

Company registration number SC668011 (Scotland)

Charity registration number SC668011 (Scotland) from 1<sup>st</sup> September 2021

**KNOCKNAGAE L LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDING 31 JULY 2022**

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## COMPANY INFORMATION

Directors/Trustees	M de la Torre (Chair) S Rowan (Secretary) S Craig R MacVicar (from 19 <sup>th</sup> January 2022) A Simmons G MacDonald (co-opted 11 August 2021, then elected 19 <sup>th</sup> January 2022) S Murray (to 19 <sup>th</sup> January 2022)
Company number	SC668011 (Scotland)
Charity number	SCO51232 (Scotland)
Registered office	33 Glenburn Drive, Inverness, Scotland, IV2 4NE
Organisation type	Private company limited by guarantee without share capital established 20 July 2020  Scottish registered charity from 1 September 2021
Accounting period	These accounts cover the period from 1 <sup>st</sup> August 2021 to 31 <sup>st</sup> July 2022. The company was established on 20 July 2020 with an accounting reference date of 31 July 2021.
Bankers	Clydesdale Bank/Virgin Money  15 Academy Street, Inverness, IV1 1JN
Independent Examiner	Ailsa Mackay FCCA, 6 Balnafettack Road Inverness IV3 8TF

## **DIRECTORS' /TRUSTEES' REPORT**

The directors, who with effect from 1<sup>st</sup> September 2021, are also trustees of the charity, are pleased to present the second report and accounts of the company for the year ending 31<sup>st</sup> July 2022.

This report, and the financial statements of the company, which is a public benefit entity under FRS 102, 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)", Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the provisions of Section 1A applicable to Small Entities, and the Companies Act 2006.

### **Background information**

In 2012, two fields at Knocknagael Farm, part of the Scottish Government bull stud farm on Essich Road, south of Inverness, were identified as surplus to the farm. A planning application for 200 new houses was lodged in 2013. This proposal was met with strong local opposition rooted in the loss of other Inverness farms to housing development in recent years and growing awareness of environmental challenges and the need for local food growing. Following representations from a number of sources including the Campaign Save the Knocknagael Fields, under the Inner Moray Firth Local Development Plan process, the appointed Reporter rejected proposals to change the land from agricultural use to housing. A community group was formed and an initial Feasibility Study into a food-growing project on the site was completed in 2017.

The project has gathered momentum since 2019 when the group started to work with Highland & Islands Enterprise (HIE) and the Development Trust Association Scotland (DTAS) to follow a formal Asset Transfer Request (ATR) process under the Community Empowerment (Scotland) Act 2015, for what is known locally as the Smiddy Field, to transfer ownership of the field from the Scottish Government to Knocknagael Ltd. Knocknagael Ltd was established in July 2020 and currently has more than 70 members.

### **Aims and objectives**

In company law, key aims and objectives, known as the objects of the company, are stated in its Articles of Association, which in effect is a company's constitution. The objects of Knocknagael Ltd are:

The company has been formed to benefit the community comprising people, usually resident in Inverness (as defined by the Inverness city local authority electoral wards), who support the aims and values of Knocknagael Ltd with the following objects:

- (1) The advancement of community development by a) provision of community growing areas, including a community orchard, to provide a greater social and cohesive spirit b) creation and provision of allotments to community members
- (2) The advancement of health by a) providing an environment that encourages outdoor activities in a safe environment b) providing growing space and training to organisations working with people living with mental health issues
- (3) The advancement of environmental protection and improvement by a) creating a wildlife habitat as part of a “green hub” within an increasingly urbanised area b) providing training in horticulture and environmental awareness c) encouraging people within the community to grow and eat seasonally produced food, reducing food miles and packaging waste
- (4) The advancement of education by a) Working with local schools to provide dedicated growing space for pupils use and education on environmental matters
- (5) Other activities which may arise through community consultation from time to time which are compatible with the above objects

As these aims and objectives are dependent on ownership of the land, the first priority for financial year 2021-2022 has been to follow due process with the Asset Transfer Request. This remains the first priority for 2022-2023.

### **Achievements and performance**

The main lesson for financial year 2021-22 is that whatever the good intentions of the Community Empowerment Act, in practice the process can be very long drawn out – in a way which seriously challenges the patience of the communities it is meant to serve. With the help & support of our main advisors, Highlands & Islands Enterprise (HIE), Development Trust for Association Scotland (DTAS) and Community Enterprise our formal Asset Transfer Request (ATR) was submitted in October 2021. The accompanying survey and letters of support showed the depth of local interest and support for the project. It was backed by a detailed Business Plan and financial projections. The timeline below shows the results up to the date of this report.

ATR submitted	20 <sup>th</sup> October 2021
Scottish Government (SG) acknowledges the request	23 <sup>rd</sup> December 2021
SG officials refuse request	20 <sup>th</sup> June 2022
Knocknagael Ltd requests formal review of the decision	15 <sup>th</sup> July 2022
SG acknowledges review request	18 <sup>th</sup> July 2022
SG appoints review panel	30 November 2022

Under the Act, the review panel must review the decision making process, the evidence submitted and the decision itself, then submit recommendations to Scottish Ministers. The final decision will be in the hands of Scottish Ministers.

Running alongside this, directors, company members and supporters also worked on submissions to the latest round of the Inner Moray Firth Local Development Plan (IMFLDP). After an extensive local campaign, the 2015 IMFLDP retained the Smiddy Field for agricultural and Community use.

The first draft Plan for 2021 proposed a change of use for both the Smiddy Field and the neighbouring field to the building of up to 200 houses. The public submissions on the draft plan were overwhelmingly in favour of keeping the field for agricultural and community use. The directors had a number of meetings with councillors and planning officials.

The final draft plan was amended to provide 100 houses and some allotments, to be designed in consultation with Knocknagael Ltd. However this completely misses the wider aims of the project as a community hub with wider facilities. We note that of the 50 submissions made to the revised plan, 50 were formal objections and 49 objected to the housing proposals. A change of use of the fields may also threaten the long term viability of the Stud Bull Farm upgraded in recent years with a public investment of £3M. The proposed Local Development Plan is still to be reviewed by a planning reporter during 2023.

In the meantime, the directors felt it was important to keep members and the wider community informed and involved with the company. A number of successful events were held.

August 2021 - visit to Torbreck Orchard hosted by Des and Kay Kelly

October 2021 - visit to Blackthorn Allotments, an eye-opening example of what a committed community can achieve by working together

March 2022 Social Cycle, ending at the Smiddy field – a mainly social event with a number of informative stalls, attended by around 50 people of all ages and stages

April 2022 apple grafting day at Torbreck Orchard – a chance to learn & practice new skills and meet people

Other key milestones included

Sep 1<sup>st</sup> 2021 – Knocknagael Ltd awarded charitable status by the Office of the Scottish Charity Regulator (OSCR)

September 1st 2021 – Knocknagael Ltd reaches 60 – membership now up to 60 people.

January 19<sup>th</sup> 2022 – Knocknagael Ltd's first Annual General Meeting

Correspondence and meetings with a number of councillors and MSPs/MPs also took place during the year and are still ongoing. In particular we would like to thank Arianne Burgess MSP, Drew Hendry MP and Alasdair Christie (local Councillor) for their support. We also had supportive coverage from the BBC, Inverness Courier and others during this time.

At the date of this report, we are unable to say what the outcome of the efforts of directors, members, supporters and the community will be. It is still a work in progress. We are clear that support for the project is strong and the potential benefits worth working for.

The directors want to put on record their thanks to Highlands & Islands Enterprise, the Development Trust Association Scotland, Community Enterprise, Highland Council, the Community Woodlands Association, local community councils and the many other individuals and organisations who have supported, advised and worked hard for us during

this time. We also wish to thank the Margaret Douglas Trust for their financial support for our operating costs

### **Financial review**

Very few activities of the company during the year, as noted above, were financial. An update to the initial valuation of the Smiddy field costing £300 was needed, due to the lengthy timing of the ATR process. All other costs were core costs necessary for the company's functioning, such as Companies House, Information Commissioners Office, website registration fees and Corporation Tax submissions. Some of these fees cover part of the next financial year and have been treated as prepayments in the accounts

A grant of £600 towards running costs was gratefully received from the Margaret Douglas Trust. Members subscription fees, donations and an extension of the director's loan from £309 last year to £597 this year covered the balance of costs. This resulted in a small deficit of £100 in the year with a final bank balance of £965.

Regardless of the level of activity, there are a number of costs necessary simply for the company to function as a legal entity. In addition, there is always the possibility of unforeseen costs arising. The company has set up a small sub-group of members with prior experience of (and/or plenty enthusiasm for) organising fund raising at the level needed at this stage. The Directors believe this will cover ongoing costs for at least the next 12 months.

### **Funds held as custodian on behalf of others**

The company currently holds no funds on behalf of others

### **Reserves policy**

At this early stage, the company has no formal policy on a desirable level of reserves. Ideally we would wish to have sufficient reserves to cover a year's operating costs, but if successful in its immediate objectives, the amount of a year's operating costs could increase rapidly in a short period of time. The directors would prefer to err on the side of prudence as the company develops.

### **Structure, governance and management**

The company is a private company limited by guarantee and without share capital, established by a Memorandum and Articles of Association. On 5<sup>th</sup> July 2021, at a General Meeting of the company, a Special Resolution was passed to amend the company's objects, as stated in the Articles, in a way consistent with the original objects, in order to comply with the requirements of the Office of the Scottish Charity Regulator (OSCR). OSCR granted charitable status to the company with effect from 1<sup>st</sup> September 2021.

The directors, who are also the trustees of the company from 1 September 2021, who served during the year and up to the date of signature of the financial statements were:

M de la Torre (Chair)

S Rowan (Secretary)

S Craig

R MacVicar (from 19<sup>th</sup> January 2022)

A Simmons

G MacDonald (co-opted from 11 August 2021 – then elected from 19<sup>th</sup> January 2022)

S Murray (to 19<sup>th</sup> January 2022)

None of the directors has any beneficial interest in the company. All of them are members of the company and guarantee to contribute £1 in the event of a winding-up. The minimum number of members of the company is 20.

At this early stage the company has no formal policy on training of directors. On Commencement of his term as a director Professor MacVicar was issued with the Companies House Guidance on Being a Company Director, OSCR Guide to being a Charity Trustee, Knocknagael Ltd's Memorandum and Articles of Association, Directors Code of Conduct and Directors Register of Interests, and was brought up to date with the affairs of the company at the first meeting he attended as a director. We would regard this as a minimum requirement for any future appointments.

The original 5 directors were also the founders of the company. Directors of the company are now elected at the Annual General Meeting (AGM), in a system of rotation to ensure that no director may continue in office for more than 3 years without standing for re-election. The Board may co-opt a maximum of 2 directors between AGMs. The Board must consist of at least 3 and not more than 10 directors. The chair is elected by the directors.

The Board currently meets not less than once every two months to discuss formal company business, with other meetings at various times to progress specific activities of the company.

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

The Directors' Report was approved by the Board on 16 January 2023

A handwritten signature in black ink, appearing to read 'M de la Torre', is written over a set of horizontal lines. The signature is slanted and somewhat stylized.

Signed

M de la Torre (Chair)

Dated

16 January 2023



## INDEPENDENT EXAMINER'S REPORT

### Independent Examiners Report to the members of Knocknagael Limited

I report on the financial statements of the company for the year ending 31 July 2022 as set out on pages 10 to 17.

#### Respective responsibilities of trustees and examiner.

The charity's trustees, who also act as directors of the company for the purposes of company law, are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The directors consider that the audit requirement of Regulation 10(1)(a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the financial statements 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 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the directors 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 view given by the financial statements.

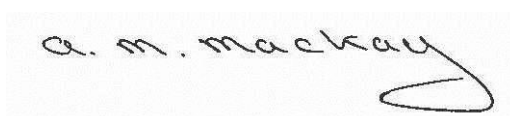
#### Independent examiner's statement

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

- a) Which gives me reasonable cause to believe that in any material respect the requirements:
  - 1) To keep accounting records in accordance with section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
  - 2) To prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

Have not been met.

Signed

A handwritten signature in black ink that reads "a. m. mackay". The signature is written in a cursive style with a large loop at the end.

Ailsa Mackay

Dated

22 January 2023

**INCOME AND EXPENDITURE ACCOUNT****For the period ending 31 July 2022**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
Income		1,079	13,180
Operating expenses		<u>1,178</u>	<u>13,175</u>
Operating surplus/ (deficit)		(99)	5
Interest receivable		<u>-</u>	<u>-</u>
Surplus/ (Deficit) on ordinary activities			
Before taxation		(99)	5
Taxation		<u>1</u>	<u>-</u>
Surplus/ (Deficit) for the year		(100)	5

The company has no recognised gains or losses other than the deficit for the year.

The company's income and expenses all relate to continuing operations

The notes on pages 16 to 17 form part of these Financial Statements

## STATEMENT OF FINANCIAL ACTIVITIES

For the period ending 31 July 2022

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
<b>Income</b>				
Grants	600		600	12,600
Donations	101		101	580
Other	378	-	378	-
	<u>-</u>			
Total	1,079	-	1,079	13,180
<b>Expenditure</b>				
Community Enterprise feasibility work	-	-	-	12,960
Smiddy field valuation update	300	-	300	-
Accountancy	599	-	599	-
Other – fees & registrations etc	279	-	279	215
Corporation Tax	1	-	1	-
	<u>1</u>		<u>1</u>	
<b>Net income/(expenditure)</b>	<b>1,179</b>	<b>-</b>	<b>1,179</b>	<b>5</b>
Gross transfers between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds	(100)	-	(100)	5
<b>Reconciliation of funds</b>				
Fund balances as at 31 July 2021	5	-	5	
Fund balances as at 31 July 2022	(95)	-	(95)	

<b>BALANCE SHEET</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>As at 31 July 2022</b>		<b>£</b>	<b>£</b>
<b>Fixed assets</b>	1	-	-
<b>Current assets</b>			
Debtors	2	-	-
Prepayments	3	137	124
Cash at bank	4	<u>965</u>	<u>190</u>
		1,102	314
Creditors due within one year	5	1,197	309
<b>Net current assets</b>		<b>(95)</b>	<b>5</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b><u>(95)</u></b>	<b><u>5</u></b>
<b>Represented by:</b>			
<b>Funds</b>			
Restricted		-	-
Unrestricted		<u>(95)</u>	<u>5</u>
<b>Total funds</b>		<b><u>(95)</u></b>	<b><u>5</u></b>

The notes on pages 16 to 17 form part of these financial statement, which were approved by the Board on 16 January 2023.

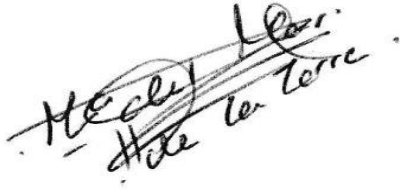
For the period ending 31 July 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors have not required the company to obtain an audit of its financial statements for the period in accordance with section 476.

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

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

Signed on behalf of the Board

A handwritten signature in black ink, written in a cursive style. The signature appears to be 'M de la Torre' and is written diagonally across the page.

Signed M de la Torre (Chair)

Dated 16 January 2023

## ACCOUNTING POLICIES

### 1 Basis of accounting

The financial statements of the company, which is a public benefit entity under FRS 102, 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)”, Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, including the provisions of Section 1A applicable to Small Entities, and the Companies Act 2006. The financial statements have been prepared in sterling, under the historical cost convention, on an accruals basis, rounded to the nearest £1.

### 2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the charity will have adequate resources to continue in operation for at least the next 12 months.

### 3 Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds are those set aside at the discretion of the directors for specific purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used, or when raised for specific purposes.

### 4 Income

Income, including grant income, is recognised when the company is entitled to it after any performance conditions have been met.

### 5 Expenditure

Expenditure is recognised at the time it is incurred.

### 6 Tangible fixed assets and depreciation

The company currently holds no tangible fixed assets

### 7 Stocks

The company currently holds no stocks

### 8 Cash and cash equivalents

This includes bank balances and cash in hand

### 9 Staff costs

The company currently has no paid staff

## **10 Value Added Tax**

The company is not registered for VAT. Costs are therefore stated inclusive of VAT

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Fixed assets

Fixed assets are items such as land, property or other items, the use of which will provide future economic benefit to the company in a period over one year. The company had no fixed assets as at the balance sheet date

### 2 Debtors

Debtors are amounts due to the company but not yet paid. The company had no debtors as at the balance sheet date.

### 3 Prepayments

Prepayments are items paid for in advance which will confer benefit within one year. The company has prepaid fees and registrations which expire after the balance sheet date covering part of the next financial year.

### 4 Cash at bank

The company has a single current account with Clydesdale Bank/Virgin Money. The £965 balance is all in the account with no cash held.

### 5 Creditors due in under one year

Some initial costs for the first two years were covered by a director's loan (S Rowan) of £597. No interest is payable on this loan. In future such costs are expected to be covered by membership fees and other sources of income. An invoice of £600 was unpaid at the year end and has been included in creditors.

### 6 Staff costs/directors' remuneration

The company does not currently employ any staff. The work of the company is carried out by the directors, who are unpaid. No payments for work or for expenses were made to the directors.

### 7 Grants

Margaret Douglas Trust	£600
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### 8 Donations

G MacDonald (director)	£17
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Other members donations	£84
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### 9 Related party transactions

There were no related party transactions during the year.

### 10 Independent examiner's fees

No fees were charged for the independent examiner's report.



**11 Contingent liabilities**

Contingent liabilities are possible but uncertain liabilities not included in the financial statements because the liability is not certain or cannot be estimated reliably. The company has no contingent liabilities as at the date of signing of the report.

**12 Post balance sheet events**

There have been no relevant post balance sheet events as at the date of signing the accounts.