

Company registration number SC668011 (Scotland)

Charity registration number SC051232 (Scotland)

**KNOCKNAGAE L LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDING 31 JULY 2024**

## CONTENTS

Pages:

3	Company information
4-9	Directors' / Trustees' report
10	Independent Examiners Report
11	Income & expenditure account
12	Statement of financial activities
13	Balance sheet
14-15	Accounting policies
16-17	Notes to the financial statements

**COMPANY INFORMATION**

Directors/Trustees	M de la Torre (Chair) S Rowan (Secretary) (stood down as director from 17 January 2024, continuing as company secretary) S Craig R MacVicar A Simmons G MacDonald G Church (from 17 January 2024) D Kelly (from 2 July 2024)
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 2023 to 31 <sup>st</sup> July 2024.
Bankers	Clydesdale Bank/Virgin Money 15 Academy Street, Inverness, IV1 1JN
Independent Examiner	Georgina Millar ACA

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

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 July 2024 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and 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).

### **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 100 members.

In June 2022 our ATR request was rejected by the Scottish Government's Rural Payments and Inspection Division (RPID). In July 2022 we submitted a request for a Review of the decision under the 2015 Act. Following a public Review Panel hearing in March 2023, we started this financial year waiting to hear the outcome.

### **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 the Inverness city local authority electoral wards of Inverness Ness-side and Inverness South, 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 2023-2024 has been to follow due process with the Asset Transfer Request.

## **Achievements and performance**

### Asset Transfer Request

This was an intense and critical period in terms of progress with the ATR.

In June 2023 we were told the Scottish Government had received the panel's report and recommendation. In September 2023 we received a Ministerial Decision Letter from Tom Arthur which confirmed the panel's recommendations had been accepted and the Asset Transfer should proceed. The Letter also set out some conditions of transfer based on the report.

This news was welcomed by members, partners and supportive organisations and was also picked up by the local press.

Further correspondence followed with a procedural clarification letter received on 27 October from Tom Arthur, that the next step was for Knocknagael Ltd to make a legal offer to RPID for the purchase of the Smiddy Field. We carried out a tender exercise to appoint a solicitor and Gillespie MacAndrew were appointed in November. We then had to submit an offer to RPID, and an application to the Scottish Land Fund (SLF) for a grant to buy the field. Then things got interesting....

We prepared an offer to buy, complying as closely as we could with the conditions of sale in the Review Panel report. The SLF application was submitted on 21 December.

To cut a long story short, we were told by SLF that one of the conditions of sale in the Review Panel report (and our original offer) was not compliant with SLF policy. We revised our offer to be compliant with policy, only to be told it was not acceptable to RPID. Both SLF and RPID stated their contradictory positions were according to Scottish Government policy.

Following an intense period of discussion we wrote to the Minister, Tom Arthur on the 2 May to seek a resolution of the deadlock and asking for mediation:

*'We have concluded that we have no further option but to ask that for this project to proceed, the Scottish Government must provide a solution, specifically by determining a set of conditions for the asset transfer that are acceptable to SLF and to RPID.'*

Shortly afterwards there was a ministerial reshuffle. We wrote again to the new Minister, Ivan McKee, Minister for Public Finance on 22 May. He responded on 31 May suggesting a way forward in joint action with RPID. Over the subsequent months extensive exchanges resulted in an agreed way forward.

The run up to the SLF panel meeting proved to be challenging and the support of our SLF case officer was invaluable in helping us understand the requirements of the SLF and in providing an appropriate clarification on the transfer conditions.

Confirmation that the SLF agreed to award Knocknagael Ltd a grant for the purchase of the Smiddy Field was received on 7 October 2024 and a formal grant offer made on 9<sup>th</sup> October 2024.

### **Other activities**

During this period our membership increased, as did our social activities, shared activities with partner organisations and fundraising events. We also produced a regular newsletter which has proved to be important in communicating with members and other supporters.

In January our AGM was well attended and generated a lively discussion.

In May 2024 we were awarded a grant from the Highland Council Community Regeneration Fund and the UK Prosperity Fund to cover the costs of an archaeological survey and the development of technical specifications. The commissioning work is ongoing at the time of writing and due to finish in 2025. During the summer of 2024 we started preparations for the archaeological survey (undertaken in November).

### **Key dates:**

4 September 2003 - Ministerial Decision Letter confirming Asset Transfer should proceed

27 October - Clarification Letter from Tom Arthur

21 December - submission of SLF Stage 2 Grant

17 January 2024 – Annual General Meeting including a presentation from Kirsty Ellen, from Highland Council on “Community growing and the Council’s allotment policy consultation”

16 February - Offer to Purchase the Smiddy Field submitted by Knocknagael Ltd to RPID

7 March – SLF notification that Stage 2 SLF grant application deferred till conditions clarified

13 April - Knocknagael - Social Gathering & Ceilidh at St Mary’s

20 April – Apple Grafting event at Torbreck woods resulting in approximately 90 saplings to form the basis of the planned community orchard

2 May - Letter to Tom Arthur concerning clawback conditions

31 May - Response Letter from Ivan McKee, Minister for Public Finance

15 July – Update letter to Ivan McKee to update him on our steps in terms of the ATR and plans for an archaeological survey later in the year.

We had essential support from the Development Trust Association Scotland, Highlands & Islands Enterprise, and Community Enterprise in developing our project.

We want to acknowledge the support from our SLF case officer Katie Barnwell, Ariane Burgess MSP, Drew Hendry MP, the Inverness Courier, our members, councillors, partner organisations and other supporters for their help in progress to date.

After the end of the financial year:

7th October – confirmation from the SLF of their award of a grant to purchase the field.

9<sup>th</sup> October – formal offer of grant letter issued by SLF.

Our next challenge for 2024-25 is to complete the conveyancing process to allow us to make purchase of the field a reality.

### **Financial review**

As in the previous financial years, very few activities of the company during the year were financial. Our ceilidh – a fund-raising and social event – raised just under £900 after costs. All other costs were core costs necessary for the company's functioning, such as Companies House, Information Commissioners Office, website registration fees and other IT costs. Some of these fees cover part of the next financial year and have been treated as prepayments in the accounts.

We are very grateful for a donation from The Folio Trust of £5,000. This was an unrestricted donation in support of our aims and has provided a very useful security against unexpected events. We have been able to repay a director's loan of £909 and are now on a sounder financial foundation at this stage. This resulted in a surplus of £5,296 in the year with a final bank balance of £5,851.

We now have a high degree of confidence (but not certainty) that purchase of the Smiddy field will succeed. We do not know how long that may take. In the meantime, we will continue to incur essential administrative costs simply due to running a company. If successful, we may find that income and costs rapidly increase. The Board will need to put in place arrangements to ensure financial administration is able to deal with this change.

### **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, 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) (stood down as director from 17 January 2024, continuing as company secretary)

S Craig

R MacVicar

A Simmons

G MacDonald

G Church (from 17 January 2024)

D Kelly (from 2 July 2024)

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. New directors have been 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 have been brought up to date with the affairs of the company at the first meeting they 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.

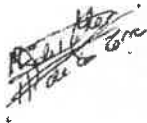


The Board currently aspires to meet not less than once every two months to discuss formal company business, with other meetings at various times to progress specific activities of the company.

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 3rd January 2025.

Signed

A handwritten signature in black ink, appearing to read 'M de la Torre', written over a faint, illegible stamp or background.

M de la Torre (Chair)

Dated

3rd January 2025

## 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 2024 as set out on pages 11 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

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
  - to prepare accounts which accord with the accounting records and comply with Regulation 8 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.

Signed



Georgina Millar ACA

Dated 5<sup>th</sup> January 2025

## INCOME AND EXPENDITURE ACCOUNT

For the period ending 31 July 2024

	Notes	2024	2023
		£	£
Income		7,174	1,096
Operating expenses		<u>1,878</u>	<u>758</u>
Operating surplus/ (deficit)		5,296	338
Interest receivable		<u>-</u>	<u>-</u>
Surplus/ (Deficit) on ordinary activities			
Before taxation		5,296	338
Taxation		<u>-</u>	<u>-</u>
Surplus/ (Deficit) for the year		5,296	338

The company has no recognised gains or losses other than the surplus 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 2024

	Unrestricted funds	Restricted funds	Total 2024	Total 2023
	£	£	£	£
<b>Income</b>				
Grants	-	550	550	-
Donations	5,115		5,115	69
Other	1,509	-	1,509	1,027
Total income	6,624	550	7,174	1,096
<b>Expenditure</b>				
Smiddy field valuation update	625	-	625	-
Accountancy	-		-	-
Other – fund raising	175		175	392
Other – fees & registrations etc	472	-	472	366
Other activities	-	606	606	-
<b>Total expenditure</b>	<b>1,272</b>	<b>606</b>	<b>1,878</b>	<b>758</b>
Net income (expenditure)	5,352	(56)	5,296	338
Gross transfers between funds	(56)	56	-	-
Net movement in funds	5,296	-	5,296	338
<b>Reconciliation of funds</b>				
Fund balances as at 31 July 2023	243	-	243	
Fund balances as at 31 July 2024	5,539	-	5,539	

<b>BALANCE SHEET</b>	<b>Notes 2024</b>	<b>2023</b>
<b>As at 31 July 2024</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>	1	-
<b>Current assets</b>		
Debtors	2	-
Prepayments	3	71
Cash at bank	4	<u>1,042</u>
		<u>1,113</u>
Creditors due within one year	5	870
<b>Net current assets</b>		<u><b>243</b></u>
<b>Total assets less current liabilities</b>		<u><b>243</b></u>
<b>Represented by:</b>		
<b>Funds</b>		
Restricted		-
Unrestricted		<u>243</u>
<b>Total funds</b>		<u><b>243</b></u>

The notes on pages 16 to 17 form part of these financial statements, which were approved by the Board on 3rd January 2025.

For the period ending 31 July 2024 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



Signed M de la Torre (Chair)

Dated 3rd January 2025

## 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. A grant of £5,000 was kindly provided in September 2023 by The Folio Trust. It was unrestricted and may be spent on any matter in support of the company's objects.

### 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 £5,851 balance is all in the account with no cash held.

### 5 Creditors due in under one year

Some initial costs for the first four years were covered by a director's loan (S Rowan) of £909. (31 July 2023 - £780.) The loan was repaid in full during this year. No interest was payable on this loan. In future such costs are expected to be covered by ongoing sources of income. Some annual administrative costs were unpaid at the year end for which £215 has been included in creditors (31 July 2023 - £90). As at the year end the company had also received payment in advance of a grant of £150 (31 July 2023 – nil) for an event due to be held in Bellfield Park. This is included in creditors as deferred income.

### 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

Grants were received during the year as follows

From the Highlands & Islands Climate Hub:	
For the 2023 Climate festival event in Bellfield park	£200
For an apple grafting event in Torbreck Orchard	£350

Paid in advance and included in creditors as deferred income:	
For the 2024 Climate Festival held in Bellfield park	£150

### 8 Donations

From The Folio Trust:	
Unrestricted donation in general support of the project	£5,000



Various members and supporters £115

**9 Related party transactions**

There were no related party transactions during the year other than those shown at note 5.

**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**

Confirmation that the SLF agreed to award Knocknagael Ltd a grant for the purchase of the Smiddy Field and related costs was received on 7 October 2024. A formal grant offer of £131,237 made on 9<sup>th</sup> October 2024 to cover the field purchase and related costs. The conveyancing process between our and the Scottish Government's solicitors is now underway.

In May 2024 the Highland Council confirmed an offer of grant of £68,792 from their Community Regeneration Fund to cover design phase professional fees and commence car park works to develop the site into a green hub including allotments, orchard, outdoor community areas. Completion of this is partly dependent on when we take ownership of the field. Work on this commenced in November 2024.

