

Registered number: SC200325
Charity number: SC043681

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
(A company limited by guarantee)

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THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Trustees	Jane Stuart-Smith, Chair Sarah Jones, Vice Chair Angus Robertson, Treasurer Morven Gemmill (appointed 12 November 2020) Kenny McLaughlin (appointed 12 November 2020) Robert Jones Nick Tordoff Amy Stammer Jennie Robertson
Company registered number	SC200325
Charity registered number	SC043681
Registered office	Lochaline Harbour Office Lochaline Oban Argyll PA80 5XT
Company secretary	Ms L Dobrokhodova
Independent auditors	EQ Accountants LLP Chartered Accountants 14 City Quay Dundee DD1 3JA

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 April 2020 to 31 March 2021. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees 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 Charity 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

MCDC worked on a number of projects during 2020/21. The COVID 19 pandemic hit in January 2020. Like everyone else, the Directors did not know the gravity or longevity of the pandemic and the devastating consequences for so many. Directors continually assessed the risks facing the company and what measures should be taken to protect the assets and jobs within the company and subsidiaries.

Achievements and performance

a. Main achievements of the Charity

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

- Made significant progress on the Barr Hydro Scheme.
- Continued development of the Community Hub project.
- Continued development of affordable housing in the village.
- 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.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

b. Review of activities

Dealing with Covid 19 related issues and supporting our community through that, has influenced all our activities, and thinking during the year. We have sourced government Covid supporting grant funding and managed this to best effect within our community, in conjunction with other community Organisations and particularly the Morvern Community Council and their Covid resilience sub-group which worked tirelessly through and very effectively through the year.

Meanwhile, under these difficult circumstances we were able to continue with our three major development projects, Construction of 3 affordable single person houses in the heart of our village, a new business hub and our community owned Barr River Hydroelectric scheme.

c. 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

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity 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. However, at this stage, all reserves are earmarked for reinvestment in achieving further objectives.

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 Articles of Association.

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.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

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, through our membership of that organisation.

e. Financial risk management

The Trustees have assessed the major risks to which the Group and the Charity are exposed, in particular those related to the operations and finances of the Group and the Charity, 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 Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity 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 year. 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 Charity 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 Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Charity 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 December 2021 and signed on their behalf by:



Sarah Jones

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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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 2021 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows, the Charity 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 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 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 31 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

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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.

Opinion 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, which includes the directors' report for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements.
- 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 our knowledge and understanding of the charitable company 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 Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and proper accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 Trustees' report and from the requirement to prepare a Strategic report.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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

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.

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 under the Companies Act 2006 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 company and the industry in which it operates, and considered the risk of acts by the company that 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 error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the Charities and Trustees Investment Act (Scotland) 2005 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, 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 that represented a risk of material misstatement due to fraud.

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

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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 Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, 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.



Mark Gallacher (Senior statutory auditor)

for and on behalf of

EQ Accountants LLP

Chartered Accountants

14 City Quay

Dundee

DD1 3JA

27 December 2021

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

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Donations and legacies	3	62,220	1,058,760	1,120,980
Other trading activities	4	100,158	-	100,158
Investments		78	-	78
Other income	5	5,727	-	5,727
Total income		168,183	1,058,760	1,226,943
Expenditure on:				
Raising funds	6	200,415	-	200,415
Charitable activities	7	29,143	93,601	122,744
Other expenditure		-	-	797
Total expenditure		229,558	93,601	323,159
Net (expenditure)/income		(61,375)	965,159	903,784
Transfers between funds	19	15,467	(15,467)	-
Net movement in funds		(45,908)	949,692	903,784
Reconciliation of funds:				
Total funds brought forward		56,467	685,912	742,379
Net movement in funds		(45,908)	949,692	903,784
Total funds carried forward		10,559	1,635,604	1,646,163

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

The notes on pages 19 to 41 form part of these financial statements.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from :					
Donations and legacies	3	19,542	1,058,760	1,078,302	115,981
Investments		78	-	78	79
Other income	5	5,802	-	5,802	5,260
Total income		<u>25,422</u>	<u>1,058,760</u>	<u>1,084,182</u>	<u>121,320</u>
Expenditure on:					
Charitable activities	7	31,543	93,601	125,144	105,184
Other expenditure		-	-	-	797
Total expenditure		<u>31,543</u>	<u>93,601</u>	<u>125,144</u>	<u>105,981</u>
Net (expenditure)/income		<u>(6,121)</u>	<u>965,159</u>	<u>959,038</u>	<u>15,339</u>
Transfers between funds		15,467	(15,467)	-	-
Net movement in funds before other recognised gains/(losses)		<u>9,346</u>	<u>949,692</u>	<u>959,038</u>	<u>15,339</u>
Other recognised gains/(losses):					
Net movement in funds		<u>9,346</u>	<u>949,692</u>	<u>959,038</u>	<u>15,339</u>
Reconciliation of Funds:					
Total funds brought forward		49,828	685,912	735,740	720,401
Net movement in funds		1,733	949,692	951,425	15,339
Total funds carried forward		<u>51,561</u>	<u>1,635,604</u>	<u>1,687,165</u>	<u>735,740</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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REGISTERED NUMBER: SC200325

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	5,416,762	1,069,731
Investments	13	30,300	31,400
		<u>5,447,062</u>	<u>1,101,131</u>
Current assets			
Stocks	14	8,781	9,219
Debtors: amounts falling due after more than one year	15	50,000	-
Debtors: amounts falling due within one year	15	156,105	47,934
Cash at bank and in hand		312,295	79,366
		<u>527,181</u>	<u>136,519</u>
Creditors: amounts falling due within one year	16	(1,996,063)	(173,366)
Net current liabilities		<u>(1,468,882)</u>	<u>(36,847)</u>
Total assets less current liabilities		<u>3,978,180</u>	<u>1,064,284</u>
Creditors: amounts falling due after more than one year	17	(2,332,017)	(321,905)
Total net assets		<u><u>1,646,163</u></u>	<u><u>742,379</u></u>
Charity funds			
Restricted funds	19	1,635,604	685,912
Unrestricted funds	19	10,559	56,467
Total funds		<u><u>1,646,163</u></u>	<u><u>742,379</u></u>

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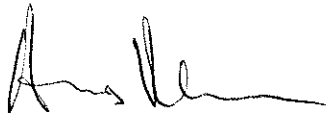
CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2021

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 27 December 2021 and signed on their behalf by:



Angus Robertson



Sarah Jones

The notes on pages 19 to 41 form part of these financial statements.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
(A company limited by guarantee)
REGISTERED NUMBER: SC200325

CHARITY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	1,661,408	889,914
Investments	13	30,500	31,600
		<u>1,691,908</u>	<u>921,514</u>
Current assets			
Debtors: amounts falling due within one year	15	31,835	28,215
Cash at bank and in hand		152,344	63,849
		<u>184,179</u>	<u>92,064</u>
Creditors: amounts falling due within one year	16	(125,422)	(76,436)
Net current assets		<u>58,757</u>	<u>15,628</u>
Total assets less current liabilities		<u>1,750,665</u>	<u>937,142</u>
Creditors: amounts falling due after more than one year	17	(63,500)	(201,402)
Total net assets		<u><u>1,687,165</u></u>	<u><u>735,740</u></u>
Charity funds			
Restricted funds	19	1,635,604	685,912
Unrestricted funds	19	51,561	49,828
Total funds		<u><u>1,687,165</u></u>	<u><u>735,740</u></u>

The Charity's net movement in funds for the year was £951,425 (2020 - £15,339).

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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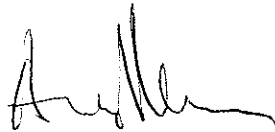
REGISTERED NUMBER: SC200325

**CHARITY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021**

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 27 December 2021 and signed on their behalf by:



Angus Robertson



Sarah Jones

The notes on pages 19 to 41 form part of these financial statements.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net cash used in operating activities	1,316,614	196,404
	1,316,614	196,404
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,405,703)	(331,466)
Bonds lodged as security	(61,976)	(14,547)
Net cash generated from investing activities	(4,467,679)	(346,013)
Cash flows from financing activities		
Cash inflows from new borrowing	3,687,623	145,743
Repayments of borrowing	(303,629)	-
Net cash provided by financing activities	3,383,994	145,743
	232,929	(3,866)
Change in cash and cash equivalents in the year	79,366	83,232
Cash and cash equivalents at the beginning of the year	312,295	79,366
Cash and cash equivalents at the end of the year	312,295	79,366

The notes on pages 19 to 41 form part of these financial statements

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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CHARITY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	1,055,576	125,459
Cash flows from investing activities		
Proceeds from the sale of tangible fixed assets	183,126	-
Purchase of tangible fixed assets	(1,020,905)	(151,649)
Purchase of investments	-	(100)
Loans made to subsidiary undertakings	(3,000)	(1,100)
Loans repaid by subsidiary undertakings	4,100	-
Net cash used in investing activities	(836,679)	(152,849)
Cash flows from financing activities		
Cash inflows from new borrowing	52,724	25,240
Repayments of borrowing	(183,126)	-
Net cash (used in)/provided by financing activities	(130,402)	25,240
Change in cash and cash equivalents in the year	88,495	(2,150)
Cash and cash equivalents at the beginning of the year	63,849	65,999
Cash and cash equivalents at the end of the year	152,344	63,849

The notes on pages 19 to 41 form part of these financial statements

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The Morvern Community Development Company is a company limited by guarantee with no share capital registered in Scotland with company number SC200325. 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 Charity 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 cash flow projections and are satisfied that the company has adequate reserves to continue trading for the foreseeable future. A number of new income streams, under construction at the balance sheet date, have started generating revenue post year-end. Accordingly, the accounts are prepared on the going concern basis.

2.3 Income

All income is recognised once the Charity 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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 £1000 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.

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, Station and Shore	- not depreciated / 4% straight line
Land & property incl housing	- not depreciated
Plant and machinery	- 25% reducing balance / 7.5% straight line
Motor vehicles	- 25% reducing balance
Sheds, tools, allotments, etc	- 25% reducing balance
Assets under construction	- not depreciated

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 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 Charity 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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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.

3. Income from donations and legacies

Group

	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>

Prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Donations	30,025	85,956	115,981

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Charity

	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>

Prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Donations	30,025	85,956	115,981

4. Income from other trading activities

Income from non charitable trading activities

Group

	Unrestricted funds 2021 £	Total funds 2021 £
Trading income - MCTC	100,158	100,158

Prior year

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Trading income - MCTC	170,154	170,154

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Other incoming resources

Group

	Unrestricted funds 2021 £	Total funds 2021 £
Sundry income	4,937	4,937
Rental income	790	790
	<u>5,727</u>	<u>5,727</u>

Prior year

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Other operating income	(2,400)	(2,400)
Sundry income	5,237	5,237
Rental income	120	120
	<u>2,957</u>	<u>2,957</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
Charity

	Unrestricted funds 2021 £	Total funds 2021 £
Sundry income	512	512
Rental income	5,290	5,290
	<u>5,802</u>	<u>5,802</u>

Prior year

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Sundry income	640	640
Rental income	4,620	4,620
	<u>5,260</u>	<u>5,260</u>

6. Expenditure on raising funds

Other trading expenses

	Unrestricted funds 2021 £	Total funds 2021 £
Cost of Sales - MCTC	79,158	79,158
Staff costs - MCTC	15,344	15,344
Administration expenses	105,059	105,059
Interest payable	854	854
	<u>200,415</u>	<u>200,415</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Expenditure on raising funds (continued)

Prior year

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Cost of Sales - MCTC	103,762	103,762
Staff costs - MCTC	21,479	21,479
Administration expenses	38,371	38,371
	<u>163,612</u>	<u>163,612</u>

7. Analysis of expenditure on charitable activities

Summary by fund type

Group

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

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Core development activities	3,738	40,983	44,721
Marina & pontoons	-	40,775	40,775
Other property/assets (incl depreciation)	2,517	5,138	7,655
Energy & renewables	-	3,732	3,732
Governance	4,163	1,738	5,901
	<u>10,418</u>	<u>92,366</u>	<u>102,784</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Charity

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Core development activities	25,993	44,434	70,427
Marina & pontoons	750	40,986	41,736
COVID-19 Support	-	8,181	8,181
	<u>26,743</u>	<u>93,601</u>	<u>120,344</u>

Prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Core development activities	6,138	40,983	47,121
Marina & pontoons	-	40,775	40,775
Other property/assets (inc depreciation)	2,517	5,138	7,655
Energy & renewables	-	3,732	3,732
Governance	4,163	1,738	5,901
	<u>12,818</u>	<u>92,366</u>	<u>105,184</u>

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Total funds 2021 £
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>

Prior year

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2020</i>	<i>Total funds 2020</i>
	£	£
Core development activities	44,721	44,721
Marina & pontoons	40,775	40,775
Other property/assets (incl depreciation)	7,655	7,655
Energy & renewables	3,732	3,732
Governance	5,901	5,901
	<u>102,784</u>	<u>102,784</u>

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021
	£	£	£
Core development activities	41,732	33,495	75,227
Marina & pontoons	41,736	-	41,736
COVID - 19 support	8,181	-	8,181
	<u>91,649</u>	<u>33,495</u>	<u>125,144</u>

Prior year

	<i>Activities undertaken directly 2020</i>	<i>Total funds 2020</i>
	£	£
Core development activities	47,121	47,121
Marina & pontoons	40,775	40,775
Other property/assets (incl depreciation)	7,655	7,655
Energy & renewables	3,732	3,732
Governance	5,901	5,901
	<u>105,184</u>	<u>105,184</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****9. Auditors' remuneration**

The auditors' remuneration amounts to:

	Group 2021 £	Company 2021 £
Audit fees	9,000	5,000
Non-audit services	6,400	2,500
	<u>15,400</u>	<u>7,500</u>

10. Staff costs

	Group 2021 £	<i>Group 2020 £</i>	Charity 2021 £	<i>Charity 2020 £</i>
Wages and salaries	43,634	54,880	28,365	33,495
Contribution to defined contribution pension schemes	736	735	661	641
	<u>44,370</u>	<u>55,615</u>	<u>29,026</u>	<u>34,136</u>

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

	Group 2021 No.	<i>Group 2020 No.</i>	Charity 2021 No.	<i>Charity 2020 No.</i>
Staff	5	3	1	1
Directors	12	12	9	9
	<u>17</u>	<u>15</u>	<u>10</u>	<u>10</u>

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

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, no Trustee expenses have been incurred (2020 - £NIL).

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Tangible fixed assets

Group

Cost or valuation	Land, Station and Shore £	Land & property incl housing £	Plant and machinery £	Motor vehicles £	Sheds, tools, allotments, etc £	Assets under construction £	Total £
At 1 April 2020	334,997	124,211	461,833	22,973	65,975	492,276	1,502,265
Additions	-	-	35,000	-	-	4,370,703	4,405,703
At 31 March 2021	<u>334,997</u>	<u>124,211</u>	<u>496,833</u>	<u>22,973</u>	<u>65,975</u>	<u>4,862,979</u>	<u>5,907,968</u>
Depreciation							
At 1 April 2020	110,439	-	263,263	8,270	50,562	-	432,534
Charge for the year	12,757	-	38,385	3,676	3,854	-	58,672
At 31 March 2021	<u>123,196</u>	<u>-</u>	<u>301,648</u>	<u>11,946</u>	<u>54,416</u>	<u>-</u>	<u>491,206</u>
Net book value							
At 31 March 2021	<u>211,801</u>	<u>124,211</u>	<u>195,185</u>	<u>11,027</u>	<u>11,559</u>	<u>4,862,979</u>	<u>5,416,762</u>
At 31 March 2020	<u>224,558</u>	<u>124,211</u>	<u>198,570</u>	<u>14,703</u>	<u>15,413</u>	<u>492,276</u>	<u>1,069,731</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Tangible fixed assets (continued)

Charity

	Land, Station and Shore £	Land & property incl housing £	Plant and machinery £	Motor vehicles £	Sheds, tools, allotments, etc £	Assets under construction £	Total £
Cost or valuation							
At 1 April 2020	334,997	124,211	461,833	22,973	65,975	312,459	1,322,448
Additions	-	-	35,000	-	-	985,905	1,020,905
Transfers intra group	-	-	-	-	-	(190,739)	(190,739)
At 31 March 2021	334,997	124,211	496,833	22,973	65,975	1,107,625	2,152,614
Depreciation							
At 1 April 2020	110,439	-	263,263	8,270	50,562	-	432,534
Charge for the year	12,757	-	38,385	3,676	3,854	-	58,672
At 31 March 2021	123,196	-	301,648	11,946	54,416	-	491,206
Net book value							
At 31 March 2021	211,801	124,211	195,185	11,027	11,559	1,107,625	1,661,408
At 31 March 2020	224,558	124,211	198,570	14,703	15,413	312,459	889,914

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Fixed asset investments

Group	Unlisted investments £	Trade investments £	Total £	
Cost or valuation				
At 1 April 2020	9,300	21,000	30,300	
At 31 March 2021	<u>9,300</u>	<u>21,000</u>	<u>30,300</u>	
Net book value				
At 31 March 2021	<u>9,300</u>	<u>21,000</u>	<u>30,300</u>	
<i>At 31 March 2020</i>	<u>9,300</u>	<u>21,000</u>	<u>30,300</u>	
	Investments in subsidiary companies £	Unlisted investments £	Trade investments £	Total £
Charity				
Cost or valuation				
At 1 April 2020	200	9,300	21,000	30,500
At 31 March 2021	<u>200</u>	<u>9,300</u>	<u>21,000</u>	<u>30,500</u>
Net book value				
At 31 March 2021	<u>200</u>	<u>9,300</u>	<u>21,000</u>	<u>30,500</u>
<i>At 31 March 2020</i>	<u>200</u>	<u>9,300</u>	<u>21,000</u>	<u>30,500</u>

14. Stocks

	Group 2021 £	Group 2020 £
Finished goods and goods for resale	<u>8,781</u>	<u>9,219</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Debtors

	Group 2021 £	<i>Group 2020 £</i>
Due after more than one year		
Other debtors	50,000	-

Included within other debtors is £50,000 (2020 - £nil) 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 2021 £	<i>Group 2020 £</i>	Charity 2021 £	<i>Charity 2020 £</i>
Due within one year				
Trade debtors	4,102	4,592	-	2,394
Amounts owed by group undertakings	-	-	12,250	10,000
Other debtors	46,885	30,318	19,585	15,821
Prepayments and accrued income	2,332	1,357	-	-
Tax recoverable	102,786	11,667	-	-
	156,105	47,934	31,835	28,215

Included within other debtors is £26,523 (2020 - £14,547) is an amount lodged with SSE as security for MorVolts' obligations to them in respect of the electrical grid connection.

16. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group 2020 £</i>	Charity 2021 £	<i>Charity 2020 £</i>
Bank overdrafts	25	-	-	-
Bank loans	1,373,882	-	7,500	-
Other loans	5,000	5,000	5,000	5,000
Trade creditors	320,729	162,357	3,697	68,693
Other taxation and social security	1,218	1,745	682	556
Other creditors	159,308	-	100,174	-
Accruals and deferred income	135,901	4,264	8,369	2,187
	1,996,063	173,366	125,422	76,436

THE MORVERN COMMUNITY DEVELOPMENT COMPANY**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****17. Creditors: Amounts falling due after more than one year**

	Group 2021 £	<i>Group 2020 £</i>	Charity 2021 £	<i>Charity 2020 £</i>
Bank loans	77,017	-	42,500	-
Other loans	2,255,000	321,905	21,000	201,402
	2,332,017	321,905	63,500	201,402

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

	Group 2021 £	<i>Group 2020 £</i>
Payable or repayable by instalments	2,052,589	-
	2,052,589	-

18. Prior year adjustments

In the prior year, £34,136 of restricted expenditure on staff & development costs was disclosed as unrestricted. This resulted in an overstatement of restricted reserves and an understatement of unrestricted reserves.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
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
Restricted funds					
Pontoons	193,493	-	(30,115)	-	163,378
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	-	-	(15,467)	-
Community Hub	52,940	603,304	-	-	656,244
Climate Challenge Fund	21,600	7,410	(6,181)	-	22,829
Other Balances	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
	685,912	1,058,760	(93,601)	(15,467)	1,635,604
Total of funds	742,379	1,226,943	(323,159)	-	1,646,163

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2019 £</i>	<i>As restated Income £</i>	<i>As restated Expenditure £</i>	<i>Balance at 31 March 2020 £</i>
Unrestricted funds				
Designated funds				
Designated Funds - all funds	12,666	-	-	12,666
General funds				
General Funds	44,733	5,389	(6,321)	43,801
Total Unrestricted funds	57,399	5,389	(6,321)	56,467
Pontoons	223,608	-	(30,115)	193,493
Shore facilities & road	207,050	-	(10,660)	196,390
Land & Housing	160,428	25,000	-	185,428
Allotments	10,178	-	(1,815)	8,363
Fuel Pump	1,323	-	(199)	1,124
Hydro-renewables	15,467	-	-	15,467
Community Hub	8,353	44,762	(175)	52,940
Climate Challenge Fund	18,378	12,314	(9,092)	21,600
Other Balances	1,034	3,880	(1,736)	3,178
Project/Development Officer	17,183	29,975	(39,229)	7,929
	663,002	115,931	(93,021)	685,912
Total of funds	720,401	121,320	(99,342)	742,379

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

20. Purposes of restricted funds

The following funds represent grants received towards the respective fixed assets, against which depreciation of the relevant asset is charged:

- Pontoons
- Shore facilities and road
- Land & housing
- Allotments
- Fuel Pumps
- Community Hub
- Electric bikes

The Climate Challenge Fund represents funds received towards the operation of the Morvern Eco Wheels scheme, which makes an electric car and charging facilities available for community hire.

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

The HIE COVID-19 fund is a grant received from Highlands and Islands Enterprise to support the community in its recovery from the effects of COVID-19 on local businesses.

21. Summary of funds

Summary of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
Designated funds	12,666	-	-	5,262	17,928
General funds	43,801	168,183	(229,558)	10,205	(7,369)
Restricted funds	685,912	1,058,760	(93,601)	(15,467)	1,635,604
	<u>742,379</u>	<u>1,226,943</u>	<u>(323,159)</u>	<u>-</u>	<u>1,646,163</u>

Summary of funds - prior year

	Balance at 1 April 2019 £	As restated Income £	As restated Expenditure £	Balance at 31 March 2020 £
Designated funds	12,666	-	-	12,666
General funds	44,733	5,389	(6,321)	43,801
Restricted funds	663,002	115,931	(93,021)	685,912
	<u>720,401</u>	<u>121,320</u>	<u>(99,342)</u>	<u>742,379</u>

THE MORVERN COMMUNITY DEVELOPMENT COMPANY**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****22. Analysis of net assets between funds****Analysis of net assets between funds - current 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

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	337,146	732,585	1,069,731
Fixed asset investments	10,400	-	10,400
Trade investments	21,000	-	21,000
Current assets	2,790	133,729	136,519
Creditors due within one year	(173,366)	-	(173,366)
Creditors due in more than one year	(141,503)	(180,402)	(321,905)
Total	56,467	685,912	742,379

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

	Group 2021 £	<i>Group 2020 £</i>	Charity 2021 £	<i>Charity 2020 £</i>
Net income for the year (as per Statement of Financial Activities)	903,784	21,978	959,038	15,339
Adjustments for:				
Depreciation charges	58,672	53,377	58,672	53,377
Decrease in stocks	438	7,279	-	-
Decrease/(increase) in debtors	(95,095)	3,008	(3,620)	7,343
Increase in creditors	448,815	110,762	41,486	49,400
Net cash provided by operating activities	1,316,614	196,404	1,055,576	125,459

24. Analysis of cash and cash equivalents

	Group 2021 £	<i>Group 2020 £</i>	Charity 2021 £	<i>Charity 2020 £</i>
Cash in hand	312,295	79,366	152,344	63,849
Total cash and cash equivalents	312,295	79,366	152,344	63,849

25. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	79,366	232,929	312,295
Bank overdrafts repayable on demand	-	(25)	(25)
Debt due within 1 year	(5,000)	(1,373,882)	(1,378,882)
Debt due after 1 year	(321,905)	(2,010,112)	(2,332,017)
	(247,539)	(3,151,090)	(3,398,629)

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

26. Capital commitments

	Group 2021 £	<i>Group 2020 £</i>	Charity 2021 £	<i>Charity 2020 £</i>
Contracted for but not provided in these financial statements				
Acquisition of tangible fixed assets	1,624,284	<i>6,078,800</i>	214,992	<i>1,101,584</i>

27. 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.

28. Operating lease commitments

At 31 March 2021 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	<i>Group 2020 £</i>
Not later than 1 year	1	<i>-</i>
Later than 1 year and not later than 5 years	4	<i>-</i>
Later than 5 years	35	<i>-</i>
	40	<i>-</i>

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

29. 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 (2020 - £2,400) and leased the harbour and marina to MCTC with receipts of £4,500 (2020 - £4,500). MCDC also received a donation of £6,992 from MCTC. At the year end, there was a balance of £12,250 due from MCTC to MCDC (2020 - £12,250)

MorVolts - MCDC transferred the hydro-electric assets under construction to MorVolts Limited for £183,126.

THE MORVERN COMMUNITY DEVELOPMENT COMPANY

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

30. Principal subsidiaries

The following were subsidiary undertakings of the Charity:

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%

Included in consolidation

Yes

Yes

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	156,653	(132,743)	23,910	24,010
MorVolts Limited	-	72,172	(72,172)	(72,425)

31. 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.