

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
FOR
SOUTH WEST MULL AND IONA DEVELOPMENT**

SOUTH WEST MULL AND IONA DEVELOPMENT

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For The Year Ended 31 March 2018**

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SOUTH WEST MULL AND IONA DEVELOPMENT

COMPANY INFORMATION
For The Year Ended 31 March 2018

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
Martin John Putsey
Neil Douglas Harvey
Alison Margaret Mckenzie

SECRETARY:

REGISTERED OFFICE:

The Columba Centre
Fionnphort
Isle of Mull
Argyll
PA66 6BL

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 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

REVIEW OF BUSINESS

Tiroran Community Forest:

Difficulties with road haulage and statutory plant health obligations during the period covered by this report contributed to a reduction in income, as well as consuming significant amounts of time and energy.

At the start of the period there was no long-term timber transport agreement in place leading to uncertainty about future forest plans. However, between July and October 2017 a temporary lifting of the haulage ban enabled us to move timber that had been lying at roadside before it dried out and lost value. By the end of the period, after intense negotiations with Argyll and Bute Council, a new timber transport agreement was in place for the spring and summer of 2018.

From October to December 2017 we were obliged to fell diseased larch in nine areas of the forest. The cost of felling diseased larch is far higher than the income from selling it. However, we were fortunate enough to receive grant aid from the Forestry Commission as well as being permitted to fell some high value Sitka spruce in one of the plant health areas.

At the end of December 2017, John Clare left his role as Forest Officer to concentrate on other things, such as the South West Mull Makers!

The forest inspired some wonderful creations, from the Woollen Flower Meadow created by Monica Haddock and other local craftspeople for the Get Creative festival, to poems and artwork produced by local school children with Emily Wilkins, our local ranger. We are very grateful to Tiroran residents Marie Fox and Christine Leach for raising the funds for the fabulous stone and timber welcome seat produced by Graham Kent and Joe McHugh.

We started to move forward with our woodland crofts project during this period, undertaking a number of scoping exercises to identify potentially the best sites in terms of aspect, soil depth, access, water and electricity supply.

There is a lot of enthusiasm and interest in the project, especially from young families living in the area.

Mull Eagle Watch continued to operate in the forest for the summer season in 2017 with 1014 visitors, including 118 children.

Columba Centre, Fionnphort:

At the start of the period, there was still much to be done to move forward the Columba Centre project. However, after difficulties with setting up internet and telephone delayed things a little, SWMID were able to take on occupation of part of the Columba Centre from 1st October 2017. Our Island Home, part of Rural Housing Scotland, was our first sub-tenant, with Cameron Anson moving in at the same time as us. We invited expressions of interest for people to occupy the remaining spaces. The South West Mull Makers, a group of local artists and craftspeople, were granted the sub-lease for a shop in the main exhibition space and, by the end of the period, were getting ready to open.

Over the period, other people using the spaces in the Columba Centre included Eleanor MacDougall for Gaelic lessons and Home Start for Bookbug sessions. We were awarded a Waterfall grant to buy equipment for one of the spaces which is available for hot-desking. Invaluable when, for example, the internet goes out on Iona.

Sound of Iona Harbours:

During this period, the Sound of Iona Harbours Committee was delighted to see the infrastructure project move through the design stage. The Sound of Iona Harbours group was actively engaged with the designers, Byrne Looby, and Argyll and Bute council to ensure that the finished design addresses as many as possible of the current difficulties faced by the ferry, fishermen, leisure crafts, locals and visitors, due to conditions in the Sound. The principal aims for the project are a safe overnight berth for the ferry at Fionnphort and a breakwater to provide shelter at the slip on the Iona side. As part of the process, wave-modelling surveys were carried out in this period. Investment from Argyll and Bute Council into fit-for-purpose infrastructure on each side of the Sound could enable other community projects including a marina, pontoons, workspace for fishermen and fish processing. Such projects would offer fantastic opportunities to local businesses and a huge boost to the local economy.

Seaweed Farm:

During this period, SWMID were in talks to negotiate a feasibility study into the viability of a locally owned seaweed farm in South West Mull. The seaweed subcommittee is an active and enthusiastic group of local people and it is expected that this project will continue to progress with support from Highlands and Islands Enterprise.

SOUTH WEST MULL AND IONA DEVELOPMENT

REPORT OF THE DIRECTORS For The Year Ended 31 March 2018

South Bunessan Wood

A grant from the Scottish Land Fund enabled SWMID to fund a feasibility study into the potential purchase of South Bunessan Wood. As a result of this study, the Board concluded that it would not be sensible to proceed as the project did not prove to be viable based on the price being offered.

MIT (Massachusetts Institute of Technology)

The General Manager was selected to go to the MIT Entrepreneurial Development Course in January 2018, sponsored by Highlands and Islands Enterprise.

Other projects supported by SWMID during this period were

Ross of Mull and Iona Gala Fortnight: The third Ross of Mull and Iona Gala Fortnight took place in late July/early August 2017 and was, once again, a huge success. This event and the Gala committee itself go from strength to strength. At the end of the period the Gala committee became independent of SWMID, setting up as a SCIO and operating their own bank account.

Ross of Mull Croileagan: SWMID continued to have an administrative role in the group.

Feis Mhuile: SWMID supported Feis Mhuile in organising a three-day event in February 2017 with classes for both young people and adults, ceilidhs and a concert.

FINANCIAL REVIEW; 2017/2018

During the year under review South West Mull and Iona Development received a total income of £232,568. Timber sales were lower this year due to issues with road haulage, amounting to £81,977.

Grant income this year was higher than previously, mainly due to a grant of £65,730 from the Forestry Commission as compensation for complying with Statutory Plant Health Notices (SPHN). We also received £32,000 from the Highlands and Islands Enterprise (HIE) revenue grant agreed at the time of the forest purchase. This grant is paid out when needed to support our cashflow to remain in the black and helps us to manage any difficult periods. The General Manager post was 75% supported by HIE for this period.

During the period our expenditure exceeded our income by £26,907. However, our cashflow remained healthy with a bank/cash balance of £185,344 at the close of the period. Our net assets amounted to £198,062.

The biggest expenditure during this period was direct costs relating to the forest, the highest being £110,100 for SPHN felling, although this was partly offset by a grant from the Forestry Commission, as detailed above. We also paid nearly £32,000 to Argyll and Bute Council for road repairs, as part of negotiations to enable the road to be re-opened to timber haulage.

Salaries were, as in previous years, the largest operational expense, although this was partly offset by the 75% grant from HIE for the General Manager's post.

By the end of the period we still had £120,173 outstanding of our £200,000 Social Investment Scotland loan to repay. This is the loan that we took out to help finance the purchase of Tiroran Forest in November 2015. There is also interest of £11,934 left to be paid.

FUTURE PLANS

Forest Management

By the end of 2017-2018, due to successful negotiations with Argyll and Bute Council, timber transport was reinstated and we were able to start selling timber again. This will enable us to start moving forward with our forestry obligations for fencing and replanting during the 2018-2019 period. We are remaining relatively cautious as nothing is certain, and the Board continue to be aware that the SIS loan is yet to be repaid in full. However, we are more confident of our position than at the end of the previous year

SOUTH WEST MULL AND IONA DEVELOPMENT

**REPORT OF THE DIRECTORS
For The Year Ended 31 March 2018**

Community Account Management

Highlands and Islands Enterprise have agreed to continue to support SWMID by 50% funding the General Manager's post - salary and related expenditure - for two further years.

Staffing

SWMID anticipate being involved in an increasing number of projects during the period 2018-2019 and the Board have identified that the capacity of the staff team needs to increase. We hope that some new team members can be partly funded by grants, while other costs will need to come from other income, primarily from the forest.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

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

Other changes in directors holding office are as follows:

Anne Elizabeth Baxter - resigned 3 April 2017
Marie Bernadette Fox - resigned 10 June 2017
Martin John Putsey - appointed 24 May 2017
Neil Douglas Harvey - appointed 27 June 2017
Alison Margaret Mckenzie - appointed 27 June 2017

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 2018**

| | Notes | 2018 £ | 2017 £ |
|---|-------|------------------------|-----------------------|
| TURNOVER | | 81,977 | 235,197 |
| Cost of sales | | <u>153,313</u> | <u>34,755</u> |
| GROSS (DEFICIT)/SURPLUS | | (71,336) | 200,442 |
| Administrative expenses | | <u>97,602</u> | <u>92,438</u> |
| | | (168,938) | 108,004 |
| Other operating income | | <u>152,306</u> | <u>79,139</u> |
| OPERATING (DEFICIT)/SURPLUS | | (16,632) | 187,143 |
| Interest receivable and similar income | | <u>-</u> | <u>11</u> |
| | | (16,632) | 187,154 |
| Interest payable and similar expenses | | <u>9,934</u> | <u>12,604</u> |
| (DEFICIT)/SURPLUS BEFORE TAXATION | | (26,566) | 174,550 |
| Tax on (deficit)/surplus | 4 | <u>341</u> | <u>280</u> |
| (DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR | | <u>(26,907)</u> | <u>174,270</u> |

The notes form part of these financial statements

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

**BALANCE SHEET
31 March 2018**

| | Notes | 2018 | 2017 |
|--|-------|------------------|-----------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 5 | 927,129 | 927,129 |
| CURRENT ASSETS | | | |
| Debtors | 6 | 5,751 | 98,149 |
| Cash at bank and in hand | | 185,344 | 138,003 |
| | | 191,095 | 236,152 |
| CREDITORS | | | |
| Amounts falling due within one year | 7 | 92,457 | 68,139 |
| NET CURRENT ASSETS | | 98,638 | 168,013 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,025,767 | 1,095,142 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 8 | (77,705) | (120,173) |
| ACCRUALS AND DEFERRED INCOME | 9 | (750,000) | (750,000) |
| NET ASSETS | | 198,062 | 224,969 |
| RESERVES | | | |
| Income and expenditure account | 10 | 198,062 | 224,969 |
| | | 198,062 | 224,969 |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2018 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.

BALANCE SHEET - continued
31 March 2018

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:

.....
Anthony Alan Jeffree - Director

.....
Marilyn Elizabeth Jane Halcrow - Director

SOUTH WEST MULL AND IONA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2018

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.

| | |
|---------------------|----------------|
| Freehold property | - not provided |
| Plant and machinery | - 15% on cost |

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 (2017 - 3).

SOUTH WEST MULL AND IONA DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2018

4. TAXATION

Analysis of the tax charge

The tax charge on the deficit for the year was as follows:

| | 2018 | 2017 |
|--------------------------|-------------------|-------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 341 | 280 |
| | <u>341</u> | <u>280</u> |
| Tax on (deficit)/surplus | 341 | 280 |
| | <u><u>341</u></u> | <u><u>280</u></u> |

5. TANGIBLE FIXED ASSETS

| | Freehold property | Plant and machinery | Totals |
|--------------------------------------|------------------------------|--------------------------------|-----------------------|
| | £ | £ | £ |
| COST | | | |
| At 1 April 2017 and 31 March 2018 | 925,329 | 1,800 | 927,129 |
| | <u>925,329</u> | <u>1,800</u> | <u>927,129</u> |
| NET BOOK VALUE | | | |
| At 31 March 2018 | 925,329 | 1,800 | 927,129 |
| | <u><u>925,329</u></u> | <u><u>1,800</u></u> | <u><u>927,129</u></u> |
| At 31 March 2017 | 925,329 | 1,800 | 927,129 |
| | <u><u>925,329</u></u> | <u><u>1,800</u></u> | <u><u>927,129</u></u> |

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---------------|---------------------|----------------------|
| | £ | £ |
| Trade debtors | - | 80,817 |
| Other debtors | 4,693 | 17,332 |
| VAT | 1,058 | - |
| | <u>5,751</u> | <u>98,149</u> |
| | <u><u>5,751</u></u> | <u><u>98,149</u></u> |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---------------------------------|----------------------|----------------------|
| | £ | £ |
| Other loans | 42,468 | 39,605 |
| Trade creditors | - | 651 |
| Social security and other taxes | - | 27 |
| VAT | - | 14,968 |
| Other creditors | 1,715 | - |
| Accrued expenses | 41,724 | 1,380 |
| Deferred government grants | 6,550 | 11,508 |
| | <u>92,457</u> | <u>68,139</u> |
| | <u><u>92,457</u></u> | <u><u>68,139</u></u> |

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

| | 2018 | 2017 |
|-------------------------|----------------------|-----------------------|
| | £ | £ |
| Other loans - 2-5 years | 77,705 | 120,173 |
| | <u>77,705</u> | <u>120,173</u> |
| | <u><u>77,705</u></u> | <u><u>120,173</u></u> |

SOUTH WEST MULL AND IONA DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 March 2018

9. ACCRUALS AND DEFERRED INCOME

| | 2018 | 2017 |
|----------------------------|-----------------------|-----------------------|
| | £ | £ |
| Deferred government grants | <u>750,000</u> | <u>750,000</u> |

10. RESERVES

| | Income and expenditure account £ |
|----------------------|---|
| At 1 April 2017 | 224,969 |
| Deficit for the year | <u>(26,907)</u> |
| At 31 March 2018 | <u>198,062</u> |

SOUTH WEST MULL AND IONA DEVELOPMENT
DETAILED INCOME AND EXPENDITURE ACCOUNT
For The Year Ended 31 March 2018

| | 2018 | | 2017 | |
|--------------------------------|----------------|-----------------|--------|---------------|
| | £ | £ | £ | £ |
| Timber felling | | 81,977 | | 235,197 |
| Cost of sales | | | | |
| Forest Costs | 43,213 | | 14,090 | |
| Project costs | - | | 20,665 | |
| Statutory Plant Health Notice | <u>110,100</u> | | - | |
| | | <u>153,313</u> | | <u>34,755</u> |
| GROSS (DEFICIT)/SURPLUS | | (71,336) | | 200,442 |
| Other income | | | | |
| Rental and services | 2,001 | | - | |
| Donations & fundraising | 2,442 | | 3,312 | |
| Employer's NI Allowance | 3,000 | | 3,000 | |
| Sundry Income | - | | 1,694 | |
| Government grants | 144,863 | | 71,133 | |
| Deposit account interest | - | | 11 | |
| | | <u>152,306</u> | | <u>79,150</u> |
| | | 80,970 | | 279,592 |
| Expenditure | | | | |
| Rent, Rates and water | 2,416 | | 2,640 | |
| Insurance | 4,595 | | 5,265 | |
| Forest maintenance | 3,944 | | 5,717 | |
| Wages | 53,550 | | 47,880 | |
| Social security | 4,283 | | 3,249 | |
| Pensions | 3,196 | | 2,873 | |
| Staff & directors' training | 4,344 | | 999 | |
| Telephone & Internet | 1,023 | | 174 | |
| Office costs & overheads | 1,269 | | 1,216 | |
| Travelling & Subsistence | 4,053 | | 5,085 | |
| Columba Centre costs | 2,460 | | - | |
| Fundraising expenses | 2,127 | | 1,077 | |
| Repairs and renewals | 3,959 | | 1,153 | |
| Sundry expenses | 1,090 | | 1,484 | |
| Subscriptions | 300 | | 86 | |
| Accountancy | 2,060 | | 2,875 | |
| Legal fees | 330 | | - | |
| Consultancy fees | 774 | | 10,585 | |
| Donations | <u>1,715</u> | | - | |
| | | <u>97,488</u> | | <u>92,358</u> |
| Carried forward | | (16,518) | | 187,234 |

This page does not form part of the statutory financial statements

SOUTH WEST MULL AND IONA DEVELOPMENT
DETAILED INCOME AND EXPENDITURE ACCOUNT
For The Year Ended 31 March 2018

| | | 2018 | | 2017 | |
|------------------------------|---|-----------------|---|----------------|---------|
| | £ | £ | £ | £ | £ |
| Brought forward | | (16,518) | | | 187,234 |
| Finance costs | | | | | |
| Bank charges | | 114 | | 80 | |
| Loan interest | | 9,934 | | 12,604 | |
| | | <u>10,048</u> | | <u>12,684</u> | |
| NET (DEFICIT)/SURPLUS | | <u>(26,566)</u> | | <u>174,550</u> | |

This page does not form part of the statutory financial statements