

The Iona Community ~~Limited~~

(a company limited by guarantee)

Charity Number SC003794

Company Number SC096243

Report and Financial Statements  
For the year ended 31<sup>st</sup> December 2013

TUESDAY



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The Iona Community

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## The Iona Community

### Directors' Report for the year ending 31<sup>st</sup> December 2013

The Directors are pleased to present their report together with the financial statements of the charity for the year ending 31<sup>st</sup> December 2013.

#### Reference and administrative details

The organization is a charitable company limited by guarantee, incorporated on 4<sup>th</sup> December 1985.

Charity number: SC003794

Company number: SC096243

Principal Office: Savoy House, 140 Sauchiehall Street, Glasgow G2 3DH

Auditors: Atkinson Donnelly LLP, 1 Cambuslang Court, Glasgow G32 8FH

Bankers: The Cooperative Bank, 96 Fountainbridge, Edinburgh, EH3 9QA

Solicitors: T C Young, 7 West George Street, Glasgow, G2 1BA

#### Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The Directors serving during the year and since the year end were as follows:

Morag Balfour

Danus Skene

Ruth Burgess

Margaret Jacobsen

Elisabeth Miescher

Peter Marshall

Appointed 8<sup>th</sup> June 2013,

Resigned 10<sup>th</sup> December 2013

Anthony Phelan

Appointed 8<sup>th</sup> June 2013

Susan Miller

Demitted office 8<sup>th</sup> June 2013

Elizabeth Paterson

Demitted office 8<sup>th</sup> June 2013

Christine Polhill

Raymond Young

Michael Smith

Company Secretary

Robert Swinfen

Chief Executive Officer

Peter Macdonald

## **Structure, Governance and Management**

### **Governing Document**

The Iona Community Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 4<sup>th</sup> December 1985. It is registered as a charity with the Office of the Scottish Charity Regulator. Membership is open to any individual who supports the objects of the Community and who subscribes to The Rule of The Iona Community; currently there are 280 each of whom agrees to contribute £1 in the event of the charity winding up.

### **Appointment of trustees**

As set out in the Articles of Association as amended in June 2009, there are ten directors of the Community each of whom shall be a Member. The convener of each of the Community's operational committees is one of the said directors elected by and for such term as is decided by the Members present at a plenary, annual general or general meeting of the Community. The directors shall not receive any remuneration for their services as directors, but they shall be entitled to reimbursement of any expenditure reasonably incurred by them in carrying out their duties.

Unless otherwise approved by an annual general meeting directors shall be elected for a period of four years after which they are eligible for re-election at an annual general meeting for a further period of one year. After this period they shall retire and shall not be eligible for re-election for a further period of one year.

All Members shall be asked for nominations for the posts of director when they become vacant and not later than four weeks before the date of any annual general meeting at which they are due to retire from office. The voting for all office-bearers shall be by simple majority among all Members present and entitled to vote. New directors will take up office immediately after the annual general meeting.

### **Trustee induction and training**

New trustees undergo a period of orientation to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, and recent financial performance of the charity.

### **Organisation**

The governance of the charity is exercised by the Council of the Iona Community, which comprises of the charity's directors. Council meets quarterly. There are committees covering Communication and Fundraising; Programme; Iona and Camas which meet also on a quarterly basis. The Leader of the Community acts as Chief Executive Officer and is elected by the Membership on a fixed term appointment to manage the day to day operations of the charity. To facilitate effective operations, the Leader has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and operational related activity.

### **Related parties**

The charity's wholly owned subsidiary Iona Community Trading Ltd was established to generate income for the organization, at present solely through the sale of crafts, gifts and books from premises on Iona. Iona Community Trading Ltd gift aids the majority of its profits to the charity

### **Risk management**

The trustees have a risk management strategy which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. This includes:

- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.
- Annual budgets approved by Council and overseen by operational committees
- Regular consideration by Council of financial result variances from budget, non-financial indicators and benchmarking reviews
- Delegation of authority and segregation of duties

A key element in the management of financial risk is the setting of a reserves policy and its regular review by trustees.

### **Objectives and activities**

The objects of the charity are:

- The establishment of new forms of Christian worship, witness, prophecy, mission and service particularly but not exclusively for urban situations;
- The training of adults, lay and clerical, for the mission of the church today and in particular the organising, staffing and administration of such work on Iona, the remainder of the U.K. and overseas in accordance with the religious principles and teachings of the Iona Community;
- Work amongst young people on Iona, Mull and the remainder of the U.K. and in particular the organising, staffing and administration of centres under the auspices and in accordance with the religious principles and teachings of the Iona Community.

The main strands of activity in pursuit of these objects are to:

- Through its Youth Team provide a range of services which involve young people in issues of social justice and faith; increase their self-worth, confidence and social skills; develop leadership skills and social awareness.
- Through its Publishing Dept promote knowledge of and action for the concerns of the Iona Community, and to encourage an ecumenical, open-minded approach to Christianity and spirituality in general, by informing and touching people through print and other media.
- Through the Wild Goose Resource Group model liturgical possibilities and develop lay models of engagement with scripture
- At its Iona Centres, and at Camas, through worship and sharing the common life, renew and challenge people in their faith; enable people to experience a welcoming and diverse community that changes their vision of society; inspire people to live greener, simpler and less individualistic lives.
- To support the Members, Associate Members, Friends, and other supporters of the Community to pursue these objects in their personal lives and communally where they live.

## **Review of the Year's Activities**

All areas of activity continued this year: the three island Centres welcomed several thousand guests and day visitors, The Wild Goose Resource Group offered a programme of workshops and events across the UK and further afield, and the Members, Associates and Friends (supported by the office in Glasgow) continued in their witness for justice, peace and the renewal of churches. The Youth Team continued to deliver Anti-Sectarianism work supported financially by the Scottish Government. During 2013 Wild Goose Publications published a number of new books and has continued its programme of converting existing books into e-books. A Poverty Project Worker was appointed to deliver a one-year project looking at the "poverty price premium". This project is jointly funded by The Iona Community, Christian Aid Scotland, Church Action on Poverty, the Church of Scotland, and the Scottish Episcopal Church.

The celebrations of the 1,450<sup>th</sup> anniversary of Columba's arrival on Iona and of the 75<sup>th</sup> anniversary of the founding of the Community by George Macleod were very successful.

## **Financial Review of the Year**

Voluntary income in 2013 showed a slight increase over 2012, partly because of one-off grants in connection with the Poverty Project Worker costs, as outlined above, but also because of a continued general increase in donations. The Shop on Iona had its best year for sales since 2004, and Wild Goose Publications benefited from an improvement in royalties income. Island Guest Charges were down at the Macleod Centre but up at Camas. With the exception of Cost of Sales, expenditure fell in most areas as a result of tight cost control.

After normal transfers between funds the General Fund had a small increase during 2013 to £248,693.

The Iona Community is now considering the need for a new major appeal to address the needs of our main properties on Iona.

## **Investment Powers and Policy**

Under the Memorandum and Articles, the charity has the power to invest in any way the trustees wish. They have now established an ethical investment policy, and have increased the amount held in managed investments under this ethical mandate to £350,000. In the environment of continued very low interest rates the aim of this investment is a balance of income and capital growth over the medium term.

## **Reserves Policy**

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to ensure the organisation is managed effectively and to provide a buffer for interrupted services. For this, general reserves are set at a level which will cover all contractual third party liabilities and also to meet the responsibilities to staff, both contractually and non-contractually, including general support for a period of time and repatriation of islands staff in the event of a catastrophe. The estimated free reserves required to cover 3 months' costs are £425,000. As the general reserve is now £248,693 we require to increase this by about £175,000 over the next few years – a £60,000 improvement since last year.

## **Legacy Reserve Policy**

All Legacies are credited to the Legacy Reserve and released to the General Fund over 10 years, except that if the calculated release exceeds £67,000 the excess portion is retained in the Legacy Reserve for future years. The purpose of the Legacy Reserve is to hold our income from Legacies for release to revenue on a systematic basis, which will even out year-to-year variations and help to finance some of the operations work of the Community.

### **Statement of Trustees' Responsibility**

The trustees (who are also the directors of The Iona Community (A Company Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement as to disclosure of information to Auditors**

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

### **Auditors**

The auditors, Atkinson Donnelly LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

M H Jacobsen ..... Trustee, Margaret Jacobsen

Date: 19-3-2014 .....

## **Report of the Independent Auditors to the Members of Iona Community**

We have audited the financial statements of Iona Community and subsidiary company for the year ended 31 December 2013 on pages 9 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustee's Responsibilities set out on page 6, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

In addition, we read all the financial and non financial information in the Report of the Directors to identify any material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the group and the parent charitable company's affairs as at 31<sup>st</sup> December 2013 and of the group's incoming resources and application of resources including its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounts Practice applicable to Smaller Entities; and
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).



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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

**Emphasis Of Matter**

Without qualifying our opinion we draw attention to note 16 to the financial statements. The charity has been advised by the Pensions Regulator that a pension fund previously treated as a defined contributions scheme has been reclassified as a defined benefits scheme.

In accordance with FRS 17, the deficit on a defined benefits scheme should be shown on the balance sheet as a liability. We note that there is a significant uncertainty regarding this matter as the deficit can be recovered over a period of time based on investment performance. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

F Struthers  
Senior Statutory Auditor  
For and on behalf of  
Atkinson Donnelly LLP  
Atkinson Donnelly LLP is eligible to act as auditor in terms of S1212 Companies Act 2006  
Chartered Accountants  
Registered Auditors  
1 Cambuslang Court  
Cambuslang  
GLASGOW  
G32 8FH

Date: 8/4/14

The Iona Community

**Consolidated Statement of Financial Activities  
For the Year Ended 31 December 2013**

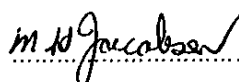
		Unrestricted funds £	Restricted Funds £	2013 Total Funds £	2012 Total Funds £
<b>INCOMING RESOURCES</b>	Notes				
<b>From Generated Funds</b>					
Voluntary Income					
Donations		343,620	163,488	507,108	478,336
Grants and Fund Raising		66,102	17,380	83,482	68,324
Legacies		33,947		33,947	33,060
Activities for Generating Funds					
Trading Activities - Shop	2	292,377		292,377	267,369
Interest & Investment Income		8,262	6,557	14,819	14,603
<b>From Charitable Activities</b>					
Resource Work & Projects	3	90,690		90,690	94,263
Wild Goose Publications Sales		208,972		208,972	205,822
Island Guest Charges	3	508,404		508,404	508,888
Intra Group Sales	17	(32,283)		(32,283)	(45,675)
<b>Total Incoming Resources</b>		<b>1,520,091</b>	<b>187,425</b>	<b>1,707,516</b>	<b>1,624,990</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of Generating Funds</b>					
Trading Activities - Shop		251,963		251,963	234,965
<b>Charitable Activities</b>					
Resource Work & Projects	4	340,575	19,221	359,796	354,432
Wild Goose Publications		193,578		193,578	208,895
Island Centres		641,820	82,624	724,444	751,642
Movement Support		133,710	11,126	144,836	138,468
Governance Costs	5	58,849		58,849	58,827
Interest Payable		1,229		1,229	1,653
Intra Group Purchases	17	(32,283)		(32,283)	(45,675)
<b>Total Resources Expended</b>		<b>1,589,441</b>	<b>112,971</b>	<b>1,702,412</b>	<b>1,703,207</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>	6	<b>(69,350)</b>	<b>74,454</b>	<b>5,104</b>	<b>(78,217)</b>
Gross transfers between funds		89,250	(89,250)	0	0
Net incoming/(outgoing) resources		19,900	(14,796)	5,104	(78,217)
Movement on revaluation reserve					(324,420)
Unrealised gains on investment assets			21,568	21,568	11,610
<b>NET MOVEMENT IN FUNDS</b>		<b>19,900</b>	<b>6,772</b>	<b>26,672</b>	<b>(391,027)</b>
<b>RECONCILIATION OF FUNDS</b>					
Funds B/forward 01/01/2013		2,060,265	1,794,438	3,854,703	4,245,730
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>2,080,165</b>	<b>1,801,210</b>	<b>3,881,375</b>	<b>3,854,703</b>

The Iona Community

Consolidated Balance Sheet As at 31 December 2013

	Notes	31.12.13 Total Funds £	31.12.12 Total Funds £
<b>FIXED ASSETS</b>			
Tangible assets	8	2,593,228	2,645,709
<b>INVESTMENTS</b>			
Investments	10	<u>357,860</u>	<u>183,292</u>
		2,951,088	2,829,001
<b>CURRENT ASSETS</b>			
Stocks		177,488	208,306
Debtors	11	57,137	50,709
Cash at bank on hand		<u>856,801</u>	<u>938,055</u>
		1,091,426	1,197,070
<b>CREDITORS</b>			
Amounts falling due within one year	12	(159,739)	(163,847)
<b>NET CURRENT ASSETS</b>		<u>931,687</u>	<u>1,033,223</u>
<b>NET CURRENT ASSETS LESS CURRENT LIABILITIES</b>		3,882,775	3,862,224
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(1,400)	(7,521)
<b>NET ASSETS</b>		<u>3,881,375</u>	<u>3,854,703</u>
<b>FUNDS</b>			
Unrestricted Funds	14	260,752	185,847
Designated Funds	14	1,819,413	1,874,418
Restricted Funds	14	<u>1,801,210</u>	<u>1,794,438</u>
<b>TOTAL FUNDS</b>		<u>3,881,375</u>	<u>3,854,703</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008.) The financial statements were approved by the Board of Trustees on.....19/3/14..... and were signed on its behalf by:

 Trustee.

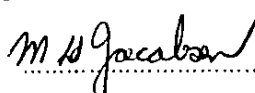
Margaret Jacobsen

The Iona Community

Company Balance Sheet As At 31 December 2013

		31.12.13 Total Funds £	31.12.12 Total Funds £
	Notes		
<b>FIXED ASSETS</b>			
Tangible assets	9	2,592,670	2,644,690
<b>INVESTMENTS</b>			
Investments	10	<u>357,960</u>	<u>183,392</u>
		2,950,630	2,828,082
<b>CURRENT ASSETS</b>			
Stocks		115,210	111,744
Debtors	11	147,486	141,265
Cash at bank on hand		<u>815,303</u>	<u>928,727</u>
		1,077,999	1,181,736
<b>CREDITORS</b>			
Amounts falling due within one year	12	(157,913)	(159,729)
<b>NET CURRENT ASSETS</b>		<u>920,086</u>	<u>1,022,007</u>
<b>NET CURRENT ASSETS LESS CURRENT LIABILITIES</b>		3,870,716	3,850,089
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(1,400)	(7,521)
<b>NET ASSETS</b>		<u>3,869,316</u>	<u>3,842,568</u>
<b>FUNDS</b>			
Unrestricted Funds	14	248,693	173,712
Designated Funds	14	1,819,413	1,874,418
Restricted Funds	14	<u>1,801,210</u>	<u>1,794,438</u>
<b>TOTAL FUNDS</b>		<u>3,869,316</u>	<u>3,842,568</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008.) The financial statements were approved by the Board of Trustees on 19/3/14 and were signed on its behalf by:

 Trustee.

Margaret Jacobsen

**Notes to the Financial Statements  
For the Year Ended 31 December 2013**

**1 ACCOUNTING POLICIES**

**Accounting Convention.**

The financial statements have been produced under the historic cost convention with the exception of investments which are included at market value and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

**Incoming Resources**

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the income amount can be quantified with reasonable accuracy. Voluntary income includes donations, gifts and grants that provide core funding or are of a general nature, and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Legacy income is recognised in the same manner, but by policy is taken to a Designated Reserve and, from which a set amount is transferred each year into the general fund.

Voluntary Income is only deferred when:

The donor specifies that the grant or donation must only be used in future accounting periods.

or

The donor has imposed conditions that must be met before the charity has unconditional entitlement.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract and is recognised as earned (as the related goods and services are provided)

**Income is deferred when:**

Deposits are taken for accommodation in advance of the financial period under consideration.

**Volunteers and donated services and facilities.**

The Iona Community is grateful to the volunteers without whom much of the work of the Charity could not be carried out, as to all those people who throughout the course of the year have helped support the Charity financially.

With the exception of expenses paid to volunteers there has been no attempt to value the services provided by volunteers assisting in the work of the Iona Community. The time taken to produce this would outweigh the benefits of the disclosure.

**Resources expended.**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost relating to that category. Where costs cannot be directly attributed to particular headings they have been allocated on the basis of the expenditure they represent.

Charitable activities include expenditure associated with the delivery of the charitable activities of the Iona Community and include both the direct and indirect costs associated with the delivery of these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**Tangible fixed assets.**

Property improvements of a major nature are depreciated over 15 years, or the length of lease if shorter all other tangible fixed assets are depreciated on a straight line basis over five years

Notes to the Financial Statements - continued  
For the Year Ended 31 December 2013

1 ACCOUNTING POLICIES - continued

**Stocks**

Stock is included at the lower of cost or net realizable value. A reserve has been created in respect of potential excess stocks held

**Taxation**

The charity is exempt from corporation tax on its charitable activities.

**Fund Accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Designated funds are funds which have been set aside by the Trustees for designated purposes and are intended only be used in that specified manner

2. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS.

The financial activities shown in the consolidation statement includes those of the charity's wholly owned trading subsidiary, Iona Community Trading Ltd, which pays its profits to the charity by Gift Aid

A summary of the financial activities undertaken by the subsidiary is set out below.

	2013 £	2012 £
Turnover	292,377	267,369
Cost of sales and administrative costs	(253,563)	(236,048)
Interest Receivable	30	14
Net Profit	<u>38,844</u>	<u>31,335</u>
Amount gift aided to the charity	(38,919)	(20,000)
Retained in the subsidy	(75)	11,335

The assets and liabilities of the subsidiary were:

Fixed Assets	558	1,019
Current Assets	103,776	105,890
Current Liabilities	<u>(1,826)</u>	<u>(4,118)</u>
	102,508	102,791
Less: Parent Company Loan	<u>(90,348)</u>	<u>(90,556)</u>
Carried Forward	<u>12,160</u>	<u>12,235</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Resource Work & Projects:	2013	2012
Income from Project Delivery	62,236	66,327
Sales of Resources	27,109	25,261
Other Project Income	<u>1,345</u>	<u>2,675</u>
	<u>90,690</u>	<u>94,263</u>
Island Guest Charges:		
Iona Abbey	290,319	287,719
Macleod Centre	158,699	172,850
Camas	<u>59,386</u>	<u>48,319</u>
	<u>508,404</u>	<u>508,888</u>

Notes to the Financial Statements - continued  
For the Year Ended 31 December 2013

4. RESOURCES EXPENDED: CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted Funds £	2013 Total Funds £	2012 Total Funds £
Resource Work & Projects:				
Wild Goose Resource Group	202,200	5,507	207,707	206,853
Youth Projects	65,899		65,899	81,327
Support to other Charities		13,714	13,714	1,930
Allocated Administrative Support	72,476		72,476	64,322
	<u>340,575</u>	<u>19,221</u>	<u>359,796</u>	<u>354,432</u>

5 GOVERNANCE COSTS

	2013 £	2012 £
Audit	7,207	6,600
Legal	3,279	14
Committee Expenditure	9,458	9,532
Personnel Costs	32,553	36,735
Administration Costs	6,352	5,946
	<u>58,849</u>	<u>58,827</u>

6 NET INCOMING RESOURCES FOR THE YEAR

This is stated after:	2013 £	2012 £
Depreciation	108,322	81,576
Auditor's Remuneration	7,207	6,600
Staff Costs		
Wages and Salaries	599,624	603,275
National Insurance	42,924	43,390
Pensions	47,769	34,571
	<u>690,317</u>	<u>681,236</u>

The average monthly number of employees during the year was as follows:

	2013	2012
Central Administration	8	7
Outreach Projects	6	6
Wild Goose Publications	4	5
The Abbey Centre	6	5
The MacLeod Centre	4	6
Camas	4	4
Island Administration	5	8
The Abbey Shop	2	2
	<u>39</u>	<u>43</u>

No employee earned over £60,000 per annum.

The Iona Community principal pension provider is the Pension Trust. There is currently a deficit on the "Growth Fund Plan" which has been estimated by the Pensions Trust as at 30/09/2012 to be £315,773. The Trustees of the scheme considers that this can be managed with sound investment practices. There will also be actuarial reviews to ensure this is being achieved. See Note 16, Contingent Liabilities

7. TRUSTEES' REMUNERATION AND BENEFITS.

There was no trustees' remuneration or benefits for the year ending 31 December 2013 nor for the year ended 31 December 2012.

A total of £2,509 (2012 £2,600) was reimbursed to Trustees in respect of travel expenses during the year

Notes to the Financial Statements - continued  
For the Year Ended 31 December 2013

## 8 TANGIBLE FIXED ASSETS -GROUP

	Land and Buildings	Furniture and Equipment	Total
	£	£	£
<b>COST</b>			
As at 1 January 2013	2,904,774	182,169	3,086,943
Additions	43,771	12,070	55,841
Disposals/Adjustments		(53,549)	(53,549)
As at 31 December 2013	<u>2,948,545</u>	<u>140,690</u>	<u>3,089,235</u>
<b>DEPRECIATION</b>			
As at 1 January 2013	311,692	129,542	441,234
Charge for year.	89,912	18,410	108,322
Disposals/Adjustments		(53,549)	(53,549)
As at 31 December 2013	<u>401,604</u>	<u>94,403</u>	<u>496,007</u>
<b>Net BOOK VALUE</b>			
As at 31 December 2013	<u>2,546,941</u>	<u>46,287</u>	<u>2,593,228</u>
As at 31 December 2012	<u>2,593,082</u>	<u>52,627</u>	<u>2,645,709</u>

## 9 TANGIBLE FIXED ASSETS - CHARITY

	£	£	£
<b>COST</b>			
As at 1 January 2013	2,904,774	177,149	3,081,923
Additions	43,771	12,070	55,841
Disposals/Adjustments		(53,549)	(53,549)
As at 31 December 2013	<u>2,948,545</u>	<u>135,670</u>	<u>3,084,215</u>
<b>DEPRECIATION</b>			
As at 1 January 2013	311,692	125,541	437,233
Charge for the year.	89,912	17,949	107,861
Disposals/Adjustments		(53,549)	(53,549)
As at 31 December 2013	<u>401,604</u>	<u>89,941</u>	<u>491,545</u>
<b>Net BOOK VALUE</b>			
As at 31 December 2013	<u>2,546,941</u>	<u>45,729</u>	<u>2,592,670</u>
As at 31 December 2012	<u>2,593,082</u>	<u>51,608</u>	<u>2,644,690</u>

The Net Book Value of land and buildings based on cost only is £1,027,444 (Charity and Group)

The property assets of the Iona Community are valued by an independent valuer every five years, and were last valued in 2012. Any surplus or deficit on valuation is added to or deducted from the Property Revaluation Reserve. In the intervening years the Trustees consider if any adjustment should be made. For the financial year 2013 they consider that no adjustment is required.



**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2013**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Plant and Machinery etc.</b>
<b>COST</b>	
As at 1 January 2013	10,795
Additions	4,363
Disposals/Adjustments	
As at 31 December 2013	<u>15,158</u>
<b>DEPRECIATION</b>	
As at 1 January 2013	3,905
Charge for the year	3,032
Disposals/Adjustments	
As at 31 December 2013	<u>6,937</u>
<b>Net BOOK VALUE</b>	
As at 31 December 2013	<u>8,221</u>
As at 31 December 2012	<u>6,890</u>

**10 INVESTMENTS**

	<b>Shares In Subsidiary Undertaking £</b>	<b>Investments £</b>	<b>Total £</b>
<b>GROUP</b>			
As at 1 January 2013		183,292	183,292
Purchases in the year		153,000	153,000
Increase in Market Value		21,568	21,568
As at 31 December 2013	<u>0</u>	<u>357,860</u>	<u>357,860</u>
<b>COMPANY</b>			
As at 1 January 2013	100	183,292	183,392
Purchases in the year		153,000	153,000
Increase in Market Value		21,568	21,568
As at 31 December 2013	<u>100</u>	<u>357,860</u>	<u>357,960</u>

There were no investment assets outside the UK

The Investment in the group is as follows:

<b>Name of Company</b>	<b>Activity</b>	<b>Proportion of ordinary shares held %</b>	<b>Country of Incorporation</b>
Iona Community Trading Ltd	Books and Crafts retailer	100.00%	Scotland
		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
Aggregate capital and reserves		12,159	12,235
Profit/(Loss) for the year		<u>(75)</u>	<u>10,818</u>

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2013**

**11 DEBTORS:FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.13</b>	<b>31.12.12</b>	<b>31.12.13</b>	<b>31.12.12</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade Debtors	15,937	11,896	15,937	11,896
Prepayments	21,164	19,739	21,164	19,739
Other Debtors	20,036	19,074	20,036	19,074
Loan to subsidiary undertaking	90,349	90,556	90,349	90,556
	<u>57,137</u>	<u>50,709</u>	<u>147,486</u>	<u>141,265</u>

The Iona Community has provided its subsidiary Iona Community Trading Ltd (ICT Ltd) with a long term loan of £50,000. This loan is granted to provide working capital for ICT Ltd. It was granted on the strict understanding that all profits earned by ICT Ltd are donated to the the Iona Community. Interest is charged at the rate of 2.50% annually. The loan and any other sums outstanding to the Iona Community are guaranteed on the assets of ICT Ltd. The status of the loan is reviewed annually after the annual accounts have been produced and the viability of ICT Ltd assessed. The remainder of the loan (2013 £40,349) is of a short term nature and will be paid in 2014.

**12 CREDITORS:FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.13</b>	<b>31.12.12</b>	<b>31.12.13</b>	<b>31.12.12</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade Creditors	16,428	12,564	16,301	12,423
Accrued Charges	63,872	81,031	63,531	80,252
Social Security and Tax	10,770	11,495	10,770	11,495
VAT	7,729	2,681	6,371	0
Other Creditors	60,940	56,076	60,940	55,559
	<u>159,739</u>	<u>163,847</u>	<u>157,913</u>	<u>159,729</u>

**13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31.12.13</b>	<b>31.12.12</b>	<b>31.12.13</b>	<b>31.12.12</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Finance Leases	0	4,721	0	4,721
Solar Heating Loan	1,400	2,800	1,400	2,800
	<u>1,400</u>	<u>7,521</u>	<u>1,400</u>	<u>7,521</u>

The Iona Community received a loan of £21,000 from two Members of The Community on October 2000 to pay for the installation of a solar generation project at the MacLeod Centre on the island of Iona. This loan is payable in 15 annual installments of £1,400 covering the period December 2001 to December 2015. Interest is payable at Co-Operative base rate on the 31 March each year less 1.0% on the reducing balance outstanding. For the last three financial years the two Members concerned have given up their right to this interest payment. The balance outstanding as at 31 December 2013 was £2,800

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2013**

**14 MOVEMENT IN FUNDS**

	Balance 01/01/13 £	Income £	Utilised/ Released £	Transfers £	Balance 31/12/13 £
<b>Restricted Funds</b>					
Property Fund	240	10,672	(8,506)		2,406
Islands Access Fund	424,910	14,385	(11,643)		427,652
Dame Flora Fund	33,971	951	(3,163)		31,759
Camas Phoenix Project Fund	0	625	0		625
Camas Asset Reserve	365,341		(40,362)		324,979
Welcome Centre Asset Reserve	197,741		(17,956)		179,785
Dunsmeorach Asset Reserve	392,868	184			393,052
Camas Travel Fund	7,063	1,997	(902)		8,158
Ecumenical Training Fund	4,245	0	(138)		4,107
Fraser-Mackie Fund	6,435	17,380	(5,369)		18,446
Alastair Crerar Fund	183,431	20,936	(92)		204,275
Wild Goose Resource Group Fund	148,937	120,317	(4,884)	(89,250)	175,120
Members' Travel Pool	20,585	18,615	(11,126)		28,074
Associates' Common Fund	8,671	2,931	(8,830)		2,772
	<b>1,794,438</b>	<b>208,993</b>	<b>(112,971)</b>	<b>(89,250)</b>	<b>1,801,210</b>
<b>Designated Funds</b>					
Legacy Fund	262,442	33,947		(57,560)	238,829
Property Revaluation	1,540,424			(21,208)	1,519,216
Dunsmeorach Designated Reserve	71,552			(10,184)	61,368
	<b>1,874,418</b>	<b>33,947</b>	<b>0</b>	<b>(88,952)</b>	<b>1,819,413</b>
<b>Unrestricted Funds</b>					
Revenue Reserve	173,713	1,226,020	(1,368,161)	217,121	248,693
	<b>173,713</b>	<b>1,226,020</b>	<b>(1,368,161)</b>	<b>217,121</b>	<b>248,693</b>
<b>Total Reserves-Charity</b>	<b>3,842,569</b>	<b>1,468,960</b>	<b>(1,481,132)</b>	<b>38,919</b>	<b>3,869,316</b>
<b>Trading Subsidiary</b>					
Revenue Reserve	12,134	292,407	(253,563)	(38,919)	12,059
<b>Total Reserves-Group</b>	<b>3,854,703</b>	<b>1,761,367</b>	<b>(1,734,695)</b>	<b>0</b>	<b>3,881,375</b>

**15 DESCRIPTION OF FUNDS****(a) Property Reserve**

Donations have been made towards work on specific properties. These funds will be applied as work is undertaken

**(b) Islands Access Fund**

This fund receives donations and interest on the cash invested on behalf of the fund

Its purpose is to provide reduced price places at the Islands Centres

**(c) Dame Flora MacLeod Fund**

The Dunvegan Trust in America provides annual grants to this fund. The purpose is to provide travel grants to overseas volunteers to the Island centres.

**(d) Camas Phoenix Project Fund**

Camas and our Youth Team are developing a project which will entail longer term and more intensive work with a small number of young people who are identified as being able to benefit from it. Donations have been invited towards the additional costs of this project, and a small amount was received in 2013

**Notes to the Financial Statements - continued  
For the Year Ended 31 December 2013**

**(e) Camas Asset Reserve**

The total cost of the upgrade of the Camas facilities on the Island of Mull was financed from the Growing Hope Appeal and completed in 2007. The upgrade is being depreciated over 15 years with the cost of the depreciation negated by the same amount taken from the reserve account created from the Growing Hope Appeal Fund.

**(f) Welcome Centre Asset Reserve**

This fund represents the contribution from the Growing Hope Fund towards the costs of the creation of a Welcome Centre on Iona which was completed in 2009. The fund will be used to offset the annual depreciation cost of the project over 15 years.

**(g) Dunsmeorach Asset Reserve**

This fund represents the contribution from the Growing Hope Fund towards the costs of rebuilding staff accommodation at Dunsmeorach on Iona which was completed in 2011. The fund will be used to offset the annual depreciation cost of the project over 15 years.

**(h) Camas Travel Fund**

This represents gifts to assist groups as required with the costs of travelling to Camas

**(i) Ecumenical Training Fund**

The fund represents the closing assets of the Scottish Churches Open College which will be applied for an appropriate lay training project when one arises.

**(j) Fraser-Mackie Fund**

In agreement with the donor, this fund is being used to support our "Closing the Gap" project working with people living in poverty

**(k) Alastair Crerar Fund**

On the winding up of the Crerar Trust, the trustees gave the balance of funds of the Trust to the Iona Community, under restricted purposes as laid out below. Council will decide as appropriate specifically how to apply these funds.

- to enable greater numbers of single poor people to access our Centres on Iona and Mull or similar residential facilities as appropriate, by meeting travel and accommodation costs;
- to support social care and outreach initiatives in Glasgow
- to encourage partnerships with other agencies working with the single poor in Glasgow and elsewhere.

**(l) Wild Goose Resource Group Fund**

This represents income generated personally by members of the Wild Goose Resource Group which they donate to The Iona Community, mainly used to subsidise the costs of running the Wild Goose Resource Group project of the Community, but also for other projects as directed by the donors.

**(m) Members' Travel Pool**

One sixth of the donations from Full Members of the Community is mandated by the Rule of the Iona Community to be ring-fenced to cover the cost of attendance by Members at Meetings and other events of the Community. This is regarded as a key part of our discipline of accounting for our resources

**(n) Associates' Common Fund**

The income from this fund comes from donations received from the associates of the Iona Community. Its purpose is to make charitable donations in line with the policies and goals of the Iona Community.

**(o) Legacy Reserve**

All legacies received by the Iona Community are taken into this reserve, which is released on a basis authorised by the Council of the Iona Community to be applied to charitable activities.

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 December 2013**

**(p) Property Revaluation Reserve**

The balance of the property revaluation reserve represents the surplus at market value on the Iona Community properties following the five yearly review of property values carried out in 2012, as reduced by the depreciation charged on the revaluation of buildings values.

**16 CONTINGENT LIABILITIES**

The Iona Community participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date.

From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met.

The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%. The Iona Community has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2012. As of this date the estimated employer debt was £315,773

**17 TRADING SUBSIDIARY**

The Iona Community has a wholly-owned subsidiary, Iona Community Trading Ltd (formerly The Abbey Shop Ltd).

The only activity of this company is the Iona Community Shop which is located in the Welcome Center on Iona.

The shop sells books, crafts and other items deemed suitable for the ethos of the Community and Shop.

The company's profits are gift aided to The Iona Community. £38,919 (2012 £20,000) will be donated in this way for the current year.

Inter company sales have been deducted in preparing the consolidated accounts

**18 MATERIAL LEGACIES**

Legacy income is only included in incoming resources where the legacy has been received or both the receipt and the amount known with sufficient certainty. As at the 31 December 2013 the Iona Community had not been notified of any legacies due but not included in the accounts

**19 CAPITAL COMMITMENTS**

The Community currently has no capital commitments