

Registered number: SC200325
Charity number: SC043681

**THE MORVERN COMMUNITY DEVELOPMENT COMPANY
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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THE MORVERN COMMUNITY DEVELOPMENT COMPANY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

Trustees	J Stuart-Smith, Chair R Jones S Jones A F G Robertson J G Robertson A G Stammers N G Tordoff
Company registered number	SC200325
Charity registered number	SC043681
Registered office	Lochaline Harbour Office Morvern Argyll PA80 5XT
Company secretary	L Dobrokhodova
Independent auditors	EQ Accountants LLP Chartered Accountants 14 City Quay Dundee DD1 3JA

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual report together with the audited financial statements of the Company for the year ended 31 March 2022. The Annual report serves the purposes of both a trustees' report and a directors' report under company law. The Directors confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the Company qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

To manage community land and associated assets for the benefit of the Community and the public in general.

To provide, or assist in providing, recreational facilities, and/or organising recreational activities, which will be available to members of the Community and public at large with the object of improving the conditions of life of the Community.

To advance community development, including urban or rural regeneration within the Community.

To advance the education of the Community about its environment, culture, heritage and/or history.

To advance environmental protection or improvement including preservation, sustainable development and conservation of the natural environment, the maintenance, improvement or provision of environmental amenities for the Community and/or the preservation of buildings or sites of architectural, historic or other importance to the Community.

b. Activities undertaken to achieve objectives

The Morvern Community Development Company (MCDC) worked on several projects during 2021/22.

The company took several steps to help its subsidiaries to recover from the COVID-19 pandemic while progressing several large capital projects through to completion.

Achievements and performance

a. Main achievements of the Company

Summary of the main achievements of the charity during the financial period Despite the COVID 19 pandemic, and through lockdowns, we achieved the following:

- Completed and commissioned the Barr Hydro Scheme.
- Completed construction of the Community Hub project.
- Completed construction of Phase 1 affordable housing in the village – three one-bedroom homes.
- Secured tenants for affordable houses and café tenant in the hub
- The pontoons and shore facilities worked at reduced capacity due to the pandemic, both in terms of staffing and customers.
- The Morvern Eco Wheels car was hired out to residents and visitors.
- Continued management and maintenance of Lochaline Filling Station.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Achievements and performance (continued)

b. Fundraising activities and income generation

For many years our fund raising has very largely been through Government grants with occasional other sources of charitable grant funding. Our development officer, and our good record of delivering on funded projects, are the main keys to our success here. Going forward, grant funding from external sources will continue to be important but we hope and plan to generate more funding from our own activities

Financial review

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

The policy of the company is to aim to retain sufficient reserves to meet the cost of any regular commitments as well as a contingency to enable it to continue to develop further projects. The company has built up considerable assets in terms of property and has some liquid reserves.

The reserves policy is to establish a balance of free reserves, equal to 9 months of current operating costs. This target for reserves amounted to £145,000 during 2021-2022 to enable us to continue activities should a significant shortfall in funds occur.

MCDC's total reserves (as parent) at 31 March 2022 amounted to £1,720,226 (2021 - £1,687,165), of which £518,470 (2021 - £1,635,604) is restricted. The unrestricted funds amount to £1,201,756 (2021 - £51,561).

Free reserves amounted to £6,243 (2021 - £50,117 deficit) which is represented by the unrestricted funds net of fixed assets and designated funds. Although this is in short of the £145,000 target, management believe that donations from the subsidiaries will provide sufficient financial security.

c. Principal risks and uncertainties

We are a very small community, and we rely heavily on massive volunteer effort from our Trustees and others within the community. Likewise, for new development work and other activities, we rely heavily on government sponsored grant funding, both revenue and capital.

Structure, governance and management

a. Constitution

The Morvern Community Development Company is registered as a charitable company limited by guarantee and was set up by Memorandum of Association.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management (continued)

b. Methods of appointment or election of trustees

Trustees/Directors are appointed under the terms of the Articles of Association at the Annual General Meeting. Full details of the Articles are available, but a summary includes the following:

There shall always be a minimum of 3 Trustees/directors

There can be up to 7 individual persons elected as Directors by the Ordinary Members in terms of Article 33 ("the Elected Directors"), who must themselves be Ordinary Members; and up to 2 individual persons appointed by the Morvern Community Council or its successors in terms of Article 34 ("the Appointed Directors"); and a majority of the Directors/Trustees shall always be Elected Directors.

One third of Directors stand down at each AGM and are available for re-election for one further term and no longer than that without a minimum of one full year out of office.

c. Organisational structure and decision-making policies

The Company is run by the board of trustees/directors appointed by the membership, who meet regularly once per month, with every third monthly meeting being a public meeting. Other meetings are held as required. The Company has one employee, our development officer who is also our Company Secretary. Specific projects are usually managed by small working sub-groups which report back to the main board. We have two subsidiary wholly owned trading companies, the boards of which are appointed by the parent.

d. Policies adopted for the induction and training of trustees

We seek to offer new trustees/directors induction training including, information provided by Companies House and OSCR as well as a structure whereby they can learn from other trustees/directors and our Company Secretary. We also seek to offer regular training events, often provided by the Development Trust Association Scotland, though our membership of that organisation.

e. Financial risk management

The trustees have assessed the major risks to which the Group and the Company are exposed, in particular those related to the operations and finances of the Group and the Company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Plans for future periods

We have been working to a 5-10 year Community Growth Plan that we developed with the community in 2010. The plan is largely complete or out of date and we are now working in partnership with Morvern Community Council, Morvern Community Trust, Members of the Community and the many other voluntary groups that work within the community. It is planned that the new Community Plan will become live in the Spring of 2022, and we hope and expect that trustees/directors will be able to use this plan, to guide our direction in the future.

Members' liability

The Members of the Company guarantee to contribute an amount not exceeding £1 to the assets of the Company in the event of winding up.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Statement of trustees' responsibilities

The trustees (who are also the directors of the Company 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 trustees to prepare financial statements for each financial . Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors


Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, EQ Accountants LLP, have indicated their willingness to continue in office. The designated trustees will propose a motion reappointing the auditors at a meeting of the trustees.

Approved by order of the members of the board of trustees on 27 September 2022 and signed on their behalf by:



J Stuart-Smith

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MORVERN COMMUNITY DEVELOPMENT COMPANY

Opinion

We have audited the financial statements of The Morvern Community Development Company (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated statement of financial activities, the Company statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows, the Company 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 Financial Reporting Standard 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 Group's and of the parent charitable company's affairs as at 31 March 2022 and of the Group's and parent charitable company's incoming resources and application of resources, including their 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 requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 33 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MORVERN COMMUNITY DEVELOPMENT COMPANY (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditors' report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charitable company has not kept adequate and proper accounting records; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company 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 Group's and the parent 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 trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MORVERN COMMUNITY DEVELOPMENT COMPANY (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and group and the activities it undertakes. We considered the risk of acts by the company or its subsidiaries which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error since fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. As part of this testing, we considered the possible motivations for fraud against the entity and whether there was adequate oversight by the board of activities where there is increased susceptibility to fraud.

We focused on laws and regulations which could give rise to material misstatement in the financial statements including, but not limited to, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and relevant UK tax legislation.

Our tests involved agreeing the financial statement disclosures to the underlying supporting documentation and enquiries with management. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors which represented a risk of material misstatement.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' report.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MORVERN COMMUNITY DEVELOPMENT COMPANY (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' 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 charitable company, its members, as a body, and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

EQ Accountants LLP Chartered Accountants 14 City Quay Dundee
DD1 3JA

28 September 2022

EQ Accountants LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:				
Donations and legacies	3 7,613	201,644	209,257	1,120,980
Charitable activities	4 9,010	-	9,010	-
Other trading activities	5 684,170	-	684,170	104,583
Bank interest	30	-	30	78
Other income	11,673	-	11,673	1,302
Total income	712,496	201,644	914,140	1,226,943
Expenditure on:				
Raising funds	7 606,547	-	606,547	200,415
Charitable activities	8,9 125,888	83,387	209,275	122,744
Total expenditure	732,435	83,387	815,822	323,159
Net (expenditure)/income	(19,939)	118,257	98,318	903,784
Transfers between funds	1,235,391	(1,235,391)	-	-
Net movement in funds before other recognised gains/(losses)	1,215,452	(1,117,134)	98,318	903,784
Other recognised gains/(losses):				
Other losses	(1,294)	-	(1,294)	-
Net movement in funds	1,214,158	(1,117,134)	97,024	903,784
Reconciliation of funds:				
Total funds brought forward	10,559	1,635,604	1,646,163	742,379
Net movement in funds	1,214,158	(1,117,134)	97,024	903,784
Total funds carried forward	1,224,717	518,470	1,743,187	1,646,163

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 42 form part of these financial statements.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

COMPANY STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from :					
Donations and legacies	3	24,420	201,644	226,064	1,078,302
Charitable activities	4	9,010	-	9,010	-
Bank interest		15	-	15	78
Other income		10,941	-	10,941	5,802
Total income		44,386	201,644	246,030	1,084,182
Expenditure on:					
Charitable activities	8,9	128,288	83,387	211,675	125,144
Total expenditure		128,288	83,387	211,675	125,144
Net (expenditure)/income		(83,902)	118,257	34,355	959,038
Transfers between funds	21	1,235,391	(1,235,391)	-	-
Net movement in funds before other recognised gains/(losses)		1,151,489	(1,117,134)	34,355	959,038
Other gains/(losses)		(1,294)		(1,294)	(7,613)
Net movement in funds		1,150,195	(1,117,134)	33,061	951,425
Reconciliation of Funds:					
Total funds brought forward		51,561	1,635,604	1,687,165	735,740
Net movement in funds		1,150,195	(1,117,134)	33,061	951,425
Total funds carried forward		1,201,756	518,470	1,720,226	1,687,165

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
REGISTERED NUMBER: SC200325

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

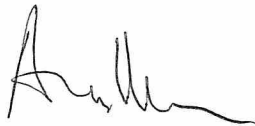
	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	6,830,191	5,416,762
Investments	14	30,300	30,300
		<u>6,860,491</u>	<u>5,447,062</u>
Current assets			
Stocks	15	11,391	8,781
Debtors: amounts falling due after more than one year	16	50,000	50,000
Debtors: amounts falling due within one year	16	290,379	156,105
Cash at bank and in hand		773,572	312,295
		<u>1,125,342</u>	<u>527,181</u>
Creditors: amounts falling due within one year	17	(290,237)	(1,996,063)
Net current assets / liabilities		<u>835,105</u>	<u>(1,468,882)</u>
Total assets less current liabilities		<u>7,695,596</u>	<u>3,978,180</u>
Creditors: amounts falling due after more than one year	18	(5,951,159)	(2,332,017)
Provisions for liabilities		(1,250)	-
Net assets excluding pension asset		<u>1,743,187</u>	<u>1,646,163</u>
Total net assets		<u><u>1,743,187</u></u>	<u><u>1,646,163</u></u>
Charity funds			
Restricted funds		518,470	1,635,604
Unrestricted funds		1,224,717	10,559
Total funds		<u><u>1,743,187</u></u>	<u><u>1,646,163</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the trustees on 03 October 2022 and signed on their behalf by:



Angus Robertson



Sarah Jones

The notes on pages 17 to 42 form part of these financial statements.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
REGISTERED NUMBER: SC200325

COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	1,698,729	1,661,408
Investments	14	30,500	30,500
		1,729,229	1,691,908
Current assets			
Debtors: amounts falling due within one year	16	21,667	31,835
Cash at bank and in hand		83,389	152,344
		105,056	184,179
Creditors: amounts falling due within one year	17	(34,291)	(125,422)
Net current assets		70,765	58,757
Total assets less current liabilities		1,799,994	1,750,665
Creditors: amounts falling due after more than one year	18	(79,768)	(63,500)
Total net assets		1,720,226	1,687,165
Charity funds			
Restricted funds		518,470	1,635,604
Unrestricted funds		1,201,756	51,561
Total funds		1,720,226	1,687,165

The Company's net movement in funds for the year was £33,061 (2021 - £951,425).

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the trustees on 03 October 2022 and signed on their behalf by:

The notes on pages 17 to 42 form part of these financial statements.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	25	<u>(56,191)</u>	<u>1,320,192</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,653,818)	(4,405,703)
Bonds lodged as security		-	(61,976)
Interest received		30	-
		<u>(1,653,788)</u>	<u>(4,467,679)</u>
Cash flows from financing activities			
Cash inflows from new borrowing		4,320,000	3,687,623
Repayments of borrowing		(1,944,787)	(303,629)
Interest paid		(203,957)	(3,578)
Net cash provided by financing activities		<u>2,171,256</u>	<u>3,380,416</u>
Change in cash and cash equivalents in the year		461,277	232,929
Cash and cash equivalents at the beginning of the year		<u>312,295</u>	<u>79,366</u>
Cash and cash equivalents at the end of the year	26	<u><u>773,572</u></u>	<u><u>312,295</u></u>

The notes on pages 17 to 42 form part of these financial statements

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	25	68,839	1,058,222
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		-	183,126
Purchase of tangible fixed assets		(146,329)	(1,020,905)
Loans repaid by subsidiary undertakings		-	1,100
Interest received		15	78
Net cash used in investing activities		(146,314)	(836,601)
Cash flows from financing activities			
Cash inflows from new borrowing		60,000	52,724
Repayments of borrowing		(50,000)	(183,126)
Interest paid		(1,480)	(2,724)
Net cash provided by/(used in) financing activities		8,520	(133,126)
Change in cash and cash equivalents in the year		(68,955)	88,495
Cash and cash equivalents at the beginning of the year		152,344	63,849
Cash and cash equivalents at the end of the year	26	83,389	152,344

The notes on pages 17 to 42 form part of these financial statements

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

The Morvern Community Development Company (MCDC) is a company limited by guarantee with no share capital registered in Scotland with company number SC200325. MCDC is also a registered charity under number SC043681. The registered address is Lochaline Harbour, Lochaline, Morvern, Oban, PA80 5XT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Morvern Community Development Company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

2.2 Going concern

The directors have reviewed the business' position, including the performance of the subsidiaries, and are satisfied that there are no material uncertainties around the appropriateness of the going concern basis, on which these accounts are prepared.

2.3 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Income from the sale of electricity is recognised at the point the electricity is transferred through the customer's meter at the output of the Barr Hydro Scheme.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Consolidated statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated statement of financial activities as the related expenditure is incurred.

2.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Assets in the course of construction are included at costs incurred to date. Depreciation on these assets is not charged until they are brought into use.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Land	- Not depreciated
Buildings (inc shore facilities)	- 4% -Straight-line from completion
Plant and machinery	- 25% - Reducing balance
Motor vehicles	- 25% - Reducing balance
Fixtures and fittings	- 25% - Reducing balance
Pontoons	- 7.5% - Straight-line
Hydro-Renewables	- 2.5% - Straight-line

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

The provision made by Triodos in respect of the restoration requirement for the lease is charged to the Profit and Loss on a straight-line basis over the life of the lease.

2.13 Financial instruments

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

2.14 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. Income from donations and legacies

Group

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Donations	500	-	500
Grants	-	201,644	201,644
Government grants	7,113	-	7,113
	<u>7,613</u>	<u>201,644</u>	<u>209,257</u>

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Donations	50	1,500	1,550
Grants	12,500	1,057,260	1,069,760
Government grants	49,670	-	49,670
	<u>62,220</u>	<u>1,058,760</u>	<u>1,120,980</u>

Company

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Donations	24,420	-	24,420
Grants	-	201,644	201,644
	<u>24,420</u>	<u>201,644</u>	<u>226,064</u>

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Donations	7,042	1,500	8,542
Grants	12,500	1,057,260	1,069,760
	<u>19,542</u>	<u>1,058,760</u>	<u>1,078,302</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. Income from charitable activities

Group and company

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Affordable housing rents	9,010	9,010	-

5. Income from non-charitable trading activities

Income from non charitable trading activities

Group

	Unrestricted funds 2022 £	Total funds 2022 £
Sale of electricity	518,294	518,294
Sale of fuel	125,107	125,107
Harbour income	39,181	39,181
Car club income	1,588	1,588
	684,170	684,170

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Sale of fuel	94,081	94,081
Harbour income	9,494	9,494
Car club income	1,008	1,008
	104,583	104,583

The parent charity had no income from non-charitable trading activity in the current or prior year.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

6. Other incoming resources

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Elementary Energy Limited	5,611	512	5,611	512
Rent receivable	6,062	790	5,330	5,290
	11,673	<i>1,302</i>	10,941	<i>5,802</i>

All other incoming resources are unrestricted.

7. Expenditure on raising funds

	Unrestricted funds 2022 £	Total funds 2022 £
Cost of Sales - Fuel Pump	105,331	105,331
Cost of Sales - Car Club	1,331	1,331
Staff Costs	18,507	18,507
Cost of sales - MorVolts	22,124	22,124
Administration expenses	125,396	125,396
Interest payable	202,477	202,477
Depreciation of Hydro Electric scheme	131,381	131,381
	606,547	606,547

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Trading expenses - account no. 1	79,158	79,158
Trading expenses - account no. 3	1,786	1,786
Trading account staff costs	15,344	15,344
Administration expenses	103,273	103,273
Interest payable	854	854
	200,415	200,415

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Analysis of expenditure on charitable activities

Summary by fund type

Group

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Core development activities	94,122	33,663	127,785
Marina & pontoons	30,865	18,558	49,423
COVID-19 Support	-	2,150	2,150
Community planning	-	29,016	29,016
Affordable housing	901	-	901
	125,888	83,387	209,275

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Core development activities	28,393	44,434	72,827
Marina & pontoons	750	40,986	41,736
COVID-19 Support	-	8,181	8,181
	29,143	93,601	122,744

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Company

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Core development activities - Direct costs	96,522	33,663	130,185
Marina & pontoons - Direct costs	30,865	18,558	49,423
COVID-19 Support - Direct costs	-	2,150	-
Community planning - Direct costs	-	29,016	-
Affordable housing - Direct costs	901	-	-
Total 2022	128,288	83,387	211,675
	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Core development activities - Direct costs	30,793	44,434	75,227
Core development activities - Direct costs	750	40,986	41,736
COVID-19 Support - Direct costs	-	8,181	8,181
<i>Total 2021</i>	<i>31,543</i>	<i>93,601</i>	<i>125,144</i>

9. Analysis of expenditure by activities

Group

	Activities undertaken directly 2022 £	Total funds 2022 £
Core development activities	127,785	127,785
Marina & pontoons	49,423	49,423
COVID-19 Support	2,150	2,150
Community planning	29,016	29,016
Affordable housing	901	901
	209,275	209,275

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2021 £</i>	<i>Total funds 2021 £</i>
Core development activities	72,827	72,827
Marina & pontoons	41,736	41,736
COVID-19 Support	8,181	8,181
	<u>122,744</u>	<u>122,744</u>

Company

	Unrestricted funds 2022 £	Total funds 2022 £
Core development activities - Direct costs	130,185	130,185
Marina & pontoons - Direct costs	49,423	49,423
COVID-19 Support - Direct costs	2,150	2,150
Community planning - Direct costs	29,016	29,016
Affordable housing - Direct costs	901	901
Total 2022	<u>211,675</u>	<u>211,675</u>

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Core development activities - Direct costs	75,227	75,227
Marina & pontoons - Direct costs	41,736	41,736
COVID-19 Support - Direct costs	8,181	8,181
<i>Total 2021</i>	<u>125,144</u>	<u>125,144</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. Auditors' remuneration

The auditors' remuneration amounts to:

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Audit services	9,450	9,000	5,250	5,000
Non-audit services	7,775	6,400	2,625	2,500
	17,225	15,400	7,875	7,500

11. Staff costs

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Wages and salaries	46,770	43,709	28,263	28,365
Contribution to defined contribution pension schemes	661	661	661	661
	47,431	44,370	28,924	29,026

The average number of persons employed by the Company during the year was as follows:

	Group 2022 No.	<i>Group 2021 No.</i>	Company 2022 No.	<i>Company 2021 No.</i>
Directors	7	9	7	9
Employees	3	5	1	1
	10	14	8	10

No employee received remuneration amounting to more than £60,000 in either year.

All staff costs in the parent company relate to key management personnel.

12. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 March 2022, no trustee expenses have been incurred (2021 - £NIL).

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets

Group	Land and Property £	Buildings (inc shore facilities) £	Plant and machinery £	Motor vehicles £	Sheds, tools, allotments, etc £	Assets under construction £	Total £
Cost or valuation							
At 1 April 2021	140,311	318,897	496,833	22,973	65,975	4,862,979	5,907,968
Additions	-	123,317	1,521,683	-	8,818	-	1,653,818
Disposals	-	-	(9,700)	-	-	-	(9,700)
Transfers between classes	-	1,107,625	3,755,354	-	-	(4,862,979)	-
At 31 March 2022	140,311	1,549,839	5,764,170	22,973	74,793	-	7,552,086
Depreciation							
At 1 April 2021	-	123,196	301,648	11,946	54,416	-	491,206
Charge for the year	-	61,995	171,112	2,757	3,231	-	239,095
On disposals	-	-	(8,406)	-	-	-	(8,406)
At 31 March 2022	-	185,191	464,354	14,703	57,647	-	721,895
Net book value							
At 31 March 2022	140,311	1,364,648	5,299,816	8,270	17,146	-	6,830,191
At 31 March 2021	140,311	195,701	195,185	11,027	11,559	4,862,979	5,416,762

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

13. Tangible fixed assets (continued)

Company	Land and Property £	Buildings (inc shore facilities) £	Plant and machinery £	Motor vehicles £	Sheds, tools, allotments, etc £	Assets under construction £	Total £
Cost or valuation							
At 1 April 2021	140,311	318,897	496,833	22,973	65,975	1,107,625	2,152,614
Additions	-	123,317	14,194	-	8,818	-	146,329
Disposals	-	-	(9,700)	-	-	-	(9,700)
Transfers between classes	-	1,107,625	-	-	-	(1,107,625)	-
At 31 March 2022	140,311	1,549,839	501,327	22,973	74,793	-	2,289,243
Depreciation							
At 1 April 2021	-	123,196	301,648	11,946	54,416	-	491,206
Charge for the year	-	61,995	39,731	2,757	3,231	-	107,714
On disposals	-	-	(8,406)	-	-	-	(8,406)
At 31 March 2022	-	185,191	332,973	14,703	57,647	-	590,514
Net book value							
At 31 March 2022	140,311	1,364,648	168,354	8,270	17,146	-	1,698,729
At 31 March 2021	140,311	195,701	195,185	11,027	11,559	1,107,625	1,661,408

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Fixed asset investments

Group	Unlisted investments £	Trade investments £	Total £
Cost or valuation			
At 1 April 2021	9,300	21,000	30,300
At 31 March 2022	<u>9,300</u>	<u>21,000</u>	<u>30,300</u>

Company	Investments in subsidiary companies £	Unlisted investments £	Trade investments £	Total £
Cost or valuation				
At 1 April 2021	200	9,300	21,000	30,500
At 31 March 2022	<u>200</u>	<u>9,300</u>	<u>21,000</u>	<u>30,500</u>

15. Stocks

	Group 2022 £	<i>Group 2021 £</i>
Fuel	<u>11,391</u>	<u>8,781</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Debtors

	Group 2022 £	<i>Group 2021 £</i>
Due after more than one year		
Other debtors	50,000	50,000

Included within other debtors is £50,000 (2021 - £50,000) lodged by MorVolts with Forestry and Land Scotland to provide security for the restoration of the land leased by MorVolts Limited at the end of the lease term.

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Due within one year				
Trade debtors	257,868	4,102	600	-
Amounts owed by group undertakings	-	-	13,000	12,250
Other debtors	1,348	45,538	948	18,238
Prepayments and accrued income	31,163	3,679	7,119	1,347
Tax recoverable	-	102,786	-	-
	290,379	156,105	21,667	31,835

17. Creditors: Amounts falling due within one year

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Bank overdrafts	-	25	-	-
Bank loans	129,978	1,373,882	1,232	7,500
Other loans	5,000	5,000	5,000	5,000
Trade creditors	24,017	320,729	18,544	3,697
Other taxation and social security	25,022	1,218	675	682
Other creditors	60,825	159,308	-	100,174
Accruals and deferred income	45,395	135,901	8,840	8,369
	290,237	1,996,063	34,291	125,422

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

18. Creditors: Amounts falling due after more than one year

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Bank loans	4,162,359	77,017	58,768	42,500
Other loans	1,788,800	2,255,000	21,000	21,000
	5,951,159	2,332,017	79,768	63,500

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Payable or repayable by instalments	4,979,380	2,052,589	49,476	-
	4,979,380	2,052,589	49,476	-

19. Creditors: Security

The term loan taken by Morvern Community Development Company to complete the construction of the affordable housing is secured by a standard security in favour of Triodos Bank UK Limited over the properties concerned. The amount secured is £60,000.

MorVolts' bank overdrafts and loans are secured by a standard security in favour of Triodos Bank UK Limited over their lease at Barr Forrest and a floating charge over all assets and undertakings of the company. MorVolts' other loan from the Energy Investment Fund (EIF) is secured by a standard security in favour of Scottish Enterprise as administrators of the fund over their lease at Barr Forest. A ranking agreement is in place giving first charge to Triodos Bank. In addition, Triodos have the right of set-off for any liability against any accounts held with the bank by the company. The borrowings secured with Triodos amount to £4,229,381 and from EIF amount to £1,767,800.

20. Provisions

Group

	Provision for restoration of land £
Additions	1,250
	1,250

There are no provisions recorded in the parent group.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

21. Consolidated statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2022 £
Unrestricted funds						
Designated funds						
Fuel Pump Renewal Fund	17,928	-	(2,535)	1,505	-	16,898
General funds						
General Funds	(7,369)	712,496	(729,900)	1,233,886	(1,294)	1,207,819
Total Unrestricted funds	10,559	712,496	(732,435)	1,235,391	(1,294)	1,224,717
Restricted funds						
Pontoons	163,377	-	-	(163,377)	-	-
Shore facilities & road	183,098	-	-	(183,098)	-	-
Land & Housing	553,928	-	(18,558)	(25,763)	-	509,607
Allotments	8,363	-	-	(8,363)	-	-
Fuel Pump	914	-	-	(914)	-	-
Community Hub	656,244	134,577	-	(790,821)	-	-
Climate Challenge Fund	22,830	-	-	(22,830)	-	-
Project/Developm ent Officer	12,103	46,595	(32,328)	(20,350)	-	6,020
Electric bikes	18,750	800	-	(19,550)	-	-
HIE COVID resilience	11,819	(9,428)	(2,150)	(241)	-	-
Rural Communities Ideas into Action	-	29,100	(29,016)	(84)	-	-
Other balances	4,178	-	(1,335)	-	-	2,843
	1,635,604	201,644	(83,387)	(1,235,391)	-	518,470
Total of funds	1,646,163	914,140	(815,822)	-	(1,294)	1,743,187

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2021 £</i>
Unrestricted funds						
Designated funds						
Fuel Pump Renewal Fund	12,666	-	-	5,262	-	17,928
General funds						
General Funds	43,801	168,183	(229,558)	10,205	-	(7,369)
Total Unrestricted funds	56,467	168,183	(229,558)	15,467	-	10,559

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Statement of funds (continued)

	<i>Balance at 1 April 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2021 £</i>
Restricted funds						
Pontoons	193,492	-	(30,115)	-	-	163,377
Shore facilities & road	196,390	-	(13,292)	-	-	183,098
Land & Housing	185,428	368,500	-	-	-	553,928
Allotments	8,363	-	-	-	-	8,363
Fuel Pump	1,124	-	(210)	-	-	914
Hydro-renewables	15,467	-	-	(7,854)	(7,613)	-
Community Hub	52,940	603,304	-	-	-	656,244
Climate Challenge Fund	21,601	7,410	(6,181)	-	-	22,830
Other restricted funds	3,178	1,000	-	-	-	4,178
Project/Development Officer	7,929	33,546	(29,372)	-	-	12,103
Electric bikes	-	25,000	(6,250)	-	-	18,750
HIE COVID resilience	-	20,000	(8,181)	-	-	11,819
	<u>685,912</u>	<u>1,058,760</u>	<u>(93,601)</u>	<u>(7,854)</u>	<u>(7,613)</u>	<u>1,635,604</u>
Total of funds	<u>742,379</u>	<u>1,226,943</u>	<u>(323,159)</u>	<u>7,613</u>	<u>(7,613)</u>	<u>1,646,163</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. Analysis of funds between parent and group

All restricted funds are held in the parent charity. The split of unrestricted funds between the group and parent is as follows:

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Opening balance	10,559	56,467	51,561	49,828
Income	712,496	168,183	44,386	25,422
Expenditure	(732,435)	(229,558)	(128,288)	(31,543)
Transfers	1,235,391	15,467	1,235,391	15,467
Gains	(1,294)	-	(1,294)	(7,613)
Closing balance	1,224,717	10,559	1,201,756	51,561
Designated	16,898	17,928	16,898	10,559
Unrestricted	1,207,819	(7,369)	1,184,858	(7,369)
	1,224,717	10,559	1,201,756	51,561

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. Purposes of restricted & designated funds

The following funds represent grants received towards the respective fixed assets. Previously, depreciation has been charged against these restricted funds but the directors' view is that there is no ongoing restriction on the use of these assets and so it is more appropriate to transfer the fund balances and assets to the unrestricted funds

- Pontoons
- Shore facilities and road
- Allotments
- Fuel Pumps
- Climate Challenge Fund
- Electric bikes

The Community Hub fund represents grants received towards the construction of the community hub building. There is no ongoing restriction on the use of the building and so these funds were transferred to unrestricted when the construction was completed.

The Land and Housing Fund comprises the land, buildings and mortgage associated with the Affordable Housing project, which are subject to ongoing restriction on their use under the terms of the grant funding.

The Project/Development officer represents grants received towards the employment of a Project Officer for MCDC.

The HIE COVID-19 fund was a grant received from Highlands and Islands Enterprise to support the community in its recovery from the effects of COVID-19 on local businesses. Unused funding was returned to HIE during the year.

The Rural Communities Ideas into Action fund is a grant received to finance the development of a Community Action Plan.

The designated Fuel Pump fund has been formed from the balance of the Fuel Pump Renewal Fund, which was used in the year to finance the acquisition of a replacement fuel pump. The directors' view is that the purpose of this fund is to protect the ability of residents and visitors to Lochaline to purchase fuel and so the asset is included in this fund. Depreciation will be charged to this fund and transfers made into this fund from the operating profit of the fuel pump to provide for replacement at the end of its useful working life.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

24. Analysis of net assets between funds

Group - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	6,260,584	569,607	6,830,191
Fixed asset investments	9,300	-	9,300
Trade investments	21,000	-	21,000
Debtors due after more than one year	50,000	-	50,000
Current assets	1,066,479	8,863	1,075,342
Creditors due within one year	(289,005)	(1,232)	(290,237)
Creditors due in more than one year	(5,892,391)	(58,768)	(5,951,159)
Provisions for liabilities and charges	(1,250)	-	(1,250)
Total	1,224,717	518,470	1,743,187

Group - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	3,790,676	1,626,086	5,416,762
Fixed asset investments	9,300	-	9,300
Trade investments	21,000	-	21,000
Debtors due after more than one year	50,000	-	50,000
Current assets	467,663	9,518	477,181
Creditors due within one year	(1,996,063)	-	(1,996,063)
Creditors due in more than one year	(2,332,017)	-	(2,332,017)
Total	10,559	1,635,604	1,646,163

Company - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	1,129,122	569,607	1,698,729
Fixed asset investments	9,500	-	9,500
Trade investments	21,000	-	21,000
Current assets	96,193	8,863	105,056

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Company - current year (continued)

Creditors due within one year	(33,059)	(1,232)	(34,291)
Creditors due in more than one year	(21,000)	(58,768)	(79,768)
Total 2022	1,201,756	518,470	1,720,226

Company - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	35,322	1,626,086	1,661,408
Fixed asset investments	9,500	-	9,500
Trade investments	21,000	-	21,000
Current assets	174,661	9,518	184,179
Creditors due within one year	(125,422)	-	(125,422)
Creditors due in more than one year	(63,500)	-	(63,500)
Total 2021	51,561	1,635,604	1,687,165

25. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Net income for the year (as per Statement of Financial Activities)	98,318	903,784	34,355	959,038
Adjustments for:				
Depreciation charges	239,095	58,672	107,714	58,672
Decrease/(increase) in stocks	(2,610)	438	-	-
Increase in debtors	(134,274)	(95,095)	10,168	(3,620)
Increase/(decrease) in creditors	(460,647)	448,815	(84,863)	41,486
Interest paid	203,957	3,578	1,480	2,724
Interest received	(30)	-	(15)	(78)
Net cash provided by/(used in) operating activities	(56,191)	1,320,192	68,839	1,058,222

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

26. Analysis of cash and cash equivalents

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Cash in hand	773,572	<i>312,295</i>	83,389	<i>152,344</i>
Total cash and cash equivalents	773,572	<i>312,295</i>	83,389	<i>152,344</i>

27. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	312,295	461,277	773,572
Bank overdrafts repayable on demand	(25)	25	-
Debt due within 1 year	(1,378,882)	1,243,904	(134,978)
Debt due after 1 year	(2,332,017)	(3,619,142)	(5,951,159)
	(3,398,629)	(1,913,936)	(5,312,565)

28. Capital commitments

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Contracted for but not provided in these financial statements				
Acquisition of tangible fixed assets	17,865	<i>1,482,010</i>	17,865	<i>72,718</i>

29. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £736 (2020 - £735). Of this cost, £661 (2019 - £641) relates to the parent charity.

No amounts were due to the fund at the balance sheet date.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

30. Operating lease commitments

At 31 March 2022 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £
Not later than 1 year	1	1
Later than 1 year and not later than 5 years	4	4
Later than 5 years	33	34
	<u>38</u>	<u>39</u>

In addition to the annual rental charge of £1, MorVolts is obliged to pay the landlord:

- 2.5% of gross revenue from commissioning to the 13th anniversary; and
- 5% thereafter

The following lease payments have been recognised as an expense in the Statement of financial activities:

	Group 2022 £	Group 2021 £
Operating lease rentals	17,964	-
Changes in lease payments arising from COVID-19 related rent concessions	-	-
	<u>-</u>	<u>-</u>

31. Related party transactions

The Morvern Community Development Company (MCDC) entered into transactions with its subsidiaries as follows:

Morvern Community Trading Company Limited (MCTC) - MCDC rented office space from MCTC at a cost of £2,400 (2021 - £2,400) and leased the harbour and marina to MCTC with receipts of £4,500 (2021 - £4,500). MCDC also received a donation of £23,920 (2021 - £6,992) from MCTC. At the year end, there was a balance of £13,000 due from MCTC to MCDC (2021 - £12,250)

MorVolts - in the prior period, MCDC transferred the hydro-electric assets under construction to MorVolts Limited with sale proceeds £183,126.

MorVolts Limited entered into a contract with Mrs Jennifer Robertson, a director of MCDC and a related party of MorVolts, for the supply of archeological consultancy for the construction works at the Barr Hydro.

All other related party transactions to which the group was party were carried out of the same commercial terms as other customers, in particular the supply of fuel and harbour services.

32. Principal subsidiaries

The following were subsidiary undertakings of the Company, both of which were included in the consolidation:

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

32. Principal subsidiaries (continued)

Names	Company number	Registered office or principal place of business	Holding
Morvern Community Trading Company Ltd	SC441180	Lochaline Harbour, Morvern	100%
MorVolts Limited	SC631215	Lochaline Harbour, Morvern	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss)/ Surplus/ (Deficit) for the year £	Net assets £
Morvern Community Trading Company Ltd	180,621	(165,839)	14,782	14,872
MorVolts Limited	518,309	(445,208)	73,101	676

As part of the loan covenants agreed between MorVolts and Triodos Bank, there are restrictions on the payment of dividends to MCDC based on gearing and interest cover. The directors do not believe this will impact their plans to benefit from the parent's investment in MorVolts.

33. Provisions available for audits of small entities

In common with many charities and companies of our size, we use our auditor to prepare our statutory accounts and prepare our tax returns.