



TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENT

1 APRIL 2020 TO 31 MARCH 2021

REGISTERED CHARITY NO. SC047510

CHARITY INFORMATION

CHARITY NAME

Iona Renewables (SCIO)

TRUSTEES

Jane Martin (Chair)

John MacInnes (Treasurer)

Philip Ruhemann (Secretary)

Catherine Russon

Angus Richard Johnston

CHARITY NUMBER

SC047510

PRINCIPAL ADDRESS

Fiuran

Isle of Iona

Argyll

PA76 6SP





TRUSTEES REPORT

FOR THE PERIOD ENDED 31 MARCH 2021

The Trustees are pleased to present their report and financial statements for the period from 1 April 2020 to 31 March 2021.

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, initially 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.

An island Energy Audit (2015) 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 identified what 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.

Iona Renewables has aimed, as a result of its activities, to reduce carbon, to reduce high energy costs for all consumers, and for funds – particularly energy revenues – to remain on the island with all profits used in due course to support the island's social, economic and environmental sustainability. The visitor economy, which is so important to the island's economy, would also be boosted, including through further strengthening its environmental credentials.

Activities

This reporting year has been dominated by the global COVID pandemic, which, as for so many other organisations, has had immense impacts on Iona Renewables. Main activities have included:

- **Keeping the Heat Network on track as much as possible through the pandemic**, as a consolidation of all Iona Renewables' work so far and as the first phase broad project that

local energy Roadmap – having, at the descent of COVID, come through multiple external challenges to secure the full £3.3 million funding package and to be on the brink of installation against tight Renewable Heat Incentive (RHI) timelines;

- **Securing funding to keep the project on track as much as possible**, including resourcing the technical team to meet additional COVID-created challenges – e.g., through an HMRC scheme (CATAX) that rewards work that is proven to qualify as significant innovation;
- **Responding to immense direct COVID challenges** – including infliction of major UK Government depressions to the RHI subsidy (from which the project would have been protected if the COVID pandemic had not occurred, via being in a position to secure Tariff Guarantees); and intensely increasing time pressure due to RHI deadlines. This situation required IR to resource directly significant new technical redesign, re-programming, a detailed risk management strategy, revised heat prices and Heat Supply Agreements, a revised financial model, and creation of a comprehensive revised proposal to Scottish Government;

- **Political engagement and follow up to make our island's case at senior levels of Scottish Government, with consistent support of the Member of the Scottish Parliament (MSP) for Argyll & Bute;**
- **Engaging with Scottish Government on further due diligence and follow up;**
- **Responding to a situation of COVID-driven cost-increases making the Heat Network financial model unaffordable overnight due to a surge in components of the capital costs – especially drilling and Heat Pumps – that must be loan-funded under RHI rules, and cannot be public sector grant-funded, which derailed the project at the last hurdle;**
- **Keeping all parties briefed and on board throughout unprecedented tumult – island residents, businesses, stakeholder organisations, local authority, funders etc;**
- **Seeking non-public sector grant funding to address the COVID-driven surge in some capital components;**
- **Working with Scottish Government officials to explore, again, whether there is any possibility of an alternative strategy;**

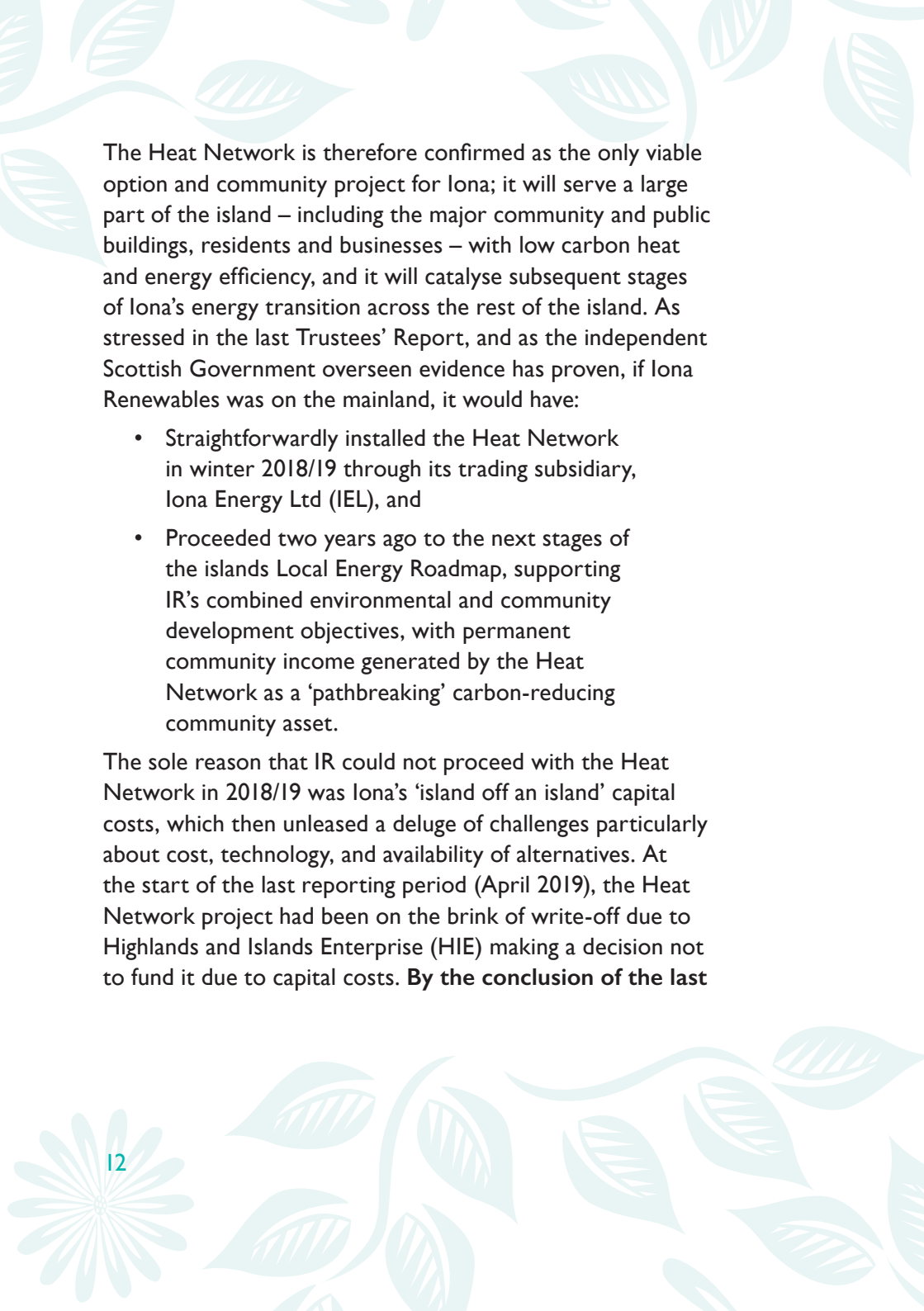
- **Securing advice and devising an Iona Renewables position on the best way forward;**
- **Further engagement to take forward specific requests for a way forward that will achieve meaningful outcomes** (discussions with Scottish Government ongoing).

ACHIEVEMENTS AND PERFORMANCE

As above, this reporting year has been defined by the all-encompassing global COVID pandemic, and its colossal direct impacts on Iona Renewables' work and planned outcomes.

Iona Renewables' work has, progressively since 2016, been focused on the ground source Heat Network as a first-phase consolidation of projects on Iona. The Heat Network is based on thorough feasibility work since 2016 which has twice ruled out the viability of any alternatives. Both sets of feasibility exercises have been funded by Scottish Government (SG), the second time through independent external assessment directly overseen by SG (Options Appraisal on low carbon heat options on Iona, Oct. 2019), which validated all of IR's original work and its conclusions. The Heat Network also builds on IR's concerted and carefully documented efforts with the relevant agencies to address energy efficiency across the island, which proved that existing systems do not work for contexts like Iona and that 'standalone' approaches to energy efficiency are not effective – i.e., energy efficiency needs to be part of a collective effort and larger outcomes.



The page features a decorative background of stylized teal leaves and a flower. The leaves are scattered across the top and bottom, while a single flower is positioned in the bottom left corner. The text is centered in the upper half of the page.

The Heat Network is therefore confirmed as the only viable option and community project for Iona; it will serve a large part of the island – including the major community and public buildings, residents and businesses – with low carbon heat and energy efficiency, and it will catalyse subsequent stages of Iona's energy transition across the rest of the island. As stressed in the last Trustees' Report, and as the independent Scottish Government overseen evidence has proven, if Iona Renewables was on the mainland, it would have:

- Straightforwardly installed the Heat Network in winter 2018/19 through its trading subsidiary, Iona Energy Ltd (IEL), and
- Proceeded two years ago to the next stages of the islands Local Energy Roadmap, supporting IR's combined environmental and community development objectives, with permanent community income generated by the Heat Network as a 'pathbreaking' carbon-reducing community asset.

The sole reason that IR could not proceed with the Heat Network in 2018/19 was Iona's 'island off an island' capital costs, which then unleashed a deluge of challenges particularly about cost, technology, and availability of alternatives. At the start of the last reporting period (April 2019), the Heat Network project had been on the brink of write-off due to Highlands and Islands Enterprise (HIE) making a decision not to fund it due to capital costs. **By the conclusion of the last**

reporting period at the end of March 2020:

- IR/IEL had had to work particularly hard – and 100% successfully – in response to HIE’s decision to address the central questions about cost as well as an assumption that there is some better alternative (or even any alternative) to the Heat Network, alongside non-technical opinions amongst decision makers about the viability of ground source technology. **By the end of the reporting period, all of these challenges had been conclusively and independently resolved**, validating all of the work, priorities and decisions of IR/IEL;
- The Heat Network had passed positively through independent technical and financial due diligence led by Ernst and Young for Scottish Government for a £1.3 million grant;
- Officials were at final stages of approval for funding that would put the full funding package of £3.3 million in place, with the Network on the brink of proceeding to meet final funding conditions and financial close, and construction from July 2020.

From this very positive point in early March 2020, **this reporting period commences in April 2020 with the COVID pandemic and lockdown having descended and the Scottish Government having had to put all projects**

– including the Iona Heat Network – on “pause” for an initial three to six month-period. Scottish Government was clear that, as the project is dependent on Renewable Heat Incentive (RHI) revenue, and as RHI had a hard commissioning deadline at that time of March 2021, the UK Government would have to extend RHI deadlines in order for our project and any others to proceed. There was confidence that these extensions would be put in place.

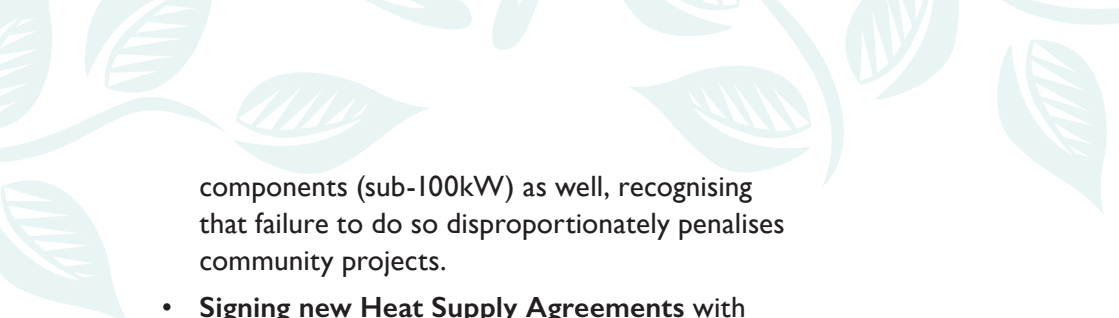
Achievements through this COVID-dominated reporting period include:

Keeping the Heat Network on track as much as possible despite lockdown, loss of project income, and the unprecedented uncertainty created by a global pandemic through finding the resources and means to take forward any steps possible, including:

- **Securing the grid connection:** COVID-aside, the last major ‘unknown’ and risk for the Heat Network was whether connection to the grid would be achievable, or whether the load would entail unaffordable grid upgrade liabilities on the project. As soon as the overall funding was in place, IR/IEL secured grant funding from the Waterfall Foundation, and the incoming principal contractor (Locogen) carried some of the cost at risk, to complete the surveys, application and (due to the innovative nature and scale of the project) considerable post-application

engagement with the District Network Operator (DNO). Surveys were completed immediately pre-lockdown. The outcome of the application (June 2020) was that the DNO would cover most of the required works of upgrades and installations, contributing £126K, with IEL's contribution at £13K (well below the £100K allocated as a contingency).

- **Directly resourcing the incoming principal contractor to keep deadlines on track:** in the summer, whilst awaiting Scottish Government's due diligence of our revised proposal, the project faced immense time pressure of RHI deadlines. IEL therefore part funded the principal contractor to keep critical path actions on track, and they in turn – as another illustration of the commitment of all parties to the project – part funded this work at risk.
- **Lobbying UK Government to extend RHI deadlines:** in parallel, IEL, Locogen and (with evidence from the Iona project amongst others) Scottish Government all urged the UK Government Department for Business, Energy and Industrial Strategy (BEIS) to extend the RHI deadlines in response to COVID. Initially BEIS extended deadlines for larger (over 100kW) schemes, which assisted part of the Heat Network, then subsequently for the smaller



components (sub-100kW) as well, recognising that failure to do so disproportionately penalises community projects.


- **Signing new Heat Supply Agreements** with organisations that have long been committed to the project and completed contractual commitment during lockdown (e.g., local authority, National Trust).

Maintaining steadfast commitment of customers, stakeholders and funders:

- The Heat Network is an exemplar model of a ‘place based approach’, comprising a broad mix of residents, businesses, community organisations, national organisations and the local authority, supported by public and commercial funders. Through engagement and communication, and the strong stake all of these parties hold in the project, IR and IEL maintained full commitment through a tumultuous period of uncertainties and delays.

Successfully navigating massive COVID-created barriers, May-July 2020:

- In May 2020, Scottish Government advised that the project was suddenly not financially viable due to significant (30%) degressions imposed by BEIS on the >100kW band of Renewable Heat Incentive – this challenge was entirely




COVID-created as the project would otherwise have already secured Tariff Guarantees (which require readiness for financial close), protecting it against any depressions.

- IEL immediately initiated and directly resourced extensive redesign work with technical advisers (Scene), the incoming principal contractor (Locogen), and ground source system designer (Genius Energy), as well as programme adjustments and COVID risk management strategy to address the massive COVID-created challenges. Every possible effort was made at the community level, including accepting revised heat costs for all customers whilst still abiding by Scottish Government funding requirements for domestic customer savings. Customers accepted these increases contractually without hesitation through revised Heat Supply Agreements.
- IR/IEL completed this comprehensive revised proposal for addressing the COVID challenges and put it to Scottish Government. Scottish Government took the proposal – including a revised financial model – through accelerated due diligence led by Ernst & Young.

Updating capital costs and dealing with major COVID-driven loan cost impacts:

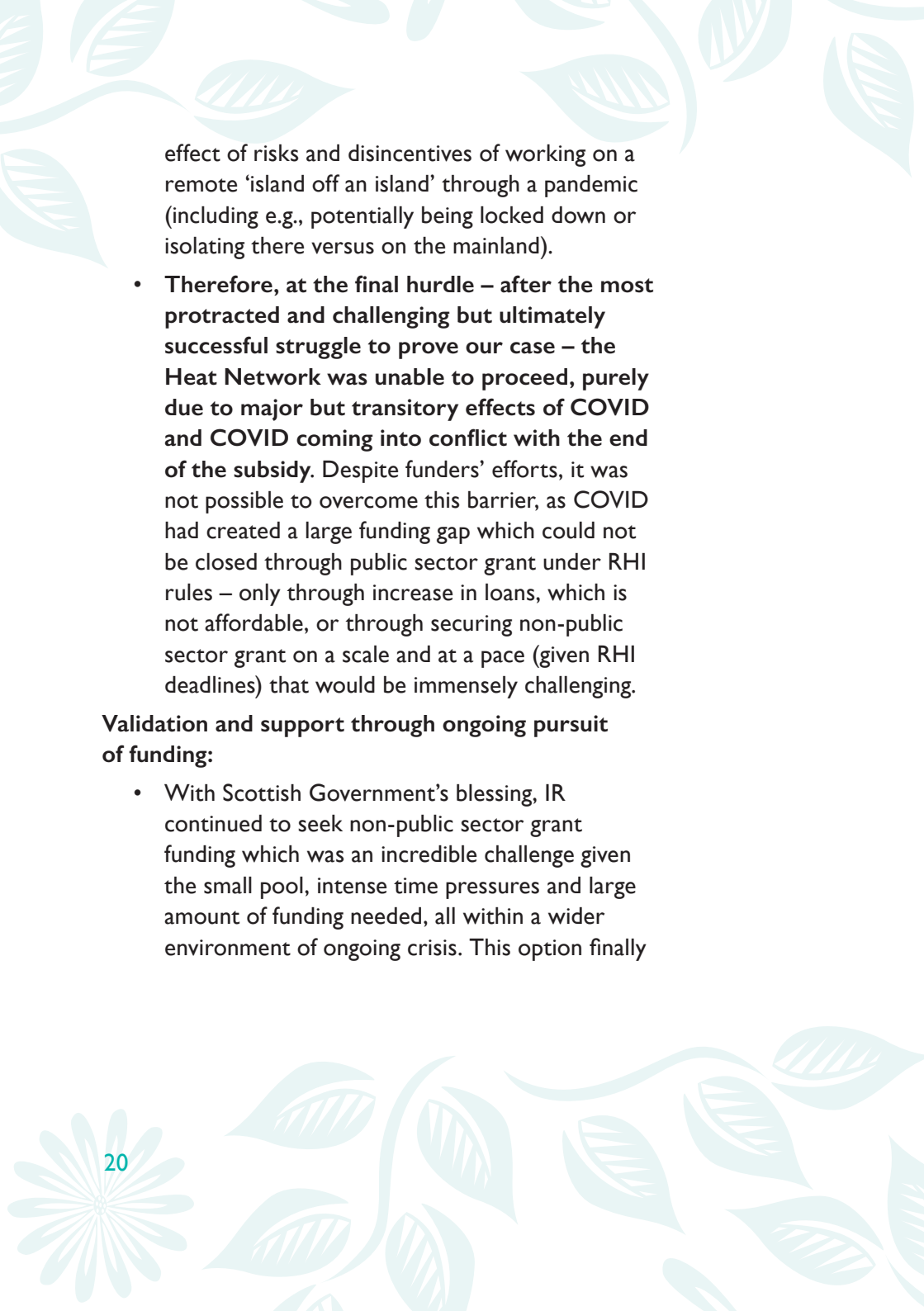
- At the end of July, Scottish Government advised that the main action arising from due diligence





was the requirement to update capital costs and directly commissioned Locogen to address this. Costs were derived from 2018, since when the project had been subjected to – and come resoundingly through – all of the avoidable external challenges described above. Scottish Government was also finding direct COVID cost impacts on other projects.

- The updated capital costs indicated an increase of ~13% across the board, which was manageable within available funding resources and complied with the SG mandatory grant/loan ratio. *However*, the increase was colossally concentrated on the capital cost components that must be loan funded (or non-public sector grant funded) in order to qualify for RHI. These increases were entirely caused by a) COVID (e.g., enormous backlog and pressures on limited supply of drillers, with multiple cost impacts including more than one company has to be engaged and mobilised; enormous demand for Heat Pumps and skilled sub-contractors to install and commission them, greatly affected by total shutdown of production throughout lockdown) combined with b) some inflationary pressures of impending RHI closure, greatly exacerbated by COVID. There was also some perceived

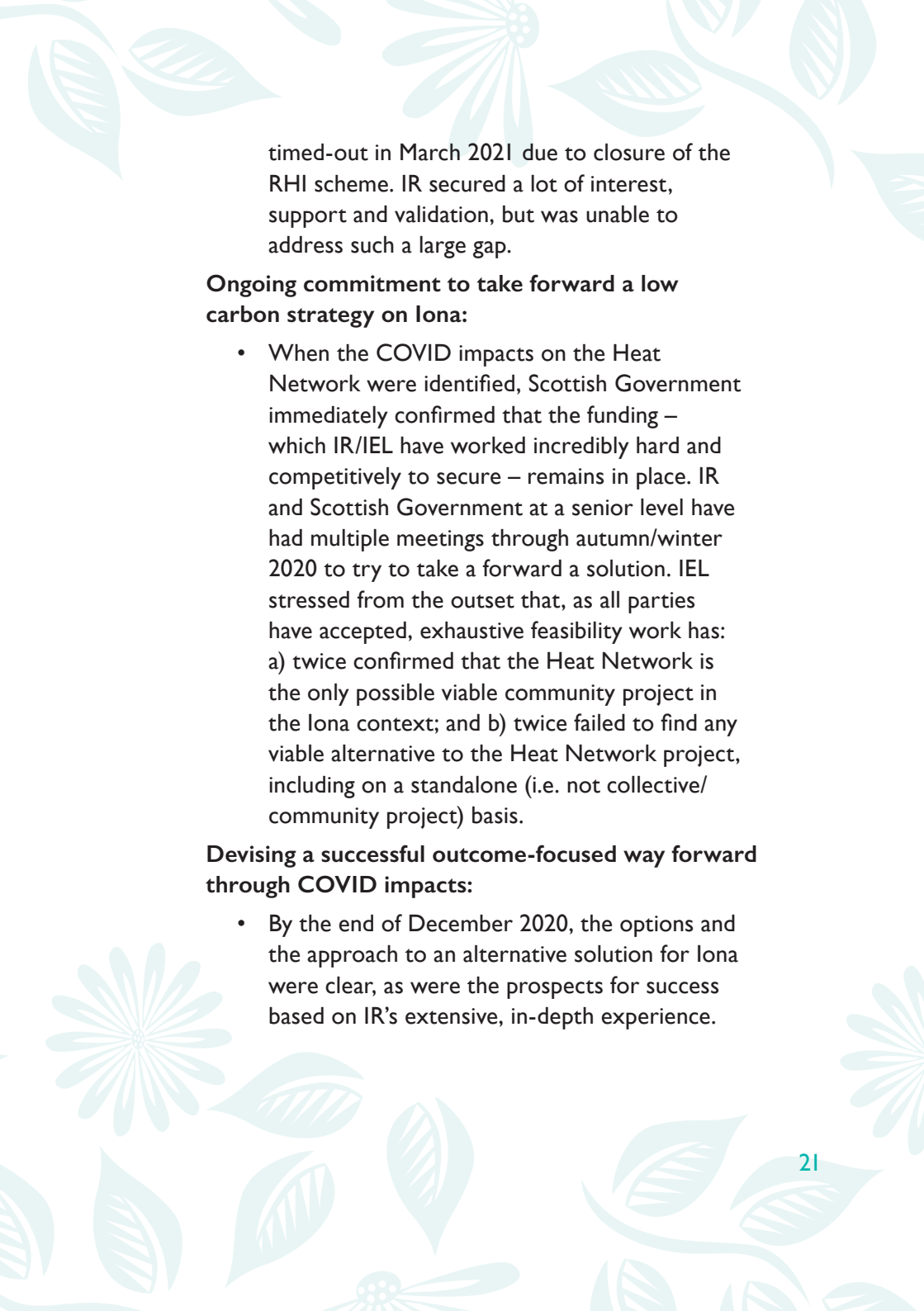
A decorative background featuring a repeating pattern of stylized teal leaves and a flower. The leaves are elongated with visible veins, and a single flower with many petals is located in the bottom left corner.

effect of risks and disincentives of working on a remote ‘island off an island’ through a pandemic (including e.g., potentially being locked down or isolating there versus on the mainland).

- **Therefore, at the final hurdle – after the most protracted and challenging but ultimately successful struggle to prove our case – the Heat Network was unable to proceed, purely due to major but transitory effects of COVID and COVID coming into conflict with the end of the subsidy.** Despite funders’ efforts, it was not possible to overcome this barrier, as COVID had created a large funding gap which could not be closed through public sector grant under RHI rules – only through increase in loans, which is not affordable, or through securing non-public sector grant on a scale and at a pace (given RHI deadlines) that would be immensely challenging.

Validation and support through ongoing pursuit of funding:

- With Scottish Government’s blessing, IR continued to seek non-public sector grant funding which was an incredible challenge given the small pool, intense time pressures and large amount of funding needed, all within a wider environment of ongoing crisis. This option finally



timed-out in March 2021 due to closure of the RHI scheme. IR secured a lot of interest, support and validation, but was unable to address such a large gap.

Ongoing commitment to take forward a low carbon strategy on Iona:

- When the COVID impacts on the Heat Network were identified, Scottish Government immediately confirmed that the funding – which IR/IEL have worked incredibly hard and competitively to secure – remains in place. IR and Scottish Government at a senior level have had multiple meetings through autumn/winter 2020 to try to take a forward a solution. IEL stressed from the outset that, as all parties have accepted, exhaustive feasibility work has: a) twice confirmed that the Heat Network is the only possible viable community project in the Iona context; and b) twice failed to find any viable alternative to the Heat Network project, including on a standalone (i.e. not collective/ community project) basis.

Devising a successful outcome-focused way forward through COVID impacts:

- By the end of December 2020, the options and the approach to an alternative solution for Iona were clear, as were the prospects for success based on IR's extensive, in-depth experience.

- In mid-January 2021, our MSP strongly endorsed and submitted on our behalf a set of requests to the Minister for Energy, Connectivity and Islands. These requests were derived from extensive advice and very careful evidence- and experience-based consideration by the Iona Renewables Board and project team. They set out the basis on which future work on low carbon options would be possible and productive, including the ready-made exhaustively-scrutinised community project remaining central to the options under consideration in any ongoing work, rather than setting it aside in pursuit of some unproven (and in fact, repeatedly ruled out) secondary option. The main argument for attempting to pursue an alternative is that the Renewable Heat Incentive scheme is ending. However, RHI will be replaced by alternative resourcing mechanisms and we are advised from UK Government perspective that the RHI replacements will include options that will support the Iona Heat Network. The community therefore wishes to pause for that landscape to become clearer and resume with the Heat Network as the primary option for installation.

- Installing the Heat Network post-COVID would fit very well with Scottish Government priorities – including providing a unique, exemplar community-led model to support Scottish Government’s commitment (Dec. 2020) to scale up heat network deployment significantly from meeting 2% of heat demand to 18%. As the post-COVID and policy context becomes clearer and more settled, we therefore expect a positive conclusion.
- These considerations were ongoing at Ministerial level, as confirmed in March 2021 to IR by the Minister for Energy, Connectivity and Islands, and with direct follow up of our MSP. As of 25 March 2021, there was a pause due to Scottish Government suspension and elections in May. Following the May elections, the uncertainty created by COVID and yet-to-be-confirmed UK Govt subsidies to replace RHI would be more resolved.

Sustained high level support:

- All funders have remained highly supportive of Iona Renewables’ vision, ambition, hard work, and successful partnership building, and we have had consistent high level political interest and

support including from the Minister for Energy, Connectivity and Islands as well as our Member of the Scottish Parliament (MSP, also a Minister).

ORGANISATIONAL CAPACITY DEVELOPMENT

Iona Renewables has had funding from May 2018 to March 2021 from Scottish Government Investing in Communities Fund (ICF – previously 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 the Boards. It supports two part-time posts and some travel and training costs. This award has been an especially vital resource during this reporting period, which has been dominated by unprecedented COVID challenges and devoid of project income to help meet them. ICF support has helped the Boards and project team to steer the organisations and operate assertively in the best interests of the community and charitable objectives.

Whilst activities stayed on track and were delivered wherever possible, many were put on hold as they were undeliverable amidst the pandemic – for example, ongoing Boards' capacity building in collaboration with a Royal Bank of Scotland (RBS)

scheme, and many milestones premised on the construction phase. As in previous years, continual focus was maintained on excellent financial management capacity of the Boards and project team.

Organisations involved include (earlier or current collaborators/ funders): Local Energy Scotland/ CARES, Esmee Fairbairn Foundation, Social Investment Scotland, Development Trusts Association Scotland, Investing in Communities Fund/ Strengthening Communities Programme, Scottish Government Low Carbon Infrastructure Transition Programme/ Low Carbon Team, Energy Redress Scheme, Energy Saving Trust, District Heating Loan Fund, Locogen, Scene Connect, Russell Trust, Pebble Trust, Waterfall Fund, Home Energy Scotland, Resource Efficient Scotland, Scottish Energy Efficiency Programme, and Keep Scotland Beautiful/ Climate Challenge Fund.



Jane Martin
Chair, Iona Renewables
8 December 2021

FINANCIAL REVIEW

INCOME

	2021	2020
Investing In Communities Fund (ICF) – Restricted	45,512	19,728
Reimbursement of consulting costs by IE Ltd (trading subsidiary)	1,344	4,582
Reimbursement of Accountancy Fees by IE Ltd (trading subsidiary)	1,000	
Reimbursement of Salaries by IE Ltd (trading subsidiary)		16,199
Russell Trust – Restricted		6,000
Strengthening Communities Program (SCP) Grant – Restricted		19,728
Total	47,856	66,237

EXPENDITURE

	2021	2020
Consulting (Scene Connect Ltd.)	-	5,926
Employer's NIC	-	1,703
Employer's Pension	1,108	1,088
Insurance	600	569
IT Software and Consumables	438	85
Legal and Professional Fees	600	2,000
Postage, Freight and Courier	4	36
Printing and Stationery	-	556
Xero Subscriptions – Reimbursed to IE Ltd (trading subsidiary)	606	376
Salaries	39,243	45,231
Staff Training	-	1,600
Subscriptions	-	90
Telephone and Internet	-	50
Travel and Subsistence	-	1,570
Interest	-	7
Audit / independent examination	400	-
Other – Loan to Iona Energy Ltd	6,000	-
Total	42,599	60,887
Surplus (deficit)	(1,323)	4,912



STATEMENT OF BALANCES

	Unrestricted	Restricted	Total
Cash and bank balances at start of year	(1,230)	12,113	10,883
Surplus / (deficit) shown on receipts and payments account	2,344	(3,667)	(1,323)
Cash and bank balances at end of year	1,114	8,446	9,560



FUNDERS

Investing in Communities Fund: 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 has been building the capacity to 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. The focus this reporting year has included: oversight of Iona Energy in keeping the Heat Network on track as much as possible through the pandemic, and responding to immense direct COVID challenges on the project (including COVID-driven cost-increases making the Heat Network financial model temporarily unaffordable overnight); keeping all parties briefed and on board throughout unprecedented tumult; working with Scottish Government officials to explore, again, whether there is any possibility of an alternative strategy; securing advice and devising an Iona Renewables position on the best way forward, and pursuing that route effectively, including through MSP and Ministers.

APPENDIXES

SECTION A – STATEMENT OF RECEIPTS AND PAYMENTS

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	Permanent Endowment Funds	Total funds current period	Total funds last period
	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £	to nearest £
A1 Receipts						
Donations	-	-	-	-	-	-
Legacies	-	-	-	-	-	-
Grants	-	45,512	-	-	45,512	45,456
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	2,344	-	-	-	2,344	20,781
A1 Sub total	2,344	45,512	-	-	47,856	66,237
A2 Receipts from asset & investment sales						
Proceeds from sale of fixed assets	-	-	-	-	-	-
Proceeds from sale of investments	-	-	-	-	-	-
A2 Sub total	-	-	-	-	-	-
Total receipts	2,344	45,512	-	-	47,856	66,237

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	Permanent Endowment Funds	Total funds current period	Total funds last period
A3 Payments						
Expenses for fundraising activities	-	-	-	-	-	-
Gross trading payments	-	-	-	-	-	-
Investment management costs	-	-	-	-	-	-
Payments relating directly to charitable activities	-	42,599	-	-	42,599	60,887
Grants and donations	-	-	-	-	-	-
Governance costs:	-	-	-	-	-	-
Audit / independent examination	-	400	-	-	400	-
Preparation of annual accounts	-	-	-	-	-	-
Legal costs	-	-	-	-	-	-
Other – Loan to Iona Energy Ltd	-	6,000	-	-	6,000	-
A3 Sub total	-	48,999	-	-	48,999	60,887
A4 Payments relating to asset and investment movements						
Purchases of fixed assets	-	180	-	-	180	438
Purchase of investments	-	-	-	-	-	-
A4 Sub total	-	180	-	-	180	438
Total payments	-	49,179	-	-	49,179	61,325
Net receipts / (payments)	2,344	(3,667)	-	-	(1,323)	4,912
A5 Transfers to / (from) funds						
Surplus / (deficit) for year	2,344	(3,667)	-	-	(1,323)	4,912

SECTION B – STATEMENT OF BALANCES

Categories	Details	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 £
B1 Cash funds	Cash and bank balances at start of year	(1,230)	12,113	-	-	10,883	5,971
	Surplus / (deficit) shown on receipts and payments account	2,344	(3,667)	-	-	(1,323)	4,912
	Cash and bank balances at end of year	1,114	8,446	-	-	9,560	10,883
Details		Fund to which asset belongs			Market valuation		Last year
						to nearest £	to nearest £
B2 Investments	100% share ownership in Iona Energy Ltd (trading subsidiary) – including loan write off					10,181	100
					Total	10,181	100
Details		Fund to which asset belongs			Cost (if available)	Current value (if available)	Last year
					to nearest £	to nearest £	to nearest £
B3 Other assets	Monies owed from Iona Energy Ltd					-	2,153
	Start up loan made to Iona Energy Ltd (trading subsidiary)					-	4,038
	Investing in Communities Fund accrued income					-	1,582
				Total	-	-	7,773

Categories	Details	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	Permanent Endowment Funds	Total current period	Total last period
				Fund to which liability relates			
Details						Amount due	Last year
						to nearest £	to nearest £
B4 Liabilities	HMRC interest payable					13	-
	PAYE / NIC payable					-	2,765
	Trade creditors					228	82
	NEST pensions payable					2,165	(326)
	Accountancy fees accrual					600	900
	Wages payable					-	1,389
					Total	3,006	4,810
				Fund to which liability relates			
Details						Amount due (estimate)	Last year
						to nearest £	to nearest £
B5 Contingent liabilities						-	-
					Total	-	-

Signed by one or two trustees on behalf of all the trustees

Jane Martin

Jane Martin
8 December 2021

John G MacInnes

John MacInnes
8 December 2021

SECTION C – NOTES TO THE ACCOUNTS

C1 Nature and purpose of funds (may be stated on analysis of funds worksheets)				
	<p>All funds received are used to further the environmental and community development aims of the charity, to take forward the Iona Energy Roadmap, and to build capacity within the charity governance and employees.</p> <p>Investing in Communities Fund: 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 has been building the capacity to 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. The focus this reporting year has included: oversight of Iona Energy in keeping the Heat Network on track as much as possible through the pandemic, and responding to immense direct COVID challenges on the project (including COVID-driven cost-increases making the Heat Network financial model temporarily unaffordable overnight); keeping all parties briefed and on board throughout unprecedented tumult; working with Scottish Government officials to explore, again, whether there is any possibility of an alternative strategy; securing advice and devising an Iona Renewables position on the best way forward, and pursuing that route effectively, including through MSP and Ministers.</p> <p>Unrestricted funds this year came from Iona Energy Ltd, a fully owned trading subsidiary of Iona Renewables, to reimburse for employee and consulting costs relating directing to the work of Iona Energy Ltd.</p>			
C2 Grants	Type of activity or project supported	Individual / institution	Number of grants made	£
	-	-	-	-
			Total	-
C3a Trustee remuneration				
	If no remuneration was paid during the period to any charity trustee or person connected to a trustee cross this box (otherwise complete section 3b)			X
C3b Trustee remuneration – details				
	Authority under which paid			£
	-			-
C4a Trustee expenses				
	If no expenses were paid to any charity trustee during the period then cross this box (otherwise complete section 4b)			X
C4b Trustee expenses – details				
	Number of trustees			£
	-			-

C5 Transactions with trustees and connected persons

	Nature of relationship	Nature of transaction	Transaction amount (£)	Balance outstanding at period end (£)
	Partner of Trustee	Salary (inc. employer's pension contributions).	25,311	-

C6 Other information

Iona Energy Ltd (SC577246) is wholly owned by Iona Renewables. The subsidiary was incorporated on 26/09/2017. Iona Renewables reimbursed Iona Energy Ltd £606, net of VAT, in the year (2020: £376) relating to software subscription costs, as agreed by the grant funders.

During the year ending 31/03/2019 Iona Renewables provided a £4,000 loan to Iona Energy Ltd at a rate of 0.5% interest per annum. A further loan of £6,000 was provided to Iona Energy Ltd on the 30th June 2020 at the same rate of interest. The total of these loans and accrued interest, totalling £10,080.83, was agreed to be written off by the trustees of Iona Renewables on the 24th March 2021, due to the current circumstances of the company as detailed in Note 6 of the company accounts for Iona Energy Ltd. The £10,000 loaned and subsequently written off to Iona Energy Limited was originally funded by the Russel Trust, which is only able to award grants to charitable organisations, the grant was made to Iona Renewables and then loaned by Iona Renewables to Iona Energy Ltd in full. The trustees have reviewed their investment in Iona Energy Ltd for impairment and don't believe an impairment adjustment is required at this stage.

The partner of director Philip Ruhemann worked for Iona Renewables in the year and was remunerated to the sum of £25,311, including employer pension contributions.

On the above, and on consideration of appointment of all paid skilled capacity, Trustees sought and 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.

ADDITIONAL ANALYSIS (I)

Analysis of receipts and payments						
1 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 £
	-	-	-	-	-	-
Total	-	-	-	-	-	-
2 Grants						
	Unrestricted funds	Restricted funds			Total current period	Total last period
	to nearest £	to nearest £			to nearest £	to nearest £
Investing in Communities Fund	-	45,512			45,512	19,728
The Russell Trust	-	-			-	6,000
Strengthening Communities Programme	-	-			-	19,728
Total	-	45,512			45,512	45,456

Analysis of receipts and payments

3 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 Scene Connect by Iona Energy Ltd (trading subsidiary)	1,344	-	-	-	1,344	4,582
Reimbursements of salaries by Iona Energy Ltd (trading subsidiary)	-	-	-	-	-	16,199
Reimbursements of accountancy fees by Iona Energy Ltd (trading subsidiary)	1,000	-	-	-	1,000	-
Total	2,344	-	-	-	2,344	20,781

Analysis of receipts and payments

4 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.)	-	-	-	-	-	5,926
Employer's NIC	-	-	-	-	-	1,703
Employer's Pension	-	1,108	-	-	1,108	1,088
Insurance	-	600	-	-	600	569
IT Software and Consumables	-	438	-	-	438	85
Legal and Professional Fees	-	600	-	-	600	2,000
Postage, Freight and Courier	-	4	-	-	4	36
Printing and Stationery	-	-	-	-	-	556
Xero Subscriptions – Reimbursed to IE Ltd.	-	606	-	-	606	376
Salaries	-	39,243	-	-	39,243	45,231
Staff Training	-	-	-	-	-	1,600
Subscriptions	-	-	-	-	-	90
Telephone and Internet	-	-	-	-	-	50
Travel and Subsistence	-	-	-	-	-	1,570
Interest	-	-	-	-	-	7
Total	-	42,599	-	-	42,599	60,887

ADDITIONAL ANALYSIS (2)

5 Breakdown of unrestricted funds			
	Unrestricted Funds	Total Unrestricted Funds	Total Unrestricted Funds last period
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	2,344	2,344	20,781
Sub total	2,344	2,344	20,781
Receipts from asset & investment sales			
Proceeds from sale of fixed assets	-	-	-
Proceeds from sale of investments	-	-	-
Sub total	-	-	-
Total receipts	2,344	2,344	20,781
Payments			
Expenses for fundraising activities	-	-	-

5 Breakdown of unrestricted funds

	Unrestricted Funds	Total Unrestricted Funds	Total Unrestricted Funds last period
Gross trading payments	-	-	-
Investment management costs	-	-	-
Payments relating directly to charitable activities	-	-	23,125
Grants and donations	-	-	-
Governance costs:	-	-	-
Audit / independent examination	-	-	-
Preparation of annual accounts	-	-	-
Legal costs	-	-	-
Sub total	-	-	23,125
Payments relating to asset and investment movements			
Purchases of fixed assets	-	-	-
Purchase of investments	-	-	-
Sub total	-	-	-
Total payments	-	-	23,125
Net receipts / (payments)	2,344	2,344	(2,344)
Transfers to / (from) funds		-	
Surplus / (deficit) for year	2,344	2,344	(2,344)



Nature and purpose of funds

All funds received are used to further the environmental and community development aims of the charity, to take forward the Iona Energy Roadmap, and to build capacity within the charity governance and employees. Unrestricted funds this year came from Iona Energy Ltd, a fully owned trading subsidiary of Iona Renewables, to reimburse for employee and consulting costs relating directing to the work of Iona Energy Ltd.

ADDITIONAL ANALYSIS (3)

6 Breakdown of restricted funds				
	Restricted fund 1	Restricted fund 2		
	Investing in Communities Fund / Strengthening Communities Program	Russell Trust	Total Restricted Funds	Total Restricted Funds last period
Receipts				
Donations	-	-	-	-
Legacies	-	-	-	-
Grants	45,512	-	45,512	45,456
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	45,512		45,512	45,456
Receipts from asset & investment sales				
Proceeds from sale of fixed assets	-	-	-	-
Proceeds from sale of investments	-	-	-	-
Sub total	-		-	-
Total receipts	45,512		45,512	45,456

6 Breakdown of restricted funds

	Restricted fund 1	Restricted fund 2		
	Investing in Communities Fund / Strengthening Communities Program	Russell Trust	Total Restricted Funds	Total Restricted Funds last period
Payments				
Expenses for fundraising activities	-	-	-	-
Gross trading payments	-	-	-	-
Investment management costs	-	-	-	-
Payments relating directly to charitable activities	42,599	-	42,599	37,762
Grants and donations	-	-	-	-
Governance costs:	-	-	-	-
Audit / independent examination	400	-	400	-
Preparation of annual accounts	-	-	-	-
Legal costs	-	-	-	-
Other – Loan to Iona Energy Ltd	-	6,000	6,000	-
Sub total	42,999	6,000	48,999	37,762
Payments relating to asset and investment movements				
Purchases of fixed assets	180	-	180	438
Purchase of investments			-	
Sub total	180	-	180	438
Total payments	43,179	6,000	49,179	38,200
Net receipts / (payments)	2,333	(6,000)	(3,667)	7,256
Transfers to / (from) funds			-	
Surplus / (deficit) for year	2,333	(6,000)	(3,667)	7,256

Nature and purpose of funds

Investing in Communities Fund: 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 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. The focus this year has particularly included: oversight of Iona Energy in keeping the Heat Network on track as much as possible through the pandemic, and responding to immense direct COVID challenges on the project (including COVID-driven cost-increases making the Heat Network financial model temporarily unaffordable overnight); keeping all parties briefed and on board throughout unprecedented tumult; working with Scottish Government officials to explore, again, whether there is any possibility of an alternative strategy; securing advice and devising an Iona Renewables position on the best way forward, and pursuing that route, including through MSP and Ministers.

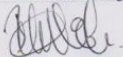
Strengthening Communities Program was the precursor to the Investing in Communities Fund. As the aims and purposes are the same, and they are considered part of the same grant, accordingly we have merged these two funding streams into one restricted fund in our accounting from this year.

The Russell Trust: The 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 for technical expertise and accountancy support to enable securing of the final grant component of £1.3 million and overall £3.3 million funding package, and progress towards installation of the Network in 2020 (subsequently disrupted by COVID and lockdown). As The Russell Trust is only able to award grants to charitable organisations, the grant was made to Iona Renewables and then loaned by Iona Renewables to Iona Energy Ltd in full. The total of the loan and accrued interest was agreed to be written off by the trustees of Iona Renewables on 24th March 2021, due to the current circumstances of the company as detailed in Note 6 of the company accounts for Iona Energy Ltd. The Russell Trust agreed the loan of their grant to the company and subsequent write off. The trustees have reviewed their investment in Iona Energy Ltd for impairment and don't believe an impairment adjustment is required at this stage.

APPENDIX 3

OSCR

Scottish Charity Regulator

Report to the trustees/members of		Independent examiner's report on the accounts						v2	
		Charity name							
Registered charity number		SC047510							
On the accounts of the charity for the period		Period start date			to	Period end date			
		Day	Month	Year		Day	Month	Year	
		01	04	2020		31	03	2021	
Set out on pages		26 to 31						(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 (as amended). 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 2006 Accounts Regulations. 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 view given by the accounts.							
Independent examiner's statement		In the course of my examination, no matter has come to my attention [other than that disclosed on the attached page] —							
		<ol style="list-style-type: none"> which gives me reasonable cause to believe that in any material respect the requirements: <ul style="list-style-type: none"> 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							
		<ol style="list-style-type: none"> to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached. 							
Signed:						Date:		08/12/2021	
Name:		Rebecca Adams of Arle Accounting Ltd							
Relevant professional qualification(s) or body (if any):		BSc MSc ACA DChA BFP							
Address:		Arle Beag, Aros, Isle of Mull, PA72 6JS							

*Please delete the words in the brackets if they do not apply. If the words do apply, set out those matters which have come to your attention on the following page.

APPENDIX 3

Disclosure section

Only complete if the examiner needs to highlight material problems.

Give here brief details of
any items that the
examiner wishes to
disclose

N/A

