

REGISTERED COMPANY NUMBER: SC272756
REGISTERED CHARITY NUMBER: SC036807

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED
REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013**

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

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for the year ended 31 August 2013**

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**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**REPORT OF THE TRUSTEES
for the year ended 31 August 2013**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC272756

Registered Charity number

SC036807

Registered office

Drummond House
Balnafoich Crossroads
Farr
Inverness
IV2 6XG

Trustees

| | | |
|----------------|-------|------------------------|
| D G Meiklejohn | Chair | |
| J M MacLeod | | - resigned 14/12/2012 |
| R M Hutcheson | | - resigned 14/12/2012 |
| T Kell | | - resigned 14/12/2012 |
| D Henderson | | |
| R K Peel | | |
| J P Murray | | |
| E Hardie | | |
| D Read | | |
| C A MacKenzie | | |
| D E G Rennie | | |
| M H Fitzgerald | | - appointed 14/12/2012 |
| N Duncan | | - appointed 14/12/2012 |
| T G Colbourne | | - appointed 14/12/2012 |
| K P Davies | | - appointed 14/12/2012 |
| | | - resigned 15/9/2013 |

Company Secretary

C Davies

Independent examiner

John Fraser, MA, CA
MacKenzie Kerr Limited
Chartered Accountants
Redwood, 19 Culduthel Road
Inverness
IV2 4AA

Bankers

Clydesdale Bank plc
32 Longman Road
Inverness
IV1 1RY

Solicitors

Munro & Noble
26 Church Street
Inverness
IV1 1HX

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**REPORT OF THE TRUSTEES
for the year ended 31 August 2013**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, its Memorandum and Articles of Association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The company has one member which is the Strathnairn Community Council. The management of the company is the responsibility of the trustees who are elected under the terms of the Memorandum and Articles of Association.

Recruitment and appointment of new trustees

The board shall consist of not less than ten and not more than twelve trustees. One third of all trustees are required to retire at the annual general meeting on a rotational basis and may not be reappointed for three years. No person other than a trustee retiring by rotation shall be appointed or reappointed a trustee at any general meeting unless he is recommended by the trustees or, within the required time limits, notice is given by a member qualified to vote of the intention to propose that person for appointment or reappointment.

Induction and training of new trustees

To make sure any new trustee becomes familiar with all aspects of the Strathnairn Community Benefit Fund Limited, before joining they are provided with a copy of the charity's governing document (Memorandum and Articles of Association) and information about the aims and objectives of the charity. The role and responsibilities of a new trustee should be clearly identified and the level of their commitment clearly agreed to, they will also be provided with a copy of the OSCR's guidance for charity trustees.

Related parties

The charity has only one member, which is the Strathnairn Community Council. Trustees appointed by the Strathnairn Community Council shall at all times be in a minority on the board.

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

Objectives and aims

The company was set up by the Strathnairn Community Council to administer on its behalf the community funds emanating from the Farr Windfarm. In addition, the company now manages funds emanating from Dunmaglass Windfarm. In order to achieve this task the company solicits and receives applications for funding from local residents and institutions. It also invests monies not needed immediately for grants in bank deposits which give maximum safety and flexibility.

Significant activities

The principal activity of the company is the promotion of urban or rural regeneration in areas of social and economic deprivation in the Strathnairn Community Council area.

Grantmaking

The company makes such grants as are allowed by the Minute of Agreement with Farr Windfarm Limited and the minute of agreement with Mondaliath Energy Limited and by the Memorandum of Association as approved by the Office of the Scottish Charity Regulator.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The grants awarded by the Fund have been categorised under the headings of General Grants, Venture Grants, Further Education and Training Grants, Home Heating Grants, Renewables, Sports Support Grants and Learning/Development Grants.

Grants and donations awarded during the year amounted to £77,681 (2012 - £85,687), with attributable support costs of £7,320 (2012 - £6,256) and governance costs of £4,193 (2012 - £1,284).

As of 31 August 2013, there were no grants approved but unpaid:

FINANCIAL REVIEW

Reserves policy

The General Fund represents the unrestricted funds arising from past operating results. It also represents the free reserves of the charity. The trustees have agreed to maintain a balance in the General Fund of not less than £450,000. At the current time, the trustees have agreed to maintain the £400,000 income received from Monadliath Energy Limited for long term projects and this is in addition to the balance of £450,000 already the General Fund.

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**REPORT OF THE TRUSTEES
for the year ended 31 August 2013**

FINANCIAL REVIEW

Principal funding sources

The principal funding source is the income received from Farr Windfarm Limited, who established a community benefits package paid on completion of the wind farm sited in the area and Monadiath Energy Limited, who have established a community benefits package paid on the signing of the agreement and with further funding to be received on commissioning of the windfarm. This fund is designed to support local projects and events.

Investment policy and objectives

In order to take account of the current uncertain financial situation, the company adopted a policy of investing its available capital in amounts of up to £85,000 in separate institutions in order to be covered by the insurance provided by the Financial Services Compensation Scheme guarantee, with the remaining funds invested in a selection of unit trusts.

FUTURE DEVELOPMENTS

The company will continue to consider and, where appropriate, approve grants. The company will endeavour to limit annual grants to the amount of the interest received and the annual payment from Farr Windfarm Limited.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Strathnairn Community Benefit Fund Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees 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 those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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

ON BEHALF OF THE BOARD :

.....
C Davies - Secretary

Date:

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

I report on the accounts for the year ended 31 August 2013 set out on pages five to nine.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and to comply with Regulation 8 of the 2006 Accounts Regulations

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

John Fraser, MA, CA
MacKenzie Kerr Limited
Chartered Accountants
Redwood, 19 Culduthel Road
Inverness
IV2 4AA

Date:

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 August 2013**

| | Notes | 2013 Unrestricted funds £ | 2012 Total funds £ |
|--|-------|------------------------------------|-----------------------------|
| INCOMING RESOURCES | | | |
| Incoming resources from generated funds | | | |
| Voluntary income | | 485,829 | 84,545 |
| Investment income | 2 | 5,576 | 10,236 |
| Total incoming resources | | <u>491,405</u> | <u>94,781</u> |
| RESOURCES EXPENDED | | | |
| Costs of generating funds | | | |
| Investment management costs | 3 | 520 | - |
| Charitable activities | | | |
| General grants | | 63,276 | 72,681 |
| Venture grants | | 2,156 | 1,284 |
| Further education and training grants | | 3,828 | 4,030 |
| Renewables grants | | 656 | - |
| Charitable donations | | 1,203 | 1,078 |
| Home heating grants | | 8,808 | 7,175 |
| Sport support grants | | 4,112 | 5,156 |
| Learning/development grants | | 962 | 539 |
| Governance costs | | <u>4,193</u> | <u>1,284</u> |
| Total resources expended | | <u>89,714</u> | <u>93,227</u> |
| NET INCOME FOR THE YEAR | | <u>401,691</u> | <u>1,554</u> |
| Unrealised gains on investment assets | | 21,981 | 10,487 |
| Net movement in funds | | <u>423,672</u> | <u>12,041</u> |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | | <u>555,754</u> | <u>543,713</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>979,426</u></u> | <u><u>555,754</u></u> |

The notes form part of these financial statements

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**BALANCE SHEET
At 31 August 2013**

| | Notes | 2013 Unrestricted funds £ | 2012 Total funds £ |
|--|-------|------------------------------------|-----------------------------|
| FIXED ASSETS | | | |
| Investments | 6 | 294,564 | 122,583 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 317 | 315 |
| Cash at bank | | 685,505 | 433,816 |
| | | <u>685,822</u> | <u>434,131</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 8 | (960) | (960) |
| NET CURRENT ASSETS | | <u>684,862</u> | <u>433,171</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>979,426</u> | <u>555,754</u> |
| NET ASSETS | | <u>979,426</u> | <u>555,754</u> |
| FUNDS | 9 | | |
| Unrestricted funds | | <u>979,426</u> | <u>555,754</u> |
| TOTAL FUNDS | | <u>979,426</u> | <u>555,754</u> |

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2013.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 August 2013 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

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

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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

.....
D G Meiklejohn -Trustee

The notes form part of these financial statements

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**notes to the financial statements
for the year ended 31 August 2013**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities (issued March 2005).

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income from investments is included in the SOFA in the period in which it is received.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Cost of generating funds

The cost of generating funds are those costs attributable to generating incoming resources for the charity, other than those costs incurred in undertaking charitable activities.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the independent examination fees and costs linked to the strategic management of the charity.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Fixed asset investments

Listed investments are stated at market value at the balance sheet date.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase price if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase price if later).

2. INVESTMENT INCOME

| | 2013 | 2012 |
|-------------------------|-------|--------|
| | £ | £ |
| Interest on investments | 5,576 | 10,236 |

3. INVESTMENT MANAGEMENT COSTS

| | 2013 | 2012 |
|-------------------|------|------|
| | £ | £ |
| Investment advice | 520 | - |

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 August 2013**

4. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

| | 2013 | 2012 |
|-------------------------|------------|------------|
| | £ | £ |
| Independent examination | <u>960</u> | <u>960</u> |

5. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2013 nor for the year ended 31 August 2012.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2013 nor for the year ended 31 August 2012.

6. FIXED ASSET INVESTMENTS

| | Listed investments £ |
|-----------------------|----------------------------|
| MARKET VALUE | |
| At 1 September 2012 | 122,583 |
| Additions | 150,000 |
| Revaluations | <u>21,981</u> |
| At 31 August 2013 | <u>294,564</u> |
| | |
| NET BOOK VALUE | |
| At 31 August 2013 | <u>294,564</u> |
| At 31 August 2012 | <u>122,583</u> |

There were no investment assets outside the UK.

The listed investment is in a selection of unit trusts.

Listed investments in individual entities held at 31 August 2013 which are over 5% of the portfolio by value are as follows:

Investment

| | Market Value |
|------------------------------|-------------------------|
| Invesco perpetual Unit Trust | 35,266 |
| Investec Unit Trust | 29,107 |
| M&G Unit Trust | 66,566 |
| Cazenove Unit Trust | 109,530 |
| Threadneedle Unit Trust | <u>54,095</u> |
| | <u>294,564</u> |

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 August 2013**

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|---------------|-------------------|-------------------|
| | 2013 | 2012 |
| | £ | £ |
| Other debtors | 317 | 315 |
| | <u> </u> | <u> </u> |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|------------------|-------------------|-------------------|
| | 2013 | 2012 |
| | £ | £ |
| Sundry creditors | 960 | 960 |
| | <u> </u> | <u> </u> |

9. MOVEMENT IN FUNDS

| | At 1/9/12 | Net movement | At 31/8/13 |
|---------------------------|-------------------|-------------------|-------------------|
| | £ | in funds | £ |
| | | £ | |
| Unrestricted funds | | | |
| General fund | 533,171 | 401,691 | 934,862 |
| Revaluation reserve | 22,583 | 21,981 | 44,564 |
| | <u> </u> | <u> </u> | <u> </u> |
| | 555,754 | 423,672 | 979,426 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUNDS | <u>555,754</u> | <u>423,672</u> | <u>979,426</u> |

Net movement in funds, included in the above are as follows:

| | Incoming | Resources | Gains and | Movement in |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| | resources | expended | losses | funds |
| | £ | £ | £ | £ |
| Unrestricted funds | | | | |
| General fund | 491,405 | (89,714) | - | 401,691 |
| Revaluation reserve | - | - | 21,981 | 21,981 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 491,405 | (89,714) | 21,981 | 423,672 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUNDS | <u>491,405</u> | <u>(89,714)</u> | <u>21,981</u> | <u>423,672</u> |

Purpose of funds

General fund

Unrestricted funds to meet the financial objectives of the trust as set out in the report of the trustees.

Revaluation reserve

The revaluation reserve reflects the increase in the market value of investments held at the balance sheet date over their original cost.

10. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Board of Trustees.

**STRATHNAIRN COMMUNITY BENEFIT FUND
LIMITED**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 August 2013**

| | 2013 £ | 2012 £ |
|------------------------------------|-----------|-----------|
| INCOMING RESOURCES | | |
| Voluntary income | | |
| Windfarm income | 485,829 | 84,545 |
| Investment income | | |
| Interest on investments | 5,576 | 10,236 |
| Total incoming resources | 491,405 | 94,781 |
| RESOURCES EXPENDED | | |
| Investment management costs | | |
| Investment advice | 520 | - |
| Charitable activities | | |
| Charitable donations | 1,100 | 1,000 |
| Grants to institutions | 54,958 | 67,817 |
| Grants to individuals | 21,623 | 16,870 |
| | 77,681 | 85,687 |
| Governance costs | | |
| Meeting expenses | - | 70 |
| Independent examination | 960 | 960 |
| Legal fees | 3,233 | 254 |
| | 4,193 | 1,284 |
| Support costs | | |
| Management | | |
| Company Secretary services | 6,500 | 5,300 |
| Insurance | 668 | 663 |
| Postage, stationery and printing | - | 138 |
| Bank charges | 152 | 155 |
| | 7,320 | 6,256 |
| Total resources expended | 89,714 | 93,227 |
| Net income | 401,691 | 1,554 |

This page does not form part of the statutory financial statements