elected as Vice Chair. During the year Andy Oliver and Barney Higgins stood down as Directors and we thank them for their contribution. New Directors included Anne Shaw and Stuart McNeill. Ailsa Raeburn and Brandon Clements were co-opted to the Board.

At present, the Finance Manager and Estate Manager are the most senior personnel in the administration office, and the Trust are comfortable that this approach to running the office and estates continues to work well and is more cost effective than the previous management structure. Staffing is a matter that is kept under review and is subject to change depending on circumstances. We welcomed Jane Millar as Business Development Manager and said goodbye to Kathryn Howell who made a great contribution during her time at the Trust. We wish her well for the future. The Directors continue to hold Board and Members' business meetings and continue to work on improving communications with Members.

Isle of Gigha Heritage Trust
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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2019

Subsidiary trading companies

The Gigha Trading Limited subsidiary business had a much-improved year in 2018/9 with gross revenues increasing to £106,351. A management charge of £30,000 was paid to the Trust and a donation of £15,464 expected from profits after the year end to the Trust.

Holiday lettings, moorings, the activity centre, Hotel, Boathouse restaurant and the Gardens continue to attract visitors to the Island. Thanks must go to all of the private businesses on the island who help make Gigha such a welcoming and friendly place to visit.

The Boards of Gigha Renewable Energy Limited and Gigha Green Power Limited have continued to focus on the wind turbines, ensuring maintenance and maximising the incomes for the community. During the course of the financial year, GGPL board successfully re-financed the E33 turbine in October 2018 facilitating a reduction in its loan with IGHT by £100,000, leaving a closing balance of £129,061. GREL also continues to contribute and donated £72,316 after the year end.

Future Plans 2019/20

Actions planned for 2019 and presented to the community in January include:

1. Continuing to reduce the debt burden to £500,000 (total remaining debt) over this financial year. This to be through asset sales and income from renewable subsidiaries.
2. Use funds released from debt reduction to identify a programme of housing improvements to be undertaken in 2019.
3. Take forward the Ardmish camp site proposal and housing proposals.
4. Support GREL in its succession planning and GTL to develop their business.
5. Review IGHT policies over the coming year and place updated policies on the IGHT website.
6. Investigate opportunities for improving visitor facilities on Gigha including the upgrading of the path network and providing a visitor welcome point at the Ferry.
7. Work to develop a Young Board or working group, to improve the engagement of IGHT with the island's young people, ensure their voices are heard and our programme of work reflects their aspirations for the island.
8. Explore new ways of engaging with all of the IGHT membership to ensure all members are informed, engaged and able to vote or have their say on relevant IGHT business.
9. Develop a Gigha Community Fund - using renewable income to support small scale community projects.
10. Continue the process of reviewing core costs and concentrating spend on island, rather than off island, where VFM can be achieved and it is practicably useful to do so.

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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2019

Thanks and acknowledgements

Thanks go to the many volunteers who have stepped up to do a range of tasks and projects that helped our staff to progress. Thanks also go to the volunteers who make the subsidiary Boards who work hard to drive those businesses forward to the benefit of the Isle of Gigha Heritage Trust and the sustainable growth of Gigha.

Great thanks to all of the Trust staff, whether office, maintenance or garden staff who have all worked well together in what has been a challenging year and often under difficult circumstances. The Board are very grateful to them for all their efforts.

We also recognise the contribution of our professional advisors, R A Clement Associates, Bidwell's, TC Young amongst them, who have given invaluable support and often gone the extra mile for the Trust.

A note of thanks goes to our supporters and supporting organisations, particularly HIE, that have helped us through the past year, we look forward to continuing to work with you.

And thanks to those in the community who have vocally or silently supported the Trust Directors and staff in our work and ambitions to put the Trust on a sustainable financial footing and secure the Trust's future.

Strategic review and Financial Sustainability

In 2016 the Nationwide Building Society, one of the Trusts main lenders, expressed concern at the value of security they hold against the level of their debt. This was following a review of the financial covenants of the Trust and later, on the basis of a different valuation method, reduced the valuation attributable to the properties secured against the Trusts loans from 2008. Having identified an apparent breach of the securities covenants, the Bank issued a Reservation of Rights letter. The directors of the Trust continue to work closely with Nationwide and have further reduced the level of outstanding debt with proceeds from a property sale at £142,096. Nationwide have confirmed that they are happy with the current organisational structure of the Trust and have no concerns regarding future repayments of the loan.

Statement as to disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Isle of Gigha Heritage Trust
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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2019

Trustees' responsibilities in relation to the financial statements

The directors (who are also trustees of Isle of Gigha Heritage Trust under charity law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

- select suitable accounting policies and then 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

R A Clement Associates are deemed to be re-appointed in accordance with Section 487(2) of the Companies Act 2006, and have indicated their willingness to continue in office.

This report was approved by the Board on

and signed on its behalf by

.....
Ian Wilson
Director

Isle of Gigha Heritage Trust
(A company limited by guarantee)

Independent auditor's report to the trustees/directors and members of Isle of Gigha Heritage Trust

Opinion

What we have audited

We have audited the financial statements of Isle of Gigha Heritage Trust for the year ended 31 March 2019 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the cashflow statement and the 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 the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including FRS 102 " The Financial Reporting Standard applicable in the UK and Republic of Ireland").

In our opinion, the financial statements:

- * give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISA's UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 ISA's (UK) require us to report to you where;

- * the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- * the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

Emphasis of matter - uncertainty

However, we would draw your attention to the comments in the directors' report with respect to the Trust loans from the Nationwide Building Society as well as the comments regarding the impact of the debt burden carried by the Trust on its financial sustainability, and its adoption of a strategic plan to address this.

In addition, we would draw your attention to the potential impact on the Trust of the continued trading difficulties faced by its subsidiary, Gigha Trading Limited.

Isle of Gigha Heritage Trust **(A company limited by guarantee)**

The key aspects, which we have taken into account in arriving at our opinion, are:

- * although the Nationwide Reservation of Rights letter remains in place, the sale of one Trust owned property has seen a reduction in the debt, and the Trust continues to make loan repayments in full
- * Gigha Trading Limited continues to have difficulties servicing its loan debts but has traded profitably in 2018/19 and continues to improve its position. The Trust has continued to suspend repayments of the Marine loan and all lease payments and this has enabled the company to meet all third party liabilities as they fall due. The directors are confident that the company will continue to trade profitably and will eventually recover to a stable position.

Other information

The directors are responsible for the other information. The other information comprises the information 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 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, 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.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- * the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- * the report of the directors has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records 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'/directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Isle of Gigha Heritage Trust
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Respective responsibilities of the directors (trustees) and auditor

As explained more fully in the Trustees' Responsibilities Statement in the Trustees' report, the Trustees (who are also directors of the company for the purposes of company law), are responsible for the preparation of the financial statements and for being satisfied that the financial statements give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the charitable company'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 directors intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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 not a guarantee that an audit conducted in accordance with ISA's (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 audit report.

This report is made exclusively to the members and to the directors of the company, as a body, who are the trustees of the charity, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, s44(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 members and directors those matters we are required to state to them 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 company, the members and the directors as trustees of the charity, as a body, for our audit work, for this report, or for the opinions we have formed.

.....

Fiona McGlynn
Senior Statutory Auditor
For and on behalf of R A Clement Associates
Chartered Accountants & Statutory Auditor

.....

5 Argyll Square
Oban

(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

Isle of Gigha Heritage Trust
(A company limited by guarantee)
Statement of financial activities (incorporating the income and expenditure account)
For the year ended 31 March 2019

| | Notes | Unrestricted funds £ | Restricted funds £ | Designated funds £ | 2019 Total £ | Unrestricted funds £ | Restricted funds £ | Designated funds £ | 2018 Total £ |
|--|-------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|
| Income from: | | | | | | | | | |
| Grants, donations & other voluntary income | 2 | 12,678 | 34,998 | 70 | 47,746 | 9,256 | 56,632 | - | 65,888 |
| Income from Charitable activities | 4 | 228,507 | - | - | 228,507 | 220,501 | - | - | 220,501 |
| Fundraising activities | 3 | 50,337 | - | - | 50,337 | 11,756 | - | - | 11,756 |
| Investment income | | 8,634 | - | - | 8,634 | 9,419 | - | - | 9,419 |
| Income from trading subsidiaries | | - | - | - | - | 101,790 | - | - | 101,790 |
| Other income | 5 | 215,783 | - | - | 215,783 | 340,805 | - | - | 340,805 |
| Total income | | <u>515,939</u> | <u>34,998</u> | <u>70</u> | <u>551,007</u> | <u>693,527</u> | <u>56,632</u> | <u>-</u> | <u>750,159</u> |
| Expenditure on: | | | | | | | | | |
| Charitable activities | 6,7,8 | 333,077 | 123,470 | - | 456,547 | 444,285 | 145,104 | - | 589,389 |
| Total expenditure | | <u>333,077</u> | <u>123,470</u> | <u>-</u> | <u>456,547</u> | <u>444,285</u> | <u>145,104</u> | <u>-</u> | <u>589,389</u> |
| Net income/(expenditure) | | 182,862 | (88,472) | 70 | 94,460 | 249,242 | (88,472) | - | 160,770 |
| Net Transfers between funds | | (90,039) | 90,039 | - | - | (232,280) | 232,280 | - | - |
| Net movement in funds | | <u>92,823</u> | <u>1,567</u> | <u>70</u> | <u>94,460</u> | <u>16,962</u> | <u>143,808</u> | <u>-</u> | <u>160,770</u> |
| Reconciliation of funds: | | | | | | | | | |
| Total funds brought forward | | 393,763 | 6,205,248 | 118,092 | 6,717,103 | 376,801 | 6,061,440 | 118,092 | 6,556,333 |
| Total funds carried forward | | <u>486,586</u> | <u>6,206,815</u> | <u>118,162</u> | <u>6,811,563</u> | <u>393,763</u> | <u>6,205,248</u> | <u>118,092</u> | <u>6,717,103</u> |

The Statement of Financial Activities includes all gains and losses recognised in the year

All income and expenditure derives from continuing activities.

The notes on pages 15 to 35 form an integral part of these financial statements.

Isle of Gigha Heritage Trust
(A company limited by guarantee)

Balance sheet
as at 31 March 2019

SC224141

| | Notes | 2019 | | 2018 | |
|--|-------|----------------|------------------|----------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 14 | | 4,000 | | 5,000 |
| Tangible assets | 15 | | 7,432,403 | | 7,013,052 |
| Heritage assets | 16 | | 97,176 | | 97,176 |
| Investments | 17 | | 219,561 | | 787,258 |
| | | | <u>7,753,140</u> | | <u>7,902,486</u> |
| Current assets | | | | | |
| Debtors | 18 | 66,591 | | 159,165 | |
| Cash at bank and in hand | | 206,877 | | 62,167 | |
| | | <u>273,468</u> | | <u>221,332</u> | |
| Creditors: amounts falling due within one year | 19 | (80,008) | | (86,629) | |
| Net current assets | | | <u>193,460</u> | | <u>134,703</u> |
| Total assets less current liabilities | | | 7,946,600 | | 8,037,189 |
| Creditors: amounts falling due after more than one year | 20 | | (1,135,037) | | (1,320,086) |
| Net assets | | | <u>6,811,563</u> | | <u>6,717,103</u> |
| Funds | 21 | | | | |
| Designated funds | | | 118,162 | | 118,092 |
| Restricted income funds | | | 6,206,815 | | 6,205,248 |
| Unrestricted income funds | | | 486,586 | | 393,763 |
| Total funds | | | <u>6,811,563</u> | | <u>6,717,103</u> |

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board on

and signed on its behalf by

.....
Ian Wilson
Director

The notes on pages 15 to 35 form an integral part of these financial statements.

Isle of Gigha Heritage Trust
(A company limited by guarantee)

Cash flow statement

for the year ended 31 March 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|----------------|-----------------|
| Net income for the year | | 94,460 | 160,770 |
| Interest payable | | 48,679 | 51,623 |
| Interest receivable | | (8,634) | (9,419) |
| Loss / gain on disposal of fixed assets | | (215,080) | (283,231) |
| Depreciation and impairment | | 95,697 | 91,438 |
| Amortisation and impairment | | 1,000 | - |
| Decrease/(Increase) in debtors | | 92,574 | (36,124) |
| Decrease in short term creditors | | (6,621) | (11,751) |
| Net cash provided by operating activities | | <u>102,075</u> | <u>(36,694)</u> |
| Net cash provided by operating activities | | 102,075 | (36,694) |
| Net repayments on loans | 31 | (185,049) | (248,252) |
| Net interest paid (after deducting interest received) | 31 | (40,045) | (42,204) |
| Net amounts invested | 31 | 267,729 | 271,788 |
| Increase/(Decrease) in cash in the year | | <u>144,710</u> | <u>(55,362)</u> |
| Net increase/(decrease) in cash: | | | |
| Increase/(Decrease) in cash in the year | | 144,710 | (55,362) |
| Cash at bank and in hand less overdrafts at the beginning of the year | | 62,167 | 117,529 |
| Cash at bank and in hand less overdrafts at the end of the year | | <u>206,877</u> | <u>62,167</u> |

Isle of Gigha Heritage Trust

(A company limited by guarantee)

Notes to financial statements

for the year ended 31 March 2019

Legal Status of the charity

The Isle of Gigha Heritage Trust is a company limited by guarantee and is a recognised charity in Scotland. It is operated under the rules of its Memorandum & Articles of Association.

1. Accounting policies

The principal accounting policies adopted are summarised below.

1.1. Basis of preparation and assessment of going concern.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) as well as the Companies Act 2006, and the Statement of Recommended Practice (SORP)- 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) (issued on 16 July 2014 and effective January 2015).

The charity meets the definition of a public benefit entity as defined by FRS 102.

The directors, who are the trustees of the charity under charity law, consider that the Trust remains a going concern as outlined in their comments in the directors' report.

1.2. Income

Income is recognised in the statement of financial activities when the charity is entitled to the income, any performance conditions attached have been met, it is probable that the income will be received and the amount can be quantified with reasonable accuracy. Such income is only deferred when the donor specifies performance conditions which must be met before the charity has unconditional entitlement. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes entitled to the grant.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

Gifts donated for resale are included as incoming resources within activities for generating funds when they are sold.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable.

Income from investments is included in the year in which it is receivable.

Isle of Gigha Heritage Trust

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Notes to financial statements for the year ended 31 March 2019

1.3. Expenditure

Expenditure is recognised when there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be reliably measured.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated on an appropriate basis to the various activities of the charity. Where costs cannot be allocated directly, they are apportioned to categories on the basis of a reasonable estimate of the costs.

Fundraising costs are those incurred in generating income from various activities and do not include the costs of disseminating information in support of the charitable activities.

Governance costs include those costs necessary for the board to fulfil its constitutional and statutory obligations and are now included as support costs included in charitable activities.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity.

The charity is not registered for VAT and accordingly expenditure includes all vat which is irrecoverable.

1.4. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years.

1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

| | | |
|----------------------|---|--|
| Land and buildings | - | 2% straight line from date of completion |
| Housing improvements | - | 2% on cost in the year following completion of the refurbishment phase |
| Plant and machinery | - | 25% reducing balance |
| Petrol Pumps | - | 4% straight line |
| Vehicles & computers | - | 25% straight line |
| Other Developments | - | On completion of the projects |

1.6. Heritage assets

The charity holds a heritage asset - being Kilchattan Church - which is an asset of historical importance that is held to advance preservation and conservation objectives of the charity. Newly purchased heritage assets are capitalised and included at cost including any incidental expenses of acquisition. Existing heritage or historic assets are included at the costs required to preserve the assets.

Where heritage assets were acquired in past accounting periods and not capitalised, it can be difficult or costly to attribute a cost or value to them. In such cases, these assets are excluded from the balance sheet if reliable cost information is not available and conventional valuation approaches lack sufficient reliability or significant costs are involved in the reconstruction or analysis of past accounting records or in valuation, which are onerous compared with the additional benefit derived by users of the accounts in assessing the directors stewardship of the assets.

The very long expected lives of heritage assets, due to their nature, value and need to be protected and preserved means that depreciation is not material and is, therefore, not provided.

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Notes to financial statements
for the year ended 31 March 2019

1.7. Investments

Listed Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities. Investments in subsidiary companies which are 100% owned are shown at cost.

1.8. Defined contribution pension schemes

Employees of the charity are entitled to join a defined contribution "money purchase" scheme. The charity contribution is restricted to the contributions disclosed in note 12. There were no outstanding contributions at the year end. The costs of the defined contribution scheme are included in the appropriate cost centres and charged to the relevant fund where appropriate.

1.9. Financial Instruments

The charity has only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value with the exception of bank loans which are measured at amortised cost using the effective interest rate method.

2. Grants, donations & other voluntary income

| | Unrestricted funds £ | Restricted funds £ | Designated funds £ | 2019 Total £ | 2018 Total £ |
|--------------------------------|----------------------------|--------------------------|--------------------------|--------------------|--------------------|
| Friends of Gigha | 45 | - | - | 45 | 20 |
| Other donations | 4,864 | - | - | 4,864 | 2,025 |
| Kilchattan Church donations | - | - | 70 | 70 | - |
| Achamore Garden donations | 569 | - | - | 569 | 11 |
| Achamore Garden grants | 7,200 | - | - | 7,200 | 7,200 |
| Sundry grants | - | - | - | - | 3,300 |
| Highlands & Islands Enterprise | - | 34,998 | - | 34,998 | 53,332 |
| | <u>12,678</u> | <u>34,998</u> | <u>70</u> | <u>47,746</u> | <u>65,888</u> |

3. Fundraising activities

| | Unrestricted funds £ | 2019 Total £ | 2018 Total £ |
|--------------------|----------------------------|--------------------|--------------------|
| Fundraising events | 337 | 337 | 577 |
| Management charges | 50,000 | 50,000 | 11,179 |
| | <u>50,337</u> | <u>50,337</u> | <u>11,756</u> |

Isle of Gigha Heritage Trust
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Notes to financial statements
for the year ended 31 March 2019

4. Income from Charitable activities

| | Unrestricted funds £ | 2019 Total £ | 2018 Total £ |
|------------------------|-------------------------------------|-----------------------------|-----------------------------|
| Rental Income | 202,818 | 202,818 | 202,099 |
| Achamore Garden income | 25,689 | 25,689 | 18,402 |
| | <u>228,507</u> | <u>228,507</u> | <u>220,501</u> |

5. Other income

| | Unrestricted funds £ | 2019 Total £ | 2018 Total £ |
|---|-------------------------------------|-----------------------------|-----------------------------|
| Proceeds on disposal of tangible fixed assets | 215,080 | 215,080 | 283,231 |
| Sundry income | 703 | 703 | 1,737 |
| Insurance claim | - | - | 53,187 |
| Tax reclaimed on gift aid donations | - | - | 2,650 |
| | <u>215,783</u> | <u>215,783</u> | <u>340,805</u> |

6. Costs of charitable activities - by fund type

| | Unrestricted funds £ | Restricted funds £ | 2019 Total £ | 2018 Total £ |
|---------------------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Estate/Housing Management | 137,211 | 88,472 | 225,683 | 319,355 |
| Achamore Gardens | 12,775 | - | 12,775 | 24,426 |
| Development Activities | 125,012 | 34,998 | 160,010 | 180,545 |
| | <u>274,998</u> | <u>123,470</u> | <u>398,468</u> | <u>524,326</u> |

The restricted expenditure on the estate consists of the depreciation charge allocated directly to the restricted fund on various assets.

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Notes to financial statements
for the year ended 31 March 2019

7. Costs of charitable activities - by activity

| | Activities undertaken directly £ | 2019 Total £ | 2018 Total £ |
|---------------------------|---|-----------------------------|-----------------------------|
| Estate/Housing Management | 225,683 | 225,683 | 319,355 |
| Achamore Gardens | 12,775 | 12,775 | 24,426 |
| Development Activities | 160,010 | 160,010 | 180,545 |
| | <u>398,468</u> | <u>398,468</u> | <u>524,326</u> |

8. Governance & financing costs

| | Unrestricted funds £ | 2019 Total £ | 2018 Total £ |
|---------------------------|-------------------------------------|-----------------------------|-----------------------------|
| Professional - Governance | - | - | 4,200 |
| Other charges | 1,157 | 1,157 | 535 |
| Auditor remuneration | 9,400 | 9,400 | 9,000 |
| Bank loans & overdrafts | 47,522 | 47,522 | 51,088 |
| Bad debts | - | - | 240 |
| | <u>58,079</u> | <u>58,079</u> | <u>65,063</u> |

9. Net movement in funds

| | | 2019 £ | 2018 £ |
|--|---------|-------------------|-------------------|
| Net movement in funds: | | | |
| Amortisation and other amounts written off intangible fixed assets | | 1,000 | - |
| Depreciation and other amounts written off tangible fixed assets | | 95,697 | 91,438 |
| Auditors' remuneration | Note 10 | <u>9,400</u> | <u>9,000</u> |
| and after crediting: | | | |
| Profit on disposal of tangible fixed assets | | <u>215,080</u> | <u>283,231</u> |

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Notes to financial statements
for the year ended 31 March 2019

10. Auditors' remuneration

| | 2019 | 2018 |
|--|--------------|---------------|
| | £ | £ |
| Auditors' remuneration - audit of the financial statements | <u>9,400</u> | <u>9,000</u> |
| Auditors' remuneration - other fees: | | |
| - Accountancy & advisory | 4,700 | 5,100 |
| - Payroll | 838 | 786 |
| - Governance and Strategy | - | 4,200 |
| | <u>5,538</u> | <u>10,086</u> |

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Notes to financial statements
for the year ended 31 March 2019

11. Employees

| Employment costs | 2019 | 2018 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 148,693 | 172,743 |
| Social security costs | 5,677 | 7,680 |
| Pension costs | 1,470 | 652 |
| Other costs | 3,777 | 2,646 |
| | <u>159,617</u> | <u>183,721</u> |

No employee received emoluments of more than £60,000 (2018 : None).

Number of employees

The average monthly numbers of employees (excluding the directors) during the year, was as follows:

| | 2019 | 2018 |
|----------------------------|---------------|---------------|
| | Number | Number |
| Management and Development | 7 | 6 |
| Estate and maintenance | 3 | 3 |
| Achamore Gardens | 2 | 1 |
| | <u>12</u> | <u>10</u> |

Key Management Personnel

The remuneration of key management personnel of the parent charity and group, comprising the Board of Trustees and Chief Executive Officers, was as follows:

| | 2019 | 2018 |
|--|-------------|---------------|
| Gross Salary | - | 41,000 |
| Employers National Insurance contributions | - | 4,539 |
| Employers pension payments | - | 214 |
| | <u>-</u> | <u>45,753</u> |

Trustees' expenses and remuneration

The charity trustees, who are the directors of the company, were not paid and did not receive any remuneration, benefits in kind or reimbursement of expenses in their capacity as trustee during the year. No trustee received payment for professional or other services supplied to the charity.

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for the year ended 31 March 2019

12. Pension costs

The company operates a defined contribution pension scheme in respect of the People's Pension. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £1,718 (2018 - £652).

| | 2019 | 2018 |
|----------------|-------------------|-------------------|
| | £ | £ |
| Pension charge | 1,470 | 652 |
| | <u> </u> | <u> </u> |

13. Taxation

The charity is a charitable company within the meaning of the Finance Act 2010. Accordingly the charity's activities fall within the exemptions from taxation in respect of income or capital gains afforded by the provisions of the Corporation Taxes Act 2010 and the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes. As a result, there is no taxation charge in these accounts.

14. Intangible fixed assets

| | Goodwill | Total |
|---|-------------------|-------------------|
| | £ | £ |
| Cost | | |
| At 1 April 2018 and At 31 March 2019 | 5,000 | 5,000 |
| Charge for the year | 1,000 | 1,000 |
| At 31 March 2019 | 1,000 | 1,000 |
| Net book values | | |
| At 31 March 2019 | 4,000 | 4,000 |
| At 31 March 2018 | 5,000 | 5,000 |
| | <u> </u> | <u> </u> |

Isle of Gigha Heritage Trust
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Notes to financial statements
for the year ended 31 March 2019

| 15. Tangible fixed assets | Isle of Gigha | Housing & Property Improvements | Plant and machinery | Petrol pumps | Motor vehicles | Other Developments | Total |
|---------------------------|---------------------|---------------------------------------|------------------------|-----------------|-------------------|-----------------------|------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | | |
| At 1 April 2018 | 3,469,246 | 4,080,139 | 127,510 | 171,727 | 901 | 73,047 | 7,922,570 |
| Additions | - | 515,048 | - | - | - | - | 515,048 |
| At 31 March 2019 | <u>3,469,246</u> | <u>4,595,187</u> | <u>127,510</u> | <u>171,727</u> | <u>901</u> | <u>73,047</u> | <u>8,437,618</u> |
| Depreciation | | | | | | | |
| At 1 April 2018 | - | 722,174 | 97,359 | 89,085 | 900 | - | 909,518 |
| Charge for the year | - | 81,603 | 7,225 | 6,869 | - | - | 95,697 |
| At 31 March 2019 | <u>-</u> | <u>803,777</u> | <u>104,584</u> | <u>95,954</u> | <u>900</u> | <u>-</u> | <u>1,005,215</u> |
| Net book values | | | | | | | |
| At 31 March 2019 | <u>3,469,246</u> | <u>3,791,410</u> | <u>22,926</u> | <u>75,773</u> | <u>1</u> | <u>73,047</u> | <u>7,432,403</u> |
| At 31 March 2018 | <u>3,469,246</u> | <u>3,357,965</u> | <u>30,151</u> | <u>82,642</u> | <u>1</u> | <u>73,047</u> | <u>7,013,052</u> |

Isle of Gigha Heritage Trust
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Notes to financial statements
for the year ended 31 March 2019

| 16. Heritage assets | Kilchattan | | |
|---|--|--|-----------|
| | Church | Total | |
| | £ | £ | |
| Cost | | | |
| At 1 April 2018 and At 31 March 2019 | 97,176 | 97,176 | |
| Net book values | | | |
| At 31 March 2019 | 97,176 | 97,176 | |
| At 31 March 2018 | 97,176 | 97,176 | |
| | | | |
| 17. Fixed asset investments | Subsidiary undertakings | Subsidiary undertakings | |
| | shares | loans | |
| | £ | £ | |
| | £ | £ | |
| Valuation | | | |
| At 1 April 2018 | 40,101 | 747,157 | 787,258 |
| Additions | - | 8,607 | 8,607 |
| Disposals | - | (576,304) | (576,304) |
| At 31 March 2019 | 40,101 | 179,460 | 219,561 |
| | | | |
| Historical cost as at 31 March 2019 | 40,101 | 836,005 | 876,606 |

All fixed asset investments are held within the United Kingdom.

17.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

| | Country of registration or incorporation | Nature of business | Shares held class | Proportion of shares held |
|--------------------------------|---|-------------------------------|------------------------------|--|
| Subsidiary undertaking | | | | |
| Gigha Trading Limited | Scotland | Commercial operations | Ordinary Shares | 100% |
| Gigha Renewable Energy Limited | Scotland | Renewable energy | Ordinary Shares | 100% |
| Gigha Green Power Limited | Scotland | Renewable energy | Ordinary Shares | 100% |
| Gigha Marine Limited | Scotland | Dormant Company | Ordinary Shares | 100% |

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Notes to financial statements
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18. Debtors

| | 2019 | 2018 |
|---|---------------|----------------|
| | £ | £ |
| Trade debtors | 27,827 | 8,141 |
| Amounts due from subsidiary and associated undertakings | 7,620 | 89,909 |
| Other debtors and prepayments | 31,144 | 61,115 |
| | <u>66,591</u> | <u>159,165</u> |

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Notes to financial statements
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19. Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Bank loan | 52,100 | 57,100 |
| Trade creditors | 14,009 | 10,224 |
| Other creditors | 413 | - |
| Accruals and deferred income | 13,486 | 19,305 |
| | <u>80,008</u> | <u>86,629</u> |

The following secured debts are included within creditors under and over one year:

| | Total |
|--|------------------|
| Triodos Bank- Hotel refurbishment | - |
| Nationwide Commercial (Previously Dumfermline Building Society) | 669,137 |
| Triodos Bank - Housing Improvement | 183,517 |
| Agricultural Mortgage Corporation plc | 334,483 |
| | <u>1,187,137</u> |

Other registered charges

| In favour of: | Secured asset |
|---|------------------------------------|
| Highlands and Islands Enterprise in respect of all sums due per agreement | Isle of Gigha (under exception) |
| New Opportunities Fund (The Big Lottery Fund) in respect of all sums due per agreement | Isle of Gigha (under exception) |

In April 2013, the Trust has also provided a security to the Co-operative Bank plc over its right, title and interest in, and to, all shares in Gigha Green Power Limited

In December 2013, the Trust arranged an overdraft facility with the Bank of Scotland and provided a security for this facility over various properties on the Isle of Gigha.

In September 2013, the Trust arranged a loan from the Agricultural Mortgage Corporation and provided security for this loan over various properties on the Isle of Gigha. The balance on the loan at the year end was £ 334,483.

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Notes to financial statements
for the year ended 31 March 2019

20. Creditors: amounts falling due
after more than one year

| | 2019 | 2018 |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Bank loans | 1,135,037 | 1,320,086 |
| Loans | | |
| Repayable in five years or more | 905,647 | 1,070,686 |

21. Analysis of net assets between funds

| | Unrestricted | Restricted | Designated | Total |
|---|---------------------|-------------------|-------------------|------------------|
| | funds | funds | funds | funds |
| | £ | £ | £ | £ |
| Fund balances at 31 March 2019 as represented by: | | | | |
| Intangible fixed assets | 4,000 | - | - | 4,000 |
| Tangible fixed assets | 153,554 | 7,278,849 | 97,176 | 7,529,579 |
| Investment assets | 105,231 | 114,330 | - | 219,561 |
| Current assets | 251,709 | 773 | 20,986 | 273,468 |
| Current liabilities | (27,908) | (52,100) | - | (80,008) |
| Long-term liabilities | - | (1,135,037) | - | (1,135,037) |
| | 486,586 | 6,206,815 | 118,162 | 6,811,563 |

Analysis of net assets between funds (prior year)

| | Unrestricted | Restricted | Designated | Total |
|---|---------------------|-------------------|-------------------|------------------|
| | funds | funds | funds | funds |
| | £ | £ | £ | £ |
| Fund balances at 31 March 2018 as represented by: | | | | |
| Intangible fixed assets | 5,000 | - | - | 5,000 |
| Tangible fixed assets | 120,193 | 6,892,859 | 97,176 | 7,110,228 |
| Investment assets | 98,456 | 688,802 | - | 787,258 |
| Current assets | 199,643 | 773 | 20,916 | 221,332 |
| Current liabilities | (29,529) | (57,100) | - | (86,629) |
| Bank loans and overdrafts | - | (1,320,086) | - | (1,320,086) |
| | 393,763 | 6,205,248 | 118,092 | 6,717,103 |

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Notes to financial statements
for the year ended 31 March 2019

| 22. Unrestricted funds | At | | | | At |
|-------------------------------|----------------|------------------|------------------|------------------|-----------------|
| | 1 April | Incoming | Outgoing | Transfers | 31 March |
| | 2018 | resources | resources | | 2019 |
| | £ | £ | £ | £ | £ |
| General Funds | 378,977 | 482,481 | (320,302) | (90,039) | 451,117 |
| Achamore Gardens | 14,786 | 33,458 | (12,775) | - | 35,469 |
| | <u>393,763</u> | <u>515,939</u> | <u>(333,077)</u> | <u>(90,039)</u> | <u>486,586</u> |

Purposes of unrestricted funds

Outgoing transfers represents the amounts repaid on restricted loans. This includes £133k repayment to Triodos Housing loan from the proceeds of a property sale. The Trust also received a repayment of £100K from Gigha Green Power Limited as part of their restructuring of finances.

Achamore Gardens

Although not now a restricted fund, the Gardens are an important element of the work of the Trust and are therefore shown separately within unrestricted funds. Any works for which external funding is received either by grant or donation is shown under restricted funds. Outgoing expenditure in the year includes an amount of £14k which the Trust contributed towards professional fees for designs and future development of the Garden.

Unrestricted funds (prior year)

| | At | | | | At |
|------------------|----------------|------------------|------------------|------------------|-----------------|
| | 1 April | Incoming | Outgoing | Transfers | 31 March |
| | 2017 | resources | resources | | 2018 |
| | £ | £ | £ | £ | £ |
| General Funds | 363,202 | 667,914 | (419,859) | (232,280) | 378,977 |
| Achamore Gardens | 13,599 | 25,613 | (24,426) | - | 14,786 |
| | <u>376,801</u> | <u>693,527</u> | <u>(444,285)</u> | <u>(232,280)</u> | <u>393,763</u> |

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Notes to financial statements
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| 23. Restricted funds | At 1 April 2018 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | At 31 March 2019 £ |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------|-----------------------------|
| Capital Funds | | | | | |
| Isle of Gigha | 3,410,391 | - | - | - | 3,410,391 |
| Housing Improvements | 2,094,760 | - | (81,603) | 162,239 | 2,175,396 |
| The Steadings | 402,352 | - | - | 27,800 | 430,152 |
| Grid upgrade & connection | 214,330 | - | - | (100,000) | 114,330 |
| Rural Petrol Station Upgrade | 82,642 | - | (6,869) | - | 75,773 |
| Revenue Funds | | | | | |
| Other restricted funds | 773 | - | - | - | 773 |
| HIE funding assistance | - | 34,998 | (34,998) | - | - |
| | <u>6,205,248</u> | <u>34,998</u> | <u>(123,470)</u> | <u>90,039</u> | <u>6,206,815</u> |

Purposes of restricted funds

Isle of Gigha

This represents the original purchase of the Island including plant and machinery and partnership investments, less depreciation where applicable. Any depreciation has been charged directly to the fund.

Housing Improvements

The Housing Fund represents the expenditure on housing refurbishments, less depreciation charged to date, less the closing loan secured on the properties. Depreciation is charged on additions in the year following the year in which the work is completed. Depreciation has been charged directly to the fund.

The Steadings

The Steadings fund represents the amounts spent on the re-building of the Steadings. This was partly funded by loans and partly by external grant funding. The transfer represents the capital amount paid off the loan during the year.

HIE funding assistance

Grants were received in the year to assist the Trust with management costs and professional assistance with personnel issues

Grid upgrade & connection

Grants were received in 2012 towards the costs of upgrading the grid connection for the proposed new turbine development on Gigha. Of this amount, £1,200 had been spent on the setting up of a new Special Purpose company for the development and was capitalised. The balance of funds were expended during 2014 and are now included in the assets held by the Trust. Also now included is a grant received in an earlier year which has been passed over from a subsidiary company, and a figure for sweat equity in respect of costs incurred by the Trust in the early stages of working on the project. GGPL repaid £100K of the loan as part of its finance restructuring.

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Rural Petrol Station Upgrade

Grants were received in previous years towards an upgrade of the Petrol Pumps to comply with updated regulations. The costs were capitalised and depreciation is being charged directly to the fund.

Other restricted funds

These closing balance on the funds represent funding for the powerdown project and community boat.

Restricted funds (prior year)

| | At 1 April 2017 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | At 31 March 2018 £ |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------|-----------------------------|
| Capital Funds | | | | | |
| Isle of Gigha | 3,410,391 | - | - | - | 3,410,391 |
| Housing Improvements | 1,971,883 | - | (81,603) | 204,480 | 2,094,760 |
| The Steadings | 374,552 | - | - | 27,800 | 402,352 |
| Grid upgrade & connection | 214,330 | - | - | - | 214,330 |
| Rural Petrol Station Upgrade | 89,511 | - | (6,869) | - | 82,642 |
| Other restricted funds | 773 | 3,300 | (3,300) | - | 773 |
| HIE funding assistance | - | 53,332 | (53,332) | - | - |
| | <u>6,061,440</u> | <u>56,632</u> | <u>(145,104)</u> | <u>232,280</u> | <u>6,205,248</u> |

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Notes to financial statements
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24. Designated funds

| | At | | At |
|-------------------|----------------|------------------|-----------------|
| | 1 April | Incoming | 31 March |
| | 2018 | resources | 2019 |
| | £ | £ | £ |
| Kilchattan Church | 97,406 | 70 | 97,476 |
| Moorings Fund | 20,686 | - | 20,686 |
| | <u>118,092</u> | <u>70</u> | <u>118,162</u> |

Purposes of designated funds

Kilchattan Church

With all incoming grants having been spent on the restoration work, this heritage asset was transferred to a designated fund. This closing fund contains cash at bank of £300 being donations received and not yet spent.

Moorings Fund

Donations received from visiting boats and yachts are credited to a moorings fund to support any improvements and maintenance; the fund, however, is spent at the discretion of the Board.

Designated funds (prior year)

| | At | | At |
|-------------------|----------------|------------------|-----------------|
| | 1 April | Incoming | 31 March |
| | 2017 | resources | 2018 |
| | £ | £ | £ |
| Kilchattan Church | 97,406 | - | 97,406 |
| Moorings Fund | 20,686 | - | 20,686 |
| | <u>118,092</u> | <u>-</u> | <u>118,092</u> |

25. Capital commitments

At the year end, the Trust did not have any capital commitments relating to the housing project or any other projects. After a thorough review of the groups operations and given the cash flow requirements of the business, the Trustees will not undertake or create any further obligations for the foreseeable future.

The Trust is committed to keeping its properties well maintained and in good order, and anticipates that it will spend a minimum of £25,000 in the coming year on planned upgrades i.e major roof repairs and window replacements in addition to normal ongoing maintenance.

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26. General commitments

The Trust is committed in the long term to completing the refurbishment of all of its properties at an original projected total cost of over £4m. As at 31 March 2019, 34 properties had been upgraded, with a further 6 remaining. The total projected cost to complete the refurbishment programme is estimated at £1.05ml. The Trust will continue to renovate and refurbish properties but due to financial constraints, this will progress as finance allows.

27. Contingent liabilities

An overdraft facility of £35,000 is in place for the Trust, and a facility of £25,000 is in place for Gigha Trading Limited.

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28. Related party transactions

Gigha Trading Limited

At the year end, Gigha Trading Limited (GTL) owed the Trust £38,744 by way of inter company debtor balance relating to various balances including management charges. GTL settled this intercompany debtor in full as at 31 March 2019. Interest was accrued on the intercompany loans of £4,124 (2018; £4,009)

The Trust was owed inter company loans of £476,304 and inter company debtor of £38,744 (as above) by GTL. These balances were both fully settled as at 31 March 2019 as consideration for the purchase of the Steadings Buildings from GTL. The only inter company loan outstanding as 31 March 2019, is the Marine loan of £50,398. From July 2017 all repayments on this loan were suspended and loan interest was accrued on the loan up to 31 March 2019. The Trust also deferred all payments of lease charges for the year ended 31 March 2019.

GTL paid a management fee of £30,000 during the year to the Trust in respect of administrative and maintenance duties supplied by the Trust office. A donation of £15,464 was paid after the year end.

Gigha Renewable Energy Limited

The Trust charged Gigha Renewable Energy Limited (GREL) £8,000 in ground rent for the turbine site, and £10,000 for the year in management charges. GREL voted a donation after the year end to the Trust of £72,316 in respect of the year to 31 March 2019 (2018; £80,000).

Following a major breakdown and catastrophic failure of the turbine generator in 2011, the Trust made a loan of £65,000 to GREL. The loan was repayable over a period of 10 years with an initial capital and interest repayment holiday of 18 months. Interest was charged at a fixed rate of 5% for the first 5 years at which point it was reviewed. The loan was repaid in full during the year to 31 March 2018.

GREL owes IGHT £3,850 in additional management charges for staff time in connection with turbine monitoring.

Gigha Green Power Limited

In 2013, the Trust invested £214,330 in a new subsidiary company, Gigha Green Power Limited (GGPL). The company was set up to operate a new turbine development on the Isle of Gigha. A formal loan agreement which sets out the interest rate and term of the loan was agreed and commenced on 1 April 2016. An amount of £100,000 was repaid to the Trust following the refinancing of the company. Interest will continue to be accrued each year until regular capital repayment commences. The interest accrued during the period was £4,483 (2018; £5,199) and balance outstanding £129,062 (2018: £224,578).

The original investment by the Trust consisted of grants received by the Trust towards early development work, and salaries and other costs incurred prior to the formal setting up of GGPL. The Trust also charged £5,000 in ground lease charges, and £10,000 in management charges for the year.

GGPL owes IGHT £3,770 for insurance costs paid on behalf of GGPL during its refinancing period this year.

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Transactions involving Board Members

During the year there were no reimbursement of travel or other costs to directors

Payment for purchase of plots

The normal practice and policy of the Trust is that payment for plots purchased under the RHOG scheme is deferred for up to twelve months or the date of entry if earlier. This is applied to all members but exceptions to normal practice are considered by the Board on a case by case basis.

Other Related parties

As the membership of the Trust consists of most of the residents of the island who are therefore connected with the Trust in some way, there are a significant number of transactions, both domestic and commercial, which reflect this relationship. Disclosure of related party transactions therefore excludes transactions with ordinary members, parties related to Board members, and any transactions which are undertaken at arm's length or within normal operating practices and in accordance with the policies of the Trust. This is based on the requirement to maintain confidentiality and on the basis that the Trust rigorously enforces its policy on conflicts of interest

Conflicts of Interest

The Trust operates a policy to deal with potential conflicts of interest. This includes maintaining a register of board members/directors interests, which details any contractual or financial relationship or position of authority with outside companies, firms or organisations. Whenever a board member/director has an interest in any item discussed by the Board, he/she takes no part in the discussions or decision making process.

29. APB Ethical Standards - Provisions available for smaller entities

In common with many charities of our size and nature, we use our auditors to assist in the preparation of the financial statements and preparation and submission of corporation tax returns. During the year under review, our auditors also provided assistance and advice on general accounting and business matters.

30. Post balance sheet events

The board continued to suspend repayments on the loans invested in Gigha Trading Limited.

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31. Gross cash flows

| | 2019 | 2018 |
|--|-----------------|-----------------|
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 8,634 | 9,419 |
| Interest paid | (48,679) | (51,623) |
| | <u>(40,045)</u> | <u>(42,204)</u> |
| Capital expenditure and financial investment | | |
| Payments to acquire intangible assets | - | (5,000) |
| Payments to acquire tangible assets | (515,048) | (20,000) |
| Increase in amounts owed on loans | (8,607) | (11,208) |
| Net Receipts from sales of tangible assets | 215,080 | 283,231 |
| Receipts from loans & investments | 576,304 | 24,765 |
| | <u>267,729</u> | <u>271,788</u> |
| Financing | | |
| Repayment of loans | (185,049) | (313,022) |

32. Company limited by guarantee

Isle of Gigha Heritage Trust is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.