

COMPANY NO: SC225528

CHARITY NO: SC023281

ISLAND RETREATS LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2021

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ISLAND RETREATS LTD
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

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ISLAND RETREATS LTD
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2021

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name:	Island Retreats Ltd
Registered office and Operational Address:	St Moluag's Diocesan Centre Croft Ave Oban PA34 5JJ
Charity Registration Number:	SC023281
Company Registration Number:	SC225528
Trustees:	Very Rev'd Margaret Campbell Rev'd Amanda Fairclough Rev'd Clephane Hume Mr P Mills
Company Secretary:	Dr Peter Kemp
Independent Examiners:	Wylie & Bisset LLP 168 Bath Street Glasgow G2 4TP
Bankers:	Royal Bank of Scotland 26 George Street Oban PA34 4AT
Solicitors:	Twin Deer Law Ben Nevis Auction Mart Torlundy Fort William PH33 6SW
Accountants:	Ainsley Smith & Co. 21 Argyll Square Oban PA34 4AT

ISLAND RETREATS LTD
(A company limited by guarantee)

Report of the Trustees for the year ended 30 November 2021

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 November 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS102) (effective 1 January 2019).

Trustees

The charity trustees at present, together with any others who served in the year (unless otherwise stated) are:

Very Rev'd Margaret Campbell (Chairman)

Rev'd Amanda Fairclough

Rev'd Clephane Hume

Mrs Sally McKim (Resigned 25 January 2022)

Mr Peter Mills

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment, Appointment, Induction and Training of new trustees

The officers maintain an overview of the skills matrix of trustees and identify the gaps in skills available. They then use their contacts across the Diocese and elsewhere to identify potential new trustees. It is felt that every trustee should have a strong Christian faith, and thus far, this internal process has worked well; if serious and unfillable gaps appear, the trustees would resort to advertisement. Trustees are appointed by the Diocesan Standing Committee in its capacity as the Members of the Company.

Induction and training of new trustees is undertaken, in addition to updating and briefing of existing trustees. The package for new trustees is tailored to their previous knowledge and experience; all are provided at least with information on the applicability of the Companies Act, the company's Memorandum and Articles of Association, OSCAR Trustee guidance, previous minutes / papers of Board meetings, the charity's purposes and objectives, and on the charity's financial performance and risk profile.

The Board is responsible for setting salaries and honoraria of key management personnel, who are considered to be the Managers of each retreat house and of the Diocesan Centre. In the case of executive Directors the key personnel are members of the clergy, receiving the stipend set by the Province. In the case of other personnel, remuneration is set by the Board on appointment and reviewed annually, typically using the Living Wage or Standard Stipend uplift as a guideline.

Organisational structure

The Board of Directors administers the charity. During the year under report the Board met on four occasions. There are two retreat houses and a Diocesan Centre oversight of which is handled by Amanda Fairclough. The two retreat houses each have a manager who lives on site or close by. The Diocesan Centre houses the administration of the Diocese; excess accommodation is let on a medium term lease. The managers and the Diocesan Administrator each have a budget approved by the Board at the beginning of the year and are responsible for carrying out the objects of the charity related to their areas of the responsibility within that budget. Each manager reports financial and operational performance to the Operations Manager (Amanda Fairclough) monthly, for onward report to the Board for monitoring against plan. Any expenditure outwith the budget requires approval by the Board.

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Report of the Trustees for the year ended 30 November 2021

Wider network

The charity is the limited by guarantee operating company of the Diocese of Argyll and The Isles (Charity No. SC005375), which is itself an integral part of the Scottish Episcopal Church (Charity No. SC015962).

Related parties

There are related party transactions, which are disclosed in note 3.

Risk management

The trustees manage risk by the following means:

- Assessing the risks faced by charity
- Establishing systems and procedures to mitigate those risks identified
- Implementing procedures to minimize any possible impact should those risks materialize

The biggest risk facing the charity remains financial fragility inherent in an operation based in historic buildings whose clients are often not well off. The COVID pandemic has also demonstrated that risks are not limited to the use of historic buildings and the trustees will regard pandemic risk as an ongoing issue. Detailed risks and plans for their management include:

- Failures in building infrastructure or other major external influences, leading to curtailed use. Regular condition surveys are carried out and every effort made to ensure that preventive repairs and maintenance are undertaken;
- Loss of bookings, especially repeat bookings. The effects of COVID and other pandemics are shown most clearly in bookings and cancellations. The level of future bookings as well as historic usage reports are considered at every Board meeting and action taken promptly to minimise the implications of any changes in trend;
- Loss of confidence by the Diocese in the ability of the Company to contain costs. This is managed by regular reports to the Diocesan Standing Committee.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the charity are to promote in accordance with the Canons, Resolutions and constitution of the Scottish Episcopal Church, advancement of religion, including through education, the provision of religious and spiritual renewal and the provision of related services beneficial to the community as a whole. In furtherance of these objectives, the Company operates two religious retreat houses, one at Bishop's House, Iona and the other at the Cathedral of the Isles and The College of the Holy Spirit, Isle of Cumbrae; each is leased from the Diocesan or Cumbrae Trustees, the legal owners, under leases that expire in 2023. In addition it owns and operates a Diocesan Centre in Oban, where office administration and support functions are provided.

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Report of the Trustees for the year ended 30 November 2021

Significant activities

It had been hoped that COVID would have been reduced by the spring of 2021 to allow for a restart of the hosting and provision of religious retreats at Iona and Cumbrae, together with cultural and spiritual education and development activities especially at Cumbrae, as outlined in the previous year's report, but not delivered in 2020. Excess capacity at Cumbrae was to be made available to Bed and Breakfast Guests. These activities had continued to attract participants from all over the UK and indeed the whole world, and are regarded as a major religious, cultural and spiritual contribution to the entire Scottish Episcopal Church and beyond. The range of participation in these activities is by no means restricted to members of the Episcopal Church, the focus being on all those who wish for religious and spiritual nourishment, regardless of their church or faith. As in the 2020 season, advance bookings were strong for 2021, albeit that many of these were postponed bookings from 2020. In the event, the restrictions put in place to combat the COVID pandemic, commencing as they did just at the start of the season, again caused major disruption to our plans. The retreat programme had to be virtually abandoned, resulting in the need to refund deposits already paid or re-book accommodation for future years. Limited bed and breakfast business was possible at Cumbrae for part of the season, although even this was curtailed by travel restrictions to the islands (which also prevented staff coming to work on occasion). A further result was disruption to staffing arrangements, with most being furloughed, as well as there being redundancies.

The changes resulting from the review at Cumbrae reported in the 2018-19 Annual Report were completely overwhelmed by the effects of COVID. As the country emerges from lockdown and we analyse the ongoing patterns of usage, it will be necessary to rebuild the Cumbrae offering. A start was made on this by the enthusiastic staff: a number of rooms let to a local care home to accommodate their staff on a room-only basis – a useful once-only opportunity; the bed and breakfast bookings really started to take off; the Cloister Café, although only open from October 2021, has proved a hit on the island and there is significant interest in 2022 bookings.

The shortfall in income on Iona was partially mitigated by providing accommodation for the builders working on the village hall for several months. This work also provided income in the year under review. Following cancellation of the retreat programme, a useful income stream arose from the letting of the Warden's Flat on a self-catering basis, while other rooms were let on a B&B basis. Bookings are strong for the 2022 season.

Overall, then, the 2021 season was much better than expected at the beginning of the year, and prospects for 2022 are good.

The Diocesan Centre in Oban continued to house administration for the Diocese, but also hosts educational, community and cultural meetings participated in by the wider community in the Oban area. The top floor of the Centre is let to Lorn and Oban Healthy Options Ltd, a community health initiative which encourages people to get healthier and fitter through participation in a flexible programme of activity designed to meet individual needs. The building has been underused during the last half of the year under review, since Diocesan and charity staff have been largely working from home.

There is further discussion of the financial aspects of performance in the Financial Review section of this report. Based on this, our new Bishop will lead a review of options for IRL recovery and development.

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Report of the Trustees for the year ended 30 November 2021

The Charity measures the success of its activities by two measures:

- The level of advance bookings, giving an indication of the success of its programmes;
- Continuing financial stability.

Volunteers

Volunteers have given up their time to help with work at The Bishop's House Iona and the College, Cumbrae. We are greatly indebted to these volunteers for their commitment and support.

Investment policy and objectives

An investment policy is in place setting out the criteria for selecting investments and objectives for the balance between capital growth and income. In general, the emphasis is on income although capital growth is not ignored thus avoiding unnecessary erosion of value.

The investments held by the charity are invested in the Scottish Episcopal Church Unit Trust Pool, the objective of which is to deliver income keeping pace with inflation. The overall yield in the year under report was 1.9%.

FUTURE PLANS

Future planning will be dominated by the need to recover from the effects of the COVID pandemic. The Scottish islands have survived the direct effects of the pandemic by their isolation, with low infection rates (albeit that since the year end, infection rates have increased significantly). In addition, there has been a significant reduction in the reliability of the ferry services, so it remains to be seen whether visitor business will return, and how quickly. The uncertainties for IRL are significant but the staff are committed to the Company.

ACHIEVEMENTS AND PERFORMANCE

Charitable activities

In normal times, Island Retreats' main beneficiaries are those who attend retreats / courses, or who use the Diocesan Centre, as well as members of the public who use the bed and breakfast accommodation at Cumbrae.

In the year under review, this has necessarily been curtailed.

The activities of the charity are to an extent seasonal, being busier from March to September and quieter towards the winter months.

FINANCIAL REVIEW

Results

The company and all staff continued to work hard in difficult economic environment. Although sales were down somewhat and there was considerable expenditure on the roof at Bishop's House, resulting in an operating deficit of £20,042. The company was also able to pay interest to the Diocese of £10,000.

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Report of the Trustees for the year ended 30 November 2021

A donation of £nil (2020 £3,132) was received from St Andrews Congregation worshipping at the Cathedral Cumbrae; a grant of £8,000 (2020 £8,000) was received from the Scottish Episcopal Church via the Diocesan Block Ministry Grant to assist with ministry at the College; and the Ecclesiastical Insurance (AllChurches) Trust donated £11,031 (2020 £11,031) for enhancement of the work at the College and Cathedral, Cumbrae. In addition the Friends of both houses donated generous amounts to assist with the running of the houses and also specific items to improve the houses.

Principal funding sources

The charity draws its cash requirement from a combination of operating and investment income, agreed bank overdraft facilities, and support when required from its parent organisation, the Diocese of Argyll & The Isles. Due to the seasonal nature of its activities, the charity does not maintain significant cash reserves in its own right. Income from all sources directly supports IRL's charitable objectives.

Recovery from the COVID disruption is likely to have a significant effect on future performance.

Reserves Policy

The long term aim of the company is to have sufficient reserves to cover the winter period, meet short term liabilities and have 3 months operating cash. This would equate to approximately £66k based on running costs, and general reserves are currently sufficient to meet this target. The trustees continue to work on ways to reduce operational costs and increase revenue to improve the reserves position. The result shows the operations of the company are improving year on year. In the meantime the company's short term funding requirements over the winter period are funded by a bank overdraft facility of £20,000. In practice this is not used, because the Diocese also supports the company during the winter with short term loans of up to £50,000 (which were not drawn down in 2020-21).

There is no planned material expenditure to be allocated from designated funds

Trustees' responsibilities in relation to financial statements

The charity trustees (who are also directors of Island Retreats Ltd for the purposes of company law) are responsible for preparing the trustees' annual 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 which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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Report of the Trustees for the year ended 30 November 2021

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the trustees on 17th May 2022 and signed on their behalf by:

DocuSigned by:

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..... **Rev'd Amanda Fairclough**

Trustee

ISLAND RETREATS LTD
(A company limited by guarantee)

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF ISLAND RETREATS LTD FOR THE YEAR ENDED 30 NOVEMBER 2021

I report on the accounts of the charity for the year ended 30 November 2021, which are set out on pages 9 to 24.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) 2005 Act and the Charities Accounts (Scotland) Regulations 2006.

The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

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

Independent examiner's statement

In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 44 (1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Accounts Regulations

have not been met, or

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

DocuSigned by:

Wylie & Bisset LLP

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Jenny Simpson BSc (Hons) FCA DChA
Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Date: 12th July 2022

ISLAND RETREATS LTD**(A company limited by guarantee)****STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 30 NOVEMBER 2021****(Including an Income and Expenditure account)**

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Endowment Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Endowment Funds 2020 £	Total Funds 2020 £
Income and endowments from:									
Donations and legacies	4	27,023	22,326	-	49,349	32,500	28,853	-	61,353
Charitable activities	5	136,352	-	-	136,352	75,526	-	-	75,526
Other trading activities	6	-	-	-	-	283	-	-	283
Investments	7	14,901	-	-	14,901	13,514	-	-	13,514
Other Incoming resources	8	-	41,340	-	41,340	-	30,221	-	30,221
Total Income		178,276	63,666	-	241,942	121,823	59,074	-	180,897
Expenditure on:									
Raising funds									
Other trading activities	9	301	-	-	301	2,966	-	-	2,966
Charitable activities	11	198,017	63,666	-	261,683	256,872	59,074	-	315,946
Total Expenditure		198,318	63,666	-	261,984	259,838	59,074	-	318,912
Net (expenditure) and net movement in funds before gains and losses on investments		(20,042)	-	-	(20,042)	(138,015)	-	-	(138,015)
Net gains on investments		64,168	-	36,901	101,069	112,426	-	64,677	177,103
Net income/(expenditure) for the year		44,126	-	36,901	81,027	(25,589)	-	64,677	39,088
Transfers between funds		-	-	-	-	-	-	-	-
Net movement in funds		44,126	-	36,901	81,027	(25,589)	-	64,677	39,088
Funds reconciliation									
Total Funds brought forward	21	218,362	24,662	250,862	493,886	243,951	24,662	186,185	454,798
Total Funds carried forward	21	262,488	24,662	287,763	574,913	218,362	24,662	250,862	493,886

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

ISLAND RETREATS LTD**BALANCE SHEET AS AT 30 NOVEMBER 2021**

	Note	2021 £	2020 £
Fixed assets:			
Tangible assets	14	249,337	276,499
Investments	15	496,566	403,423
		<u>745,903</u>	<u>679,922</u>
Current assets:			
Investments	15	292,116	284,190
Stocks	16	5,388	3,968
Debtors	17	35,586	11,154
Cash at bank and in hand		77,896	103,439
Total current assets		<u>410,986</u>	<u>402,751</u>
Liabilities:			
Creditors falling due within one year	18	(252,766)	(152,919)
Net current assets		<u>158,220</u>	<u>249,832</u>
Total assets less current liabilities		<u>904,123</u>	<u>929,754</u>
Creditors: Amounts falling due after more than one year	20	(329,210)	(435,868)
Net assets		<u>574,913</u>	<u>493,886</u>
The funds of the charity:			
Unrestricted funds	21	262,488	218,362
Restricted income funds	21	24,662	24,662
Endowment funds	21	287,763	250,862
Total charity funds		<u>574,913</u>	<u>493,886</u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 17th May 2022 and signed on their behalf by:

DocuSigned by:
Amanda Fairclough

Name: Rev'd Amanda Fairclough

DocuSigned by:
Margaret Campbell

Name: Very Rev'd Margaret Campbell

Company No: SC225528

ISLAND RETREATS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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 Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charitable company constitutes a public benefit entity as defined by FRS 102.

Covid-19 has had a significant impact on the charity's operations, resulting in the closure of both sites for a period. The charity furloughed staff, applied for government support initiatives and deferred bookings until future dates wherever possible. During 2021 some limited bookings were taken at both retreat houses especially Cumbrae where room only booking were very successful for care home staff, this continued during the winter. The charity is now fully back up and running, fulfilling bookings and looking forward with confidence to welcoming old and new guests. The charity is also reliant on ongoing financial support from its parent charity, Diocese of Argyll & the Isles, to ensure that it can meet its liabilities as they fall due. The Trustees have considered a period of twelve months from the date of signing these accounts and are satisfied that the charity remains a going concern.

The charity's presentation currency is sterling, which is the functional currency of the charity, and amounts in the financial statements are rounded to the nearest £.

(b) Funds structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created funds for specific purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed, or through the terms of an appeal.

Further details of each fund are disclosed in note 21.

(c) Income recognition

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.

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

ISLAND RETREATS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

1. Accounting Policies (continued)

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service deferred until the criteria for income recognition are met (see note 19).

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (f) below.

- Costs of raising funds comprise the costs of commercial trading including certain legal fees and their associated support costs;
- Expenditure on charitable activities includes costs incurred by the charity in the delivery of its activities, services for its beneficiaries and other activities undertaken to further the purposes of the charity and their associated support costs;

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

(e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the trustees' annual report for more information about their contribution.

ISLAND RETREATS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

1. Accounting Policies (continued)

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(f) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to external scrutiny and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on time spent. The allocation of support and governance costs is analysed in note 10.

(g) Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised and valued at historical cost. Depreciation is charged as follows:

	Basis
Freehold Buildings	Over 50 years, following year of purchase
Leasehold Improvements	20% on cost or over term of lease
Fixtures and Fittings	15% on reducing balance
Motor vehicles	25% on reducing balance

(h) Fixed and current asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. To maximise returns to the charity, surplus cash balances held relating to customer deposits are invested. These amounts are disclosed as current asset investments as they can be accessed at short notice if required.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

To maximise returns to the charity, surplus cash balances held by the subsidiary relating to customer deposits are invested. These amounts are disclosed as current asset investments as they can be accessed at short notice if required.

ISLAND RETREATS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

1. Accounting Policies (continued)

(i) Stock

Stock is included at the lower of cost or net realisable value.

(j) Debtors

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

(k) Cash at bank and in hand

Cash at bank and cash 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.

(l) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(m) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

(n) Financial instruments

The charitable company 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.

(o) Tax

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

ISLAND RETREATS LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021****(p) Employees Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2. Legal status

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

3. Related party transactions and trustees' expenses and remuneration

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2020; £nil). No expenses were paid to trustees in the year (2020; £866 to two trustees). There were no waived expenses in the year (2020; £nil).

The charity paid its parent charity, Diocese of Argyll & the Isles, £10,000 (2020; £10,000) in staff costs recharges and £10,000 (2020; £10,000) for interest on their loan. They also received £10,000 (2020; £10,000) for management charges from the Diocese of Argyll & the Isles. The Diocese of Argyll and the Isles has given further support by way of a loan of £225,000 (2020; £225,000). This loan is included in creditors falling due in more than one year.

Other than as stated above, no Trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the period (2020; Nil).

4. Income from donations and legacies

	2021 £	2020 £
Donations	3,295	9,822
General grants	46,054	19,031
Covid -19 support grants	-	32,500
	<u>49,349</u>	<u>61,353</u>

5. Income from charitable activities

	2021 £	2020 £
Accommodation	136,352	75,526
	<u>136,352</u>	<u>75,526</u>

ISLAND RETREATS LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021****6. Income from other trading activities**

	2021 £	2020 £
Goods for Resale	-	283
	<u>-</u>	<u>283</u>

7. Investment income

	2021 £	2020 £
Dividends - equities	14,901	13,514
	<u>14,901</u>	<u>13,514</u>

8. Other Income

	2021 £	2020 £
Coronavirus job retention scheme	41,340	30,221
	<u>41,340</u>	<u>30,221</u>

Included within other income is income from government grants comprising:

Coronavirus Job Retention Scheme - £41,340 was received (2020: £30,221) which was fully spent on staff costs.

9. Raising funds – expenditure on other trading activities

	Direct Costs £	Support Costs £	Total 2021 £
Costs of goods sold and other costs	301	-	301
	<u>301</u>	<u>-</u>	<u>301</u>

	Direct Costs £	Support Costs £	Total 2020 £
Costs of goods sold and other costs	2,966	-	2,966
	<u>2,966</u>	<u>-</u>	<u>2,966</u>

10. Allocation of governance costs

Governance costs:	2021 £	2020 £
Accountancy fees	6,543	10,665
Independent examination fee	2,135	1,995
Professional fees	950	5,570
	<u>9,628</u>	<u>18,230</u>

Governance costs are allocated to expenditure on charitable activities – Accommodation.

ISLAND RETREATS LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021****11. Analysis of expenditure on charitable activities**

	Accommodation	Total 2021
	£	£
Staff costs	98,292	98,292
Property costs	57,488	57,488
Office costs	8,923	8,923
Travel costs	2,025	2,025
Food purchases	9,979	9,979
Loan Interest	10,000	10,000
Depreciation	29,377	29,377
Repairs and Maintenance	26,250	26,250
Other costs	9,721	9,721
Governance costs (note 10)	9,628	9,628
	261,683	261,683

	Accommodation	Total 2020
	£	£
Staff costs	111,521	111,521
Property costs	66,054	66,054
Office costs	10,808	10,808
Travel costs	1,462	1,462
Food purchases	13,393	13,393
Loan Interest	10,000	10,000
Depreciation	30,623	30,623
Repairs and Maintenance	36,728	36,728
Other costs	17,127	17,127
Governance costs (note 10)	18,230	18,230
	315,946	315,946

12. Analysis of staff costs and remuneration of key management personnel

	2021	2020
	£	£
Salaries and wages	79,759	92,493
Social security costs	7,025	7,675
Pension costs	1,508	1,353
IRL Staff Costs Incurred by Diocese	10,000	10,000
Total staff costs and employee benefits	98,292	111,521

During the year the charity incurred redundancy costs totalling £nil (2020: £3,076).

ISLAND RETREATS LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021****12. Analysis of staff costs and remuneration of key management personnel (continued)**

	2021 £	2020 £
Key Management Personnel remuneration	28,367	50,964

No employees had employee benefits in excess of £60,000 (2020: Nil).

	2021 No.	2020 No.
The average weekly number of persons, by headcount, employed by the charity during the year was:	5	5

13. Net income/ (expenditure) for the year

	2021 £	2020 £
This is stated after charging:		
Depreciation	29,377	30,623
Independent examination fees	2,135	1,995
Interest paid	10,000	10,000

14. Tangible Fixed Assets

	Freehold Land & Buildings £	Long Leasehold Land & Buildings £	Plant & Equipment £	Motor Vehicles £	Total £
Cost or valuation					
At 1 December 2020	299,065	180,121	184,160	5,000	668,346
Additions	-	-	2,215	-	2,215
At 30 November 2021	299,065	180,121	186,375	5,000	670,561
Depreciation					
At 1 December 2020	91,864	143,500	152,987	3,496	391,847
Charge for the year	5,981	18,012	5,008	376	29,377
At 30 November 2021	97,845	161,512	157,995	3,872	421,224
Net book value					
At 30 November 2021	201,220	18,609	28,380	1,128	249,337
At 30 November 2020	207,201	36,621	31,173	1,504	276,499

ISLAND RETREATS LTD
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

15. Investments

Movement in investments	2021	2020
	£	£
Market value brought forward at 1 December 2020	687,613	510,510
Additions to investments at cost	-	-
Disposals at carrying value	-	-
Net gain on revaluation	101,069	177,103
Market value as at 30 November 2021	<u>788,682</u>	<u>687,613</u>
Disclosed as;		
Fixed asset investments	496,566	403,423
Current asset investments	<u>292,116</u>	<u>284,190</u>
	<u>788,682</u>	<u>687,613</u>

Net cash released from investments in the year was £nil (2020: £nil).

All investments are carried at their fair value. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value). The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. In terms of specific risks including foreign exchange and credit risks, the charity uses specialist investment managers to balance and limit the overall financial risk by operating a portfolio which provides a high degree of diversification of holdings within a fairly wide band of investment asset classes all of which are quoted on recognised stock exchanges. In addition, the charity does not make use of riskier derivatives or more complex financial instruments in this area. Liquidity risk is expected to be low as all assets are traded in markets with high trading volumes and not in any markets subject to exchange controls or trading restrictions. In terms of potential Brexit implications, the charity, like most other entities, is monitoring developments closely but at this stage is relatively confident that the current portfolio and future plans for it will shield it from any significant risks when that process is completed.

16. Stock

	2021	2020
	£	£
Goods for resale	5,388	3,968
	<u>5,388</u>	<u>3,968</u>

ISLAND RETREATS LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021****17. Debtors**

	2021	2020
	£	£
Other debtors	35,586	11,154
	<u>35,586</u>	<u>11,154</u>

18. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	4,219	4,535
Amounts due to parent	1,875	6,875
Other creditors and accruals	8,040	17,422
Deferred income (Note 19)	226,131	112,674
Taxation and social security costs	2,501	765
Other loans	10,000	10,648
	<u>252,766</u>	<u>152,919</u>

19. Deferred income

	£
Balance as at 1 December 2020	284,190
Amount released to income earned from charitable activities	(112,674)
Amount deferred in year	120,600
Balance as at 30 November 2021	<u>292,116</u>

Deferred income comprises deposits received by the retreat houses for future periods. Included within creditors falling due after more than one year is deferred income of £65,985 (2020: £171,516).

20. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Loan from Diocese of Argyll & the Isles	225,000	225,000
Other loans	38,225	39,352
Deposits in advance (Note 19)	65,985	171,516
	<u>329,210</u>	<u>435,868</u>

	2021	2020
	£	£
Due in 1-2 years	300,985	401,089
Due in 2-5 years	28,225	34,779
	<u>329,210</u>	<u>435,868</u>

ISLAND RETREATS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

21. Analysis of charitable funds

Analysis of Fund movements	Balance b/fwd 2020 £	Income £	Expenditure £	Transfers £	Gains/ (Losses) £	Funds c/fwd 2021 £
Unrestricted funds						
General Funds	218,362	178,276	198,318	-	64,168	262,488
Total unrestricted funds	218,362	178,276	198,318	-	64,168	262,488
Endowment funds						
Ivor Ramsey Grant	250,862	-	-	-	36,901	287,763
Total endowment funds	250,862	-	-	-	36,901	287,763
Restricted funds						
Bishops House, Iona	7,759	-	-	-	-	7,759
Cathedral & College, Cumbrae	16,903	3,295	3,295	-	-	16,903
Provincial Grant	-	8,000	8,000	-	-	-
All Churches Grant	-	11,031	11,031	-	-	-
Coronavirus job retention scheme	-	41,340	41,340	-	-	-
Total restricted funds	24,662	63,666	63,666	-	-	24,662
TOTAL FUNDS	493,886	241,942	261,984	-	101,069	574,913

Analysis of Fund movements	Balance b/fwd 2019 £	Income £	Expenditure £	Transfers £	Gains/ (Losses) £	Funds c/fwd 2020 £
Unrestricted funds						
General Funds	243,951	121,823	259,838	-	112,426	218,362
Total unrestricted funds	243,951	121,823	259,838	-	112,426	218,362
Endowment funds						
Ivor Ramsey Grant	186,185	-	-	-	64,677	250,862
Total endowment funds	186,185	-	-	-	64,677	250,862
Restricted funds						
Bishops House, Iona	7,759	-	-	-	-	7,759
Cathedral & College, Cumbrae	16,903	6,690	6,690	-	-	16,903
Provincial Grant	-	8,000	8,000	-	-	-
All Churches Grant	-	11,031	11,031	-	-	-
Donations from Friends	-	3,132	3,132	-	-	-
Coronavirus job retention scheme	-	30,221	30,221	-	-	-
Total restricted funds	24,662	59,074	59,074	-	-	24,662
TOTAL FUNDS	454,798	180,897	318,912	-	177,103	493,886

ISLAND RETREATS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021

21. Analysis of charitable funds (continued)

- a) The unrestricted funds are available to be spent for any of the purposes of the charity.
- b) The Endowment fund represents the transfer of assets from the Ivor Ramsey Trust on the dissolution of the Trust in 2013/14. The income generated from the monies held in the Ivor Ramsey Grant Endowment Fund is restricted. These monies are for expenditure which will maintain or enhance the operation, mainly in the respect of maintenance, repairs and insurance premiums.
- c) Restricted funds comprise:

Bishops House, Iona

These funds represent donations made to the Bishops House with no particular restrictions other than the assumption they assist in the funding of Bishops House. The friends of the house also raise money through the year and make donations for Capital Equipment and improvements sometimes at the specific request of the warden. All funds raised in the year were expended in the year on general running and maintenance costs.

Cathedral and College, Cumbrae

These funds represent donations made to the Cathedral and College, Cumbrae, to assist in funding staff costs and general running costs. The Congregation at the Cathedral also donate money to pay for oil used by them in the Cathedral. The Friends of the Cathedral donate monies for specific projects which were paid for during the year. The balance of funds are general donations with no restrictions other than the assumption they assist in the funding of the Cathedral and College. All funds raised in the year were expended in the year on repairs and general running costs.

Provincial Grant

These monies were grant funding to assist with the costs of ministry at Cumbrae. These funds were expended in the year on staffing costs.

All Churches Grant

For expenses to do with Cathedral and College at Cumbrae.

Donations from friends

The Friends of the Cathedral donate monies for specific projects which were paid for during the year.

Coronavirus Job Retention Scheme

A temporary initiative that allows employers to access financial support to pay part of their employee's wages. The government introduced the initiative to enable employers to retain employees who they may otherwise have been forced to lay off during the coronavirus pandemic.

ISLAND RETREATS LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021****22. Net assets over funds**

At 30 November 2021	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £
Tangible fixed assets	249,337	-	-	249,337
Fixed asset investments	208,803	-	287,763	496,566
Current asset investments	292,116	-	-	292,116
Stock	5,388	-	-	5,388
Debtors	35,586	-	-	35,586
Cash	53,234	24,662	-	77,896
Creditors	(252,766)	-	-	(252,766)
Long term liabilities	(329,210)	-	-	(329,210)
	<u>262,488</u>	<u>24,662</u>	<u>287,763</u>	<u>574,913</u>

At 30 November 2020	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2020 £
Tangible fixed assets	276,499	-	-	276,499
Fixed asset investments	152,561	-	250,862	403,423
Current asset investments	284,190	-	-	284,190
Stock	3,968	-	-	3,968
Debtors	7,072	4,082	-	11,154
Cash	82,859	20,580	-	103,439
Creditors	(152,919)	-	-	(152,919)
Long term liabilities	(435,868)	-	-	(435,868)
	<u>218,362</u>	<u>24,662</u>	<u>250,862</u>	<u>493,886</u>

ISLAND RETREATS LTD**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 2021****23. Operating lease commitments**

At the year-end date the charity had outstanding commitments for future minimum lease payments under a non-cancellable operating lease, which fall due as follows;

	Land and Buildings	
	2021	2020
	£	£
Less than 1 year	10,000	10,000
Between 2 and 5 years	10,000	20,000
	<u>20,000</u>	<u>30,000</u>

24. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Depreciation –fixed assets are depreciated over the useful life of the asset. The useful lives of fixed assets are based on the knowledge of management, with reference to assets expected life cycle.