

Charity number: SC037018
Company number: SC292902

Tiree Community Development Trust
(A company limited by guarantee)

Directors' report and financial statements

for the year ended 31 December 2019

Tiree Community Development Trust
(A company limited by guarantee)

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Tiree Community Development Trust
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Legal and administrative information

Charity number	SC037018	
Company registration number	SC292902	
Business address	Units 1 & 2 The Island Centre Crossapol Isle of Tiree PA77 6UP	
Registered office	Units 1 & 2 The Island Centre Crossapol Isle of Tiree PA77 6UP	
Directors	Ian Tainsh Craig Smith Cecilia Ann MacDonald William Angus MacLean Neil MacPhail Martin Finnigan Adam Milne Janet Bowler Patrick Boyd David Andrew Hayes Elsbeth MacKinnon Derek Campbell Ian Smith	Appointed 24 April 2016 Appointed 13 September 2015 Appointed 10 June 2016 Resigned 20 May 2019 Resigned 20 May 2019 Appointed 15 September 2015 Appointed 4 June 2017 Appointed 3 June 2018 Resigned 29 October 2019 Appointed 3 June 2018 Appointed 3 June 2018 Appointed 16 April 2019 Appointed 20 May 2019
General Manager	Andy Wright	
Independent Auditors	R A Clement Associates Chartered Accountants & Statutory Auditor 5 Argyll Square Oban Argyll PA34 4AZ	
Bankers	Royal Bank of Scotland Scarinish Branch Isle of Tiree PA77 6UH	
Solicitors	T C Young 7 West George Street Glasgow G2 1BA	

Tiree Community Development Trust
(A company limited by guarantee)

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

The directors present their report and the financial statements for the year ended 31 December 2019. The directors, who are also trustees of Tiree Community Development 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.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, 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 published on 16 July 2014 (effective January 2015)

Structure, governance and management

Organisational Structure

The charity is constituted as a company limited by guarantee and is governed in accordance with its Memorandum & Articles of Association. Membership of the Trust is open to any individual over the age of 16 who has their main residence on the Isle of Tiree. Members pay a subscription of £1 and have the right to attend the annual general meeting and to elect the directors of the Trust.

The directors of the Trust are elected each year by the membership and hold regular meetings to carry out the overall supervision of the activities of the company, including monitoring the financial position and providing strategic direction on projects. A maximum of twelve directors may serve at any one time, of which no more than 3 should be co-opted. There must be a minimum of three directors on the Board, and elected directors must be members of the company. One third of the directors retire at the annual general meeting each year.

Co-opted directors are those appointed to the Board by the directors on the basis that they have specialist skills or experience which will assist the successful operation of the company. All such directors retire from the Board at the annual general meeting, but are then eligible for re-appointment. In 2019 Martin Finnigan was re-appointed as a co-opted director for his knowledge and experience in project management and governance, and Ann MacDonald, a chartered accountant, was also re-appointed for her financial skills.

Operational Structure

Six members of Staff, including an admin team of 3 (General Manager, Finance and Admin Officer, Admin Assistant) and 3 project workers (Youth Worker, Gaelic Development Officer and Ranger) are supported and managed by the Directors and in some cases, project steering groups. The General Manager oversees the day to day operations of the Trust

Objects & Purposes of the Charity

The objects of the charity are the promotion, for the public benefit, of rural regeneration within the Isle of Tiree by a variety of means, including promoting and assisting business development, education, training, public amenities and housing, and working for the protection and conservation of both the natural environment and the historical and cultural fabric of the island.

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

Strategic Plan & Measuring Progress

The Trust continued to deliver its Community Growth Plan 2017-2020 during 2019. This is the key document in providing strategic direction to the directors, staff and volunteers who supported delivery of all Trust activities during the year. Key projects from this plan which are already complete or well underway:

- * Upgrade the Community Broadband network to give all customers min. 10Mbs
- * Take ownership of, and undertake repairs to, Scarinish Harbour
- * Take ownership of, and redevelop, Milton Harbour
- * Initial plans and fund raising to upgrade busy/fragile beach access car parks
- * Raised funds to retain Youth Worker
- * Raised funds to retain the Gaelic Development Officer
- * Tirisdich Còmhla - ongoing review of best use of Community Group personnel and resources and looking at closer working of key groups (although groups decided to remain independent).
- * Feasibility Study to assess the cost and viability of a Community Fuel Station, undertaken by Delfinity Consultants and funded by HIE.
- * Feasibility Study to assess the cost and viability of Community Owned Affordable Housing completed by Dualchas Architects and funded by the Windfall Fund.
- * Initial Investigations into building community owned Business Units were undertaken by Trust staff.

Other key projects which TCDT aims to undertake during 2017-2020 period are:

- * Develop a tourism action plan for Tiree
- * Investigate further income generating projects for TCDT
- * Development of an indoor children's play facility
- * Investigate development of an Island Brand

A proposed project to take community ownership of the Hynish Complex was aborted due to a lack of agreement with the current owners, The Hebridean Trust.

Achievements and performance

Youth Work

Willie Mackinnon continues to bring his experience to the role of Youth Worker where he continues to develop sports like Football, Hockey, Rugby and Golf, and also supports the school with their Music Club, teaching drumming and supporting at the Pipe Band. Youth Clubs range in size from Youth Club & Encounters Church Youth Club to smaller groups like Sci Fi Club and Chess Club, from which there has also formed a games club which has been popular. 2019 saw some new groups start, which in many cases were the young people's own idea e.g. the music jam.

Willie also supports the school with after school clubs on five days a week and takes an Active Schools Group on Friday afternoons for Primary children. Furthermore, he leads the Duke of Edinburgh group, which saw four young people gain their bronze award this year. It has been encouraging to see that Willie has brought on board new youth volunteers and we have also seen some of our older members taking the step up to volunteering. In total over 100 children benefited from Youth Work on Tiree during 2019, with most of these on a regular basis via several of the 17 groups that Willie supports.

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

Cultural Development

Since August 2018, Ishbel Campbell has been continuing her post as part-time Gaelic Development Officer in which she has been promoting the use of Gaelic in the community and providing support in various ways. This has been done through weekly Gaelic Bookbug sessions for pre-school age children, Sradagan Youth groups for lower and upper primary age, weekly Gaelic language classes and visits to Tigh a Rudha (elderly residential home) for intergenerational music sessions. Further activities have included leading the primary school Gaelic choir (which included participation at the national MOD in October), beginning a community Gaelic choir as well as offering homework support to parents of children in Gaelic Medium Education.

Nàdair Thiriodh - Tiree Ranger Service

During 2019 until August, the Tiree Ranger, Stephanie Cope, engaged with 461 participants at 30 Tiree Ranger Service events (a decrease of 210 participants from the figures for 2018.) This event programme included weekly guided walks from the start of April to the end of August; evening presentations during the peak summer season; and environmental learning sessions for both resident and visiting school children. Furthermore, 2 families used the Tiree Ranger Service Beach Wheelchairs (free of charge) and 168 campervan or motorhome drivers engaged with the Tiree Ranger Service. This was 13 less than 2018 but they stayed for 608 nights up from 601 in 2018. 24 volunteers assisted Tiree Ranger Service through the season; amounting to 124 volunteer hours. Volunteer input was lower during 2019 than in 2018. Tiree Ranger Service attended Tiree Agricultural Show and Tiree 10k and half Marathon events. Additional achievements included a £500 grant from Persula Foundation to buy a stranding kit for marine animals.

During the middle of August Stephanie left the post and after recruitment Hayley Douglas took up the post on the 11th of November. Until the end of the year the new Ranger attended the Christmas fayre and organised 1 event with 8 participants.

Tiree Renewable Energy Ltd (TREL)

TREL is a wholly owned trading subsidiary of the Trust with an independent board of directors (includes up to 2 Trust directors). TREL owns and operates the community wind turbine 'Tilley'. Tilley generated 3,286 MWh, during 2019, surpassing our standing annual target of 3,000 MWh and last year's total of 3,034 MWh. This would be sufficient to power at least 700 average homes.

Tilley was able to generate for 319 days during the year, losing 46 days to various service actions and maintenance. This performance enabled TREL to make donations of £400,000 to TCDT during the year, an unusually high figure which included the proceeds of an insurance claim for loss of earnings during downtime in 2018.

Tiree Broadband

Community Information Technology Ltd (trading as Tiree Broadband) is also a wholly owned trading subsidiary of the Trust with an independent board of directors. Tiree Broadband operates a wireless radio network, delivering broadband to approximately 230 private and business customers by the end of 2019. The network upgrade was completed during the summer giving greater resilience and offering subscribers reliable and faster connection speeds. The network infrastructure was maintained and replaced as required throughout the year. In addition to the service provided to regular subscribers Tiree Broadband again supported the Tiree Music Festival and Tiree Wave Classic by providing broadband services for the duration of the two events.

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for the year ended 31 December 2019

Further actions worth noting include:

The high capacity radio licenced link from Beinn Ghott to the Trust Office was installed, removing a bottle neck in the system; two additional VDSL lines were also installed at the Trust Office allowing a more reliable service for subscribers and finally the equipment on Beinn Ghott is now running on mains power and has provided a much more reliable service throughout the year.

During the year the service reached 229 subscribers on the island an increase of 33 on the previous year. The service continued to operate profitably. Profits are reinvested in a rolling equipment replacement programme.

Tiree Community Maritime Assets Ltd (TCMAL)

TCMAL is also a wholly owned subsidiary of the Trust, whose remit is to own & operate Milton and Scarinish Harbours and manage the moorings in Gott Bay. During the year 2019 they took over the management of the Gott Bay Moorings.

Scarinish Harbour has been renovated and the work completed. The work included new surfaces on the Pier, the Harbour walls were re-pointed and new ladders fitted. Plans were made for 2020 to install a new mooring chain to improve facilities for the leisure boat users at Scarinish Harbour.

Milton Harbour Project commenced at the beginning of April 2019 and was fully operational for the needs of the fishing fleet (4 boats), by September 19. The Pier was lengthened and heightened, with a new breakwater stub pier being added, protruding from the quay side. A new packing shed has been erected with floodlights, internal lights, drainage system, running fresh water & full electricity system. 2 Winches for landing boxes have been installed at each end of the pier along with new sets of ladders. There is also a new access road to the harbour. This project has been financed by Tiree Community Development Trust, Highlands and Islands Enterprise and Marine Scotland. The project has brought the standard of the fishing fleet's landing facilities up to date and provided a safe environment for working in.

Financial review

Principal risks and uncertainties

The directors examined the charity's exposure to strategic, financial, business and operational risks at a directors' strategy day in September 2018. The directors are satisfied that adequate systems and procedures are in place, including the annual review of a risk register, in the form of a SWOT and PESTLE analysis. Risk mitigation and any changes to the identified risks are recorded in the minutes of the Board meetings.

Key risks for the organisation

The directors will review strategic risk annually and keep a record of the key risks and plans to mitigate these. Key risks to the charity include:

- * Reliance on TREL as main source of income.
- * Capacity to deliver and sustain large projects.
- * Additional activities or assets putting strain on funding and resources.

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

General comments on financial outturn

Under the Statement of Recommended Practice (SORP) for charity accounts, income is reported in the year it is received whilst expenditure may be reported in future years. As a result, funds may be carried forward to future years and expenditure in those years made out of those funds may exceed the income for the year.

The main source of income is from a wind turbine operated by Tiree Renewable Energy Ltd, a wholly owned trading subsidiary of the charity. Additionally, grants are sought for projects and in 2019 we were very fortunate to have support from The Robertson Trust (Youth Work), Scottish Natural Heritage (Ranger Service), Highlands and Islands Enterprise (Project Co-ordination) and Bòrd na Gàidhlig (Gaelic Development).

Reserves Policy

The policy of the Trust is to retain sufficient reserves to meet the cost of salaries, insurances, and other regular commitments, as well as a contingency to enable it to continue to develop further projects.

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.

Trustees' responsibilities in relation to the financial statements

The directors (who are also trustees of Tiree Community Development 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.

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Report of the directors (incorporating the trustees' report)
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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 reappointed as auditors in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 3rd August 2020 and signed on its behalf by


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Ian Smith

Tiree Community Development Trust
(A company limited by guarantee)

Independent auditor's report to the trustees/directors and members of Tiree Community Development Trust

Opinion

What we have audited

We have audited the financial statements of Tiree Community Development Trust for the year ended 31 December 2019 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the cashflow statement and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including FRS 102 " The Financial Reporting Standard applicable in the UK and Republic of Ireland").

In our opinion, the financial statements:

- * give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- * have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- * have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISA's UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISA's (UK) require us to report to you where;

- * the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- * the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Respective responsibilities of the directors (trustees) and auditor

As explained more fully in the Trustees' Responsibilities Statement in the Trustees' report, the Trustees (who are also directors of the company for the purposes of company law), are responsible for the preparation of the financial statements and for being satisfied that the financial statements give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Tiree Community Development Trust
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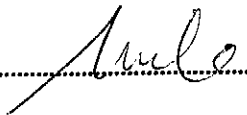
Our responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements .

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our audit report.

This report is made exclusively to the members and to the directors of the company, as a body, who are the trustees of the charity, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, s44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the members and the directors as trustees of the charity, as a body, for our audit work, for this report, or for the opinions we have formed.

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

.....
3/8/20

**5 Argyll Square
Oban**

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

Tiree Community Development Trust
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Statement of financial activities (incorporating the income and expenditure account)

For the year ended 31 December 2019

	Notes	Unrestricted funds	Restricted funds	2019 Total	Unrestricted funds	Restricted funds	2018 Total
		£	£	£	£	£	£
Income from:							
Donations, grants & legacies	2	14,952	63,994	78,946	69,776	61,535	131,311
Incoming resources from charitable activities	5	19,929	-	19,929	20,763	-	20,763
Investment income	3	13,455	-	13,455	15,519	-	15,519
Income from trading subsidiaries		406,969	-	406,969	120,000	-	120,000
Other income	6	32,544	17,106	49,650	31,167	15,502	46,669
Total income		<u>487,849</u>	<u>81,100</u>	<u>568,949</u>	<u>257,225</u>	<u>77,037</u>	<u>334,262</u>
Expenditure on:							
Charitable activities	7, 9	366,538	126,024	492,562	256,236	127,483	383,719
Total resources expended		<u>366,538</u>	<u>126,024</u>	<u>492,562</u>	<u>256,236</u>	<u>127,483</u>	<u>383,719</u>
Net income/(expenditure) before transfers		<u>121,311</u>	<u>(44,924)</u>	<u>76,387</u>	<u>989</u>	<u>(50,446)</u>	<u>(49,457)</u>
Transfers between funds	21	18,254	(18,254)	-	16,873	(16,873)	-
Net movement in funds		<u>139,565</u>	<u>(63,178)</u>	<u>76,387</u>	<u>17,862</u>	<u>(67,319)</u>	<u>(49,457)</u>
Total funds brought forward		385,126	576,628	961,754	367,264	643,947	1,011,211
Total funds carried forward		<u>524,691</u>	<u>513,450</u>	<u>1,038,141</u>	<u>385,126</u>	<u>576,628</u>	<u>961,754</u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 14 to 29 form an integral part of these financial statements.

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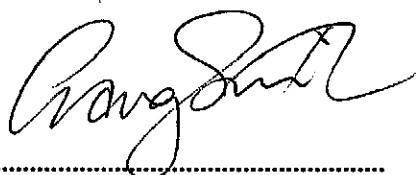
Balance sheet
as at 31 December 2019

SC292902

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	14		153,654		159,345
Investments	15		409,899		419,737
			<u>563,553</u>		<u>579,082</u>
Current assets					
Stocks	16	-		1,325	
Debtors	17	9,036		75,033	
Cash at bank and in hand	21	510,716		417,278	
			<u>519,752</u>	<u>493,636</u>	
Creditors: amounts falling due within one year	18	(21,224)		(83,399)	
Net current assets			<u>498,528</u>		<u>410,237</u>
Total assets less current liabilities			<u>1,062,081</u>		<u>989,319</u>
Provisions for liabilities	19		(23,940)		(27,565)
Net assets			<u>1,038,141</u>		<u>961,754</u>
Funds	20				
Restricted income funds			513,450		576,628
Unrestricted income funds			524,691		385,126
Total funds			<u>1,038,141</u>		<u>961,754</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 3rd August 2020 and signed on its behalf by



.....
Craig Smith
Director

The notes on pages 14 to 29 form an integral part of these financial statements.

Tiree Community Development Trust
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Cash flow statement

for the year ended 31 December 2019

	Notes	2019 £	2018 £
Net incoming/(outgoing) resources for the year		76,387	(49,457)
Income from investments		(6,000)	(7,050)
Interest receivable		(7,455)	(8,469)
Depreciation and impairment		5,691	5,693
Decrease in stocks		1,325	1,325
Decrease/(Increase) in debtors		65,997	(46,733)
(Decrease)/Increase in creditors		(62,175)	56,050
Decrease in provisions for liabilities		(3,625)	(46,669)
Net cash provided by operating activities		<u>70,145</u>	<u>(95,310)</u>
Net cash provided by operating activities		70,145	(95,310)
Cash flows from investing activities			
Returns on investments and servicing of finance	26	13,455	15,519
Capital expenditure and financial investment	26	9,838	58,653
Increase/(Decrease) in cash in the year		<u>93,438</u>	<u>(21,138)</u>
Change in cash and cash equivalents in the year			
Increase/(Decrease) in cash in the year		93,438	(21,138)
Cash and cash equivalents brought forward	27	417,278	438,416
Cash and cash equivalents at the end of the year	27	<u>510,716</u>	<u>417,278</u>

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Notes to financial statements
for the year ended 31 December 2019

Legal Status of the charity

The charity is constituted as a company limited by guarantee and is governed in accordance with its Memorandum and 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 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 (effective January 2015) (FRS 102).

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 there are no material uncertainties about the Trust's ability to continue as a going concern.

1.2. Fund accounting

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created funds for specific purposes.

Designated funds are unrestricted funds earmarked by the Directors for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Further details of specific funds are disclosed in note 21 and 22

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Notes to financial statements
for the year ended 31 December 2019

1.3. 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 unconditionally entitled to the grant.

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

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

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

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

1.4. 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 and include project management.

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

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	-	Straight line over 50 years
Motor vehicles	-	25% straight line

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1.6. Investments

Investments in shares consist of Ordinary £1 shares held in three subsidiary companies and are shown at cost. As the shares are unlisted and the costs of obtaining a market value would outweigh the benefit obtained, the investments have not been included at a market valuation.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

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.

1.9. Financial Instruments

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

2. Donations, grants & legacies

	Unrestricted funds £	Restricted funds £	2019 Total £	2018 Total £
Donations	245	21,833	22,078	20,852
Highlands & Islands Enterprise	1,458	1,911	3,369	-
Robertson Trust	-	14,000	14,000	14,000
Argyll & Bute Council	-	3,000	3,000	-
Other Youth Grants	10,204	1,250	11,454	6,300
Comunn na Gàidhlig/Bòrd na Gàidhlig	-	5,000	5,000	4,000
Scottish Land Fund (Hynish)	1,076	-	1,076	68,305
Scottish Natural Heritage	-	12,000	12,000	12,000
Discover Tiree	-	5,000	5,000	5,210
Subscriptions	1,969	-	1,969	644
	<u>14,952</u>	<u>63,994</u>	<u>78,946</u>	<u>131,311</u>

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3. Investment income

	Unrestricted funds £	2019 Total £	2018 Total £
Bank interest receivable	449	449	279
Other interest receivable	7,006	7,006	8,190
Rental Income	6,000	6,000	7,050
	<u>13,455</u>	<u>13,455</u>	<u>15,519</u>

4. Trading subsidiaries

The charity controls the companies listed below either by virtue of holding a controlling interest in the equity share capital: -

Name of subsidiary	Country of incorporation	% of equity share capital held
Tiree Renewable Energy Company Limited	Scotland	100
Community Information Technology Ltd	Scotland	100
Tiree Community Maritime Assets Limited	Scotland	100

Tiree Renewable Energy Company Limited

Renewable Energy- Operation of Windfarm

Community Information Technology Ltd

Operation of community broadband service on the Island of Tiree

Tiree Community Maritime Assets Limited

Own & operate the community maritime assets

5. Incoming resources from charitable activities

	Unrestricted funds £	2019 Total £	2018 Total £
Curam Wages Reimbursements	19,929	19,929	20,763
	<u>19,929</u>	<u>19,929</u>	<u>20,763</u>

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6. Other income

	Unrestricted funds £	Restricted funds £	2019 Total £	2018 Total £
Other income & Fees	3,004	6,042	9,046	7,783
Management charges (TREL, CIT, DT)	29,520	-	29,520	28,050
Sales & refunds	-	3,505	3,505	3,333
Campervan sites	20	7,559	7,579	7,503
	<u>32,544</u>	<u>17,106</u>	<u>49,650</u>	<u>46,669</u>

7. Costs of charitable activities - by fund type

	Unrestricted funds £	Restricted funds £	2019 Total £	2018 Total £
Core Activities	105,191	5,251	110,442	113,053
Windfall Grant Scheme	213,959	-	213,959	51,331
Music, Culture & Gaelic Language	-	25,000	25,000	20,000
Ranger & Access	-	44,384	44,384	44,681
Youth worker	561	32,047	32,608	30,613
Development/Project officers	43,047	19,342	62,389	115,920
Harbours & Marine Projects	-	-	-	4,555
	<u>362,758</u>	<u>126,024</u>	<u>488,782</u>	<u>380,153</u>

8. Costs of charitable activities - by activity

	Activities undertaken directly £	Grant funding activities £	2019 Total £	2018 Total £
Core Activities	105,484	4,958	110,442	113,053
Windfall Grant Scheme	-	213,959	213,959	51,331
Music, Culture & Gaelic Language	25,000	-	25,000	20,000
Ranger & Access	44,384	-	44,384	44,681
Youth worker	32,608	-	32,608	30,613
Development/Project officers	62,389	-	62,389	115,920
Harbours & Marine Projects	-	-	-	4,555
	<u>269,865</u>	<u>218,917</u>	<u>488,782</u>	<u>380,153</u>

Development costs in 2018 were considerably higher due to the impact of legal fees for negotiations regarding the transfer of the Hynish properties.

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9. Net movement in funds for the year

	2019	2018
	£	£
Net movement in funds is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	5,691	5,693
Auditors' remuneration (Note 10)	3,780	3,566
	<u>3,780</u>	<u>3,566</u>

10. Auditors' remuneration

	2019	2018
	£	£
Auditors' remuneration - preparation & audit of the financial statements	3,780	3,566
	<u>3,780</u>	<u>3,566</u>
Auditors' remuneration - other fees:		
- Advisory	-	840
	<u>-</u>	<u>840</u>

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11. Employees

Employment costs	2019	2018
	£	£
Wages and salaries	143,710	154,746
Social security costs	8,897	10,308
Pension costs	5,793	4,632
Other costs	5,021	6,057
	<u>163,421</u>	<u>175,743</u>

Number of employees

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

	2019	2018
	Number	Number
Full Time (more than 3/4 full time hours)	<u>7</u>	<u>7</u>

Key Management Personnel

The total remuneration of key management personnel of the charity, comprising the Board of Trustees (nil remuneration and therefore not included in numbers below) and the General Manager fell within the following bands:

	2019	2018
1 - 9,999	-	-
10,000 - 20,000	-	-
20,001 - 30,000	-	-
30,001 - 40,000	<u>1</u>	<u>1</u>

Total remuneration comprises gross salary, employers national insurance contributions and employers pension contributions.

Trustees' expenses and remuneration

The charity trustees, who are the directors of the company, were not paid and did not receive any remuneration or benefits in kind in their capacity as trustee during the year. However, one trustee received payment for professional services supplied to the charity of £3,335. Two directors were reimbursed for travel expenses in total of £278 and one director received a Windfall grant totalling £139.

No employee received emoluments of more than £60,000 (31 December 2018 : None).

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12. Pension costs

The charity now operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £5,793 (2018; £4,632).

	2019	2018
	£	£
Pension charge	5,793	4,632

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. Tangible fixed assets

	Land and buildings freehold	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2019 and At 31 December 2019	167,014	9,410	176,424
Depreciation			
At 1 January 2019	10,020	7,059	17,079
Charge for the year	3,340	2,351	5,691
At 31 December 2019	13,360	9,410	22,770
Net book values			
At 31 December 2019	153,654	-	153,654
At 31 December 2018	156,994	2,351	159,345

Included in land and property is the purchase of a shop for the benefit of the community which is now rented out. Although the charity does not directly operate the shop as an asset for its own use, the shop was not bought as an investment, or for the purpose of generating income, but was bought to retain the facility for the benefit of the community.

As a result, the asset is shown under fixed assets held by the charity and not as an investment property.

Given that there is no ready market for this property on the island, the directors have chosen to write down the value of the property at 2% per annum i.e over 50 years. As the property purchase was funded primarily from third party funding, the property is included in a restricted capital fund and the depreciation is charged directly to the fund (see note 22). The directors intend to obtain formal valuations of the property every five years and re-assess its value and useful life at that point.

The directors will review their approach to this issue on a regular basis.

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Notes to financial statements
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15. Fixed asset investments	Subsidiary	Subsidiary	Total
	undertakings	undertakings	
Valuation	shares	loans	£
	£	£	£
At 1 January 2019	42,106	377,631	419,737
Additions	-	170,000	170,000
Disposals	-	(179,838)	(179,838)
At 31 December 2019	<u>42,106</u>	<u>367,793</u>	<u>409,899</u>
Historical cost/original loan amount as at 31 December 2019	<u>42,106</u>	<u>712,600</u>	<u>754,706</u>

All fixed asset investments are held within the United Kingdom. The shares held represent 42,100 Ordinary £1 shares in Tiree Renewable Energy Company Limited, 5 Ordinary £1 shares in Community Information Technology Ltd, and one £1 ordinary share in Tiree Community Maritime Assets Limited, all of which are 100% owned subsidiaries (see note 15.). These shares are shown at cost.

The above loan to the charity's subsidiary, Tiree Renewable Energy Company Limited, commenced in February 2013 and carries an interest rate of 1.5% over base. It is repayable over a period of 12 years with the final repayment due in January 2025. Outstanding at 31 December 2019 £317,793.

The Trust paid an interest free loan to Tiree Community Maritime Assets Limited during the year for an initial £170,000 and received £120,000 in repayment. The remaining £50,000 will be repaid in lieu of a grant receipt currently outstanding from Highlands and Islands Enterprise within the next year.

15.1. 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
Tiree Renewable Energy Limited	Scotland	Renewable Energy	Ordinary	100%
Community Information Technology Limited	Scotland	Community Broadband Service	Ordinary	100%
Tiree Community Maritime Assets Limited	Scotland	Own & operate maritime assets	Ordinary	100%

16. Stocks

	2019	2018
	£	£
Finished goods and goods for resale	<u>-</u>	<u>1,325</u>

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17. Debtors

	2019	2018
	£	£
Other debtors	5,911	72,105
Prepayments and accrued income	3,125	2,928
	<u>9,036</u>	<u>75,033</u>

Included in the 2018 debtors is a significant amount of grant of c£68k being claimed in respect of the legal fees incurred in the negotiations for the transfer of the Hynish properties.

18. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	5,672	-
Other taxes and social security	5,987	3,277
Other creditors	2,407	943
Accruals and deferred income	7,158	79,179
	<u>21,224</u>	<u>83,399</u>

The Big Lottery Fund has a floating charge over all of the property and assets of the Trust for all sums due or to become due, in relation to the grant of £712,600 towards the Trust investment in Tiree Renewable Energy Company Limited

The 2018 accruals include a significant amount of £73k in relation to legal and professional fees incurred in the negotiations for the transfer of the Hynish properties.

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Notes to financial statements
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19. Provisions for liabilities - Windfall Fund

	Other provisions
	£
At 1 January 2019	27,565
Charge for the year	3,625
At 31 December 2019	<u>23,940</u>

Provision has been made for commitments made in respect of grants from the Windfall Fund. At the end of the year, the Trust had committed to pay grants of £23,940 (2018; £32,565) which had not been claimed down.

As the majority of grants are claimed down within one year, or expected to be claimed within that period of time, the balances have not been discounted in line with FRS 102

A full list of the grants awarded is available on the Trust website, or via An Tirisdeach (the Tiree newsletter).

20. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fund balances at 31 December 2019 as represented by:			
Tangible fixed assets	-	153,654	153,654
Investment assets	50,103	359,796	409,899
Current assets	519,749	-	519,749
Current liabilities	(21,224)	-	(21,224)
Provision for liabilities	(23,940)	-	(23,940)
	<u>524,688</u>	<u>513,450</u>	<u>1,038,138</u>

Analysis of net assets between funds (prior year)

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fund balances at 31 December 2018 as represented by:			
Tangible fixed assets	2,351	156,994	159,345
Investment assets	103	419,634	419,737
Current assets	493,636	-	493,636
Current liabilities	(83,399)	-	(83,399)
Provision for liabilities	(27,565)	-	(27,565)
	<u>385,126</u>	<u>576,628</u>	<u>961,754</u>

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21. Unrestricted funds

	At 1 January 2019 £	Income	Expenditure	Transfers	At 31 December 2019 £
		£	£	£	
Unrestricted Fund	45,506	87,390	(152,579)	169,562	149,879
Windfall fund	339,620	400,459	(213,959)	(151,308)	374,812
	<u>385,126</u>	<u>487,849</u>	<u>(366,538)</u>	<u>18,254</u>	<u>524,691</u>

Purposes of unrestricted funds

The incoming transfer to general funds represents the capital element of the repayment of the loan to TREL for 2019 which was £59,838 (2018: £58,654), plus contributions from the Windfall Fund to specific internal projects of £26,308.

The Windfall fund closing balance of £374,812 represents ring fenced funds which form part of the closing cash balances of £510,716.

Donations are received each year from TREL for the windfall fund. Total donations of £400,000 were received in respect of 2019, with 20% = £80,000 being allocated to the general fund for overhead costs. Due to changes in the accounting treatment of donations from a trading subsidiary to the parent charity, no further donations were accrued in these accounts.

The Board agreed that as of December 2016 20% of the donations will be allocated to general reserves to reflect the increase in resources required to manage the expanded workload. Interest of £459 on funds held in the account has also been credited to the fund.

Transfers include the Windfall Fund contribution to various internal projects such as TCDT Comms Event (£1,308) and Hynish legal fees contribution (£25,000).

Any post year end grants for internal projects are shown as internal transfers and will be reflected in the fund balances at 1 January 2020.

Unrestricted funds (prior year)

	At 1 January 2018 £	Income	Expenditure	Transfers	At 31 December 2018 £
		£	£	£	
Unrestricted Fund	44,672	160,946	(204,905)	44,793	45,506
Windfall fund	322,592	96,279	(51,331)	(27,920)	339,620
	<u>367,264</u>	<u>257,225</u>	<u>(256,236)</u>	<u>16,873</u>	<u>385,126</u>

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22. Restricted funds

	At 1 January 2019 £	Income £	Expenditure £	Transfers £	At 31 December 2019 £
Capital funds					
BIG - Harvesting the Wind	377,634	-	-	(59,838)	317,796
Tiree Renewable Energy Company	42,000	-	-	-	42,000
Community Shop	156,994	-	(3,340)	-	153,654
Revenue funds					
Ranger/Access Fund	-	29,709	(39,767)	10,058	-
Youth Work, Fresh Fridays, Film Club	-	14,750	(32,031)	17,281	-
Car Park	-	4,730	(8,676)	3,946	-
Music,culture, Gaelic language, Digital	-	30,000	(40,299)	10,299	-
HIE Delivery Resources	-	1,911	(1,911)	-	-
	<u>576,628</u>	<u>81,100</u>	<u>(126,024)</u>	<u>(18,254)</u>	<u>513,450</u>

Purposes of restricted funds

Capital Funds

BIG - Harvesting the Wind

An amount of £712,600 was received from the Big Lottery in 2013 for the express purpose of being loaned to the Tiree Renewable Energy Company Limited to assist in the construction of a wind turbine on Tiree. The transfer to general funds represents the capital repaid during the year.

See Note 15 above regarding the terms and conditions of this loan. Interest earned on this loan is credited to the unrestricted fund.

Tiree Renewable Energy Company

The inter company account was converted into 42,000 Ordinary shares in Tiree Renewable Energy Company Limited in 2010.

Community Shop

A grant was received in 2015 of £134,994 from the Scottish Land Fund towards the purchase of a community shop. Further funds were contributed by the Windfall fund amounting to £34,495. Depreciation is now charged to the fund at 5% straight line. The balance of cash held over was transferred to a separate revenue fund and when all restricted income in respect of the property had been spent in accordance with applicable terms, the remaining balance was released to general reserves in 2016.

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Revenue funds

Youth Work, Fresh Fridays, Film Club

Funds were received from a variety of sources towards the youth and health work carried out by the Trust. Contributions towards this work were made by the Windfall Fund and is shown as an incoming transfer together with a further transfer from general reserves to meet the overall deficit in line with the agreed budget.

Ranger/Access Fund

The Trust took over the operation of the Ranger/Access Project from Tiree Rural Development (TRD) at the end of 2016. This is funded by a variety of sources, including £12k per year from Scottish Natural Heritage, income from camper van tickets, various sales and earned income, as well as ordinary donations, and a grant from the Windfall Fund which is shown as a transfer. Any remaining deficit is met by general funds.

Car Park

Tiree's community, backed by a multi stakeholder working group, seeks to boost its capacity for sustainable and environmentally responsible growth - enhancing our guest experience with the formation of four reinforced parking areas (providing capacity for 95 new formal parking spaces); better access links between parking areas and beaches; improved conditions underfoot; multi-user gates; signage as required; and livestock fencing where appropriate. Planning permission for the site was acquired, along with production of engineers' plans and drawings, however despite a funding offer from the Rural Tourism Infrastructure Fund, we were unable to secure the required match funding. The development of this project is currently on hold to allow priority to be given to other projects. It may be progressed again if suitable funding is found.

Music, Culture, & Gaelic Language

A private donation of £20,000 was received from David Henrique in the year specifically to enable TCDT to support the Tiree Music Festival and a grant of £25,000 was made to TMF. Another grant of £5k was received from CNAG/BNAG towards the Music & Culture post. Gift aid of £5,000 which was claimed after the year end is also credited to the fund. A transfer was made from general reserves to meet the deficit in line with expectations.

HIE Delivery Resources

Development funding for staff costs to assist in delivering priority projects and contributing to the overall growth plan for the Trust.

23. General commitments

Although the Trust was not contractually committed at the year end to any significant capital expenditure, several major projects were underway and were expected not to lead to material commitments after the year end.

In respect of the harbours at Scarinish and Milton, further costs in respect of works at Milton Harbour will be match funded by the Trust but the amount will depend on the scale and timing of the works undertaken.

The Trust loaned £40,000 to CMAC Business Services Limited after the year end. This was an emergency loan to the current operators of the local fuel station. The loan is on standard commercial terms but is unsecured, albeit part of a wider project for community ownership of the fuel station in the future.

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24. Related party transactions

During the year the Trust (TCDT) charged management fees to its subsidiary companies amounting to £24,000 for TREL and £4,320 for CIT, and a management charge of £1,200 to a separate company, Discover Tiree Ltd.

The Trust received donations from its subsidiary Tiree Renewable Energy Limited (TREL) of £400,000 (2018; £120,000), which was all paid in the year. The Trust also received interest of £7,006 (2018; £8,190) from TREL in respect of its loan investment in the company. The amount of the loan outstanding at the year end was £317,793 (see note 15)

The Trust loaned £170,000 to Tiree Community Maritime Assets (TCMAL) and £120,000 was repaid before the year end. The outstanding balance is interest free and will be repaid in lieu of a grant receipt currently outstanding from Highlands and Islands Enterprise within the next year. The Trust has a standard security over the assets of TCMAL.

The Trust has paid grants via the Windfall Fund of £173,314 towards the TCMAL Harbour project in contributory funding with Marine Scotland and Highlands & Islands Enterprise.

The assets of Discover Tiree Limited were transferred to the Trust during the year. Discover Tiree was not a charity but limited by guarantee, operating for the benefit of the Isle of Tiree Community and shares common directors with the Trust. There was no formal agreement and was simply a transfer of intellectual property consisting of a website, along with customer subscriptions lists and the business bank cash balance at 27 November 2019. The Trust will operate the website and subscription list as part of its general operation and contributing to the wider promotion of Tiree.

There were no other related party transactions in the year.

25. Post balance sheet events

The Directors have reviewed both the financial and business risks that the current COVID crisis presents for the company 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 company has sufficient resources to emerge from the COVID hibernation period to continue trading in accordance with any applicable restrictions.

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26. Gross cash flows

	2019	2018
	£	£
Returns on investments and servicing of finance		
Income from other investment assets	6,000	7,050
Interest received	7,455	8,469
	<u>13,455</u>	<u>15,519</u>
Capital expenditure and financial investment		
Payments to acquire investments (Shares in TCMAL)	(170,000)	(1)
Receipts from investments/loan repayments	179,838	58,654
	<u>9,838</u>	<u>58,653</u>

27. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	417,278	93,438	510,716
Net funds	<u>417,278</u>	<u>93,438</u>	<u>510,716</u>

28. Company limited by guarantee

Tiree Community Development 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.