

Company registration number SC668011 (Scotland)

KNOCKNAGAEEL LIMITED
ANNUAL REPORT AND ACCOUNTS
FOR THE PERIOD ENDING 31 JULY 2021

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COMPANY INFORMATION

Directors	M de la Torre (Chair) S Rowan (Secretary) S Craig S Murray A Simmons G MacDonald (from 11 August 2021)
Company number	SC668011 (Scotland)
Registered office	33 Glenburn Drive, Inverness, Scotland, IV2 4NE
Organisation type	Private company limited by guarantee without share capital established 20 July 2020
Accounting period	The company was established on 20 July 2020 with an accounting reference date of 31 July. This first annual report and accounts has been prepared for the period from 20 July 2020 to 31 July 2021 inclusive.
Bankers	Clydesdale Bank/Virgin Money 15 Academy Street, Inverness, IV1 1JN
Independent Examiner	Ailsa Mackay FCCA, 7 Glenburn Drive, Inverness, IV2 4ND

DIRECTORS' REPORT

The directors are pleased to present the first annual report and accounts of the company for the period ending 31st July 2021. As noted in the company information above, this first report covers a period of one year and 12 days.

This report, and the financial statements of the company have been prepared in accordance with the Companies Act 2006 Part 15 relating to small companies.

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 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 now has an increasing membership.

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 will be to follow due process with the Asset Transfer Request.

Achievements and performance

In July 2020, Knocknagael Ltd was awarded a Scottish Land Fund Stage 1 grant to take forward a feasibility study and business plan for the project. Knocknagael Ltd commissioned Community Enterprise and an architect design practice, Harrison Stevens, both leaders in their field, to take the work forward building on the initial feasibility study from 2017.

The community survey, which can be accessed on the Knocknagael.org.uk website, revealed the depth of local support for the project. From individuals seeking allotments, schools, local charities, mental health organisations, community councils, local food producers and more, the message was overwhelmingly positive. Out of 340 respondents 98% supported the project.

In the meantime, a lot more basic but essential work progressed – setting up a company website, Facebook page, opening a bank account, setting up company document storage, setting up meeting arrangements workable during Covid-19 restrictions and more all had to be done.

In October 2020, an open day (subject to Covid-19 requirements) was held at the fields and well attended by 30-40 people including local residents who were interested, enthusiastic and believed the project would be valuable for the area. This was followed up by an open Zoom meeting. The Inverness Courier, BBC Alba and BBC Scotland all covered the project.

Initial informal contact with the Scottish Government Rural Payments and Inspections Division (SGRPID) appeared favourable. However at meeting on 1st of April 2021, Scottish Government representatives said that the field is still required for the farm to provide hay/straw for the bulls. We have however received no evidence or information on the impacts.

Despite the outcome of the local campaign over the 2015 Inner Moray Firth Local Development Plan, which retained the land for agriculture, when the latest draft plan for 2021 was published for consultation it proposed changing the land to mixed use – housing and agriculture. Knocknagael Ltd prepared a detailed submission to the consultation, opposing the change of use, and had the support of many others who also opposed the change. We hope that local opinion will be respected and wait to see the outcome of this after the turn of this calendar year.

The company launched a membership drive reaching 48 as at the financial period end 31st July, now over 60.

One key company objective was to seek charitable status, both in order to gain access to a range of potential financial support and to provide reassurance to members, supporters and potential partners that the company was under the right kind of scrutiny for a community-based public benefit organisation. After an initial application and advice from the Office of the

Scottish Charity Regulator, the company held a General Meeting of members on 5th July 2021 to change the Objects in its Articles of Association (the company's constitution) to comply with OSCR's requirements. As a result of this work, the company was granted charitable status with effect from 1st September 2021.

During the reporting period a key area of work was developing the Asset Transfer Request. Under the Community Empowerment (Scotland) Act 2015, community bodies can submit an ATR to a public body in Scotland for the transfer of public assets to them to benefit the local community. The ATR must be in a prescribed form. Our ATR for the field is backed by a detailed Business Plan and financial projections. Preparing this has necessarily taken some time, but we needed to get it right. It was lodged with the Scottish Government on 17 October 2021 and progressing this is a key objective for the future.

The directors want put on record their thanks to Highlands & Islands Enterprise, the Development Trust Association Scotland (DTAS), 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.

Financial review

The activities of the company during the reporting period were mainly of a non-financial nature. A grant from the Scottish Land Fund, totalling £12,600, was received to fund a feasibility study, associated report, draft architects design, land valuation and business plan produced by Community Enterprise. The Community Enterprise work cost was £12,960 Other miscellaneous costs related to fees and registrations necessary for the company's functioning, such as Companies House, Information Commissioners Office and website registration fees. Some of these fees cover part of the next financial year and have been treated as prepayments in the accounts

A donation of £550 was made by Knocknagael Allotments Association. A donation of £30 and director's loan of £309 enabled payment of the balance of costs. These are one-off occurrences and the company must ensure it is funded sustainably in future.

This resulted in a small surplus of £5 in the first year with a final bank balance of £190.

The company's Articles of Association state that annual membership fees must be decided at an Annual General Meeting to be held after the end of the financial year, at which this set of Annual Report and Accounts must also be presented. As a result, membership fees have not yet been agreed or charged. The directors believe membership fees, donations and other potential sources of income will cover repayment of the director's loan and future fees and registrations over the next 12 months.

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 5th 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 1st September 2021.

The directors 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

S Murray

A Simmons

G MacDonald (from 11 August 2021 – co-opted)

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.

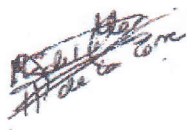
The original 5 directors as noted above were also the founders of the company. In future, directors of the company will be elected at the Annual General Meeting (AGM), in a system of rotation to ensure that no director may continue in office for more than 3 years without standing for re-election. The 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 15 December 2021.

Signed

A handwritten signature in black ink, appearing to read 'M de la Torre', is written over a horizontal line. The signature is slanted and includes some additional scribbles.

M de la Torre (Chair)

Dated 15 December 2021

INDEPENDENT EXAMINER'S REPORT

Independent Examiners Report to the members of Knocknagael Limited

I report on the financial statements of the company for the period ending 31 July 2021 as set out on pages 8 to 13.

Respective responsibilities of trustees and examiner.

The company's directors are responsible for the preparation of the financial statements in accordance with the terms of the Companies Act 2006 Part 15 relating to small companies. 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  Ailsa Mackay

Dated 12 December 2021

INCOME AND EXPENDITURE ACCOUNT

For the period ending 31 July 2021

	Notes	2021 £	2020 £
Income	7	13,180	-
Operating expenses	8	<u>13,175</u>	<u>-</u>
Operating surplus/ (deficit)		5	-
Interest receivable		<u>-</u>	<u>-</u>
Surplus/ (Deficit) on ordinary activities			
Before taxation		5	-
Taxation		<u>-</u>	<u>-</u>
Surplus/ (Deficit) for the year		5	-

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 12 to 13 form part of these Financial Statements

BALANCE SHEET	Notes	2021	2020
As at 31 July 2021		£	£
Fixed assets	1	-	-
Current assets			
Debtors	2	-	-
Prepayments	3	124	-
Cash at bank	4	<u>190</u>	<u>-</u>
		314	-
Creditors due within one year	5	309	-
Net current assets		5	-
		<hr/>	<hr/>
Total assets less current liabilities		<u>5</u>	<u>-</u>
Represented by:			
Members funds		<u>5</u>	<u>-</u>
Total funds		<u>5</u>	<u>-</u>

The notes on pages 12 to 13 form part of these financial statements, which were approved by the Board on 15 December 2021.

For the period ending 31 July 2021 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 15 December 2021

ACCOUNTING POLICIES

1 Basis of accounting

The financial statements of the company have been prepared in accordance with the Companies Act 2006 Part 15 relating to small companies. 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 company will have adequate resources to continue in operation for at least the next 12 months. The Articles of Association require membership fees to be approved by an AGM, which must be after the end of each financial year. The directors expect membership fees, donations and other sources of income to cover repayment of the director's loan, ongoing fees and registrations, and other basic costs of the company over the next 12 months.

3 Income

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

4 Expenditure

Expenditure is recognised at the time it is incurred.

5 Tangible fixed assets and depreciation

The company currently holds no tangible fixed assets

6 Stocks

The company currently holds no stocks

7 Cash and cash equivalents

This includes bank balances and cash in hand

8 Staff costs

The company currently has no paid staff

9 Value Added Tax

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

NOTES TO THE ACCOUNTS

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 £190 balance is all in the account with no cash held.

5 Creditors due in under one year

Some initial costs were covered by a director's loan (S Rowan) of £309. No interest is payable on this loan. In future such costs are expected to be covered by membership fees.

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 Income

Grants	Scottish Land Fund	£12,600
Donations	Knocknagael Allotments Association	£550
	S Rowan (company secretary)	<u>£30</u>
Total		£13,180

8 Expenditure

	Community Enterprise	£12,960
	Fees, registrations & postage	<u>£215</u>
Total		£13,175

9 Related party transactions

The company received a donation of £550 from the Knocknagael Allotments Association to continue and complete the work of the Association's original Feasibility Study. Until or unless land is purchased and allotments made available to the Association, the directors do not believe this gives rise to any potential conflict of interest.

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

The company was awarded charitable status by the Office of the Scottish Charities Regulator with effect from 1 September 2021, charity number SC051232.