

**Report of the Directors and
Unaudited Financial Statements for the Year Ended 31 March 2019
for
South West Mull And Iona Development**



Andrew Mead & Co Ltd
— Chartered Certified Accountants and Business Advisors —

South West Mull And Iona Development

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South West Mull And Iona Development

**Company Information
for the Year Ended 31 March 2019**

DIRECTORS:

Jack Degnan
David Greenhalgh
Marilyn Elizabeth Jane Halcrow
Anthony Alan Jeffree
Colin Cameron Macdonald
Stewart Macdougall
Cameron Anson
Julie Ward
Martin John Putsey
Neil Douglas Harvey
Alison Margaret Mckenzie
Richard Paul Hawkes
Sandra Jean Fox

REGISTERED OFFICE:

Columba Centre
Fionnphort
Isle Of Mull
PA66 6BL

REGISTERED NUMBER:

SC472460 (Scotland)

ACCOUNTANTS:

Andrew Mead & Co Ltd
Chartered Certified Accountants
Craigoran
Glenmore Road
Oban
Argyll
PA34 4NB

South West Mull And Iona Development

Report of the Directors for the Year Ended 31 March 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

REVIEW OF BUSINESS PROJECTS REPORT APRIL 2018 - MARCH 2019

Staffing

By the end of the period we were delighted to have a staff team of five - more than double the number at the start of the previous financial year! This was enabled by both a grant through Scottish Leader for the community forester post and Scotgrad funding for our graduate project support officer:

Staff members are Morven Gibson, General Manager; Celia Compton, Finance and Project Manager; Philip Yelder, Community Forester; Saskia Davidson, Administrator; Helen Petrie, Graduate Project Support Officer.

The increase in staffing was well-timed with our Administrator and Graduate Project Support Officer in post just as we started working on two potential community buy-outs - Martyrs Bay Restaurant and Bar on Iona and sites at Bendoran on the Ross of Mull.

Martyr's Bay

SWMID investigated the possibility of a buy-out of the Martyrs Bay Restaurant and Bar, to be managed by and for the community on Iona. However, after a great deal of hard work and the completion of a feasibility study, SWMID did not continue with the project due to insufficient community support.

Bendoran

SWMID successfully secured funding from the Scottish Land Fund for a feasibility study into the community buy-out of sites at Bendoran for a community owned seaweed farm and watersports social enterprise, with potential for other facilities such as moorings. Further to the study, SWMID submitted a further application to the SLF for the purchase of the sites. This application was turned down but SWMID were invited to resubmit with further investigation and amendments to the original plans. At the end of the period we had just resubmitted the application.

Seaweed Farm feasibility

We were very grateful to Highlands and Islands Enterprise for funding a study exploring the feasibility of a community owned seaweed farm. The outcome of this study were: to identify the cost of investment necessary to set up the farm; to identify suitable sites; to carry out market research relating to both the raw material and seaweed products. The study was completed in March 2019 in time to support our resubmission of the Bendoran acquisition application to the Scottish Land Fund.

Tiroran Community Forest

After intense negotiations with Argyll and Bute Council, we were able to re-start timber haulage at the beginning of this period. This allowed us to sell the backlog of timber felled under Statutory Plant Health Notices from the previous year and to fell and sell a new block of timber around the White-Tailed Eagle's nest on the East side. This brought us to the end of current felling agreements with the prospect of no further licences to fell being agreed by Scottish Forestry (formerly Forestry Commission Scotland) until our long-term forest management plan is approved. By the end of the period we had commissioned Chris Marsh of the Community Woodlands Association to carry out the extensive revisions to the plan required by Scottish Forestry.

The new Community Forester started work on 1st March and by the end of the period was preparing to start fencing for and replanting the first new trees.

South West Mull And Iona Development

Report of the Directors for the Year Ended 31 March 2019

Woodland Crofts

Early in the period we consulted with local people about the six proposed crofts at Tiroran Community Forest. The response was generally positive and we have a waiting list of around twenty individuals/families interested in taking on a woodland croft. Some concerns were raised about the appearance of temporary dwelling on the crofts. SWMID hopes to address these issues through working with the planning department at Argyll and Bute Council and in the agreements made with croft tenants. Discussions with the planning department continued and, at their suggestion, we started to work with Richard Heggie of Urban Animation to look at putting together a Masterplan for the crofts.

Columba Centre, Fionnphort

It was great to see the South West Mull Makers ready to start trading at the beginning of the period. The space has been transformed and it is fantastic to see the many customers the shop has brought in.

Throughout the period we were working hard to put things in place to enable the Ross of Mull Community Gym to move into the old Argyll College room. They had not done so by the end of the period but most issues had been resolved by this time.

Feis Mhuile

SWMID continues to support Feis Mhuile in organising this successful annual event.

FINANCIAL REVIEW

During the year under review the turnover of South West Mull and Iona Development was £215,003. Timber sales brought in the majority of our income, amounting to £154,500. However, forestry costs were high including £85,000 in fencing costs. The fencing is an essential part of our forest plan, enabling us to protect future replanting and it was good to be able to use our income to invest in the forest's future.

Grant income this year amounted to £64,700. This comprised grants from Highlands and Islands Enterprise (HIE):- 50% grant support for the General Manager post, 70% support for the Scotgrad Project Support Officer post and a final claim from the forest revenue grant awarded at the time of the forest purchase. We also received Scottish Land Fund grants for feasibility studies for South Bunessan Woods and Bendoran.

During the period our expenditure exceeded our income by £18,500. We ended the period with a bank/cash balance of £127,000 while our net assets amounted to £179,500.

As in previous years our largest operational expense was salaries, partly offset by HIE grants for the General Manager and Scotgrad posts.

By the end of the period we still had £109,826 outstanding of our £200,000 Social Investment Scotland (SIS) loan to repay. This is the loan that we took out to help finance the purchase of Tiroran Forest in November 2015. Due to anticipated cashflow difficulties while we wait for the finalisation of our Long-Term Forest Management Plan, SIS agreed to a repayment holiday. From July 2018 we were only repaying interest on the loan.

FUTURE PLANS

We are expecting that 2019-2020 will be a tight year financially while we await approval of the Long-Term Forest Management Plan. Once this is agreed we will be able to move forward with felling and selling the remaining mature timber over a ten-year period. This will help to support organisational costs and enable us to continue with our phased replanting plans.

Highlands and Islands Enterprise will continue to support SWMID by 50% funding the General Manager's post - salary and related expenditure - for 2019-2020.

South West Mull And Iona Development

Report of the Directors for the Year Ended 31 March 2019

The new Community Forester post will be 42% funded from Scottish Leader until July 2020.

SWMID has recognised that we need further income to support our core salary costs as we can not rely on forestry income to do this in the longer term. Grant funding for core costs is difficult to obtain and we continue to look for other funding streams, including developments at Bendoran.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

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

Other changes in directors holding office are as follows:

Richard Paul Hawkes - appointed 17 January 2019
Sandra Jean Fox - appointed 17 January 2019
John Edmund Maxwell Macinnes - resigned 24 November 2018

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

11 November 2019

South West Mull And Iona Development

Income Statement for the Year Ended 31 March 2019

	Notes	31.3.19 £	31.3.18 £
TURNOVER		154,563	81,977
Cost of sales		<u>116,294</u>	<u>153,313</u>
GROSS SURPLUS/(DEFICIT)		38,269	(71,336)
Administrative expenses		<u>123,808</u>	<u>97,602</u>
		(85,539)	(168,938)
Other operating income		<u>74,758</u>	<u>152,306</u>
OPERATING DEFICIT	4	(10,781)	(16,632)
Interest payable and similar expenses		<u>7,808</u>	<u>9,934</u>
DEFICIT BEFORE TAXATION		(18,589)	(26,566)
Tax on deficit		<u>-</u>	<u>341</u>
DEFICIT FOR THE FINANCIAL YEAR		<u><u>(18,589)</u></u>	<u><u>(26,907)</u></u>

The notes form part of these financial statements

South West Mull And Iona Development (Registered number: SC472460)

**Balance Sheet
31 March 2019**

	Notes	31.3.19 £	£	31.3.18 £	£
FIXED ASSETS					
Tangible assets	5		927,684		927,129
CURRENT ASSETS					
Debtors	6	16,870		5,751	
Cash at bank and in hand		127,076		185,344	
		<u>143,946</u>		<u>191,095</u>	
CREDITORS					
Amounts falling due within one year	7	<u>32,331</u>		<u>92,457</u>	
NET CURRENT ASSETS			<u>111,615</u>		<u>98,638</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,039,299		1,025,767
CREDITORS					
Amounts falling due after more than one year	8		(109,826)		(77,705)
ACCRUALS & DEFERRED INCOME	10		<u>(750,000)</u>		<u>(750,000)</u>
NET ASSETS			<u>179,473</u>		<u>198,062</u>
RESERVES					
Income and expenditure account	11		<u>179,473</u>		<u>198,062</u>
			<u>179,473</u>		<u>198,062</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- 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

South West Mull And Iona Development (Registered number: SC472460)

Balance Sheet - continued

31 March 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 11 November 2019 and were signed on its behalf by:

Anthony Alan Jeffree - Director

Marilyn Elizabeth Jane Halcrow - Director

The notes form part of these financial statements

South West Mull And Iona Development

Notes to the Financial Statements for the Year Ended 31 March 2019

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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" 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 reducing balance
Computer equipment	- 25% on reducing balance

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.

South West Mull And Iona Development

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 5 (2018 - 3).

4. OPERATING DEFICIT

The operating deficit is stated after charging:

	31.3.19	31.3.18
	£	£
Depreciation - owned assets	545	-
	<u> </u>	<u> </u>

5. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 April 2018	925,329	1,800	-	927,129
Additions	-	-	1,100	1,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2019	925,329	1,800	1,100	928,229
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
Charge for year	-	270	275	545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2019	-	270	275	545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 March 2019	925,329	1,530	825	927,684
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	925,329	1,800	-	927,129
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19	31.3.18
	£	£
Trade debtors	129	-
Other debtors	4,768	4,693
VAT	10,723	1,058
Prepayments	1,250	-
	<u> </u>	<u> </u>
	<u>16,870</u>	<u>5,751</u>

South West Mull And Iona Development

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19	31.3.18
	£	£
Other loans (see note 9)	-	42,468
Trade creditors	30,842	40,344
Other creditors	-	1,715
Accrued expenses	1,489	1,380
Deferred government grants	-	6,550
	<u>32,331</u>	<u>92,457</u>

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

	31.3.19	31.3.18
	£	£
Other loans (see note 9)	<u>109,826</u>	<u>77,705</u>

9. LOANS

An analysis of the maturity of loans is given below:

	31.3.19	31.3.18
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>-</u>	<u>42,468</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>109,826</u>	<u>77,705</u>

In November 2015 the organisation borrowed £200,000 from Social Investment Scotland (SIS). Repayments commenced on 31 March 2017 with an initial capital repayment of £40,221. From April 2017 to June 2018 capital and interest repayments were made to SIS on a regular monthly basis.

To aid cashflow, the offer of a 12 month capital repayment holiday from July 2018 was accepted. A subsequent 12 month repayment holiday was negotiated in July 2019. During the holiday period only the interest due on the loan has been repaid.

Capital repayments are due to re-commence on 31 July 2020 and continue until the loan is fully repaid in November 2022.

South West Mull And Iona Development

Notes to the Financial Statements - continued for the Year Ended 31 March 2019

10. ACCRUALS AND DEFERRED INCOME

	31.3.19	31.3.18
	£	£
Deferred government grants	750,000	750,000

In 2015 the organisation received £750,000 from The Scottish Land Fund to purchase the land and forest at Tioran to allow the creation of Tioran Community Forest.

The generally accepted accounting policy for the treatment of Government Grants used to purchase a capital asset, is to defer recognising the whole grant as income at the time of receipt and instead recognise the grant over the useful life of the asset funded. For a wasting asset this grant recognition would normally be on the same terms as the depreciation policy associated with that asset.

In the case of Tioran Community Forest the Directors have taken the view that the asset has an infinite useful life and have therefore chosen not to depreciate it. An equivalent policy has been adopted in respect of the Government Grant and as such, none of the deferred grant is recognised as in the income statement.

11. RESERVES

	Income and expenditure account £
At 1 April 2018	198,062
Deficit for the year	(18,589)
At 31 March 2019	179,473

**Chartered Certified 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 2019 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 the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at <http://www.accaglobal.com/rulebook>.

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 the Association of Chartered Certified Accountants as detailed at <http://www.accaglobal.com/factsheet163>. 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 loss 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.



Andrew Mead & Co Ltd
Chartered Certified Accountants
Craigoran
Glenmore Road
Oban
Argyll
PA34 4NB

Date: November 2019

South West Mull And Iona Development

Detailed Income and Expenditure Account for the Year Ended 31 March 2019

	31.3.19		31.3.18	
	£	£	£	£
Timber sales		154,563		81,977
Cost of sales				
Forest costs	114,794		43,213	
SPHN costs	1,500		110,100	
	<u>116,294</u>	<u>116,294</u>	<u>153,313</u>	<u>153,313</u>
GROSS SURPLUS/(DEFICIT)		38,269		(71,336)
Other income				
Rental and services	6,472		2,001	
Donations & fundraising	542		2,442	
Employer's NI allowance	3,000		3,000	
Government grants	64,744		144,863	
	<u>74,758</u>	<u>74,758</u>	<u>152,306</u>	<u>152,306</u>
		113,027		80,970
Expenditure				
Rent, rates and water	5,000		2,416	
Insurance	4,676		4,595	
Forest maintenance	102		3,944	
Wages	65,080		53,550	
Social security	5,316		4,283	
Pensions	3,905		3,196	
Staff & director training	223		4,344	
Telephone & internet	794		1,023	
Office costs & overheads	1,308		1,269	
Advertising	357		-	
Travelling & subsistence	3,178		4,053	
Electric van - leasing costs	915		-	
Columba Centre costs	1,215		2,460	
Community engagement	642		-	
Fundraising expenses	140		2,127	
Repairs and renewals	532		3,959	
Sundry expenses	197		1,090	
Subscriptions	190		300	
Accountancy	767		2,060	
Legal fees	5,004		330	
Consultancy fees	23,582		774	
Donations	28		1,715	
Depreciation	545		-	
	<u>123,696</u>	<u>123,696</u>	<u>97,488</u>	<u>97,488</u>
Carried forward		(10,669)		(16,518)

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 2019**

	31.3.19		31.3.18	
	£	£	£	£
Brought forward		(10,669)		(16,518)
Finance costs				
Bank charges	112		114	
Loan	<u>7,808</u>		<u>9,934</u>	
		<u>7,920</u>		<u>10,048</u>
NET DEFICIT		<u>(18,589)</u>		<u>(26,566)</u>

This page does not form part of the statutory financial statements