

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
FOR
SOUTH WEST MULL AND IONA DEVELOPMENT**

SOUTH WEST MULL AND IONA DEVELOPMENT

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For The Year Ended 31 March 2017**

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SOUTH WEST MULL AND IONA DEVELOPMENT

COMPANY INFORMATION
For The Year Ended 31 March 2017

DIRECTORS:

Jack Degnan
David Alan Hope Greenhalgh
Marilyn Elizabeth Jane Halcrow
Anthony Alan Jeffree
Colin Cameron Macdonald
Stewart Macdougall
John Edmund Maxwell Macinnes
Cameron Anson
Julie Ward
Alison Margaret Mckenzie
Martin John Putsey
Neil Douglas Harvey

REGISTERED OFFICE:

Tigh Na Rois
Bunessan
Isle of Mull
Argyll
PA67 6DG

REGISTERED NUMBER:

SC472460 (Scotland)

ACCOUNTANTS:

R A Clement Associates
5 Argyll Square
Oban
Argyll
PA34 4AZ

SOUTH WEST MULL AND IONA DEVELOPMENT

REPORT OF THE DIRECTORS For The Year Ended 31 March 2017

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

REVIEW OF BUSINESS **Projects Report 2016-2017**

Over the year South West Mull and Iona Development has been involved in a number of projects in line with its aims and objects:

Tiroran Community Forest:

Significant amounts of felling, hauling and selling of timber took place during 2016-2017. This included felling areas of diseased trees under statutory plant health notices relating to the larch disease, *Phytophthora ramorum*. Unfortunately, in February 2017 haulage was stopped by Argyll and Bute Council due to the deteriorating state of the B8035, leaving timber at roadside that we were unable to sell and no guarantees of future timber haulage.

On a positive note, Tiroran Community Forest has been well used during the period. In June 2016 we held an event celebrating the community's buyout of the forest. It was attended by around 100 people of all ages who enjoyed delicious food, face-painting, a treasure hunt, sculpture-making, willow weaving and the formal opening with speeches, bagpipes and bottles of fizz.

The forest was one of the locations for Mull Eagle Watch and welcomed 1300 visitors during the 2016 season. Throughout the year, our local NTS Ranger hosted school groups and children's holiday activities. A number of volunteer and wildlife events also took place.

Columba Centre, Fionnphort:

Throughout the period discussions took place with Historic Environment Scotland to work out the best way for SWMID to begin occupying the Columba Centre in Fionnphort. Eventually it was agreed that a lease would be the first step, enabling SWMID to sub-let spaces to local businesses and organisations. The period ended with the building still unoccupied by SWMID.

Sound of Iona Harbours:

During the period, Michael Russell, MSP, helped us to set up a working group of all stakeholders - Argyll and Bute Council, Caledonian MacBrayne, CMAL, Transport Scotland, Highlands and Islands Enterprise, South West Mull and Iona Development, and local councillors. Having representatives from these agencies, in the one room, enabled a plan of action to be discussed and drafted.

Sound of Iona harbours developments are now included in the A&B Council Marine Asset Management Plan and the aim is to develop the new infrastructure in the next two to four years.

Seaweed production :

Investigations started during this period into how SWMID might be able to make use of the land and sea sites abandoned by Celtic Sea at Loch Scridain. Seaweed farming has been proposed: it is an industry that has huge potential for growth and that appears to be suitable for the local area. Further research is needed to establish how this could work, how value can best be added to the product and to find the best location. SWMID has been working with the Economic Development department of A&BC to progress this project.

Ross of Mull and Iona Gala Fortnight:

The second Ross of Mull and Iona Gala Fortnight took place in late July/early August 2016 and was a huge success, building on the previous year with many more events taking place all over South West Mull and Iona.

Iona Renewables Group:

Iona Renewables Group continued to investigate the feasibility of renewables projects on the Isle of Iona, with SWMID continuing to support the group by having a presence on the committee and carrying out financial administration.

Ross of Mull Croileagan:

SWMID continued to have an administrative role in the group and offers support through assisting with funding applications and supporting the play leader.

SOUTH WEST MULL AND IONA DEVELOPMENT

REPORT OF THE DIRECTORS For The Year Ended 31 March 2017

Feis Mhuile:

Fèis Mhuile is an annual teaching festival of traditional music, dance, Gaelic song and drama for young people (aged 8 to 18). SWMID supported Feis Mhuile in organising a three-day event in February 2016 with classes for both young people and adults, ceilidhs and a concert.

Financial Review: 2016/2017

During the year under review South West Mull and Iona Development received a total income of **£314,336**. Our largest income stream was from sales, primarily of timber, amounting to **£235,197**. We also received grant income of **£71,133**, including **£26,894** from Highlands and Islands Enterprise for funding of the Local Development Manager post, **£11,511** from Highlands and Islands Enterprise for revenue costs for Tiroran Community Forest, a grant of **£12,245** managed on behalf of Iona Renewables Group and a grant of **£9,500** to pay the consultancy firm that supported our community consultations (Café Conversations) in March 2016.

The net income (surplus) of South West Mull and Iona Development at the end of March 2017 was **£174,270** and our net assets amounted to **£224,969**.

Expenditure during this period has been primarily related to operational costs with the biggest overall expense being salaries for the full-time Local Development Manager and the part-time Forest Officer and Administrator, although the LDM salary was 100% funded, as were the office rental, travel costs and other expenditure related to this post.

There were costs of **£14,090** relating to forest management which were funded by timber sales. We also paid out around **£20,000** to cover consultancy for Iona Renewables Group (100% funded) and **£9,500** for community consultancy (100% funded).

By the end of the period we still had **£159,776** outstanding of our **£200,000** Social Investment Scotland loan, to repay by the end of November 2020. This is the loan that we took out to help finance the purchase of Tiroran Forest in November 2015. There is also interest of **£21,867** left to be paid.

Future plans

Forest Management

Towards the end of 2016-2017, SWMID appeared to be in a strong enough financial position to start the replanting and fencing required by our draft forest management plan. However, the restrictions placed on timber haulage since February 2017 have only been temporarily lifted to remove previously cut timber, thereby significantly reducing our potential income for 2017-2018. With future income uncertain, the financial priority for the Board of SWMID has been to ringfence **£181,643** for repaying the SIS loan, as well as maintaining staffing levels. This has meant that replanting, fencing and related road building has been postponed for a further year to 2018-2019 until timber haulage, and thereby income, can be assured for the medium term.

Community Account Management

For the period 2017-2018 Highlands and Islands Enterprise are funding 75% of the General Manager post (formerly Local Development Manager). The remaining 25% is funded from forest income. The future funding for this post from Highlands and Islands Enterprise is uncertain and we will continue to explore alternative sources of funding.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

Jack Degan
David Alan Hope Greenhalgh
Marilyn Elizabeth Jane Halcrow
Anthony Alan Jeffrey
Colin Cameron Macdonald
Stewart Macdougall
John Edmund Maxwell Macinnes
Cameron Anson

SOUTH WEST MULL AND IONA DEVELOPMENT

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 2017**

DIRECTORS - continued

Other changes in directors holding office are as follows:

Robert Allan - resigned 19 November 2016
Alison Mccall Moore - resigned 19 November 2016
Julie Ward - appointed 19 November 2016

Alison Margaret Mckenzie , Martin John Putsey and Neil Douglas Harvey were appointed as directors after 31 March 2017 but prior to the date of this report.

Marie Bernadette Fox and Anne Elizabeth Baxter ceased to be directors after 31 March 2017 but prior to the date of this report.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Marilyn Elizabeth Jane Halcrow - Director

Date:

SOUTH WEST MULL AND IONA DEVELOPMENT

**INCOME STATEMENT
For The Year Ended 31 March 2017**

	Notes	2017 £	2016 £
TURNOVER		235,197	50,000
Cost of sales		<u>34,755</u>	<u>-</u>
GROSS SURPLUS		200,442	50,000
Administrative expenses		<u>92,438</u>	<u>71,206</u>
		108,004	(21,206)
Other operating income		<u>79,139</u>	<u>76,518</u>
OPERATING SURPLUS		187,143	55,312
Interest receivable and similar income		<u>11</u>	<u>358</u>
		187,154	55,670
Interest payable and similar expenses	4	<u>12,604</u>	<u>4,971</u>
SURPLUS BEFORE TAXATION		174,550	50,699
Tax on surplus		<u>280</u>	<u>-</u>
SURPLUS FOR THE FINANCIAL YEAR		<u>174,270</u>	<u>50,699</u>

The notes form part of these financial statements

SOUTH WEST MULL AND IONA DEVELOPMENT (REGISTERED NUMBER: SC472460)

**BALANCE SHEET
31 March 2017**

		2017		2016	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	5		927,129		925,329
CURRENT ASSETS					
Debtors	6	98,149		20,336	
Cash at bank and in hand		138,003		82,473	
				<u>102,809</u>	
		236,152			
CREDITORS					
Amounts falling due within one year	7	68,139		67,663	
NET CURRENT ASSETS			168,013		35,146
TOTAL ASSETS LESS CURRENT LIABILITIES			1,095,142		960,475
CREDITORS					
Amounts falling due after more than one year	8		(120,173)		(159,776)
ACCRUALS AND DEFERRED INCOME			(750,000)		(750,000)
NET ASSETS			224,969		50,699
RESERVES					
Income and expenditure account	10		224,969		50,699
			224,969		50,699

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

BALANCE SHEET - continued
31 March 2017

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

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
Marilyn Elizabeth Jane Halcrow - Director

.....
Anthony Alan Jeffree - Director

SOUTH WEST MULL AND IONA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2017

1. STATUTORY INFORMATION

South West Mull and Iona Development is a private company, limited by guarantee, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 3.

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Loan interest	<u>12,604</u>	<u>4,971</u>

SOUTH WEST MULL AND IONA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2017

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Totals £
COST			
At 1 April 2016	925,329	-	925,329
Additions	-	1,800	1,800
	<u>925,329</u>	<u>1,800</u>	<u>927,129</u>
At 31 March 2017	925,329	1,800	927,129
	<u>925,329</u>	<u>1,800</u>	<u>927,129</u>
NET BOOK VALUE			
At 31 March 2017	925,329	1,800	927,129
	<u>925,329</u>	<u>1,800</u>	<u>927,129</u>
At 31 March 2016	925,329	-	925,329
	<u>925,329</u>	<u>1,800</u>	<u>927,129</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	80,817	150
Other debtors	17,332	20,186
	<u>98,149</u>	<u>20,336</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other loans	39,605	36,938
Trade creditors	651	1,638
Social security and other taxes	27	17
VAT	14,968	10,048
Accrued expenses	1,380	1,380
Deferred government grants	11,508	17,642
	<u>68,139</u>	<u>67,663</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Other loans - 1-2 years	87,999	82,074
Other loans - 2-5 years	32,174	77,702
	<u>120,173</u>	<u>159,776</u>

SOUTH WEST MULL AND IONA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2017

9. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Other loans	<u>159,778</u>	<u>196,714</u>

The Social Growth Fund LLP (as part of Social Investment Scotland) has a standard security over the whole of Tiroran Forest on the Island of Mull in respect of all sums due, as well as a bond and floating charge over the whole of the property and undertaking of the company.

10. RESERVES

	Income and expenditure account £
At 1 April 2016	50,699
Surplus for the year	<u>174,270</u>
At 31 March 2017	<u><u>224,969</u></u>

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
SOUTH WEST MULL AND IONA DEVELOPMENT**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of South West Mull and Iona Development for the year ended 31 March 2017 which comprise the Income Statement, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of ICAS, we are subject to its ethical and other professional requirements which are detailed at <http://www.icas.com/accountspreparationguidance>.

This report is made solely to the Board of Directors of South West Mull and Iona Development, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of South West Mull and Iona Development and state those matters that we have agreed to state to the Board of Directors of South West Mull and Iona Development, as a body, in this report in accordance with the requirements of ICAS as detailed at <http://www.icas.com/accountspreparationguidance>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that South West Mull and Iona Development has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of South West Mull and Iona Development. You consider that South West Mull and Iona Development is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of South West Mull and Iona Development. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

R A Clement Associates
5 Argyll Square
Oban
Argyll
PA34 4AZ

Date:

SOUTH WEST MULL AND IONA DEVELOPMENT
DETAILED INCOME AND EXPENDITURE ACCOUNT
For The Year Ended 31 March 2017

	2017		2016	
	£	£	£	£
Timber felling		235,197		50,000
Cost of sales				
Forest Costs	14,090		-	
Project costs	20,665		-	
	34,755		-	-
GROSS SURPLUS		200,442		50,000
Other income				
Donations & fundraising	3,312		3,879	
Employer's NI Allowance	3,000		2,000	
Sundry Income	1,694		542	
Government grants	71,133		70,097	
Deposit account interest	11		358	
	79,150		76,876	
		279,592		126,876
Expenditure				
Rent, Rates and water	2,640		2,361	
Insurance	5,265		2,999	
Forest maintenance	5,717		-	
Wages	47,880		35,230	
Social security	3,249		2,809	
Pensions	2,873		2,114	
Staff & directors' training	999		350	
Telephone	174		141	
Office costs & overheads	1,216		821	
Travelling & Subsistence	5,085		3,601	
Fundraising expenses	1,077		1,109	
Repairs and renewals	1,153		775	
Computer & Software	-		1,086	
Sundry expenses	1,484		155	
Subscriptions	86		80	
Accountancy	2,875		1,750	
Legal fees	-		4,480	
Consultancy fees	10,585		-	
Forest planning & consultation	-		11,345	
	92,358		71,206	
		187,234		55,670
Finance costs				
Bank charges	80		-	
Loan interest	12,604		4,971	
	12,684		4,971	
NET SURPLUS		174,550		50,699

This page does not form part of the statutory financial statements