

**REPORT OF THE DIRECTORS  
AND GROUP FINANCIAL STATEMENTS  
FOR THE PERIOD 14 SEPTEMBER 2009 TO 30 SEPTEMBER 2010  
FOR  
BUTE COMMUNITY LAND COMPANY  
(a company limited by guarantee)**

**Registered Company Number: SC365515**

**Registered Charity Number: SC041414**

**BUTE COMMUNITY LAND COMPANY**  
**(a company limited by guarantee)**

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**for the period 14 September 2009 to 30 September 2010**

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**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**COMPANY INFORMATION**  
for the period 14 September 2009 to 30 September 2010

**CURRENT DIRECTORS:** John McGhee (appointed 17 September 2009)  
Sara Goss (appointed 26 October 2009)  
Christine McArthur (appointed 14 September 2009)  
Sam Tweedlie (appointed 4 January 2011)

**OTHER DIRECTORS:** James Johnson (appointed 1 July 2010;  
(who served during year) resigned 23 November 2010)  
Andrew Walters (appointed 14 September 2009;  
resigned 29 March 2010)  
Peter McDonald (appointed 14 September 2009;  
resigned 11 January 2011)

**SECRETARY:** C.M. Soane C.A. (appointed 2 August 2010)  
Iain Scoon (appointed 2 February 2010;  
resigned 26 May 2010)  
Andrew Walters (appointed 14 September 2009;  
resigned 2 February 2010)

**REGISTERED OFFICE:** Ardmore  
15 Crichton Road  
Rothesay  
PA20 9JR

**REGISTERED NUMBER:** SC365515

**CHARITY NUMBER:** SC041414

**AUDITORS:** Scott-Moncrieff  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

**BANKERS:** Royal Bank of Scotland plc  
37 Victoria Street  
Rothesay  
PA20 0AN

**SOLICITORS:** T.C. Young  
7 West George Street,  
Glasgow  
G2 1BA.

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**REPORT OF THE DIRECTORS**  
for the period 14 September 2009 to 30 September 2010

The directors present their report with the financial statements of the group and parent company for the period 14 September 2009 to 30 September 2010.

**COMMENCEMENT OF TRADING**

Bute Community Land Company was incorporated on 14 September 2009 and the purchase of Rhubodach Forest was completed on 23 July 2010.

**OBJECTS OF THE CHARITY**

Bute Community Land Company is governed by its Memorandum and Articles of Association. The original document created on incorporation was amended on the 2 May 2010 to accord with its charitable objectives.

Bute Community Land Company has been formed to benefit the community of the Isle of Bute as defined by all postcode units within postcode district PA20, with the undernoted objectives to be exercised following the principals of sustainable development (where sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs).

**OBJECTIVES OF THE CHARITY**

The charitable objectives of Bute Community Land Company are:

- to manage community land and associated assets for the benefit of the community and the public in general;
- to provide, or assist in providing recreational facilities, and/or organising recreational activities, which will be available to members of the community and the public at large with the object of improving the conditions of life of the community;
- to advance the education of the community in regard to its environment, culture, heritage and history;
- to advance environmental protection or improvement including preservation, and conservation of the natural environment, the maintenance, improvement or provision of environmental amenities for the community and/or the preservation of buildings or sites of architectural, historic or other importance to the community.

**MAIN ACHIEVEMENTS AND PERFORMANCE**

The principal activities of the company in the period under review were:

- consulting, and gaining the support of 93% of the residents who participated in a vote of the Isle of Bute for the purchase of Rhubodach Forest;
- raising the finance of £1.475m for the purchase; including selling part of the forest to Tallwood Ltd. for £1.25m, under a back to back sale agreement, whilst retaining amenity rights to the part sold;
- considering the feasibility of various projects which would develop the forest whilst making progress on raising finance to fund those projects which are to go ahead.

**FUTURE DEVELOPMENTS**

After a widespread recruitment process, a Forest Project Manager was appointed, with effect from 1 November 2010, and their role will be to progress the projects identified at outset. These include the investigation of a micro hydro electric scheme, building eco lodges and developing the use of the land purchased for the benefit of the community. This will be undertaken in a wholly owned subsidiary company, Bute Forest Limited, which was incorporated on 23 December 2010.

A Marketing Manager was appointed, with effect from 5 January 2011, to progress the development of an e-tailing website to sell Bute produce, and attend relevant trade fairs under the banner of Brandish Bute. This position is currently funded with the financial support of Highlands & Islands Enterprise and Argyll & the Islands LEADER.

A Local Development Officer was appointed, with effect from 5 January 2011, using funding provided by Highlands and Islands Enterprise and Argyll & the Islands LEADER, to develop and implement an Isle of Bute community plan.

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**REPORT OF THE DIRECTORS (continued)**  
for the period 14 September 2009 to 30 September 2010

**FINANCIAL REVIEW**

The results for the period and position of the group and parent company are as shown in the annexed financial statements.

The principal funding sources of the charity, set out in Note 3 to the financial statements, have financed the successful purchase of the land at Rhubadoch Forest in accordance with the objectives of the charity. In addition, the Designated Fund is available to provide seed funding for the development projects on the land for the benefit of the community. In the short term this will include further investigation and planning work on the projects identified in the initial feasibility study with the longer term objective of realising projected income streams.

The Directors have also progressed the development of policies and procedures for the operation of the companies within the group by the project employees and anticipate establishing office premises as a focus to their operations in the near future.

At the accounting date, the trading subsidiary Brandish Bute Limited had successfully established a base of more than 30 craft and food suppliers over a four month period of trading. It is anticipated that, with the introduction of an e-tailing website, it will achieve profitability over its first full accounting period to 30 September 2011.

The group is structured to develop recurring income streams to meet the annual operating expenses. Major development projects will only be undertaken when full funding is secured.

**DIVIDENDS**

Bute Community Land Company is a company limited by guarantee, without share capital. No dividends are distributed.

**ORGANISATION OF THE GROUP**

Bute Community Land Company, which is a recognised charity in Scotland, is operated under the rules of its Memorandum & Articles of Association.

Membership of the group is open to all residents of the Isle of Bute registered on the electoral role. The membership elects a Board of Directors who are responsible for the management of the group's assets and income. The Board meets regularly to manage and direct the affairs of the group.

The Directors of Bute Community Land Company are also charity trustees for the purposes of charity law and are elected in accordance with the Memorandum & Articles of Association.

The Board may appoint co-opted members, being individuals, institutions or organisations who support the objectives of the group. Other individuals, charitable bodies, and commercial bodies may be invited to become Associates of the group.

**TRAINING OF DIRECTORS**

The Board consists of voluntary trustees who bring a diversity of experience from business and charity work. Where required the group undertakes training for trustees to ensure that they are aware of the responsibilities of trustees, the organisational structure of the group, understanding of the financial position of the group and future plans and objectives.

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**REPORT OF THE DIRECTORS (Continued)**  
for the period 14 September 2009 to 30 September 2010

**DIRECTORS**

The directors during the period under review were:

John McGhee	(appointed 17 September 2009)
Sara Goss	(appointed 26 October 2009)
Christine McArthur	(appointed 14 September 2009)
Sam Tweedlie	(appointed 4 January 2011)
James Johnson	(appointed 1 July 2010; resigned 23 November 2010)
Andrew Walters	(appointed 14 September 2009; resigned 29 March 2010)
Peter McDonald	(appointed 14 September 2009; resigned 11 January 2011)

In accordance with the Memorandum & Articles of Association Sam Tweedlie retires at the next General Meeting of the company and offers himself for re-appointment.

All ordinary members of the company are eligible to apply for election in accordance with the company bylaws.

In addition, John McGhee, a non-resident director co-opted by the Board, also formally retires from the Board at the next General Meeting and offers himself for re-appointment by the Board.

**CONFLICTS OF INTEREST**

The group operates a policy to deal with potential conflicts of interest. This includes maintaining a register of Board Members / Directors' Interests, which detail any contractual or financial relationship or position of authority with outside companies, firms or organisations. Whenever a Board Member / Director has an interest in any item discussed by the Board, he/she takes no part in the discussions or decision making process.

**VOLUNTEERS**

The group acknowledges the significant assistance provided during the period by volunteers, who assisted in the formation of the charity and raising public awareness of its objectives.

In addition, their efforts greatly assisted in the initial operation of the group and raising the necessary finance to purchase the land at Rhubodach Forest and pursue the charitable objectives.

**RISK STATEMENT**

The directors have assessed the major risks to which the group is exposed, and in particular those related to the operations and finances of the group, and are satisfied that systems are in place to mitigate any exposure to these risks.

**INVESTMENT POLICY AND PERFORMANCE**

The group's funds are held on deposit in bank accounts. The funds are held on deposit as they must be easily accessible. The low return on investment is acceptable given the need to ensure easy access to the funds held on deposit as they are required to fund the group's ongoing activities.

**RESERVES POLICY**

The Board has identified a minimum reserve requirement equivalent to three months' costs, which will enable the group to meet commitments as they fall due. At 30 September 2010, general reserves of the group stood at £3,082. The Board are aware that the unrestricted reserves are not at the desired level and are actively pursuing additional funds to rectify this.

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**REPORT OF THE DIRECTORS (Continued)**  
for the period 14 September 2009 to 30 September 2010

**RELATED PARTIES**

Bute Community Land Company owns 100% of the issued share capital of Brandish Bute Limited, which was incorporated on 19 May 2010. This company operates a retail outlet on the Isle of Bute selling food & craft products from local suppliers.

Post year end on the 23 December 2010, a fully owned subsidiary called Bute Forest Limited was incorporated. It is intended that this company will undertake the development work in the Rhubadoch Forest on behalf of the community.

The registered office of both subsidiaries is at the same address as the parent company.

**DISCLOSURE OF INFORMATION TO AUDITORS**

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- so far as the director is aware, there is no relevant information of which the group's auditor is unaware, and
- He/she have taken all steps that he/she ought to have taken as directors in order to make himself/herself aware of any relevant audit information, and to establish that the group's auditor is aware of the information.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the Financial Statements for the group and the parent Company in accordance with applicable law and UK Generally Accepted Accounting Practice.

Company and charity law requires the directors to prepare group and parent company financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the surplus or deficit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and group, and which enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

A resolution is to be proposed at the Annual General Meeting to remove the requirement to audit the financial statements from the Articles of Association.

**SMALL COMPANIES PROVISIONS**

This report has been prepared in accordance with the provisions applicable to companies subject to the the small companies regime.

This report was approved by the Board and signed on its behalf by



John McGhee  
Director

Date: 5 February 2011

**BUTE COMMUNITY LAND COMPANY**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**  
**for the period 14 September 2009 to 30 September 2010**

We have audited the financial statements of Bute Community Land Company for the period ended 30 September 2010 which comprise the consolidated and parent company Statement of Financial Activities, the consolidated and parent company balance sheets and related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the group's and parent company's members as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the group and parent company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and parent company and the group's and parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note 17 to the financial statements.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements:

~ give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2010 and of its results for the period then ended;

~ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;

~ have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

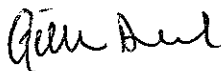
**BUTE COMMUNITY LAND COMPANY**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Continued)**  
**for the period 14 September 2009 to 30 September 2010**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ~ adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ~ the parent company financial statements are not in agreement with the accounting records and returns; or
- ~ certain disclosures of directors' remuneration specified by law are not made; or
- ~ we have not received all the information and explanations we require for our audit; or
- ~ the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime.



**Gillian Donald, Senior Statutory Auditor**  
**For and on behalf of Scott-Moncrieff**  
**Statutory Auditor**  
Chartered Accountants  
25 Bothwell Street  
Glasgow G2 6NL

Date: 5 February 2011

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating the income and expenditure account)  
for the period 14 September 2009 to 30 September 2010

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2010 Total £
<b>Incoming Resources</b>					
Incoming resources from generated funds:					
Voluntary income	3	10,500	100,000	403,397	513,897
Activities for generating funds					
Trading	6	12,271	-	-	12,271
Other		-	-	1,593	1,593
Investment income		6	-	78	84
<b>Total incoming resources</b>		<u>22,777</u>	<u>100,000</u>	<u>405,068</u>	<u>527,845</u>
<b>Resources expended</b>					
Costs of generating funds:					
Costs of generating voluntary income	4	15	-	53,074	53,089
Fundraising trading:					
Cost of goods sold & other costs	6	13,460	-	-	13,460
Charitable activities	5	273	-	1,821	2,094
Governance costs	7	5,776	-	21	5,797
<b>Total resources expended</b>		<u>19,524</u>	<u>-</u>	<u>54,916</u>	<u>74,440</u>
<b>Net incoming resources before transfers</b>		<u>3,253</u>	<u>100,000</u>	<u>350,152</u>	<u>453,405</u>
Transfer between funds		(171)	-	171	-
<b>Net movement in funds</b>		<u>3,082</u>	<u>100,000</u>	<u>350,323</u>	<u>453,405</u>
Total funds brought forward		-	-	-	-
<b>Total funds carried forward</b>		<u>3,082</u>	<u>100,000</u>	<u>350,323</u>	<u>453,405</u>

The statement of financial activities includes all gains and losses in the year and therefore a separate statement of total recognised gains and losses has not been prepared. All of the above amounts relate to continuing activities.

The notes on pages 12 to 18 form an integral part of these financial statements

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (company)**  
(incorporating the income and expenditure account)  
for the period 14 September 2009 to 30 September 2010

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2010 Total £
<b>Incoming Resources</b>					
Incoming resources from generated funds:					
Voluntary income	3	8,000	100,000	403,397	511,397
Activities for generating funds					
Other		-	-	1,593	1,593
Investment income		6	-	78	84
<b>Total incoming resources</b>		<u>8,006</u>	<u>100,000</u>	<u>405,068</u>	<u>513,074</u>
<b>Resources expended</b>					
Costs of generating funds:					
Costs of generating voluntary income	4	15	-	53,074	53,089
Charitable activities	5	273	-	1,821	2,094
Governance costs	7	5,776	-	21	5,797
<b>Total resources expended</b>		<u>6,064</u>	<u>-</u>	<u>54,916</u>	<u>60,980</u>
<b>Net incoming resources before transfers</b>		1,942	100,000	350,152	452,094
Transfer between funds		(171)	-	171	-
<b>Net movement in funds</b>		<u>1,771</u>	<u>100,000</u>	<u>350,323</u>	<u>452,094</u>
Total funds brought forward		-	-	-	-
<b>Total funds carried forward</b>		<u>1,771</u>	<u>100,000</u>	<u>350,323</u>	<u>452,094</u>

The statement of financial activities includes all gains and losses in the year and therefore a separate statement of total recognised gains and losses has not been prepared. All of the above amounts relate to continuing activities.

The notes on pages 12 to 18 form an integral part of these financial statements

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**CONSOLIDATED BALANCE SHEET**  
as at 30 September 2010

	Notes	£	2010 £
<b>Fixed Assets</b>			
Tangible assets	11		349,377
<b>Current Assets</b>			
Stocks		569	
Debtors	12	6,332	
Cash at bank and in hand		107,539	
		<u>114,440</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(10,412)</u>	
<b>Net current assets</b>			<u>104,028</u>
<b>Total assets less current liabilities</b>			<u>453,405</u>
<b>Net assets</b>			<u><u>453,405</u></u>
<b>Funds</b>			
Designated funds	14,16		100,000
Restricted funds	14,15		350,323
Unrestricted funds	14		<u>3,082</u>
<b>Total funds</b>			<u><u>453,405</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the Board on 5 February 2011 and signed on their behalf by:



John McGhee  
**Director**

**Registered number: SC365515**

The notes on pages 12 to 18 form an integral part of these financial statements

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**BALANCE SHEET (company)**  
as at 30 September 2010

	Notes	£	2010 £
<b>Fixed Assets</b>			
Tangible assets	11		346,391
Investments	6		<u>1</u>
			346,392
<b>Current Assets</b>			
Stocks		-	
Debtors	12	1,593	
Cash at bank and in hand		<u>107,905</u>	
		109,498	
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,796)</u>	
<b>Net current assets</b>			<u>105,702</u>
<b>Total assets less current liabilities</b>			452,094
<b>Net assets</b>			<u><u>452,094</u></u>
<b>Funds</b>			
Designated funds	14,16		100,000
Restricted funds	14,15		350,323
Unrestricted funds	14		<u>1,771</u>
<b>Total funds</b>			<u><u>452,094</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective April 2008).

The financial statements were authorised for issue by the Board on 5 February 2011 and signed on their behalf by:



John McGhee  
**Director**

**Registered number: SC365515**

The notes on pages 12 to 18 form an integral part of these financial statements

**BUTE COMMUNITY LAND COMPANY**  
**(a company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period 14 September 2009 to 30 September 2010**

**1 COMMENCEMENT OF TRADING**

Bute Community Land Company was incorporated on 14 September 2009 and the purchase of Rhubodach Forest was completed on 23 July 2010.

**2 Accounting Policies**

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

**2.1 Basis of Accounting**

- The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and the Companies Act 2006.

**2.2 Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Charity and its subsidiary undertaking, Brandish Bute Limited, which carries out non primary purpose trading activities to generate funds in support of the charity's objectives. Brandish Bute Limited was incorporated on 19 May 2010 and thus the consolidated results only contain the results of Brandish Bute from 19 May 2010 to 30 September 2010.

**2.3 Cash flow**

The financial statements do not include a cash flow statement because the group, as a small reporting entity, is exempt from the requirement to prepare such a statement (under Financial Reporting Standard 1 Cash flow statements / Financial Reporting Standard for Smaller Entities (effective April 2008)).

**2.4 Incoming Resources**

All incoming resources are included in the Statement of Financial Activities when the group is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the group, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the group where this can be quantified. The value of services provided by volunteers has not been included.
- Gifts donated for resale are included as incoming resources within activities for generating funds when they are sold.
- Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.
- Income from investments is included in the period in which it is receivable.

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period 14 September 2009 to 30 September 2010

**2.5 Resources Expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Expenditure is allocated on the following basis:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the sale of merchandise.
- Charitable expenditure comprises those costs incurred by the group in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.
- Support costs are those costs incurred directly in support of expenditure on the objects of the group.
- Governance costs include those costs associated with meeting the constitutional requirements of the group and include the audit fees and costs linked to the strategic management of the group.

**2.6 Tangible Fixed Assets and Depreciation**

Fixed assets are stated at cost.

Rhubodach Forest

It is the group's policy to maintain the Rhubodach Forest in a condition which is at least equivalent to the condition in which it was purchased. The Directors review the carrying value of the forest on an annual basis. As at 30 September 2010, the Directors are of the opinion that no write down of the forest's value is required. This is supported by a valuation performed on 30 July 2010 by chartered surveyors. No depreciation is charged in respect of the forest.

Other fixed assets

Depreciation is provided at 15% on a straight line basis in order to write off other plant & equipment over its estimated useful life

**2.7 Stock**

Stock is valued at the lower of cost and net realisable value.

**2.8 Funds**

Unrestricted funds are income sources which are receivable for the objects of the charity without further specified purposes and are available as general funds.

Designated funds are unrestricted income sources which have been earmarked for a specific future purpose.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Transfers from unrestricted funds are made to meet any shortfalls in restricted projects.

**2.9 Designated funds**

Funds of £100,000 were gifted and these have been designated to be used for the purposes of the development programme relating to land acquired at Rhobodach Forest.

**BUTE COMMUNITY LAND COMPANY**  
(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period 14 September 2009 to 30 September 2010

**3 Voluntary Income - Grant and Donations**

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	2010 Total £
First Port	-	5,000	-	5,000
Big Lottery Fund	-	10,000	-	10,000
Rothesay Common Good Fund	-	5,000	-	5,000
George Hanson & Co	1,000	-	-	1,000
Browns of Strone	1,000	-	-	1,000
Mike Hellens	5,000	-	-	5,000
Cowal Builders	1,000	-	-	1,000
Mrs A.R.Hunter	-	20	-	20
LEADER	-	11,497	-	11,497
Garfield Weston Trust	-	50,000	-	50,000
Highlands & Islands Enterprise	-	316,880	-	316,880
Lord Kelvin of Strathclyde	-	5,000	-	5,000
John Bute	-	-	100,000	100,000
Total for parent company	<u>8,000</u>	<u>403,397</u>	<u>100,000</u>	<u>511,397</u>
J McGhee - donation to trading subsidiary	2,500	-	-	2,500
Total for group	<u>10,500</u>	<u>403,397</u>	<u>100,000</u>	<u>513,897</u>

**4 Activities for Generating Funds**

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	2010 Total £
Venue Hires	-	271	-	271
Promotional Events	-	479	-	479
Publicity Materials	-	3,556	-	3,556
Ballot Prize	-	250	-	250
Professional Fees	-	18,577	-	18,577
Feasibility Studies	-	27,994	-	27,994
Advertising	-	1,947	-	1,947
Bank Charge	15	-	-	15
	<u>15</u>	<u>53,074</u>	<u>-</u>	<u>53,089</u>

**5 Costs of charitable activities - by activity**

	Activities undertaken directly £	Support Costs £	2010 Total £
General Fund	-	273	273
Rhubodach Forest - Insurance	144	-	144
Forest Manager	-	1,677	1,677
	<u>144</u>	<u>1,950</u>	<u>2,094</u>

**BUTE COMMUNITY LAND COMPANY**  
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**6 Trading Subsidiary**

***Brandish Bute Limited***

Brandish Bute Limited was incorporated on 19 May 2010 and is a fully owned subsidiary of Bute Community Land Company. Its accounting period is to 30 September. The first statutory accounts will be for the period ending 30 September 2011.

This company carries out trading activities, selling crafts and food items produced on the Isle of Bute, which are consistent with the charitable status of Bute Community Land Company.

	2010
	£
Investment - 100% of the share capital	<u>1</u>

Summary of trading results from the company's management accounts for the period from 27 May to 30 September 2010.

	2010
	£
Turnover	12,271
Total expenditure	(13,460)
Donation (note 3)	<u>2,500</u>
Net Profit for the period	<u>1,311</u>

	2010
	£
The assets and liabilities of Brandish Bute Limited were:	
Assets	7,927
Liabilities	(6,616)
Funds	<u>1,311</u>

**7 Governance Costs**

	2010
	£
Auditor Remuneration	3,231
Company Secretary & Treasurer	1,820
Membership Records	101
Legal fee	492
Statutory Notice	102
Trade Memberships	30
Legal Fees	21
	<u>5,797</u>

**8 Net Incoming Resources for the year**

	2010
	£
Net incoming resources is stated after charging:	
Depreciation	155
Auditors' remuneration	<u>3,231</u>

**9 Staff costs**

	2010	2010
	£	£
	Group	Company
Wages and salaries	669	-
Employers NI	74	-
Other pension costs	-	-
	<u>743</u>	<u>-</u>
No of employees employed - full time equivalent		
Brandish Bute Shop	<u>0.33</u>	

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**10 Directors' emoluments and highly paid staff**

No directors received any emoluments in the year.

No employees' emoluments exceeded £60,000 in the period.

<b>11 Tangible Fixed Assets</b> (Group)	Freehold land - Rhubodach Forest £	Plant & Equipment £	Total £
Cost:			
Additions in the period	1,596,391	3,141	1,599,532
Disposals in the period	(1,250,000)	-	(1,250,000)
At 30 September 2010	<u>346,391</u>	<u>3,141</u>	<u>349,532</u>
Depreciation:			
Charge for the period	-	155	155
At 30 September 2010	<u>-</u>	<u>155</u>	<u>155</u>
Net Book Value			
At 30 September 2010	<u>346,391</u>	<u>2,986</u>	<u>349,377</u>

Rhubodach Forest was purchased for £1.475m during the year and there was a back to back sale of part of the land for £1.25m.

<b>Tangible Fixed Assets</b> (Company)	Freehold land - Rhubodach Forest £	Total £
Cost:		
Additions in the period	1,596,391	1,596,391
Disposals in the period	(1,250,000)	(1,250,000)
At 30 September 2010	<u>346,391</u>	<u>346,391</u>
Depreciation:		
Charge for the period	-	-
At 30 September 2010	<u>-</u>	<u>-</u>
Net Book Value		
At 30 September 2010	<u>346,391</u>	<u>346,391</u>

**BUTE COMMUNITY LAND COMPANY**  
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**12 Debtors**

	Group £	Company £
Other debtors	5,485	1,593
Prepayments	847	-
	6,332	1,593

**13 Creditors: amounts falling due within one year**

	Group £	Company £
Loan	5,000	-
Trade Creditors	1,326	-
Accruals	4,086	3,796
	10,412	3,796

**14 Analysis of net assets between funds (group)**

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	2010 Total £
Fund balances at 30 September 2010 as represented by:				
Tangible Fixed Assets	2,986	346,391	-	349,377
Current Assets	10,508	3,932	100,000	114,440
Current Liabilities	(10,412)	-	-	(10,412)
	3,082	350,323	100,000	453,405

**Analysis of net assets between funds (company)**

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	2010 Total £
Fund balances at 30 September 2010 as represented by:				
Tangible Fixed Assets	-	346,391	-	346,391
Investment	1	-	-	1
Current Assets	5,566	3,932	100,000	109,498
Current Liabilities	(3,796)	-	-	(3,796)
	1,771	350,323	100,000	452,094

**15 Restricted Funds**

	Incoming Resources £	Outgoing Resources £	Transfers £	At 30 Sept. 2010 £
<b>Capital Fund:</b>				
Rhubodach Forest	346,391	-	-	346,391
<b>Revenue Fund:</b>				
Development of forest	58,677	(54,916)	171	3,932
	405,068	(54,916)	171	350,323

**BUTE COMMUNITY LAND COMPANY**  
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**15 Restricted Funds (continued)**

**Purposes of restricted funds:**

**Rhubodach Forest**

This represents the original purchase of Rhubodach Forest, excluding the part resold to Tallwood Ltd., which is to be developed for the use of the community, in conjunction with the amenity rights extending into the part of the forest that was resold.

**Development of forest**

This represents the costs incurred in the development of the forest including feasibility studies performed. Going forward these funds will be used to fund the Forest Project Manager and a Local Development Officer, who will be working with the community to develop the use of Rhubodach Forest and also develop and implement an Isle of Bute Community Development Plan to enhance the island and contribute towards long term sustainability.

**16 Designated funds**

Funds of £100,000 were gifted and these have been designated to be used for the purposes of the development programme relating to land acquired at Rhubodach Forest.

**17 Other professional services provided by the auditors**

In common with many charities of our size and nature, we use our Auditors to assist in the preparation of the financial statements. Our auditors also provide assistance and advice on general accounting and business matters.

**18 Transactions involving Board Members**

A loan of £20,000 to the group was made in the year by John McGhee. £15,000 was repaid in the year. The balance outstanding at the year end is £5,000 and is included within creditors. There is no interest charged on this loan and there is no repayment terms. The maximum amount due to John McGhee during the year was £20,000.

John McGhee has also agreed to make a donation of £2,500 towards the running of Brandish Bute Limited. This is included within debtors.

**19 Taxation**

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988 and thus no corporation tax is due on the parent company's activities.

**20 Company Limited by Guarantee**

Bute Community Land Company is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member.

**21 Post Balance sheet event**

On the 23 December 2010, Bute Forest Limited, a fully owned subsidiary of Bute Community Land Company, was incorporated. It is intended that this company will undertake the forestry development work on behalf of the community.