

Isle of Gigha Heritage Trust Group AGM 2024

Thursday 28th November at 7pm in Gigha Village Hall

Present from IGHT: Fergus Christie, Jane Clements, Tim Lister, Adam Murphy, Graham White, Ian Wilson

Apologies from IGHT: Ian Pinniger, Jane Millar

Minutes: Anna Lannigan

In attendance: 25 Members (20% of IGHT membership is 24)

1. Welcome from the Chair

IW welcomed everyone to the meeting at 7pm. Apologies had been received from Ian Pinniger, IGHT director. Apologies had been received from MHA Chartered Accountants who could not attend in person this evening but have prepared a video presentation. Apologies from Jane Millar, who could not attend due to poor weather.

2. Presentation of the Audited IGHT and Subsidiary Accounts to 31st March 2024

Paul Marshall of MHA Chartered Accountants presented the Accounts for the IGHT Group via a video presentation. Geoghegans merged with MHA in February 2024, however this has not changed the day-to-day operations of the firm, and the team involved in the audit remain the same. It has provided the company with greater resources which enhances their ability to deliver a quality service. Business with the Trust has been carried out as normal with no issues. The key points arising from the audit were presented:

Gigha Trading Limited (GTL)

Total income is up in the year by £87k which is mainly due to the campsite operating for the full 12 months. Similarly, operating and staffing expenses have increased by £50k within the company which is largely related to the campsite activity. There have also been some accounting and legal fees in relation to the transfer of the trading assets to GTRL (previously GGPL). Due to concerns around the going concern of GTL, the board took the decision to transfer all GTL assets to Gigha Green Power Limited (GGPL), which was then renamed Gigha Trading & Renewables Limited (GTRL) on 1st April 2024. The income from the renewable generation will help sustain the trading activities. 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 small surplus in the year of £3k before paying the charitable donation of £51k to the Trust which reduced corporation tax liability to £NIL. As GTL assets have been transferred, the company is due to be wound up during the 2024-25 year.

Gigha Renewable Energy Limited (GREL)

There has been a significant drop in profitability this year due to a reduction in income which is attributed to the downtime experienced by one of the turbines. Operational expenditure has increased as a result of repair works being carried out on the turbines. There was also an increase in professional fees which is related to restating the prior year accounts and consultants working on the phase 1 feasibility of the turbine's replacement project. Despite this, GREL still generated a profit, and this allowed it to make a donation of £84k during the year. GREL is due to make a donation of £7k during the current year to reduce corporation tax to £NIL. The age of the turbines is becoming an issue and careful considerations needs to be given to the timing of repairs and replacements. Energy costs are currently doing well although this cannot be guaranteed in the future.

Gigha Trading & Renewables Limited (GTRL)

Formally known as Gigha Green Power Limited (GGPL), following the transfer of assets from GTL, the company was renamed GTRL as of 1st April 2024. Trading income increased significantly due to insurance claim income of £382k which was received during the year. The insurance claim allowed for the Triodos loan to be repaid in full. This is a one-off item and excluding this, operating income is similar to the prior year. Some adjustments were made to GTRL's income due to errors made when submitting energy units to Good Energy however this has been rectified. Operational costs have increased but this is due to a full 12 month of repairs service being carried out on the Enercon, compared to that of previous years when significant downtime was experienced. Other significant expenditure was the adjustment of intercompany loans following the transfer from GTL. GTRL now owes IGHT £282k which includes the original loan to GGPL for the turbine's development and loans between IGHT and GTL. This is all combined to result in a net profit of £443k before any donations are made. The improved position of the company allowed it to make a donation of £245k to the Trust during the year. A further donation of £223k is to be paid to the Trust during the current year to reduce corporation tax to £NIL.

Isle of Gigha Heritage Trust (IGHT)

There was a substantial increase in income from £1.5m to just over £2m which is attributable to the increase in capital grant income and subsidiary donations. The methodology of charity accounting does make the position of the Trust appear better as the associated costs with grant funded projects are capitalised on the balance sheet, meaning they appear as “assets” instead of “costs”. The “costs” appear in future years as depreciation is charged on the assets. Expenditure did increase in the year which is mainly in relation to project and staff costs. Overall, there was a net surplus of £1.1m which increased from £829k 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. As mentioned, 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 £770k and increased from £680k in the prior year which relates to the increased donations from the subsidiaries.

Loans

External group borrowing has decreased from £778k to £320k. Loans with Bank of Scotland and Triodos were repaid during the year before a loan was secured with Social Investment Scotland for the new housing development. Intercompany borrowing has been tidied up with the only intercompany balance being £282k from GTRL to the Trust. Given the profitability of GTRL, it is in a good position to make repayments to the Trust.

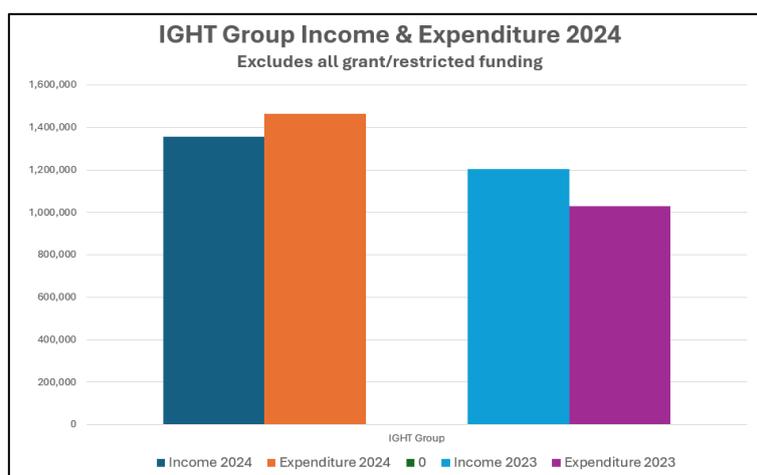
Key Points

This is the second year MHA have audited and prepared the IGHT Group Accounts, and the process was much more straight forward after spending time last year making adjustments. Thanks goes to Jane and Shona for assisting with the audit process.

- GTL – the going-concern issue previously raised was addressed through the transfer of assets to GTRL.
- GREL – no major audit issues, however future income and expenditure does need to be closely monitored.
- GTRL (formerly GGPL) – no major audit issues however a prior year adjustment was made due to the incorrect energy unit being submitted to Good Energy which has since been rectified. The main activity of the company related to the transfer of GTL assets.
- IGHT – no major audit issues however some adjustments were made to income following review of grant award letter dates, however this was uncontentious and has been processed in the financial statements.

The donations of £7k from GREL and £223k from GTRL should be made to the Trust prior to 31st December 2024 to secure tax relief.

Slides were presented which further illustrated the IGHT Group financial position.

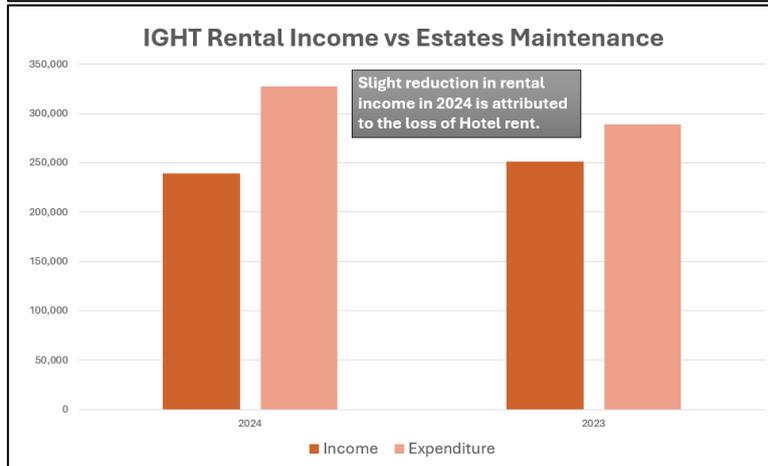
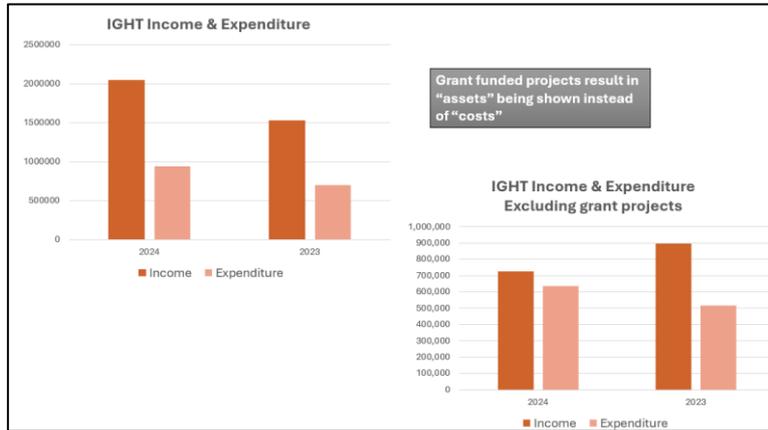


Looking at IGHT and all subsidiaries, both expenditure and income were both up in 2024 vs 2023. Expenditure in 2024 was higher than income (excluding grant funded projects). There has been more investment in the island.

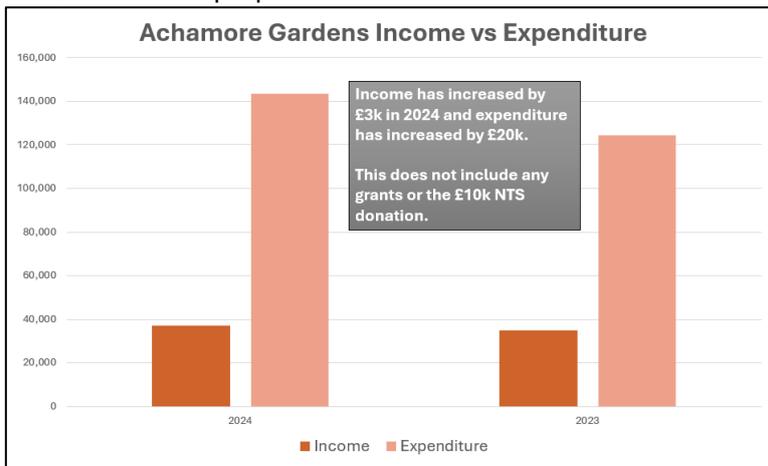
Member Question: Considering higher expenditure than income, what are the Directors planning to do?

Board Response: Grant money isn't received for any operational costs, but sustainability needs to be looked at, especially with the turbines. We will lose the FiT on the Enercon in 2034 and the ROCs end in 2027 for Dancing Ladies. The Replacement Project is ongoing, and we should have a report in December that will advise on feasibility of replacing dancing ladies, and then this can be discussed with the community. There is no quick fix.
 Member Comment: Directors should be taking advise on reserves, restrictions, investments.

IGHT is sitting with 10-months operational cash reserves, where 3-months is the required amount, so the Trust is in a good cash position at the moment.



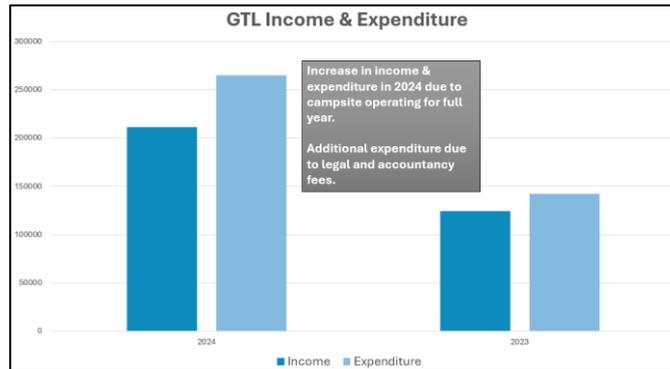
Rental: Slight loss on rental income due to hotel rent. Expenditure has been more than income and more than 2023, so need to look at this balance. There are additional government requirements/standards to be met in the future that will require additional investment into properties.



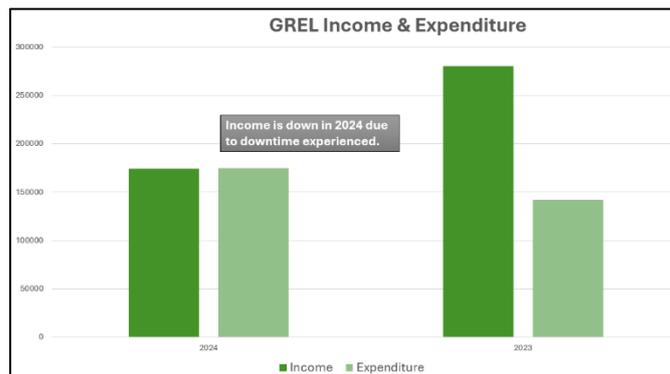
Achamore Gardens: Expenditure higher than income but recognised the Gardens are an important community and visitor asset.



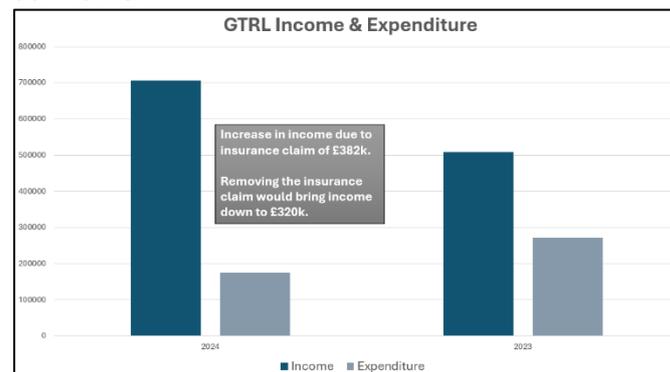
Staff Costs: Increase in cost, mainly due to being a Real Living Wage Employer. Should be prepared for costs to continue to increase.



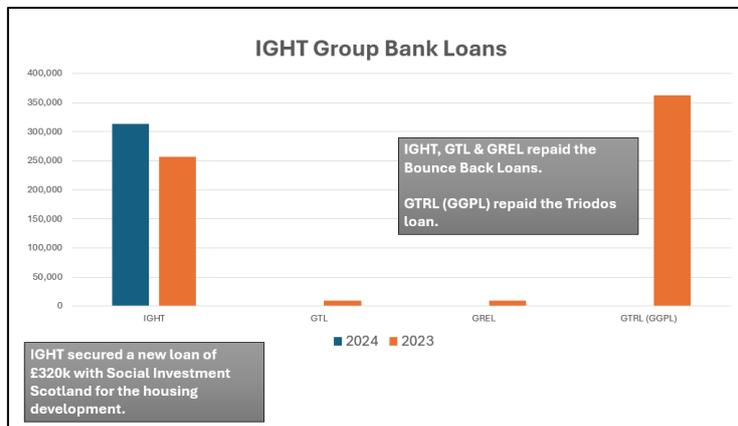
GTL: Expenditure higher than income as campsite re-invests its income and legal/accountancy fees due to the merger.



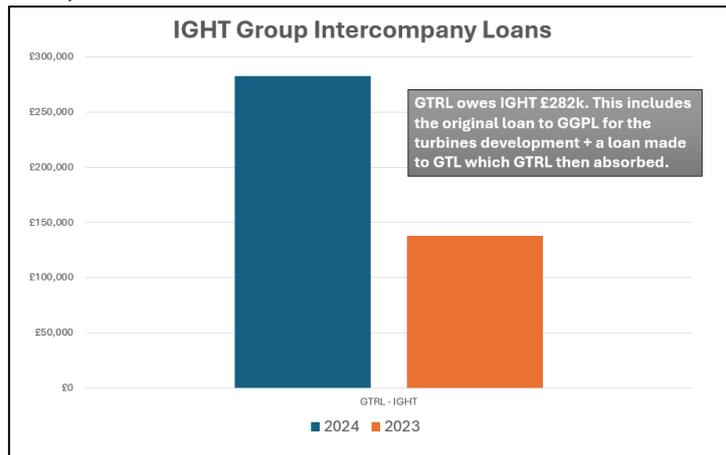
GREL: Income down due to T2 downtime.



GTRL (formerly GGPL): High income for 2024 due to an insurance payment from a previous year.



Bank Loans: Group loans were repaid then a new loan of £320k was secured for the housing development.



Intercompany Loans: Tided up with only GTRL owing IGHT £282k.

3. Update on IGHT and Subsidiary Companies' activities

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

Housing & Estates – EICRs (electrical checks) have been carried out in all residential properties along with remedial works. Achavinish was partially refurbished and re-let. Fencing works are scheduled and underway. The board are working with Bell Ingram.

Development – The housing project is due to be completed soon, Gigha residents can apply before the deadline of 6th December.

Helipad - Is now open with the official opening ceremony on 4th December – invite to be issued shortly.

MUGA - Planning permission is close to conclusion and funds have been secured to deliver the project.

Hotel – Bar renovation is progressing. Electrical and heating requirements have been identified and are in the process of being costed. It is likely that this work will need to be phased. It is intended that an advert to lease the Hotel will be publicised in early 2025.

Member Question: Is the bar going to be open in December?

Board Response: No. There are lots of events in the village hall.

Member Question: Is the hotel going to be a manager or a lease?

Board Response: The preferred option is to lease.

Community Fund – Paid out £3.5k this year to the Sound of Gigha, Christmas lights trail, Kilchattan leaflets, Heart Start training and heritage volunteers. The annual budget is £5k.

Renewables – A new servicing contract has been agreed with Wind Turbines Services UK Ltd after issues with Vestas communications and response times. A new generator is to be fitted in T1 soon. Replacement project feasibility is to be concluded in December. Discussions have started regarding the new ferry energy supply however it may not be feasible due to the wind turbines being unable to guarantee a constant supply and it is not possible to have 2 energy providers at once unless the law changes.

Note on additional costs due to ferry ramp weight restrictions – large deliveries will need to be brought in by boat. This is the same for all future projects until the new ferry is commissioned which will be able to take heavier loads.

Achamore Gardens – This year has seen the competition of the second Modern Apprenticeship position and a trainee position. A new Senior Gardener was recruited. The Plant Propagation facility continues to be explored with a design team as funded by the National Trust for Scotland. A range of events were held including the Residents' Picnic, the Scotland's Garden Scheme Charity Open Day and the Volunteer Bulb Planting Day. Plenty of groups visited this year including weddings, coaches, cruise ships and horticultural societies. An amazing 428 volunteer hours were accumulated.

Ranger Service – The INNS removal and hedgerow project continues to progress well, with 13,000 trees to be planted this winter. Path works were concluded earlier this year, bringing the Gateway to Gigha network to a conclusion and the now sole focus is on maintaining these paths. During the year, 14 events were held with 110 participants. An amazing 291 volunteer hours have been recorded so far this year.

The Trust won the "Scottish Social Enterprise of the Year Award" from Social Enterprise Scotland and is now entered in the UK Social Enterprise awards which will be announced in early December. Hoping to use the profile to our benefit over the year.

Member Comment: BT have left the road in a mess after undertaking some works.

Board Response: This should be raised with the Community Council. IGHT will pass this on.

4. Outcome of Election

Jane Clements – elected 2024

Tim Lister – elected 2023

Adam Murphy – elected 2024

Ian Pinniger – elected 2023

Graham White – elected 2022

Ian Wilson – elected 2022

5. Appointment of Auditors

The board proposed that MHA Chartered Accountants remain as the IGHT Group Auditors.

There were no objections to MHA being appointed as the Group Auditors.

Member Question: It would be better if MHA came to the AGM and had a clearer presentation. Have the Board received a separate presentation and the chance to ask questions?

Board Answer: Yes, the board had a prior meeting and presentation. They then created a simpler presentation focusing on key headlines for the AGM purpose.

6. Approval of the 2023 AGM minutes

Bryony White proposed, and Mark Cosgrove-Ward seconded.

7. Vote of Thanks and Close of Meeting

Member Question: When are you going to share with the members the discussion on what the priorities are for 2025? When is the next members' meeting?

Board Answer: 10-year planning project is ongoing, there will be meetings related to that. The next members meeting will be scheduled from that. The directors will have a discussion and share the 2025 Board Plan. No dates have been set. It is recognised that there are lots of big issues coming up.

Meeting closed 8pm

IGHT Board Meeting

Thursday 28th November at 8pm, Gigha Village Hall

Present: Fergus Christie (FC) – Director; Jane Clements (JC) - Director; Tim Lister (TL) – Director; Adam Murphy (AM) – Director; Graham White (GW) – Director; Ian Wilson (IW) – Director

Apologies: Ian Pinniger (IP) – Director; Jane Millar (JM) – Company Secretary

Minutes: Anna Lannigan

1. Office Bearer Positions

Co-opted Directors: IW proposed FC which was seconded by JC.

Chair & Vice Chair: FC proposed IW, TL proposed AM. JC proposed IW as Chair with AM as Vice-Chair to allow for AM to make a transition as Chair. TL seconded this proposal, and the board agreed with this approach. To be reviewed in 6 months.

Company Secretary: AM propose JM and FC seconded.

The board would like to see more members come forward to be on the board. The board are to carry out the annual skills audit to review what skills are missing from the board. Could there be an option to “trial” being a director to give people the opportunity to see what is involved. Co-opted vacancies should be considered.

Board Members

Jane Clements – elected 2024

Fergus Christie – co-opted 2024

Tim Lister – elected 2023

Adam Murphy – elected 2024

Ian Pinniger – elected 2023

Graham White – elected 2022

Ian Wilson – elected 2022

Chair – Ian Wilson

Vice Chair – Adam Murphy

Company Secretary – Jane Millar

Meeting closed 8.25pm