

Isle of Gigha Heritage Trust and Subsidiary Companies AGM 2023

Thursday 14th December in Gigha Hotel at 7pm.

Present from IGHT: Fergus Christie (FC), Jane Clements (JC), Graham White (GW), Ian Wilson (IW)

Minutes: Jane Millar

In attendance: 20 members were present.

1. Welcome from the Chair

IW welcomed everyone to the meeting at 7pm. Apologies had been received from Jon Grunseth and Ian Pinniger (IGHT directors). Apologies had been received from Geoghegans Chartered Accountants who could not attend in person this evening but have prepared a video presentation.

2. Presentation of the Audited IGHT and Subsidiary Accounts to 31st March 2023

Paul Marshall of Geoghegans Chartered Accountants presented the Accounts for the IGHT Group via a video presentation. This is the first year Geoghegans have audited the IGHT Group therefore a number of matters did arise, and prior year figures had to be reinstated which can be seen in the Accounts. Profit and Loss Accounts for each entity were presented along with key findings:

GTL

Income increased by £30k due to grants received in relation to the campsite coupled with a slight increase in trading income from the opening of the campsite during the year. Expenditure also increased in the year in relation to operational costs including salaries of £25k and direct costs of £10k which all relate to the campsite. Due to the campsite now being open, the asset must now be depreciated which has resulted in an increase in the depreciation charge in the profit and loss account. This all combines to show a loss in the year of £18k, which has reduced from the prior year but still isn't ideal. The main concern is that the charity shouldn't be used to support a loss-making subsidiaries long term. There have been discussions regarding the reconstruction of the subsidiary companies, which would allow loss-making from tourism services to be offset against profits from energy sales. Despite the accounting loss, the company is still generating a taxable profit which is due to depreciation being a non-taxable item. GTL is therefore due to pay £51,383 to IGHT prior to 31st December 2023 to bring corporation tax to £NIL.

GREL

Income increased due to higher energy sale prices and steady performance during the year. There has been a small increase in operational costs due to repairs being carried out. This means GREL made a slight profit of £8k following a large donation being made to the Trust of £193k during the year. The turbines are now 31 years old so careful consideration is needed as to when they should be replaced. GREL is due to pay £83,657 to IGHT prior to 31st December 2023 to bring corporation tax to £NIL. A prior year adjustment was made to the GREL Accounts as the prior year Accounts included an investment of £78k which should have been treated as an intercompany balance.

GGPL

There has been significant improvement in the years performance which is attributed to the turbine being fully operational. £466k of income was generated. Costs are also down slightly due to lower repair costs which is to be expected after the repairs carried out in prior years. The company also made a donation in the year of £102k to IGHT. GGPL is due to pay £244,726 to IGHT prior to 31st December 2023 to bring corporation tax to £NIL. The insurance settlement for the downtime in 2020-2022 was received in November 2023 for a total of £359k which has provided the company with the necessary funds to settle the outstanding Triodos loan of £380k. Prior year adjustments

were also made to the GGPL Accounts. As part of a review of the prior year audit, it was noted that accruals and accrued income had been misstated, therefore Geoghegans were required to amend the prior year figures to correct the position.

IGHT

There was a substantial increase in income from £1.2m to £1.5m which is attributable to the increase in capital grant income and subsidiary donations. This increased income is not matched by an increase in expenditure as a large amount of the grant income is used for capital projects which result in assets being shown instead of costs in the Statement of Financial Activities. There was a small increase in expenditure of £39k which is mainly in relation to staff costs. Overall, there was a net surplus of £829k which increased from £512k in the prior year. The charity continues to have a large surplus year on year but part of this is restricted from capital grants secured. Associated expenditure of these grants results in fixed assets being created and recorded in the balance sheet. The charity's free reserves at the year-end remain healthy at £680k and increased from £496k in the prior year which relates to the increased donations from the subsidiaries. Despite having increased reserves, cash position was falling at the year-end due to continued investment in capital projects, particularly the pathway project. It is expected this will continue into the next financial year due to the large investment in new housing being progressed. Corrections needed to be made to the prior year Accounts including corrections to depreciation, the write-off of irrecoverable amounts, and the correction of unrestricted fund balances. A full detail of these adjustments can be found in a note within the Accounts.

Key Points

This is the first year Geoghegans have audited and prepared the IGHT Group Accounts, therefore time and consideration had to be given to prior year audit files to understand the prior year figures. Following this, further work had to be carried out to gain comfort which required a number of adjustments to be made. Large amount of time was also spent pulling together a detailed register of housing improvements since 2005. Thanks goes to Shona, Jane, and RA Clement for assisting with this. Now the register has been prepared it will be much easier to maintain and update moving forward.

- GTL – the main issue is the going concern however consideration has been given to reconstruction of the subsidiary companies to address this.
- GREL – there are no concerns, and the company is performing well.
- GGPL – the main concern is the share pledge entered into with Triodos was incorrectly recorded at Companies House, which showed Triodos Bank as being the beneficial owner of the company. This would have only ever been a concern if the company defaulted on the loan. However, with the loan being repaid in full, this concern has been addressed.
- IGHT – the main area of concern was the treatment of capital grants on consolidation, however these issues have now all been addressed and should be easier to manage moving forward.

The details provided tonight give an overview of the performance of the group, however a copy of the Accounts can be requested from the Trust office. Paul gave final thanks again to Jane and Shona for all their help during the audit process as it is never easy transitioning to new advisors and inevitably involves having to provide information and answer lots of questions. Paul thanked everyone for listening.

3. Chair update on IGHT and Subsidiary Companies' activities

A Board Paper was circulated in advance of the AGM which included an update on IGHT activities.

IW mentioned the intention to amalgamate GTL and GGPL from 1st April. This is to help offset trading losses against renewable profits. GREL would eventually dissolve when the dancing ladies are decommissioned and GGPL will lead on the replacement project. This would reduce accountancy and administration costs in the long-term having less companies. A member questioned whether any financial modelling has been done to support this decision. IW said financial commitments are required from the Trust, this includes the gardens, paths maintenance, housing maintenance, etc. There is approx. £200k needed each year to cover these costs. With the Feed in Tariff, GGPL will be able to cover these costs as well as future investments. Budgets are prepared for each company every year. Depending on projects that arise, the budgets may need to be modified. The Board are now in a position to bring financial decisions/opportunities to the members now that the Trusts financial position has stabilised.

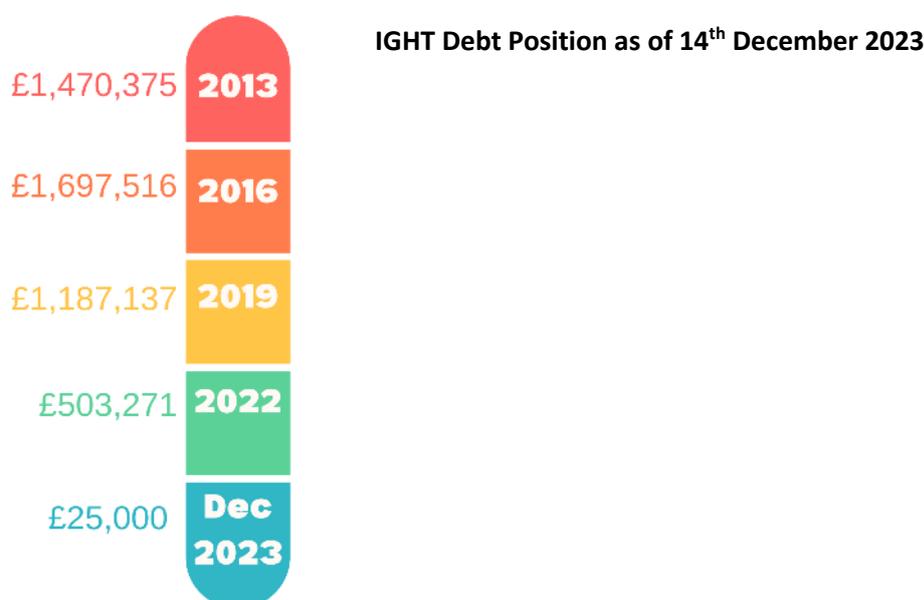
There has been issues with the Dancing Ladies. T2 still needs a new gearbox however there has been issues with sourcing technicians. The ROCs are due to expire in 2024 however the price of electricity means that the turbines are still profitable and will continue to turn until a conclusion on replacement options is reached.

IW confirmed that the IGHT Nationwide loan has been fully repaid as of today (14.12.23). This has released £5k in interest charges and security will be discharged from 9 properties. The GGPL Triodos loan of £380k has also been repaid this month following receipt of the insurance claim. This means the only external debt held by the IGHT Group is the Bank of Scotland Bounce Back Loans, which the 3 companies (IGHT, GTL & GREL) intend to repay in full soon, as cash positions are healthy. IGHT also has a £320k loan with Social Investment Scotland which is ring fenced for the housing development and repaid through the rent generated from the housing.

Intercompany loans will be reviewed next:

GGPL owes:	GTL owes:
IGHT - £138,123	IGHT - £131,283
GREL - £80,074	

There is reasonable cash available, but this still needs to be carefully managed and considered. More income streams need to be created and sustained.



N.B. These figures exclude subsidiary company debts, intercompany loans, and the SIS Housing Development loan of £320k

4. Outcome of Election

Jane Clements – elected 2021
Jon Grunseth – elected 2022
Tim Lister – elected 2023
Adam Murphy – elected 2023
Ian Pinniger – elected 2023
Graham White – elected 2022
Ian Wilson – elected 2022

IW welcomed Tim Lister and Adam Murphy to the IGHT board. Ian Pinniger has been re-elected. Jon Grunseth is resigning as of the AGM. IW thanked Jon for his contribution to the board over the last year.

Co-opted positions will be reviewed by the new board. A member suggested that the co-opted positions be more community minded.

5. Appointment of Auditors

IW proposed that Geoghegans Chartered Accountants remain as the IGHT Group Auditors. A member queried if the Accountants and Auditors are the same company. FC confirmed they are the same company; however, they have a “Chinese wall” between department to ensure their work is separate. There were no objections to Geoghegans being appointed as the Group Auditors.

6. Approval of the 2022 AGM minutes

The minutes from the 2022 AGM were circulated in advance of the AGM. Bryony White proposed, and Mark Cosgrove seconded.

7. Vote of Thanks and Close of Meeting

JC thanked everyone for attending and providing support to the Trust this year. JC said the Trust is on a steady foot and it is good to see everything moving forward. There is mulled wine and mince pies available in the front bar for everyone. Tim Lister thanked the directors for getting the finances stabilised as it is a much easier prospect to join the board in the current position. IW said thanks to the staff team who make the Trust work well. IW thanked members for their support and attendance. FC gave a vote of thanks to IW for standing up as chair for a number of years now. FC said that from the Trust almost going bankrupt to now being in credit is a huge achievement and IW has been the driving force.

Meeting closed – 7.30pm