

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 2020

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

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Isle of Gigha Heritage Trust
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Legal and administrative information

Charity number SC032302
Company registration number SC224141

Business address Craft Workshops
Isle of Gigha
PA41 7AA

Registered office Craft Workshops
Isle of Gigha
Argyll
PA41 7AA

Directors	Ian Wilson	Appointed 20 October 2016
	Jane Clements	Appointed 25 April 2016
	Fergus Christie	Appointed 28 March 2016
	Brandon Clements	Appointed 18 December 2018
	Kenneth Deacon	Appointed 3 July 2020
	Ian Pinniger	Appointed 10 September 2020
	Andzela Bajorenine	Appointed 10 September 2020
	Malcolm Henderson	Re-Appointed October 2016, Resigned 16 June 2020
	Ailsa Raeburn	Appointed 20 May 2019, Resigned 6 July 2020
	Stuart Gordon McNeill	Appointed 22 November 2018, Resigned 2 June 2020

Catherine Anne Shaw

Appointed 22 November 2018,
Resigned 16 June 2020

Linda MacDonald

Appointed 21 September 2019,
Resigned 16 June 2020

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 2020

The directors present their report and the financial statements for the year ended 31 March 2020. 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. The board have a formal induction and training procedure for new directors as part of their good governance procedures.

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. Gigha Marine Limited is a dormant subsidiary company that was dissolved on 22 September 2020.

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 housing improvement programme remains the primary priority of the Trust for utilisation of funds.

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.

Isle of Gigha Heritage Trust
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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2020

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.

Risk Management

The directors assessed the major risks to which the charity is exposed, and those related to the operations and finances of the Trust, to ensure that systems were in place to mitigate any exposure to these risks. A detailed Risk Register was prepared last year and posted on the charity's website. This register will be reviewed annually to ensure any new risks are added and re-assesses the areas of risk that have already been identified.

Major risks and how we intend to address them

Loans - At the year end the Trust had reduced the company's debt down from £1,187,147 in 2019 to £752,525 by 31st March 2020. This is mainly due to the sale of 2 residential properties, Woodend and Braehouse. The proceeds from the sale of Woodend reduced the Nationwide debt by £142,696, saving around £62.5k in interest over the remaining 19-year term of the loan. The AMC Loan 1 was paid in full of £241,985 saving approximately £96,000 in interest and paying the loan off around 14 years early. The Board agreed that the AMC Loan 2 of £81,294 could be paid off in early 2020-21 using some of the reserved funds therefore saving around £35k in interest and having the debt paid off over 14 years earlier. A further two properties have been identified and agreed by the Board to sell. These properties have no strategic or operational impact on its activities, and this will release sufficient capital to pay down the most expensive debts to allow the Board to meet their aspiration of reducing IGHT debt to below £500,000 in 2020/21.

Housing Repairs - Significant investment is still required in the housing stock held by the Trust on the island. As IGHT finance continues to improve, through continuing to reduce debt repayments and an emphasis on reducing core costs, funds of £25,000 per annum have been made available for ongoing improvements with an additional £15,000 expected to be spent in 2020-21 on fencing and new windows. The first year of the increased rents over an agreed period of 3 years to bring them in line with other affordable rents in the area was applied in 2019-20 along with a priority placed on debt recovery on any outstanding and long term rental property debts. The Trust will continue to look for funds to support continued maintenance of its housing stock and continue to learn from other housing providers on how best to manage properties.

COVID-19 - At the end of the financial year the UK was hit with the COVID-19 pandemic and a forced lockdown was implemented at the end of March 2020. Fortunately, the Trust received grants from various sources to support the charity and subsidiaries throughout the lockdown phase. Through GTL's holiday accommodation it received £32,500 in rates relief grants which has allowed the company to meet all its fixed costs until the cottages were able to reopen in July 2020. We have so far seen a significant increase in tourists to the island as many are choosing to enjoy 'staycation' breaks this year. The IGHT saw grant funding provisions of £88,849 from various sources such as HMRC for furloughed employees, Scottish Government, HIE and the Third Sector Resilience Group as support in response to COVID-19 which has allowed the Trust to support the community and local businesses throughout the pandemic by providing vital PPE and equipment to ensure the island was prepared for an ease in Government restrictions. Bounce Back Loans of £50,000 each for IGHT, GTL and GREL were received in 2020 to support planned works and projects.

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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2020

Young people

The current Board are very keen to engage the young people of Gigha in discussions relating to the future of the Island. Brandon Clements continues to be Director and a voice for the young people of the Island. Many of the Board's long-term strategic decisions are being taken with the future of Gigha's young people in mind. Retaining and attracting young people and young families to Gigha is essential to the island's sustainability.

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.

Activities

During the year we moved our plans forward for a camping and motorhome site near the ferry slip by securing funding from RTIF and HIE. The works are hoped to start in late 2020 with the site being ready for visitors in the next financial year.

A heavy focus was put on Achamore Gardens in this financial year which saw surveys and plans being drafted to support a sustainable 10-year Development Plan for the Gardens. This also led to the appointment of Head Gardener, Bryony White, at the end of March 2020. Bryony has already brought a lot of knowledge and experience to the Gardens which is expected to encourage increased visitor numbers in the new financial year.

The housing project has moved forward this financial year seeing the site layout and housing design agreed for the build of four 2 bed homes on the land adjacent to the IGHT offices. Funding applications have been drafted to the Scottish Government Rural and Islands Housing Fund, Argyll and Bute Council's Strategic Housing Fund and the Quaker Housing Trust to assist with these costs and it is hoped the funding package will be secured in early 2021 with a start on site in financial year 2021-22.

Full funding was secured for an island wide pathway, heritage and interpretation project last financial year and work is expected to start in the new financial year. The funding will support employment of a Project Manager and Island Ranger to support the full scope of the project.

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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2020

Board and staff update

Ian Wilson was re-elected as Chair at the AGM with Anne Shaw being re-elected as Vice Chair. There were no resignations from Directors received during the financial year. New Directors included Ailsa Raeburn and Linda MacDonald. Ailsa Raeburn, Fergus Christie and Brandon Clements continued to act as co-opted Directors to the Board during 2019-20. There were a number of resignations after the year end which were then swiftly followed by three appointments to bring the Director numbers up to seven, details of which can all be found on page 1 of the accounts.

Staffing - The Trust welcomed Shona Bannatyne as Office Manager and Bryony White as Head Gardener and said goodbye to Jacqui Smith, GTL book keeper and Pamela James, Finance Manager. A Financial Consultant was appointed at the end of 2019 on a part time basis to cover the Finance Manager post. The staffing structure in the Trust office will continue to be under review, taking into consideration core costs and aim to provide flexible response to the challenges and opportunities that face the Trust and Gigha.

The Directors continue to hold Board and Members' business meetings and continue to work on improving communications with Members. Throughout the COVID-19 pandemic and lockdown phases the Trust has ensured there has been a monthly newsletter circulated to all members including surveys on when to reopen the island once government guidelines allowed to ensure the community had their say and were consulted in any decisions which could put the island and its residents at risk. Regular Board meetings have also still taken place via video or telecom link.

Subsidiary trading companies

The Gigha Trading Limited subsidiary business had another good year with gross revenues of £101,254. A management charge of £24,000 and a donation of £29,568 was expected from the profits after the year end to the Trust. Holiday lettings, moorings, Hotel and Boathouse restaurant continue to attract visitors to the island. A huge thanks again must go to all 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 wind turbines, ensuring maintenance and maximising the incomes for the community. A Gigha Community Fund was established through GREL in December 2019 which provides funding support for small community initiatives and projects that contribute to a thriving local community. GREL also continues to contribute and donated £1,370 after the year end. Gigha Marine Limited is a dormant subsidiary company that was dissolved on 22 September 2020.

Future Plans

There was a Member's meeting scheduled for March 2020, however due to the COVID-19 outbreak, the meeting did not go ahead. The following Board Action Plan was due to be discussed:

1. Continue to reduce Trust debt towards £500,000 through asset sales where appropriate and in line with the Trust's asset disposal strategy
2. Work with the community to develop a Masterplan for Gigha for the 20th anniversary of the buyout
3. Improve IGHT and subsidiary financial management and reporting
4. Continue to support the work of the Young Board in developing their aspirations for Gigha, especially around housing and hub development
5. Subject to funding, begin a programme to improve the path network and interpretation on the island
6. Secure funding for the housing and hub project
7. Deliver the Ardmish campsite development
8. Continue with improvements to the IGHT housing stock where funds permit

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for the year ended 31 March 2020

9. Work with partners to secure the future of Achamore Gardens, including appointing a Head Gardener
10. Work with the GTL Board to secure a sustainable future for the holiday cottages that includes their contributing financially to the Trust
11. Work with the GREL/ GGPL Boards to start succession planning for the turbine income
12. Investigate the potential of an island wide energy scheme based on use of island waste
13. Investigate the potential of declaring a marine protection area in the Sound of Gigha
14. Continue to look for ways of engaging with all IGHT membership to ensure all members are informed, engaged and able to have their say on relevant IGHT issues

Thanks and acknowledgements

Thanks go to the many volunteers that stepped up to do a range of tasks that helped our staff to progress projects and plans. Thanks also go to the 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 Trust staff including office, maintenance and garden staff who have all worked well together in what has been a challenging year and often under difficult circumstances. The Board is very grateful to them for all their efforts.

We also recognise the contribution of our professional advisors, R A Clement Associates, Bidwell's and TC Young, 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.

A final thanks to those in the community who have vocally or silently supported the Trust Directors and staff in their 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 debt. This was following a review of the financial covenants of the Trust and later, based on 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 are expected to further reduce the level of outstanding debt with the sale of the properties identified over the next financial year. Nationwide have confirmed that they continue to be content 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.

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Report of the directors (incorporating the trustees' report)
for the year ended 31 March 2020

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 22/3/21 and signed on its behalf by



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Ian Wilson
Chairman

Isle of Gigha Heritage Trust
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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 (the parent charitable company) and its subsidiaries (the group) for the year ended 31 March 2020 which comprise the Group Statement of Financial Activities (including the income and expenditure account), the Group and Parent company Balance Sheet, the Group and parent company 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 the preparation of the group and charitable company financial statements 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 group and parent charitable company's affairs as at 31 March 2020 and of the group's 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 regulations 6 and 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 group and parent charitable 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 the provisions available for small entities, in the circumstances set out in note to the financial statements 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 group and parent 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.

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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 group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group 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.

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 Report of the Directors 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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, included within the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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 parent charitable company's 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.

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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 charitable 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 group and parent 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 Group or Parent Charitable 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 charitable company's members and to the directors of the charitable 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 charitable company's 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 charitable company, the charitable company's members and the charitable company's directors as trustees of the charity, as a body, for our audit work, for this report, or for the opinions we have formed.

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

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22/3/21

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 2020

	Notes	Unrestricted funds	Restricted funds	Designated funds	2020 Total	Unrestricted funds	Restricted funds	Designated funds	2019 Total
		£	£	£	£	£	£	£	£
Income from:									
Grants, donations & other voluntary income	2	9,674	26,178	39	35,891	12,678	34,998	70	47,746
Income from Charitable activities	4	240,597	-	-	240,597	228,507	-	-	228,507
Fundraising activities	3	47,222	-	-	47,222	50,337	-	-	50,337
Investment income		5,748	-	-	5,748	8,634	-	-	8,634
Income from trading subsidiaries		237,780	-	-	237,780	-	-	-	-
Other income	5	12,648	79,419	-	92,067	215,783	-	-	215,783
Total income		<u>553,669</u>	<u>105,597</u>	<u>39</u>	<u>659,305</u>	<u>515,939</u>	<u>34,998</u>	<u>70</u>	<u>551,007</u>
Expenditure on:									
Charitable activities	6,7,8	334,453	124,142	-	458,595	333,077	123,470	-	456,547
Total expenditure		<u>334,453</u>	<u>124,142</u>	<u>-</u>	<u>458,595</u>	<u>333,077</u>	<u>123,470</u>	<u>-</u>	<u>456,547</u>
Net income/(expenditure)		<u>219,216</u>	<u>(18,545)</u>	<u>39</u>	<u>200,710</u>	<u>182,862</u>	<u>(88,472)</u>	<u>70</u>	<u>94,460</u>
Net Transfers between funds		(167,635)	167,635	-	-	(90,039)	90,039	-	-
Net movement in funds		<u>51,581</u>	<u>149,090</u>	<u>39</u>	<u>200,710</u>	<u>92,823</u>	<u>1,567</u>	<u>70</u>	<u>94,460</u>
Reconciliation of funds:									
Total funds brought forward		486,586	6,206,815	118,162	6,811,563	393,763	6,205,248	118,092	6,717,103
Total funds carried forward		<u>538,167</u>	<u>6,355,905</u>	<u>118,201</u>	<u>7,012,273</u>	<u>486,586</u>	<u>6,206,815</u>	<u>118,162</u>	<u>6,811,563</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
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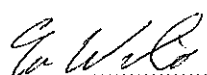
Balance sheet
as at 31 March 2020

SC224141

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Intangible assets	14		3,000		4,000
Tangible assets	15		7,141,454		7,432,403
Heritage assets	16		97,176		97,176
Investments	17		225,213		219,561
			<u>7,466,843</u>		<u>7,753,140</u>
Current assets					
Debtors	18	101,408		66,591	
Cash at bank and in hand		222,451		206,877	
		<u>323,859</u>		<u>273,468</u>	
Creditors: amounts falling due within one year	19	(61,504)		(80,008)	
Net current assets			<u>262,355</u>		<u>193,460</u>
Total assets less current liabilities			7,729,198		7,946,600
Creditors: amounts falling due after more than one year	20		(716,925)		(1,135,037)
Net assets			<u>7,012,273</u>		<u>6,811,563</u>
Funds	21				
Designated funds			118,201		118,162
Restricted income funds			6,355,905		6,206,815
Unrestricted income funds			538,167		486,586
Total funds			<u>7,012,273</u>		<u>6,811,563</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 22/3/21 and signed on its behalf by

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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 2020

	Notes	2020 £	2019 £
Net income for the year		200,710	94,460
Interest payable		34,829	48,679
Interest receivable		(5,748)	(8,634)
Loss / gain on disposal of fixed assets		(90,383)	(215,080)
Depreciation and impairment		99,182	95,697
Amortisation and impairment		1,000	1,000
(Increase)/Decrease in debtors		(34,817)	92,574
Decrease in short term creditors		(18,504)	(6,621)
Net cash provided by operating activities		<u>186,269</u>	<u>102,075</u>
Net cash provided by operating activities		186,269	102,075
Net repayments on loans	31	(418,112)	(185,049)
Net interest paid (after deducting interest received)	31	(29,081)	(40,045)
Net amounts invested	31	276,498	267,729
Increase in cash in the year		<u>15,574</u>	<u>144,710</u>
Net increase/(decrease) in cash:			
Increase in cash in the year		15,574	144,710
Cash at bank and in hand less overdrafts at the beginning of the year		206,877	62,167
Cash at bank and in hand less overdrafts at the end of the year		<u>222,451</u>	<u>206,877</u>

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Notes to financial statements
for the year ended 31 March 2020

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 income 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.

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for the year ended 31 March 2020

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 2020

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.

1.10. Debtors

Debtors are measured at transaction price less any impairment for bad or doubtful debts.

1.11. Creditors

Creditors are measured at the transaction price.

2. Grants, donations & other voluntary income

	Unrestricted funds £	Restricted funds £	Designated funds £	2020 Total £	2019 Total £
Friends of Gigha	20	-	-	20	45
Other donations	1,593	-	-	1,593	4,864
Kilchattan Church donations	-	-	39	39	70
Achamore Garden donations	730	-	-	730	569
Achamore Garden grants	-	-	-	-	7,200
Sundry grants	1,000	7,200	-	8,200	-
Highlands & Islands Enterprise	4,581	18,978	-	23,559	34,998
Argyll & Bute Council	1,750	-	-	1,750	-
	<u>9,674</u>	<u>26,178</u>	<u>39</u>	<u>35,891</u>	<u>47,746</u>

Isle of Gigha Heritage Trust
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Notes to financial statements
for the year ended 31 March 2020

3. Fundraising activities

	Unrestricted funds £	2020 Total £	2019 Total £
Fundraising events	158	158	337
Management charges	44,000	44,000	50,000
Activity Centre	3,064	3,064	-
	<u>47,222</u>	<u>47,222</u>	<u>50,337</u>

4. Income from Charitable activities

	Unrestricted funds £	2020 Total £	2019 Total £
Rental Income	213,895	213,895	202,818
Achamore Garden income	26,702	26,702	25,689
	<u>240,597</u>	<u>240,597</u>	<u>228,507</u>

5. Other income

	Unrestricted funds £	Restricted funds £	2020 Total £	2019 Total £
Proceeds on disposal of tangible fixed assets	10,964	79,419	90,383	215,080
Sundry income	1,684	-	1,684	703
	<u>12,648</u>	<u>79,419</u>	<u>92,067</u>	<u>215,783</u>
Property Disposals:				
Gross proceeds	301,970			
Less legal and conveyancing costs	19,820			
Less Depreciated cost	191,767			
	<u>90,383</u>			

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Notes to financial statements
for the year ended 31 March 2020

6. Costs of charitable activities - by fund type

	Unrestricted funds £	Restricted funds £	2020 Total £	2019 Total £
Estate/Housing Management	150,941	93,764	244,705	225,683
Achamore Gardens	13,193	-	13,193	12,775
Development Activities	121,832	30,378	152,210	160,010
	<u>285,966</u>	<u>124,142</u>	<u>410,108</u>	<u>398,468</u>

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

7. Costs of charitable activities - by activity

	Activities undertaken directly £	2020 Total £	2019 Total £
Estate/Housing Management	244,705	244,705	225,683
Achamore Gardens	13,193	13,193	12,775
Development Activities	152,210	152,210	160,010
	<u>410,108</u>	<u>410,108</u>	<u>398,468</u>

8. Governance & financing costs

	Unrestricted funds £	2020 Total £	2019 Total £
Other charges	670	670	1,157
Auditor remuneration	10,800	10,800	9,400
Bank loans & overdrafts	34,159	34,159	47,522
Bad debts	2,858	2,858	-
	<u>48,487</u>	<u>48,487</u>	<u>58,079</u>

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Notes to financial statements
for the year ended 31 March 2020

9. Net movement in funds

	2020	2019
	£	£
Net movement in funds:		
Amortisation and other amounts written off intangible fixed assets	1,000	1,000
Depreciation and other amounts written off tangible fixed assets	99,182	95,697
Auditors' remuneration	10,800	9,400
	<u>10,800</u>	<u>9,400</u>
and after crediting:		
Profit on disposal of tangible fixed assets	<u>90,383</u>	<u>215,080</u>

Note 10

10. Auditors' remuneration

	2020	2019
	£	£
Auditors' remuneration - audit of the financial statements	<u>10,800</u>	<u>9,400</u>

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Notes to financial statements
for the year ended 31 March 2020

11. Employees

Employment costs	2020	2019
	£	£
Wages and salaries	141,980	148,693
Social security costs	5,885	5,677
Pension costs	2,315	1,470
Other costs	-	3,777
	<u>150,180</u>	<u>159,617</u>

No employee received emoluments of more than £60,000 (2019 : None).

Number of employees

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

	2020	2019
	Number	Number
Management and Development	8	7
Estate and maintenance	3	3
Achamore Gardens	2	2
	<u>13</u>	<u>12</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:

	2020	2019
Gross Salary	23,094	
Employers National Insurance contributions	2,096	
Employers pension payments	524	
	<u>25,714</u>	<u>-</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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Notes to financial statements
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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 £2,315 (2019 - £1,470).

	2020	2019
	£	£
Pension charge	2,315	1,470

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 2019 and At 31 March 2020	5,000	5,000
At 1 April 2019 Charge for the year	1,000	1,000
At 31 March 2020	2,000	2,000
Net book values		
At 31 March 2020	3,000	3,000
At 31 March 2019	4,000	4,000

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**Notes to financial statements
for the year ended 31 March 2020**

15. Tangible fixed assets	Isle of Gigha	Housing & Property Improvements	Plant and machinery	Petrol pumps	Motor vehicles	Other Developments	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2019	3,469,246	4,595,187	127,510	171,727	901	73,047	8,437,618
Disposals	-	(250,470)	-	-	-	-	(250,470)
At 31 March 2020	<u>3,469,246</u>	<u>4,344,717</u>	<u>127,510</u>	<u>171,727</u>	<u>901</u>	<u>73,047</u>	<u>8,187,148</u>
Depreciation							
At 1 April 2019	-	803,777	104,584	95,954	900	-	1,005,215
Charge for the year	-	86,895	5,418	6,869	-	-	99,182
On disposals	-	(58,703)	-	-	-	-	(58,703)
At 31 March 2020	<u>-</u>	<u>831,969</u>	<u>110,002</u>	<u>102,823</u>	<u>900</u>	<u>-</u>	<u>1,045,694</u>
Net book values							
At 31 March 2020	<u>3,469,246</u>	<u>3,512,748</u>	<u>17,508</u>	<u>68,904</u>	<u>1</u>	<u>73,047</u>	<u>7,141,454</u>
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>

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Notes to financial statements
for the year ended 31 March 2020

16. Heritage assets	Kilchattan	Total
	Church	£
	£	£
Cost		
At 1 April 2019 and At 31 March 2020	97,176	97,176
Net book values		
At 31 March 2020	97,176	97,176
At 31 March 2019	97,176	97,176

17. Fixed asset investments	Subsidiary undertakings	Subsidiary undertakings	Total
	shares	loans	£
	£	£	£
Valuation			
At 1 April 2019	40,101	179,460	219,561
Additions	-	5,652	5,652
At 31 March 2020	40,101	185,112	225,213
Historical cost as at 31 March 2020	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:

Subsidiary undertaking	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
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

	2020	2019
	£	£
Trade debtors	24,263	27,827
Amounts due from subsidiary and associated undertakings	45,470	7,620
Other debtors and prepayments	31,675	31,144
	<u>101,408</u>	<u>66,591</u>

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Notes to financial statements
for the year ended 31 March 2020

19. Creditors: amounts falling due within one year	2020 £	2019 £
Bank loan	35,600	52,100
Trade creditors	12,176	14,009
Other taxes and social security	1,157	-
Other creditors	176	413
Accruals and deferred income	12,395	13,486
	<u>61,504</u>	<u>80,008</u>

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

	Total
Nationwide Commercial (Previously Dumfermline Building Society)	496,546
Triodos Bank - Housing Improvement	174,685
Agricultural Mortgage Corporation plc	81,294
	<u>752,525</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 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 £ 81,294.

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Notes to financial statements
for the year ended 31 March 2020

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

	2020	2019
	£	£
Bank loans	<u>716,925</u>	<u>1,135,037</u>
Loans		
Repayable in five years or more	<u>574,525</u>	<u>905,647</u>

21. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Designated funds £	Total funds £
Fund balances at 31 March 2020 as represented by:				
Intangible fixed assets	3,000	-	-	3,000
Tangible fixed assets	148,136	6,993,318	97,176	7,238,630
Investment assets	110,883	114,330	-	225,213
Current assets	302,061	773	21,025	323,859
Current liabilities	(25,913)	(35,591)	-	(61,504)
Long-term liabilities	-	(716,925)	-	(716,925)
	<u>538,167</u>	<u>6,355,905</u>	<u>118,201</u>	<u>7,012,273</u>

Analysis of net assets between funds (prior year)

	Unrestricted funds £	Restricted funds £	Designated funds £	Total 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)
Bank loans and overdrafts	-	(1,135,037)	-	(1,135,037)
	<u>486,586</u>	<u>6,206,815</u>	<u>118,162</u>	<u>6,811,563</u>

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Notes to financial statements
for the year ended 31 March 2020

22. Unrestricted funds	At	Income Expenditure			At
	1 April 2019			Transfers	31 March 2020
	£	£	£	£	£
General Funds	451,117	526,237	(321,260)	(167,635)	488,459
Achamore Gardens	35,469	27,432	(13,193)	-	49,708
	<u>486,586</u>	<u>553,669</u>	<u>(334,453)</u>	<u>(167,635)</u>	<u>538,167</u>

Purposes of unrestricted funds

Outgoing transfers represents the amounts repaid on restricted loans. This includes £143k repayment to the Nationwide and £255K to the AMC housing loans from the proceeds of a property sales.

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	Income Expenditure			At
	1 April 2018			Transfers	31 March 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>

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Notes to financial statements
for the year ended 31 March 2020

23. Restricted funds	At 1 April 2019 £	Income Expenditure			At 31 March 2020 £
	£	£	£	Transfers £	£
Capital Funds					
Isle of Gigha	3,410,391	-	-	-	3,410,391
Housing Improvements	2,175,396	79,419	(76,595)	163,435	2,341,655
The Steadings	430,152	-	(10,300)	-	419,852
Grid upgrade & connection	114,330	-	-	-	114,330
Rural Petrol Station Upgrade	75,773	-	(6,869)	-	68,904
Revenue Funds					
Other restricted funds	773	-	-	-	773
HIE funding assistance	-	18,978	(18,978)	-	-
Rural Housing Project	-	7,200	(11,400)	4,200	-
	<u>6,206,815</u>	<u>105,597</u>	<u>(124,142)</u>	<u>167,635</u>	<u>6,355,905</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 of £78,995. During the year Braehouse was disposed of for proceeds of £139,970, less depreciated cost £101,767 and legals £9,780, giving a profit of £28,423. During the year Woodend was disposed of for proceeds of £150,000, less depreciated cost £90,000 and legals £9,004, giving a profit of £50,996.

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. The depreciation is charged directly to the fund.

HIE funding assistance

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

Rural Housing Project

The trust were awarded £10,000 from the Rural Housing Feasibility Fund. The Trust paid invoices to Community Housing Scotland totaling £11,400, of which £7,200 was funded and the Trust made a contribution of £4,200.

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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 in 2019 as part of its finance restructuring.

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 2018 £	Income Expenditure		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
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>

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24. Designated funds	At 1 April 2019 £	Incoming resources £	At 31 March 2020 £
Kilchattan Church	97,476	39	97,515
Moorings Fund	20,686	-	20,686
	<u>118,162</u>	<u>39</u>	<u>118,201</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 £339 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 1 April 2018 £	Incoming resources £	At 31 March 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>

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 £30,000 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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Notes to financial statements
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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 2020, 34 properties had been upgraded, with some remaining farms and residential properties incomplete. The total projected cost to complete can not be reasonably measured and the Trust have also sold some of these properties. 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 £24,000 by way of inter company debtor balance relating to various balances including management charges. This intercompany debtor remains outstanding as at 31 March 2020. Interest was accrued on the intercompany loans of £2,399 (2019; £4,124)

The only inter company loan outstanding as 31 March 2020, is the Marine loan of £52,797. From July 2017 all repayments on this loan were suspended and loan interest was accrued on the loan up to 31 March 2020. The Trust also deferred all payments of lease charges for the year ended 31 March 2020.

GTL was charged a management fee of £24,000 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 during the year and a donation voted to be paid after the year end of £29,568.

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 £75,779 in respect of the year to 31 March 2020 (2019; £72,316).

GREL owes IGHT £7,700 in additional management charges for staff time in connection with turbine monitoring.

As at 31 March 2020, GREL owed £17,700 by way of intercompany debtor.

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 in 2019. Interest will continue to be accrued each year until regular capital repayment commences. The interest accrued during the period was £3,253 (2019; £4,483) and balance outstanding £132,313 (2019: £129,062).

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 in 2019 and this remains outstanding.

GGPL paid a donation during the year of £150,000 to IGHT.

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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. FRC 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 financial statements. 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.

The Directors have reviewed both the financial and business risks that the current COVID crisis presents for the charity and are satisfied that all threats have been adequately identified as far as reasonably possible. As at the date the accounts were signed, there are no going concern indications and the Directors are confident that the charity has sufficient resources to emerge from the COVID hibernation period to continue trading in accordance with any applicable restrictions. See directors report for further details.

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31. Gross cash flows

	2020	2019
	£	£
Returns on investments and servicing of finance		
Interest received	5,748	8,634
Interest paid	(34,829)	(48,679)
	<u>(29,081)</u>	<u>(40,045)</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	-	(515,048)
Increase in amounts owed on loans	(5,652)	(8,607)
Net Receipts from sales of tangible assets	282,150	215,080
Receipts from loans & investments	-	576,304
	<u>276,498</u>	<u>267,729</u>
Financing		
Repayment of loans	(418,112)	(249,819)

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.