

COMPANY REGISTRATION NUMBER: SC401019
CHARITY REGISTRATION NUMBER: SC043587

Kyle of Sutherland Development Trust
Company Limited by Guarantee
Financial statements
30 June 2019

Kyle of Sutherland Development Trust

Company limited by guarantee

Financial statements

Year ended 30 June 2019

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Kyle of Sutherland Development Trust

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Trustees' annual report (incorporating the directors' report)

Year ended 30 June 2019

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 30 June 2019.

Chair's report

An Overview of the Year

Leadership

This has been another year of both internal growth and consolidation of our focus for the Trust.

In August 2018 we saw Helen Houston stand down as Trust Manager and David Watson appointed to replace her.

Helen has driven the Trust from a struggling organisation, little more than a concept, to a vibrant organisation managing major capital projects as well as providing a great number of social care and social research initiatives; all of which have been well received within our community. Most of the capital projects were completed under Helen's direction, with the others left to her successor as on-going work. At the time of Helen's departure the Trust was responsible for some 17 FTE jobs within the community. That is some legacy to be proud of. However, inevitably, a lot of those jobs are, or were, time limited by the terms of the grant funding made available to support them and, as time goes on, there will be progressively fewer jobs of this nature in place. Scottish Government, in one form or another, is usually the main source of funding of this kind and, in common with the rest of the economy, these funds are becoming increasingly difficult to access.

I thank Helen hugely for her vision, her hard work and her loyalty over the years that I have worked with her. Her legacy at the Trust has set the height of the bar for her successor and, because of her, we all now have a sound foundation upon which to build our future.

David Watson was appointed as Helen's successor in October 2018. He is a local man with a passion (and I use that word on purpose) for long term sustainable social development in his home district. He comes with a good pedigree of success in previous roles and has set the Trust out on a new and interesting trajectory. His ability to adjust plans to changing circumstances, both social and financial, is an enormous asset to the Trust. It is clear that large scale capital works are very much more difficult to finance than in previous years and his drive has been to enhance and renew social improvement projects. These are being successful, as are his efforts at fund raising for them. That kind of project work is less visible, less dramatic and less demanding on capital than large scale physical works but, and this is the important point, they have a more lasting and meaningful direct effect on residents within our community; whilst to a large extent utilising some of the capital improvements which have been previously created.

David and his team are taking a leading role in developing a blueprint for community involvement in the ever-growing on-shore windfarm industry. Simultaneously, they are developing a strategy to establish a long-term endowment fund which will be funded by public and NGO donation. In the fullness of time, these initiatives should generate funds into the long term which will maintain the Trust's core funding requirements, allowing it even greater freedom to concentrate its efforts on community social improvement. Most importantly, this will enable the Trust to be self-funding into the long-term future. Success with these initiatives will transform the future of the Trust.

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

Leadership *(continued)*

He is also highly successful in his role as a catalyst for co-operation between other community-based groups and the Trust. I believe that a growth in co-operation between our various anchor organisations and major social service providers will mark the future for social development within our wider community. This is a large part of David's vision for the future and, make no mistake, it should be recognised and fully supported throughout our community, especially by community organisations, if we are to thrive and prosper in these current times of economic restraint.

I believe that David will be in post for the long term. He is a man of integrity, vision and ability. To my mind he is well suited to his role and should be supported throughout the community. Welcome to the Trust, David.

Thank you to the two Trust Managers - both Helen and David. We would not be in the strong position we are in were it not for the unstinting efforts of both of you.

Assets owned by the Trust on behalf of the community

Falls of Shin Visitor Attraction & Café

Falls of Shin, in its new form, was officially opened in May 2017. We now lease the Falls of Shin visitor centre to an operator who provide several jobs during the tourist season. We will continue to work with our operator to develop career paths in hospitality so that local youngsters can see the industry as a viable career choice.

Ardgay Regeneration – This project demolished a derelict hotel, converted an old barn into a business centre, created a village square and enabled Albyn Housing to build new affordable housing units, the first to be built in the area for nearly 30 years. The homes became occupied this year which has added considerable life to the project. KoSDT will look to help develop more affordable homes in the area in the future.

The Barn Business Centre – KoSDT now employs 11 staff in The Barn Business Centre, many of whom are local to the area and are in a position to utilise qualifications that were previously difficult to deploy in a traditional land-based economy. We also lease accommodation to 3 local businesses (CH Architecture, Highland Wireless and Hair at The Barn) who between them employ 8 people. The Barn has also provided a great working space for Business Gateway (2 employees) who support many small businesses across Sutherland and Ross-Shire.

Bonar Bridge Post Office - Bonar Bridge's Post Office was purchased by the Trust in May 2014. This opportunity enabled the community of the Kyle of Sutherland to secure the Post Office as a stand-alone service in its current location at a time when the trend was for post office branches across Sutherland to close and be relocated into other shops such as newsagents and chemists. This has retained 2 jobs (there are 4 additional postal delivery jobs retained in the area). The Postmaster, Chris Bowden, is delivering a wonderful service to the community at the same time as running his own business, Heaven Bikes, from the premises.

Superfast Broadband - Thanks to a grant from the SSE Beatrice Fund, the Trust purchased equipment which it is leasing to Highland Wireless who is delivering and managing a superfast broadband service across the Kyle of Sutherland area. The first phase of the project was launched in April 2018. There are already 85 properties signed up to receive this transformational service.

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

Projects

The Community Food Stop Café - The Community Food Stop is a café selling healthy, wholesome and nutritious food. It is based within Bonar Bridge Community Hall, every Monday. The aim is to make nutritious food available to all, not just those who can afford it, and where people can afford to pay something for their food they can do so in a dignified manner. Everyone is welcome at the café, as the focus is also on social inclusion. This means that those who normally have to eat alone, can come along to the café and eat with others and perhaps make new friends.

Funding for the community café has been provided by the Scottish Government through the Fair Food Transformation Fund. In response to requests from support services, such as CAB and Family First, weekly food supplies were provided to those referred. Christmas food hampers were also delivered to households identified as being in most need. The average number attending is 55. The success of the café is very much based on the good food and service which is provided by the band of volunteers who come along every week. The directors extend their thanks to all the volunteers.

Keep Active Together (KAT) – The Keep Active Together programme was set up in 2015. Funding from the Scottish Government continued this year and the project has been able to deliver another year of activities with the Project Officer and assistant continuing in their posts, delivering a varied programme of activities and events to promote physical and mental health and well-being, particularly amongst the more vulnerable in our community. Popular weekly activities include ballroom dancing, latin-cardio fit and yoga amongst others.

Another important focus of the project is social inclusion and combatting loneliness, so many activities include a social element, with time for people to chat and enjoy refreshments. Numbers attending the sessions have increased this year due in part to the continued provision of the classes in a variety of venues and at different times in the day. Implementation of the project provides income for independent activity contractors and for the local community halls.

An application has been submitted to the Scottish Government for funding that will allow The Community Food Stop and Keep Active Together to continue until September 2021.

The Energy Advice Service (TEAS) – TEAS was a two-year project funded by the Scottish Government's Climate Challenge Fund. The team visited clients in their home to help them find practical and affordable ways to save energy, as well as to reduce their carbon footprint. Over 200 clients received a complete energy check and a written report. The team of 2.5 employees also ran an ambitious education programme. The service was completely free and impartial and in 2018 the team won an award at the Scottish Climate Challenge Awards. Unfortunately, an application to the Climate Challenge Fund to extend the service was unsuccessful and the project ended in March 2019.

Project Inspire - From October 2017, funding from the Aspiring Communities Fund (Scottish Government and the European Social Fund) allowed the Trust to employ a Contracts Manager to manage the Trust's own assets and capital projects; and a Marketing Officer to provide marketing support to raise the profile of the Trust's projects, and to other local voluntary organisations including Heart of Sutherland Tourism.

The project also allowed the Trust's Manager to work in partnership with CH Architecture to deliver early stage project development advice to community organisations in the Highlands; this involved presentations to communities, architectural studies, or funding advice where appropriate.

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

Projects *(continued)*

Sutherland Community Engagement – Through funding from the Aspiring Communities Fund (Scottish Government and the European Social Fund) KoSDT was able to employ 2.5 new staff members to carry out a Sutherland-wide community engagement project in collaboration with the Sutherland Community Partnership (SCP). The Community Engagement Team produced Community Plans for all community council areas in Sutherland. These Locality Plans will, in addition to informing the work of the SCP, also support local communities in identifying development projects, evidencing funding proposals and informing further engagement activities. The project will be complete in December 2019.

External Contracts – As part of the Trust's strategy to become more sustainable, KoSDT's Contracts Team is delivering external contracts to other community organisations. KoSDT continue to work with The Embo Trust (TET) on the redevelopment of The Old School - Embo. The team has also been contracted by Edderton Hall Committee to redevelop the village's playpark and are currently in discussions with several other communities to try and help community developments across the Highlands. By working on external projects such as this, the Trust is earning income which contributes to its sustainability.

Future developments:

Tourism - In the future we will be actively working to promote sustainable tourism in the area as we see this as a key way to stimulate the economy and give businesses an opportunity to thrive. The Trust Manager has recently been invited on to the North Highland Initiative Tourism Board.

Transport - Lack of sustainable transport provision in the area is something that KoSDT are keenly aware of. Therefore, we are looking to undertake some research into current provision (or lack thereof) and, look for ways in which innovative and sustainable interventions can be made in the future.

Community Assets – KoSDT wish to redevelop Bonar Bridge Post Office to make it fit for purpose for a 21st century rural community.

Environmental – KoSDT wish to develop a local growing project connected with the Community Food Stop. Funding has been sought to erect a poly tunnel beside The Barn, this could then be extended to other poly tunnels in the main settlements.

The Trust has made a great impact on the local community over the past few years. However, we are still mainly reliant on grant funding to operate. My vision as Chairman is that in 5-8 years the Trust will be generating income streams through ownership of renewable energy projects, an endowment fund and commercial trading that will allow it to cover its core costs. This will allow the Trust to be more strategic and less reliant on grant income. However, until this time the Trust will still need some support to reach its goals of being a sustainable community development trust.

The Trust would also like to thank the following funders:

SSE Achany Community Windfarm fund for funding the Trust Manager's post.

EON Rosehall Community Benefit fund for the funding of the Office Manager's salary; a training grant for Trust staff; and for the 'Helping Hands' scheme which has supported many people in the Kyle with small grants to fund fuel, household emergencies and a wide variety of items which has made the lives of the recipients easier.

The Development Trust Association Scotland for funding the Contracts Assistant post from April 2018 - March 2019 while she studies for a Business Management degree at Strathclyde University through a new Graduate Level Apprenticeship initiative designed to allow students to study whilst working at the same time.

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

Membership

Trust Membership now stands at 244, thank you all for giving us your support.

The Team

On behalf of the directors I wish to thank all of the staff for their passion and dedication towards the achievement of the Trust mission being to ensure that long-term, sustainable benefits are achieved throughout the community and the Kyle of Sutherland area.

Supporters:

On behalf of the Board of Directors I would like to take this opportunity to thank:

The Scottish Government
European Social Funds
The Highland Council
Sutherland Community Planning Partnership
Highland and Islands Enterprise
SSE Achany Community Windfarm Fund
EON Rosehall Community Windfarm Fund
The Climate Challenge Fund
Beinn Tharsuinn windfarm
Ardgay & District Community Council
Creich Community Council
The Energy Saving Trust
Development Trusts Association Scotland
Big Lottery Scotland

Pete Campbell (Chairman)

19 March 2020

Kyle of Sutherland Development Trust

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

Reference and administrative details

Registered charity name Kyle of Sutherland Development Trust

Charity registration number SC043587

Company registration number SC401019

Principal office and registered office The Barn
Drovers Square
Ardgay
Sutherland
IV24 3AL

Trustees R Boothroyd
P C Campbell
J A Knight
P R Orrel
A J Wright
Prof. N P Simco
P R Monahan

Company secretary D G Watson

Auditor FKF Accounting Limited
Chartered Accountants & statutory auditor
Metropolitan House
31-33 High Street
Inverness
IV1 1HT

Kyle of Sutherland Development Trust

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

Structure, governance and management

Kyle of Sutherland Development Trust is a charitable company, limited by guarantee, which was incorporated on 6 June 2011. The company was established under its Articles of Association which established the objects and powers of the company together with its principles of governance. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The company was recognised as a charity with effect from 23 November 2012.

Trustees

The names of the persons who served as trustees during the year and up to the date of this report are listed on page 6. The Articles of Association allow for a maximum of eight trustees and a minimum of four. Ardgay and District and Creich Community Councils each nominate a trustee and six trustees are nominated from the membership. The charity is administered by the board of trustees who meet on a quarterly basis. Day to day running of the company is carried out by paid staff. Trustees are not remunerated for their work.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

Objectives and activities

The purpose of the charity is to advance the citizenship or community development to include, rural and urban regeneration and the promotion of civic responsibility, volunteering, the voluntary sector or the effectiveness or efficiency of charities in the Kyle of Sutherland.

Achievements and performance

Please find a summary of the charity's list of achievements and performance during the course of the year in the Chair's report on pages 1 to 5.

Financial review

The charity has generated a deficit for the year of £112,949 (2018 - surplus of £910,906). This is after a non-cash depreciation charge of £80,831 (2018 - £84,129). It is the policy of the charity that free reserves, which are those unrestricted funds not invested in fixed assets, designated for specific or otherwise committed, should be maintained at a level equivalent to three months expenditure. This level of reserves has been maintained throughout the year, with free reserves at the year end totalling £31,060 (2018 - £37,879).

Total unrestricted funds at the year end amount to £81,812 (2018 - £89,800). The charity also holds restricted funds at the year end amounting to £2,228,535 (2018 - £2,333,496). Restricted funds comprise funds advanced for a specific purpose.

Kyle of Sutherland Development Trust

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Kyle of Sutherland Development Trust

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Trustees' annual report (incorporating the directors' report) *(continued)*

Year ended 30 June 2019

The trustees' annual report (incorporating the directors' report) was approved on 19 March 2020 and signed on behalf of the board of trustees by:

Pete Campbell (Chairman)
Trustee

Kyle of Sutherland Development Trust

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Independent auditor's report to the members of Kyle of Sutherland Development Trust

Year ended 30 June 2019

Opinion

We have audited the financial statements of Kyle of Sutherland Development Trust (the 'charity') for the year ended 30 June 2019 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 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;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 23 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

Kyle of Sutherland Development Trust

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Independent auditor's report to the members of Kyle of Sutherland Development Trust *(continued)*

Year ended 30 June 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters 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' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept, 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' 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Kyle of Sutherland Development Trust

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Independent auditor's report to the members of Kyle of Sutherland Development Trust *(continued)*

Year ended 30 June 2019

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 is not a guarantee that an audit conducted in accordance with ISAs (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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Kyle of Sutherland Development Trust

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Independent auditor's report to the members of Kyle of Sutherland Development Trust *(continued)*

Year ended 30 June 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's members 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jillian Munro MA CA (Senior Statutory Auditor)

For and on behalf of
FKF Accounting Limited
Chartered Accountants & statutory auditor
Metropolitan House
31-33 High Street
Inverness
IV1 1HT

Kyle of Sutherland Development Trust

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Statement of financial activities (including income and expenditure account)

Year ended 30 June 2019

		2019			2018
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	6,127	74	6,201	1,262
Charitable activities	6	114,138	392,608	506,746	1,480,895
Investment income	7	29	–	29	15
Total income		<u>120,294</u>	<u>392,682</u>	<u>512,976</u>	<u>1,482,172</u>
Expenditure					
Expenditure on charitable activities	8,9	134,988	490,937	625,925	571,266
Total expenditure		<u>134,988</u>	<u>490,937</u>	<u>625,925</u>	<u>571,266</u>
Net (expenditure)/income		<u>(14,694)</u>	<u>(98,255)</u>	<u>(112,949)</u>	<u>910,906</u>
Transfers between funds		6,706	(6,706)	–	–
Net movement in funds		<u>(7,988)</u>	<u>(104,961)</u>	<u>(112,949)</u>	<u>910,906</u>
Reconciliation of funds					
Total funds brought forward		89,800	2,333,496	2,423,296	1,512,390
Total funds carried forward		<u>81,812</u>	<u>2,228,535</u>	<u>2,310,347</u>	<u>2,423,296</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 17 to 25 form part of these financial statements.

Kyle of Sutherland Development Trust

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Statement of financial position

30 June 2019

	Note	2019 £	£	2018 £
Fixed assets				
Tangible fixed assets	14		2,232,723	2,261,954
Current assets				
Debtors	15	9,423		21,333
Cash at bank and in hand		80,872		141,900
		90,295		163,233
Creditors: amounts falling due within one year	16	12,671		1,891
Net current assets			77,624	161,342
Total assets less current liabilities			2,310,347	2,423,296
Net assets			2,310,347	2,423,296
Funds of the charity				
Restricted funds			2,228,535	2,333,496
Unrestricted funds			81,812	89,800
Total charity funds	19		2,310,347	2,423,296

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

These financial statements were approved by the board of trustees and authorised for issue on 19 March 2020, and are signed on behalf of the board by:

Pete Campbell (Chairman)
Trustee

The notes on pages 17 to 25 form part of these financial statements.

Kyle of Sutherland Development Trust

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Statement of cash flows

Year ended 30 June 2019

	2019 £	2018 £
Cash flows from operating activities		
Net (expenditure)/income	(112,949)	910,906
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	80,831	84,129
Other interest receivable and similar income	(29)	(15)
Accrued expenses	5,270	–
<i>Changes in:</i>		
Trade and other debtors	11,910	18,006
Trade and other creditors	5,510	(66,074)
Deferred income movement	–	(25,045)
Cash generated from operations	(9,457)	921,907
Interest received	29	15
Net cash (used in)/from operating activities	(9,428)	921,922
Cash flows from investing activities		
Purchase of tangible assets	(56,600)	(991,624)
Proceeds from sale of tangible assets	5,000	115,000
Net cash used in investing activities	(51,600)	(876,624)
Net (decrease)/increase in cash and cash equivalents	(61,028)	45,298
Cash and cash equivalents at beginning of year	141,900	96,602
Cash and cash equivalents at end of year	80,872	141,900

The notes on pages 17 to 25 form part of these financial statements.

Kyle of Sutherland Development Trust

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Notes to the financial statements

Year ended 30 June 2019

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is The Barn, Drovers Square, Ardgay, Sutherland, IV24 3AL.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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 (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for at least the next 12 months. Thus the charity continues to adopt the going concern basis of accounting in preparing its financial statements.

Judgements and key sources of estimation uncertainty

The trustees consider there to be no critical judgements or key sources of estimation uncertainty.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal.

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates.

Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities. All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and buildings	-	2.5% straight line
Fixtures and fittings	-	10% straight line
Equipment	-	20% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Financial assets that are measured at cost are reviewed for objective evidence of impairment at the end of each reporting date.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Limited by guarantee

Kyle of Sutherland 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 company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member.

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Donations			
Donations	<u>6,127</u>	<u>74</u>	<u>6,201</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Donations			
Donations	<u>654</u>	<u>608</u>	<u>1,262</u>

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Grant income	44,562	364,099	408,661
Rental income	42,979	7,660	50,639
Business services	19,308	19,164	38,472
FOS trading	5,618	–	5,618
Fundraising events	–	1,685	1,685
Other income	<u>1,671</u>	<u>–</u>	<u>1,671</u>
	<u>114,138</u>	<u>392,608</u>	<u>506,746</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Grant income	51,471	1,308,907	1,360,378
Rental income	60,418	6,302	66,720
Business services	11,488	23,086	34,574
FOS trading	5,473	(20)	5,453
Core cost recovered	1,000	–	1,000
Fundraising events	1,651	231	1,882
Other income	<u>10,728</u>	<u>160</u>	<u>10,888</u>
	<u>142,229</u>	<u>1,338,666</u>	<u>1,480,895</u>

7. Investment income

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Bank interest receivable	<u>29</u>	<u>29</u>	<u>15</u>	<u>15</u>

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

8. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Environmental	–	101,039	101,039
Business	50,928	–	50,928
Community	–	276,316	276,316
Development	–	38,420	38,420
General	82,430	75,162	157,592
Support costs	1,630	–	1,630
	<u>134,988</u>	<u>490,937</u>	<u>625,925</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Environmental	–	132,447	132,447
Business	31,022	–	31,022
Community	–	184,931	184,931
Development	–	79,243	79,243
General	62,998	78,125	141,123
Support costs	2,500	–	2,500
	<u>96,520</u>	<u>474,746</u>	<u>571,266</u>

9. Expenditure on charitable activities by activity type

	Activities undertaken directly	Support costs	Total funds 2019 £	Total fund 2018 £
Environmental	101,039	–	101,039	132,447
Business	50,928	–	50,928	31,022
Community	276,316	–	276,316	184,931
Development	38,420	–	38,420	79,243
General	157,592	–	157,592	141,123
Governance costs	–	1,630	1,630	2,500
	<u>624,295</u>	<u>1,630</u>	<u>625,925</u>	<u>571,266</u>

10. Net (expenditure)/income

Net (expenditure)/income is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	<u>80,831</u>	<u>84,129</u>

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

11. Auditors remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>1,630</u>	<u>2,500</u>

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2019	2018
	£	£
Wages and salaries	334,218	278,294
Employer contributions to pension plans	7,560	6,642
	<u>341,778</u>	<u>284,936</u>

The average head count of employees during the year was 15 (2018: 14).

No employee received employee benefits of more than £60,000 during the year (2018: Nil).

13. Trustee remuneration and expenses

None of the Trustees or key management personnel (or any persons connected with them) received any remuneration or reimbursement of expenses during the year (2018 - £nil).

14. Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 July 2018	2,226,644	3,609	169,514	2,399,767
Additions	51,116	–	5,484	56,600
Disposals	(5,000)	–	–	(5,000)
At 30 June 2019	<u>2,272,760</u>	<u>3,609</u>	<u>174,998</u>	<u>2,451,367</u>
Depreciation				
At 1 July 2018	78,996	1,705	57,112	137,813
Charge for the year	56,818	361	23,652	80,831
At 30 June 2019	<u>135,814</u>	<u>2,066</u>	<u>80,764</u>	<u>218,644</u>
Carrying amount				
At 30 June 2019	<u>2,136,946</u>	<u>1,543</u>	<u>94,234</u>	<u>2,232,723</u>
At 30 June 2018	<u>2,147,648</u>	<u>1,904</u>	<u>112,402</u>	<u>2,261,954</u>

15. Debtors

	2019	2018
	£	£
Other debtors	<u>9,423</u>	<u>21,333</u>

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

16. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	145	366
Accruals and deferred income	6,395	1,125
Social security and other taxes	3,532	–
Other creditors	2,599	400
	<u>12,671</u>	<u>1,891</u>

17. Deferred income

	2019	2018
	£	£
At 1 July 2018	–	25,045
Amount released to income	–	<u>(25,045)</u>
At 30 June 2019	<u>–</u>	<u>–</u>

18. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £7,560 (2018: £6,642).

19. Analysis of charitable funds

Unrestricted funds

	At 1 July 2018	Income	Expenditure	Transfers	At 30 June 2019
	£	£	£	£	£
Trading income	168,505	32,291	(5,848)	–	194,948
Office	(120,388)	60,115	(80,799)	6,706	(134,366)
FOS trading	29,436	19,133	(31,311)	–	17,258
Other	12,247	8,755	(17,030)	–	3,972
	<u>89,800</u>	<u>120,294</u>	<u>(134,988)</u>	<u>6,706</u>	<u>81,812</u>

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

19. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 July 2018	Income	Expenditure	Transfers	At 30 June 2019
	£	£	£	£	£
Post Office	46,393	–	–	–	46,393
Post Office House	120,634	–	(4,668)	–	115,966
FOS Build	1,171,733	3,728	(39,122)	–	1,136,339
CHESS	1,446	–	(103)	–	1,343
Arday Regeneration	937,115	(88,984)	(29,603)	–	818,528
KAT	(16,865)	53,097	(54,615)	–	(18,383)
EAS	(140)	–	–	140	–
CDO	(1,884)	40,000	(38,118)	2	–
FOS Experience	(2,730)	36,157	(33,447)	20	–
ES Energy Advice	139	–	–	(139)	–
FETF	(5,288)	41,325	(41,665)	–	(5,628)
ACF - Business					
Dev/Inspire	3,684	80,477	(73,121)	–	11,040
ACF - Comm					
Engagement	16,843	56,237	(56,890)	–	16,190
Broadband Project	21,407	30,928	(5,560)	–	46,775
EMBO	3,470	18,091	(4,406)	–	17,155
The Energy Advice					
Service	(5,656)	68,322	(62,931)	(1)	(266)
Tulloch Road	15,965	–	(460)	–	15,505
Electric Car	22,044	–	(2,400)	–	19,644
DTAS	–	46,193	(38,962)	(6,728)	503
Other	5,186	7,111	(4,866)	–	7,431
	<u>2,333,496</u>	<u>392,682</u>	<u>(490,937)</u>	<u>(6,706)</u>	<u>2,228,535</u>

Information on material funds:

Post office, Post Office House, FOS Build, Arday Regeneration, Broadband Project, Tulloch Road and Electric Car – represents restricted funds mainly held within tangible fixed assets.

Keeping Active Together (KAT) – represents funds used to deliver activities and events to promote physical and mental health, and well-being among the vulnerable in the Kyle of Sutherland area. The deficit balance represents costs expended in advance; these were fully recovered after the year end.

ACF Business Dev/Inspire – represents funds to employ a contract manager to manage the charity's assets and capital projects, and a marketing officer to raise awareness of the charity's projects.

ACF Community Engagement – represents funds to employ staff to produce community plans and assist with identifying development projects in the Sutherland area.

Embo – represents funds in relation to the external contract work carried out on the redevelopment of the Old School, Embo.

Kyle of Sutherland Development Trust

Company limited by guarantee

Notes to the financial statements *(continued)*

Year ended 30 June 2019

20. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Tangible fixed assets	50,750	2,181,973	2,232,723	2,261,954
Current assets	43,733	46,562	90,295	163,233
Creditors less than 1 year	(12,671)	–	(12,671)	(1,891)
Net assets	<u>81,812</u>	<u>2,228,535</u>	<u>2,310,347</u>	<u>2,423,296</u>

21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets measured at amortised cost	<u>9,423</u>	<u>20,769</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>6,540</u>	<u>1,491</u>

22. Related parties

There were no disclosable related party transactions during the year (2018 - none).

23. Ethical standards

In common with many other charities of our size and nature we use our auditors to assist with the preparation of the financial statements.

Kyle of Sutherland Development Trust

Company limited by guarantee

Management information

Year ended 30 June 2019

The following pages do not form part of the financial statements.

Kyle of Sutherland Development Trust

Company limited by guarantee

Detailed statement of financial activities

Year ended 30 June 2019

	2019 £	2018 £
Income and endowments		
Donations and legacies		
Donations	<u>6,201</u>	<u>1,262</u>
Charitable activities		
Grant income	408,661	1,360,378
Rental income	50,639	66,720
Business services	38,472	34,574
FOS trading	5,618	5,453
Core cost recovered	–	1,000
Fundraising events	1,685	1,882
Other income	1,671	10,888
	<u>506,746</u>	<u>1,480,895</u>
Investment income		
Bank interest receivable	<u>29</u>	<u>15</u>
Total income	<u>512,976</u>	<u>1,482,172</u>
Expenditure		
Expenditure on charitable activities		
Purchases	17,270	15,858
Wages and salaries	334,218	278,294
Pension costs	7,560	6,642
Rent	3,723	4,326
Rates and water	8,375	8,623
Light and heat	6,226	6,255
Repairs and maintenance	30,389	13,008
Insurance	7,174	2,523
Other establishment	15,170	12,460
Motor vehicle expenses	1,956	2,616
Other motor/travel costs	22,402	27,735
Legal and professional fees	8,098	19,253
Telephone	5,872	3,545
Other office costs	34,587	30,780
Depreciation	80,831	84,129
Events	24,083	21,589
Advertising	5,073	8,657
Training	6,103	14,538
CGS support grants	–	10,435
Bad debts	6,815	–
	<u>625,925</u>	<u>571,266</u>
Total expenditure	<u>625,925</u>	<u>571,266</u>
Net (expenditure)/income	<u>(112,949)</u>	<u>910,906</u>