

Consideration of the accounts year ended 5 April 20

All the activity explained in such depth in the Chair's report is reflected in the resources available to the Charity and how they've been utilised in the year under review.

Those resources fall into two categories; human resources – the Charity's employees and all of the volunteers – and financial resources. In the financial statements presented to the members, we show all the financial resources available and how they've been utilised.

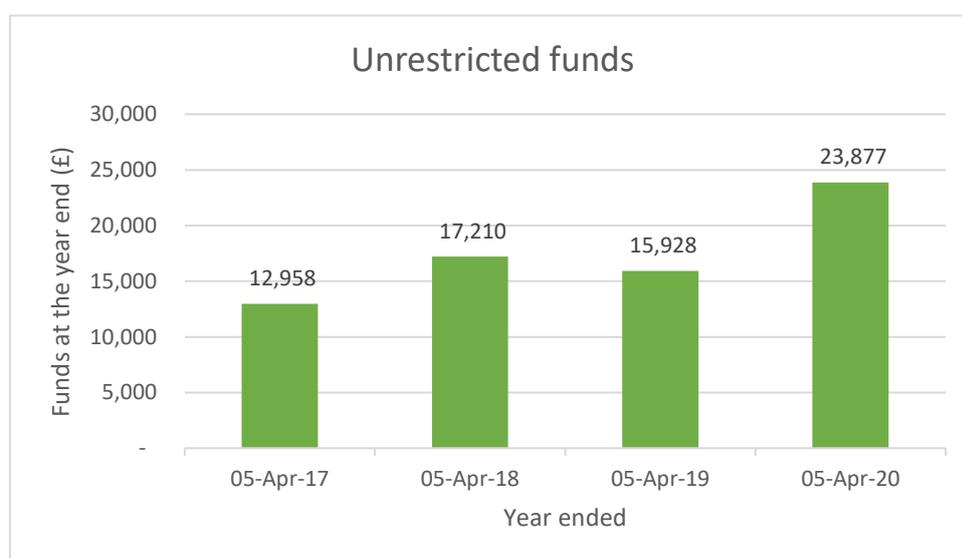
The accounts are divided into Restricted and Unrestricted Funds; Restricted funds are those received for a specific purpose, usually as grants, which are to be used as laid out in the conditions of the grant.

Unrestricted funds are those available to further the Charity's purposes without restriction other than as set out in the Constitution and will be utilised as directed by the Trustees.

Financial review

Results for the year – overall picture

The Charity has further improved its healthy financial position; Total Unrestricted Funds have increased by £7,947, from £15,928 at 5 April 2019 to £23,877 carried forward at the year end.



The Restricted Fund balance of £10,488 at 5 April 2020 represents the cost less depreciation of the e-bikes purchased at the beginning of the year funded by the Energy Savings Trust, the Climate Challenge Fund and North Ayrshire Council. The total cost of the e-bikes was £20,975 and they are being depreciated over the two year life of the current Climate Challenge Fund Sustainable Island Life project.

During the year to 5 April 2020 the Charity had incoming resources of £181,412 compared to £146,341 in the previous year. There were total resources expended of £174,746 compared to £135,852 in the previous year.

The Charity's main grant funding during the year was from the Climate Challenge Fund amounting to £149,794. This was the first year of a two year funding award from the Climate Challenge Fund to enable projects with total funding of £293,638. This funding continues until 5 April 2021.

Shop income amounted to £17,910, compared to £15,289 in the previous year. This was supplemented by restricted funding received from Impact Funding Partners of £9,939 during the year (£6,403 in the year ended 5 April 2019), which supported both Val Waite as volunteer co-ordinator and her work in recruiting, training and supporting the volunteers.



Change in accounting policy

There was a change in accounting policy in the year to 5 April 2019; previously the Charity's accounts were prepared on a Receipts and Payments basis.

The Trustees had decided that an Accruals basis would be a more appropriate method of year end accounting, to show more accurately the income and expenditure relating to the year under review, i.e. all transactions which relate to that year are now included, whether or not they've actually been received or paid at the year end. Amounts not yet paid or not yet received are included as Creditors or Debtors in the Charity's Balance Sheet. This better reflects the timing differences which relate to grant expenditure when it is claimed in respect of the accounting year, but not received until after that year has ended. Any amounts owed to or owed by the Eco Savvy at the accounting year end are now included in that year's accounts.

In line with that change, accounts are now prepared to comply with the Charity's SORP (Statement of Recommended Practice) FRS 102.

Statement of the charity's policy on reserves

The Trustees maintain a policy that £10,000 should be available for investment in an Eco Savvy future green energy project, and this amount remains available, together with a buffer of £13,877 to cover expenditure should the Charity require any emergency funding for any reason in order to continue its activities and to cover fixed overheads in the event of unforeseen circumstances. We have seen the need for these reserves in the current year due to the effects of the Covid-19 pandemic when the community shop was closed for six months.

Details of any deficit

In the year to 5 April 2020 there was a deficit of £4,740 on unrestricted funds, which represents the net amount of consultancy fees paid less some small net receipts. This was covered by management charges transferred from restricted funds. There was a total surplus of £6,666 for the year compared to a surplus of £10,489 in the year to 5 April 2019.

In the year to 5 April 2020 the shop achieved a surplus of £371, in spite of closing in mid March because of the Covid-19 lockdown compared to a small deficit of £556 in the previous year.

We're operating on narrow margins in the shop and the Trustees regularly review its financial sustainability.

In the year to 5 April 2019 there was an overspend on restricted funds. There were no overspends on grant funded activity in the year to 5 April 2020 as had been the case in the previous year. During the year the Trustees reviewed procedures to ensure that any potential overspend is identified quickly and corrected before the commencement of the next year. The Trustees have also installed an accounting system which accounts for the grant claims and identifies any expenditure not yet claimed.

Future plans

We have appointed Ruth McLaren as funding officer, to assist in finding new sources of external funding to carry on project work as the current funding is ending.

We will also carry out a full review of shop finances between now and 5 April 21, to reflect on the ongoing effects of the Covid pandemic and the shop's financial resilience.

Independent review

Because the accounts have been prepared to comply with the Charity's SORP (Statement of Recommended Practice) FRS 102, we are required to have an Independent Review carried out by qualified accountants who are also registered to carry out reviews of these more complex accounts. The Independent Review has been carried out by Montpelier Galloway, Chartered Accountants, in Newton Stewart.

