iona renewables

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENT

1 April 2018 to 31 March 2019

Registered Charity No. SC047510

CHARITY INFORMATION

Charity Name

Iona Renewables (SCIO)

Trustees

Jane Martin (Chair)

John MacInnes (Treasurer)

Philip Ruhemann (Secretary)

Neil Jardine

Catherine (Katy) Russon

Stopped being Trustee

Toben Lewis — stood down in May 2018

Charity Number

SC047510

Principal Address

Fiuran

Isle of Iona

Argyll

PA76 6SP

TRUSTEES REPORT

For the period ended 31 March 2019

The Trustees are pleased to present their report and financial statements for the period from 1 April 2018 to 31 March 2019.

Structure, Governance and Management

Constitution

Iona Renewables (IR) is a Scottish Charitable Incorporated Organisation (SCIO).

It has been active continuously since formation in September 2015 as a joint sub-committee of Iona Community Council and the local Development Trust, including securing funding and delivering projects to promote its objectives. IR incorporated in its current legal form in June 2017. It has a two-tier structure consisting of the members and Board of Trustees.

Appointment of Trustees

Trustees are appointed in accordance with the Constitution.

Objectives and Activities

Charitable purposes

Iona Renewables' dual purposes are to advance environmental protection and improvement and community

development on the island of Iona. Iona Renewables pursues these purposes through:

- Identifying opportunities to maximise renewable energy generation, storage and use on Iona through feasibility work;
- Securing funding and overseeing delivery of projects, for instance, for reduced energy demand and sustained carbon-saving behaviour change – or where projects involve development of an asset such as the Iona Heat Network, progressing projects to an appropriate stage where they are taken over by the trading subsidiary, and then overseeing the subsidiary;
- Maximising opportunities for community ownership and benefit;
- In due course, where community benefit is generated, reinvesting resources to support social, economic and environmental sustainability of the island;
- Ensuring excellent partnership-working and community engagement and support.

The project's starting point was an island Energy Audit (2015) which demonstrated that (aside from some small-scale generation from solar panels) 100% of the island's energy is currently imported. Much of that imported energy is high carbon and unsustainable, and 100% of energy revenue (approximately £310,000 per year) is exported back off the

island again. Subsequent feasibility work in 2016–17 showed that a great deal could be done to change the types of energy used as well generating up to 100% of it cleanly and sustainably from local renewable resources.

As a result of Iona Renewables' activities, funds would be able to remain on the island with all profits used in due course to support local social, economic and environmental sustainability, as well as running costs being reduced. The visitor economy, which is so important to the island's economy, would benefit from significant investment and further strengthen its environmental credentials.

Activities

In the previous reporting period, Iona Renewables worked across a broad front to develop opportunities to maximise renewable energy generation, storage and use through feasibility work and project development, and supported energy efficiency and carbon saving behaviour change.

In this reporting period, Iona Renewables has continued to build on the raft of feasibility work undertaken since 2016 to advance its charitable objectives and has been particularly focused in its efforts – especially on taking the ground source Heat Network as a major community energy project to financial close and towards construction, along with organisational capacity strengthening for increased responsibility. IR and IEL Boards have considered pursuing additional projects in parallel, but decided it was essential

to concentrate efforts and resources on this colossal workload, and the continual community, wider stakeholder and funder engagement required.

Activities have therefore particularly addressed:

a) Working directly and overseeing the work of Iona Renewables' wholly owned trading subsidiary, Iona Energy Ltd (IEL), to further develop a ground source Heat Network. The Heat Network would achieve a single-step transformation of at least 40% of the island's overall peak heat load, to become locally generated, decarbonised, lower cost and community-owned, with ongoing community benefit including permanent retention of energy revenue.

Activities have included:

- Oversight of IEL in deploying a Scottish Government Community and Renewable Energy Scheme (CARES) Development Loan to address: meeting of funders' conditions; progressing Iona Abbey to contractual commitment; procurement; test borehole, thermal conductivity test and detailed design work; updated financial modelling; legal work; and sustained engagement with all building owners/ tenants including securing contractual commitment;

- Obtaining and implementing legal advice on best practice and consumer protection on service agreements;
- Working with potential contractors and subcontractors to value engineer Network costs as much as possible;
- Extensive work with funders and potential funders to secure the full funding package, along with ongoing intensive customer engagement, on-island and with wider stakeholders.

b) Strengthening the organisational and Boards capacity of Iona Renewables and its wholly owned subsidiary including for installation, ownership and operation of a significant community asset.

ACHIEVEMENTS AND

PERFORMANCE

Iona Heat Network

Iona Renewables and subsequently Iona Energy Ltd have developed the ground source Heat Network as a first-phase high-impact project that would also catalyse subsequent phases on the Iona Local Energy Roadmap. The Heat Network was identified through feasibility work, mostly funded by CARES, which: showed space heating and hot water combined are the biggest energy use on island (~55% and 15% respectively); and assessed and discounted all alternative technologies – including hydro, biomass, marine and air source – which are unfeasible technically, financially or practically, and many also fail on resilience terms. Through this work, Iona Renewables identified ground source as not only the optimal but the only viable technology on any scale. Independent technical due diligence has confirmed ground source as the optimal technology, specifically:

- WSP Parsons Brinckerhoff which recommended proceeding with £1M support from Scottish Government District Heating Loan Fund – originally assessed in 2017 with updated technical due diligence in this reporting period;
- Buro Happold for Historic Environment Scotland at Iona Abbey – also updated and reconfirmed in this reporting period.

The Iona Heat Network will provide energy efficiency and affordable, sustainable low-carbon heat for at least 40% of the combined overall heat load of a remote Hebridean island community. The Network is a pathbreaker community-led project that contributes to achievement of the Scottish Energy Strategy and Climate Change Bill. It will reduce the carbon footprint, act as a catalyst for other rural communities and generate income through asset ownership, making the community more resourceful and resilient.

The Heat Network is the first huge shift in the island's energy transition, responding to Iona's unique internationally important identity combined with its vulnerability as a remote 'island off an island'. Iona has 'hard to treat' energy inefficient building stock. It relies heavily on imported high carbon fossil fuels and expensive electric heating with high cost, prolonged repair timescales. It sends ~£310,000 annually off-island in energy revenues. Heat could be generated locally and revenue retained in a perpetual circular economy.

The project has constructed an unprecedented place-based partnership and commitment across residents, businesses and national organisations, including National Trust for Scotland, Historic Environment Scotland and Iona Community.

The Network would use 8 dispersed borehole arrays connecting to heat pumps within buildings, so avoiding an expensive central Energy Centre and insulated pipe network. It would be the first Network to deliver sustainable, low carbon, low cost heat to such a real-world mix of domestic

and non-domestic buildings, including the island's largest energy consumers of Iona Abbey, the island hotels, Village Hall and Primary School. The Network would provide:

- Innovative application of tested technology to help address intractable challenges of energy efficiency and renewables heat provision in other remote rural areas;
- An exemplar model for energy consumers in a particularly remote, economically and socially fragile location to achieve low-carbon, affordable energy and maximal energy efficiency, reduce fuel poverty and exceptionally high energy costs (on average by 30%), improve living conditions and increase cohesion;
- A permanent community income stream and capability, supporting sustainability through retaining energy revenue on island, boosting businesses, generating community benefit and acting as a catalyst for further expansion of energy efficiency and low-carbon heat.

From 1 April 2018, IR oversaw IEL in securing and taking forward a CARES Development Loan, aiming to take the project through procurement and financial close:
Until this reporting period, the project team worked with very little resources. Unresourced and under-resourced work up to that point included: surveys and data generated for all buildings in the Network, which provided the design heat load, as well as information on the internal work, costs and disruption for every building and customer; continual engagement with Heat Network customers resulting in 100% commitment; engagement with Historic Environment Scotland (HES) and other Abbey stakeholders to secure their commitment in principle to join the Network; securing capital funding; and enormous effort in the last quarter of FY 2017–18 to secure Scottish Government or alternative funding, due to unfeasibility of identifying a guarantor for a £991K loan – finally resolved by the guarantor requirement being removed and the original funding being confirmed. However, the project was no longer able to deliver at the pace and scale required without funding, and a wider pool of expertise also had to be brought in. The CARES Development Loan is an excellent vehicle for communities in these circumstances, with a relatively high interest rate but a write-off facility if ultimately a project is unable to proceed.

Main activities by Iona Energy and the technical team included:

- **Meeting funders' conditions** including, securing regulatory consents, performance certification and contractual commitment of at least 70% of the Network's heat load;
- **Meeting conditions for Iona Abbey** to progress from interest in principle in joining the Heat Network towards contractual commitment;
- **Preparation of extensive rigorous tender documentation** for the construction phase of the Heat Network and service arrangements for post implementation;
- **Ongoing detailed design work** on internal heating systems;
- **Management of the tender process** including representation of Argyll & Bute Council (partner on Scottish Energy Efficiency Programme) in tender assessments;
- **Updating financial modelling** to support customer costs and loan applications;

- **Sustained engagement with all building owners and tenants** on internal heat system installation and upgrades, energy efficiency works, the community heat supply offer and Heat Supply Agreements, securing contractual commitment;
- **Legal work, including obtaining and implementing legal advice on best practice and consumer protection on service agreements**: considerable work was put into drafting Heat Supply Agreements with legal support of Brodies LLP, and to secure Scottish Government sign-off of the template (a condition of the District Heating Loan Fund, with particular concern for consumer interests).

Impacts – supporting the island's sustainability
The Heat Network would be a community-run asset that provides low-carbon, lower-cost, reliable, affordable, renewable heat that's technically and financially viable in the long-term:

- Buildings have modern insulation and heating systems, affordably meeting year-round comfort standards, enhancing living and working condition, and significantly reducing fuel poverty (vs buildings under-heated and damp; Argyll fuel poverty estimated at ~40%, higher on islands);
- Sustained cost savings delivered for vulnerable island consumers, averaging +30% bill reductions (compared to no-intervention counterfactual);
- Immediate fully-serviced maintenance provided through on-island responders and remote specialised back-up (vs very high-cost delayed repairs);
- 215 tonnes CO2e reduced annually (74% – vs average domestic heating emissions that are double UK average);
- Wellbeing improved via more affordable, better heated housing with reduced coal dependency;
- Community cohesion and inclusion strengthened including cross-island collaboration and benefits, prioritising elderly/vulnerable wherever possible;

- 4.5 full time equivalent (FTE) construction-phase jobs created across Highland & Islands, including indirect/induced costs, with £4.2M gross one-off turnover;
- Combined annual operational impacts support 3 FTE jobs with £362K gross annual turnover;
- 1 FTE post permanently created, other employment catalysed through spin-off benefits;
- Crucial visitor economy enhanced through more sustainable business energy costs, supporting longer visitor season while protecting heritage through building conservation (e.g., Iona Abbey) and sensitive development;
- Residents' skills and capability increased through community asset ownership;
- Energy revenue permanently retained – ~£43K per year from bills, >£13K operational costs, ~£108K per year (for 20yrs) Renewable Heat Incentive revenue; and smaller permanent community benefit thereafter;
- Whole island economy benefits from enhanced Iona 'brand' and support to remote island businesses, e.g., for extended visitor-season and, in turn, year-round employment;
- Young economically-active residents supported to remain on-island.

Addressing high costs of an 'island off an island'

Given the exceptional remoteness, sensitivity and other inherent challenges of Iona's context, IR and IEL had been concerned about whether companies would tender for the work. Three leading companies tendered and a preferred bidder was identified with support of Argyll & Bute Council on the assessment panel.

However, all tenders were significantly over-budget. This high-cost is a recurring phenomenon on Iona given its remoteness as an 'island off an island' compounded by its archaeological and natural heritage sensitivity. Significant cost and risk premiums were applied to tenders across the board. Funding was secured to carry out a test bore (to reduce risk and uncertainty associated with drilling conditions and conductivity levels, and therefore number of bores required) and to value engineer the project in order to tighten up and reduce other costs and risks as much possible.

A test borehole and conductivity test were completed. These confirmed:

- Good, solid ground and drilling conditions;
- Good thermal conductivity – exactly as had been anticipated by the ground source designer from desk-based assessment of Iona's geology;

- Certainty over the number of boreholes required to meet the heat load of all the buildings in the Network;
- The basis for updating the shared ground loop design to reduce wherever possible total length of pipework required and to generate savings.

A lot of work was done to 'value engineer' the Network, maximising economies as much as possible, including redesigning pipe routes to avoid potential archeological sites and 'hard dig' areas, and further design work externally and internally to all buildings. Based on all of this work, fixed costs were secured across the board, and the project team was confident that they had brought down costs as much as possible, including through sub-contractors competing for fixed priced contracts. However, while some costs came down, some others went up; given the extent of external works, the remoteness, sensitivity and other inherent challenges of works on Iona, it was not possible to reduce overall costs. This left a funding gap that was demonstrably a direct result of the cost disadvantages of Iona's context – i.e., if the Network wasn't being delivered on an island off an island, there would be little or no funding gap and it would have been installed within a loan-funded model.

Energy efficiency: many of Iona's buildings are pre-1920s and 'hard to treat', including many being within a restrictive conservation area. Iona Renewables had already done everything possible within the existing system (referral, contractor, funding models) to improve energy efficiency of Iona buildings as a 'standalone' effort, particularly through a previous project supported by Climate Challenge Fund (2017-18). Following huge engagement in surveys (82 buildings), progress stalled and, despite all efforts, IR could not break through multiple failures (e.g., unclear, unprioritised, unconvincing, unfeasible and inappropriate survey recommendations, multiple referral/contractor/supply chain challenges, huge customer reluctance to go through major disruption for unclear benefits). This experience demonstrated that: the existing system for delivering energy efficiency does not work for this context; it is very hard to pursue energy efficiency on its own as a 'standalone' effort; and a bespoke approach is needed where energy efficiency is a means to a further end (e.g., renewable heat supply).

Iona Renewables had originally sought significant funding for energy efficiency works of buildings within the Heat Network, but the amounts were capped by the funder and mostly required for internal heat distribution systems

(radiators and pipework – required in ~90% of the buildings). Changeworks was therefore engaged to resurvey all buildings in the Network and set out the energy efficiency works that were clearly prioritized, achievable and required for Energy Performance Certificates in order to qualify for Renewable Heat Incentive (RHI). With this approach, the Heat Network has integrated energy efficiency to a practical and achievable extent.

A recurring wrong assumption that the project has had to counter is that buildings have to be highly energy efficient in order for a low temperature heat system to work efficiently. There are many reasons that energy efficiency is highly desirable but a low temperature system works effectively with an energy inefficient building provided it is designed to do so, i.e., to address the heat load and heat losses of the building as it is. The project is very keen to address energy efficiency as much as possible and as much as resources and cost-effectiveness permit. Every building in the Network has been surveyed repeatedly to determine its heat load and heat losses, and the heat system has been designed to work efficiently with any inefficiencies, where those can't be addressed. Wherever greater energy efficiency measures can be achieved and resourced, the project would pursue these and adjust the Network design as appropriate.

Extensive work with funders and potential funders to secure the full funding package.

The project is virtually 'shovel-ready', with limited work still to do to reach financial close. Since confirmation of the funding gap, all Scottish Government and commercial funders have stayed strongly supportive. The project team has communicated very fully and regularly with customers, which has also secured and maintained their ongoing buy-in.

Scottish Government took a coordinated approach to addressing the funding gap. A large single grant has been pursued, although this also potentially put the project in a situation of 'eggs in one basket'. The Network has avoided any possible conflict with existing funding raising with two other important construction projects on Iona, of considerable value to the island, which have been in development for longer and are further ahead; an added challenge is that where grants have been awarded for these projects, funders are typically not able to invest again in the same geographical area. Meanwhile, the Boards and project team worked very hard with Scottish Government's suggested funder on multiple due diligence and information requests, as well as seeking other grant funding with some success – e.g., from Energy Redress Scheme, whose funds are derived from fines of energy companies for poor performance. At the end of the reporting period, intensive grant funding efforts were ongoing.

Organisational Capacity Development

Iona Renewables secured funding from May 2018 from Scottish Government Strengthening Communities Programme administered via Development Trusts Association Scotland (DTAS). The purpose of the funding is to strengthen organisational capacity of the charity and trading subsidiary, including of the Boards. It supports two part-time posts and some travel and training costs. This award has come at an excellent time, with Iona Renewables and Iona Energy Ltd under relentless due diligence and other forms of scrutiny, and with the need to ensure excellent organisational capacity.

Main achievements through the funding have included:

Overall, strengthening and consolidation of Iona Renewables and Iona Energy Ltd Boards – an overall plan was agreed with the Boards, and some off-island expertise identified as needed.

Business Plan drafted and agreed by Board and funders: the first full Business Plan was produced including components on opportunities, governance, business model, project funding and finance, risks, and technical components. This was approved by Iona Renewables and Iona Energy Boards, and by Scottish Government and commercial funders.

Outline Operational Plan in place, addressing immediate and medium term priorities regarding financial management, operational management and risk management, as well as integrating core Board governance responsibilities. This work also resulted in draft job descriptions for key operational

roles with the Heat Network. It provides the framework for additional tailored work by the project team to flesh out the Operational Plan at the start of the next reporting period.

Continual focus on excellent financial management capacity of Boards and project team, also extended to other relevant parties on the island whenever possible – included significant off-island training (including specialist Financial Practitioners training) and tailored on-island training.

Establishment and independent quality assurance of excellent accounts and financial management systems, and all other systems set up and resourced.

Increased capacity on communications and marketing, ready for significant expansion with confirmation of full funding and progressing to construction, including media/ social media plan drafted and agreed with Boards; website and twitter updated; multiple approaches managed from researchers and media; proactive communications for community engagement managed; significant amount of graphics and branding; readiness for communications e.g., on community-led model, construction and operational phase for visitors, and 'green island'; operational phase comms for visitors produced for December event with the Princess Royal, and will be used through the first construction and operational visitor seasons.

Further development of cross-island local energy Roadmap: the Roadmap guides the island's potential to transition towards maximum locally-generated community-owned energy and carbon saving behavior change.

The Heat Network is potentially a pathbreaker and catalyst for this wider cross-island energy transition, as well as lesson-learning, path-breaking and innovation for other remote contexts. In this reporting period, a study on electricity generation developed to link into renewable heat supply was completed (most work done in the last reporting period). Boards agreed next steps should be considered subsequently, rather than prior to or in parallel with installation of the Heat Network.

Generating Lesson on Community-Led Development

Iona Renewables' activities – and subsequently those of Iona Energy Ltd – potentially provide lessons on community-led delivery, and they are frequently contacted by other organisations, researchers etc for this purpose. As the frontline project, the Heat Network's profile and potential for replication are enhanced by Iona's status as an internationally-renowned heavily-visited historic island and the globally famous Iona Abbey being within the Network.

The project has potential for lesson-learning and roll-out across many fronts:

- Replicating similar community asset development on sustainable heat, including in remote, complex settings;
- An entirely community-initiated and -led place-based model, for application in other contexts

which will identify and develop their own specific technology options and community objectives – already being tracked e.g. by English energy companies that cannot achieve similar community buy in;

- Low-temperature Heat Networks that can be deployed in rural locations, enabling this proven technology to be replicated widely by developing supply chain capacity and capability;
- Community partnership with national organisations;
- Achievement of social, economic and environmental impacts that are most relevant for a remote island context;
- Catalysing subsequent stages of Iona's low-carbon energy transition.

Expansion of Partnership

IR and IEL have continued to work closely with the major organisations that have a stake on the island, including National Trust for Scotland (NTS) as major island landowner and Historic Environment Scotland (HES) as principle Leaseholder at Iona Abbey (both were on the steering group for the original feasibility work in 2016–17, and would be

customers of the Heat Network), Iona Community and Iona Cathedral Trustees. Other significant parties include:

- **Local Energy Scotland**, close involvement and (CARES) funding from the outset;
- **Argyll & Bute Council – particularly Housing Services**: for co-ordinating improvements to Iona building stock, and as a Scottish Energy Efficiency Programme (SEEP) Partner on the Heat Network;
- **Scene Connect Ltd**: community energy specialist, has worked with IR on the Roadmap and high-impact first phase of development of the local energy system, and formal partner e.g., on the Climate Challenge Fund project, and aspects of Heat Network project;
- **Energy Saving Trust**, as administrator of the District Heating Loan Fund (£1M loan awarded for the Heat Network), including facility for technical and financial oversight for the 15 year duration of the DHLF loan repayments.

Other funders/ relevant agencies include: Energy Redress Scheme, Social Investment Scotland, Esmee Fairbairn Foundation, Russell Trust and Pebble Trust, all of which are funding the Iona Heat Network; Home Energy Scotland and Resource Efficient Scotland for survey input and funding; Keep Scotland Beautiful/ Climate Challenge Fund; Development Trusts Association Scotland (DTAS); and Scottish Government SEEP team.

FINANCIAL REVIEW

Income

Strengthening Communities grant	39,388
Reimbursements of consultancy and salary by Iona Energy Ltd.	14,911
SEEP grant via Scene Connect Ltd.	3,690
CARES Start Up grant	2,736
Climate Challenge Fund grant	2,683
	63,408

Expenditure

Salaries	28,591
Consulting	14,545
Employer's NIC and Pension contributions	5,082
Start-up loan to Iona Energy Ltd.	4,000
Subcontractors	3,690
Staff training	2,226
Travel and subsistence	1,695
Office overheads	804
Legal and Professional Fees	760
Insurance	544
	61,937

Surplus

1,371

Statement of balances

	Unrestricted	Restricted
Cash and bank balances at start of year	600	4,000
Surplus / (deficit) shown on receipts and payments account	514	857
Cash and bank balances at end of year	1,114	4,857

Funders

All funds received are used to further the environmental and social aims of the charity, to implement the Iona Energy Roadmap, and to build capacity within the charity governance and employees. The focus this year has been specifically on supporting subsidiary company, Iona Energy Ltd, in designing and procuring a district heating network using ground source heat pumps.

Strengthening Communities Program: The fund aims to empower communities, enabling them to tackle inequality and disadvantage on their own terms, promoting a more responsive, community-led, place-based approach. With this funding Iona Renewables is building the capacity to independently run a remote community-led SCIO and subsidiary, governed by confident Boards and according to best practice with the resources required to oversee, own, operate, and maintain community assets.

Community and Renewables Energy Scheme Start-Up: CARES provides grant funding to help towards start-up costs of feasibility studies, community consultation and other preparatory costs (early stage activities, no capital costs). Iona Renewables was given this funding to undertake environmental survey work, feasibility, and preliminary design of a potential wind turbine electrification project.

Climate Challenge Fund: CCF supports community-led organisations in Scotland to tackle climate change by running projects that reduce local carbon emissions. This funding enabled Iona Renewables to run carbon and climate education events and consultations for islanders and visitors, as well as work with the local community toward lowering our carbon footprint.

SEEP grant via Scene Connect Ltd.: Iona Renewables secured grant funding from Scottish Government Scottish Energy Efficiency Programme (SEEP) as a Pathfinder Project – the grant is connected to development of the proposed Heat Network with the bulk of funding allocated to internal works for residential properties in the construction phase, plus a small enabling grant pre-construction for progressing the SEEP components of the Network project. The grant was awarded before IR incorporated as a SCIO, and IR agreed with the funder and award recipient (Local Authority) that enabling funding should be administered via Scene Connect Ltd., a community energy specialist company that has worked with Iona Renewables on various projects since 2016 and who carried out most of the funded enabling work; a small

proportion was budgeted for on-island intensive community engagement through Iona Renewables – see Notes on legal advice/appointment of paid capacity.

Russell Trust: Russell Trust is a Fife-based charity that makes small grants to other charities to assist in their charitable work. This grant was given to Iona Renewables to meet the 5% 'community contribution' required to be made in order to secure the Community and Renewable Energy Scotland Pre-planning Loan being taken by Iona Energy Ltd. (wholly owned trading subsidiary). The grant was received in the FY ending 31/03/2018 and was loaned by Iona Renewables to Iona Energy Ltd. in this financial year.

Reserves policy

Currently, Iona Renewables has no running costs beyond the funding secured for delivery of each project. If Iona Renewables has running costs in the future, the Trustees will develop an appropriate reserves policy at that time.

Approved by the Trustees and signed on their behalf

Katy Russon
Trustee
27 December 2019

APPENDICES

Statement of receipts and payments

	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total funds current period	Total funds last period RESTATED
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
A1 Receipts						
Donations						100
Legacies						
Grants		48,497			48,497	52,115
Receipts from fundraising activities						
Gross trading receipts						
Income from investments other than land and buildings						
Rents from land & buildings						
Gross receipts from other charitable activities	14,911				14,911	
A1 Sub total	**14,911**	**48,497**			**63,408**	**52,215**
A2 Receipts from asset & investment sales						
Proceeds from sale of fixed assets						
Proceeds from sale of investments						
A2 Sub total						
Total receipts	**14,911**	**48,497**	**-**	**-**	**63,408**	**52,215**

	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total funds current period	Total funds last period RESTATED
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
A3 Payments						
Expenses for fundraising activities						
Gross trading payments						
Investment management costs						
Payments relating directly to charitable activities	14,297	43,640			57,937	47,615
Grants and donations						
Governance costs:						
Audit / independent examination						
Preparation of annual accounts						
Legal costs						
Other		4,000			4,000	
A3 Sub total	**14,297**	**47,540**			**61,937**	**47,615**

	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total funds current period	Total funds last period RESTATED
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
A4 Payments relating to asset and investment movements						
Purchases of fixed assets						
Purchase of investments	100				100	
A4 Sub total	**100**				**100**	
Total payments	14,397	47,640			62,037	47,615
Net receipts / (payments)	514	857			1,371	4,600
A5 Transfers to / (from) funds						
Surplus / (deficit) for year	**514**	**857**			**1,371**	**4,600**

Statement of balances

Categories	Details	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period RESTATED
		to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
B1 Cash funds	Cash and bank balances at start of year	600	4,000			4,600	
	Surplus / (deficit) shown on receipts and payments account	514	857			1,371	4,600
	Cash and bank balances at end of year	1,114	4,857			5,971	4,600

	Details			Fund to which asset belongs		Market valuation	Last period
						to nearest £	to nearest £
B2 Investments	100% share ownership in Iona Energy Ltd (trading subsidiary)					100	
					Total	**100**	

	Details			Fund to which asset belongs	Cost (if available)	Current value (if available)	Last period RESTATED
					to nearest £	to nearest £	to nearest £
B3 Other assets	Trade debtors					4,582	
	Start up loan made to Iona Energy Ltd (trading subsidiary)					4,018	
	Cash held by Iona Community Council						1,812
				Total		**8,600**	**1,812**

	Details			Fund to which liability relates		Amount due	Last period
						to nearest £	to nearest £
B4 Liabilities	PAYE/NIC payable					750	
	Trade creditors					6,501	
	NEST Pensions payable					68	
	Accruals					750	
					Total	**8,069**	

	Details			Fund to which liability relates		Amount due (estimate)	Last year
						to nearest £	to nearest £
B5 Contingent liabilities							
					Total		

Katy Russon

Katy Russon
Trustee
27 December 2019

Notes to the accounts

Nature and purpose of funds

All funds received are used to further the environmental and social aims of the charity, to implement the Iona Energy Roadmap, and to build capacity within the charity governance and employees. The focus this year has been specifically on supporting subsidiary company, Iona Energy Ltd, in designing and procuring a district heating network using ground source heat pumps.

Strengthening Communities Program: The fund aims to empower communities, enabling them to tackle inequality and disadvantage on their own terms, promoting a more responsive, community-led, place-based approach. With this funding Iona Renewables is building the capacity to independently run a remote community-led SCIO and subsidiary, governed by confident Trustees and according to best practice with the resources required to oversee, own, operate, and maintain community assets.

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SEEP grant via Scene Connect Ltd.: Iona Renewables secured grant funding from Scottish Government Scottish Energy Efficiency Programme (SEEP) as a Pathfinder Project – the grant is connected to development of the proposed Heat Network with the bulk of funding allocated to internal works for residential properties in the construction phase, plus a small enabling grant pre-construction for progressing the SEEP components of the Network project. The grant was awarded before IR incorporated as a SCIO, and IR agreed with the funder and award recipient (Local Authority) that enabling funding should be administered via Scene Connect Ltd., a community energy specialist company that has worked with Iona Renewables on various projects since 2016 and who carried out most of the funded enabling work; a small proportion was budgeted for on-island intensive community engagement through Iona Renewables – see Notes on legal advice/appointment of paid capacity.

Russell Trust: Russell Trust is a Fife-based charity that makes small grants to other charities to assist in their charitable work. This grant was given to Iona Renewables to meet the 5% 'community contribution' required to be made in order

to secure the Community and Renewable Energy Scotland Pre-planning Loan being taken by Iona Energy Ltd. (wholly owned trading subsidiary). The grant was received in the FY ending 31/03/2018 and was loaned by Iona Renewables to Iona Energy Ltd. in this financial year.

Grants

No grants were made during this period.

Trustee remuneration

No remuneration was paid during this period to any charity trustee or person connected to a trustee.

Trustee expenses

Philip Ruhemann was reimbursed £77 for the cost of telephone usage during teleconferences and legal fees.

Transactions with trustees and connected persons

Philip Ruhemann was paid £1,800 for subcontracting services outside his role as a Trustee.

Shiona Ruhemann (connected person, wife of Philip Ruhemann) was employed by Iona Renewables during this period. Her salary, employer's pension contribution, and NIC over this period amounted to £24,074. Prior to IR having payroll set up she was paid £1,890 as an independent contractor. She was reimbursed a total of £932 for travel and office expenses as an employee, with a further £378.94 outstanding at the end of the financial period.

Toben Lewis was on the payroll of Iona Renewables as an employee from September 2018 onwards, and as a subcontractor in July 2018, after stepping down as a Trustee in May 2018.

On the above, and on consideration of appointment of all paid skilled capacity, Trustees sought and strictly followed specific legal advice on appointing skilled paid capacity in a small remote community and strictly followed conflict of interest policy, including exclusion of e.g. connected persons from any decision making.

Other information

Iona Energy Ltd (SC577246) is wholly owned by Iona Renewables. The subsidiary was incorporated on 26/09/2017, though shares were not paid until this financial year.

Iona Renewables reimbursed Iona Energy Ltd £690 in the year for insurance and software subscription costs, as agreed by the grant funders. At the year end Iona Renewables owed Iona Energy Ltd £140 of the expenses reimbursed. Iona Energy Ltd reimbursed Iona Renewables £13,746 for external consultancy costs incurred in the year. At the year end £4,582 was still outstanding. Iona Energy Ltd also reimbursed Iona Renewables for £5,747 of salaries paid on behalf of Iona Energy Ltd.

During the year Iona Renewables provided a £4,000 loan to Iona Energy Ltd at a rate of 0.5% interest per annum. At the year end this loan was outstanding in full along with accrued interest of £18. The loan term is ten years.

Analysis of receipts and payments

Donations	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
Iona Community Mull & Iona Family Group						100
Total						**100**

Grants	Unrestricted funds	Restricted funds			Total current period	Total last period RESTATED
	to nearest £	to nearest £			to nearest £	to nearest £
CARES Start Up		2,736			2,736	
Climate Challenge Fund		2,683			2,683	37,007
Strengthening Communities		39,388			39,388	
SEEP via Scene Connect Ltd.		3,690			3,690	
Iona Community Council						500
Local Energy Scotland						8,796
Russell Trust						4,000
Historic Environment Scotland						1,812
Total		**48,497**			**48,497**	**52,115**

Gross receipts from other charitable activities	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
Reimbursements of consultancy and salary by Iona Energy Ltd (trading subsidiary)	14,911				14,911	
Total	**14,911**				**14,911**	

Payments relating directly to charitable activities	Unrestricted funds	Restricted funds	Expendable endowment funds	Permanent endowment funds	Total current period	Total last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
Consulting (Scene Connect Ltd.)	9,164	5,381			14,545	41,648
Consulting (Mull and Iona Community Trust)						600
Consulting (National Trust for Scotland)						600
Employer's NIC		4,160			4,160	
Employer's Pension	64	858			922	
Insurance		544			544	
IT Software and Consumables		80			80	
Legal and Professional Fees		760			760	
Postage, freight, courier		1			1	
Room rental					-	67
Printing and stationery		335			335	206
Xero subscriptions		221			221	
Salaries	5,069	23,522			28,591	
Subcontractors		3,690			3,690	3,600
Staff training		2,226			2,226	240
Subscriptions		90			90	
Telephone and internet		77			77	
Travel and subsistence		1,695			1,695	654
Total	**14,297**	**43,640**			**57,937**	**47,615**

Breakdown of unrestricted funds

	Unrestricted funds	Total unrestricted funds	Total unrestricted funds last period RESTATED
Receipts			
Donations			
Legacies			
Grants			
Receipts from fundraising activities			
Gross trading receipts			
Income from investments other than land and buildings			
Rents from land & buildings			
Gross receipts from other charitable activities	14,911	14,911	
Sub total	**14,911**	**14,911**	**0**
Receipts from asset & investment sales			
Proceeds from sale of fixed assets			
Proceeds from sale of investments			
Sub total			
Total receipts	**14,911**	**14,911**	**0**

	Unrestricted funds	Total unrestricted funds	Total unrestricted funds last period RESTATED
Payments			
Expenses for fundraising activities			
Gross trading payments			
Investment management costs			
Payments relating directly to charitable activities	14,297	14,297	
Grants and donations			
Governance costs:			
Audit / independent examination			
Preparation of annual accounts			
Legal costs			
Sub total	**14,297**	**14,297**	**0**
Payments relating to asset and investment movements			
Purchases of fixed assets			
Purchase of investments	100	100	
Sub total	**100**	**100**	
Total payments	**14,397**	**14,397**	**0**
Net receipts / (payments)	**514**	**514**	**0**
Transfers to / (from) funds			
Surplus / (deficit) for year	**514**	**514**	**0**

Breakdown of restricted funds

	CARES Start Up	Climate Challenge Fund	SEEP via Scene Connect Ltd.	Russell Trust	Strengthening Communities Programme	Total restricted funds	Total restricted funds last period RESTATED
Receipts							
Donations							100
Legacies							
Grants	2,736	2,683	3,690		39,388	48,497	52,115
Receipts from fundraising activities							
Gross trading receipts							
Income from investments other than land and buildings							
Rents from land & buildings							
Gross receipts from other charitable activities							
Sub total	**2,736**	**2,683**	**3,690**		**39,388**	**48,497**	**52,215**
Receipts from asset & investment sales							
Proceeds from sale of fixed assets							
Proceeds from sale of investments							
Sub total							
Total receipts	**2,736**	**2,683**	**3,690**		**39,388**	**48,497**	**52,215**

Payments	CARES Start Up	Climate Challenge Fund	SEEP via Scene Connect Ltd.	Russell Trust	Strengthening Communities Programme	Total restricted funds	Total restricted funds last period RESTATED
Expenses for fundraising activities							
Gross trading payments							
Investment management costs							
Payments relating directly to charitable activities	2,736	2,683	3,690		34,531	47,640	47,615
Grants and donations							
Governance costs:							
Audit / independent examination							
Preparation of annual accounts							
Legal costs							
Other				4,000			
Sub total	**2,736**	**2,683**	**3,690**	**4,000**	34,531	**47,640**	**47,615**

	CARES Start Up	Climate Challenge Fund	SEEP via Scene Connect Ltd.	Russell Trust	Strengthening Communities Programme	Total restricted funds	Total restricted funds last period RESTATED
Payments relating to asset and investment movements							
Purchases of fixed assets							
Purchase of investments							
Sub total							
Total payments	**2,736**	**2,683**	**3,690**	**4,000**	**34,531**	**47,640**	**47,615**
Net receipts / (payments)				(4,000)	4,857	857	4,600
Transfers to / (from) funds							
Surplus / (deficit) for year				**(4,000)**	4,857	**857**	**4,600**

INDEPENDENT

EXAMINER'S REPORT

APPENDIX 3

OSCR
Scottish Charity Regulator

Independent examiner's report on the accounts v2

Report to the trustees/members of

Charity name: Iona Renewables

Registered charity number

SC047510

On the accounts of the charity for the period

Period start date				Period end date		
Day	Month	Year		Day	Month	Year
01	04	2018	**to**	31	03	2019

Set out on pages

36 to 51 (remember to include the page numbers of additional sheets)

Respective responsibilities of trustees and examiner

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

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, and
   - to prepare accounts which accord with the accounting records and comply with Regulation 9 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: **Date:** 28/12/2019

Name: Rebecca Adams

Relevant professional qualification(s) or body (if any): BSc MSc ACA DChA BFP

Address:

Arla Beag
Aros
Isle of Mull
PA72 6JS


iona
renewables