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REGISTERED COMPANY NUMBER: 225528 (Scotland)
REGISTERED CHARITY NUMBER: SC 23281

Report of the Trustees and
Financial Statements for the Year Ended 30 November 2012
for
Island Retreats Ltd

THURSDAY



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29/08/2013

#669

COMPANIES HOUSE

Simmers & Co
Albany Street
Oban
Argyll

Island Retreats Ltd

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for the Year Ended 30 November 2012

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Island Retreats Ltd

Report of the Trustees
for the Year Ended 30 November 2012

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 November 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number 225528 (Scotland)

Registered Charity number SC 023281

Registered office St Moluag's Diocesan Centre
Croft Road
Oban
PA34 5JJ

Trustees

Rt Rev'd Kevin Pearson Chairman
Very Rev'd N MacCallum (Resigned 30.4.12)
Very Rev'd A Swift (Appointed 31.10.12)
Mr P Topping (Resigned 16.04.13)
Mrs J Ainsley (Managing Director)
Miss L A Wilson
Miss M MacGlashan

Company Secretary
Dr P Kemp

Bankers Royal Bank of Scotland
26 George Street
Oban

Solicitors MacPhee & Partners
8 George Street
Oban

Auditors Simmers & Co
Albany Street
Oban

Accountants Jean Ainsley & Co.
21 Argyll Square
Oban
PA34 4AT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Induction and training of new trustees

New trustees are briefed on their responsibilities under the Companies Act and under charity law, and are provided with a copy of 'Guidance for Charity Trustees' issue by OSCR. In addition they are briefed on the company's memorandum & Articles of Association, on the charity's objectives and purposes, and on the charity's financial performance and risk profile. During the year the Very Reverend Norman MacCallum resigned from the Board and the Very Reverend Andrew Swift was appointed to the Board.

Island Retreats Ltd

Report of the Trustees **for the Year Ended 30 November 2012**

Organisational structure

The Board of Directors administers the charity. During the year under report the Board met on five occasions. One of the current Directors is managing director who manages the day to day operations of the charity. There are two retreat houses and a Diocesan centre. The two retreat houses each have a warden who lives on site. The Diocesan Centre houses the administration of the Diocese and various of the rooms are used to host conferences, meetings and events; one floor is let on a medium term lease. The wardens and the Manager of the Diocesan Centre each have a budget approved by the Board at the beginning of the year and is responsible for carrying out the objects of the charity related to their areas of the responsibility within that budget. Each warden/manager reports financial and operational performance to the managing director monthly, for onward report to the Board for monitoring against plan. Any expenditure out with the budget requires approval by the Board.

Wider network

The charity is the limited by guarantee operating company of the Diocese of Argyll and The Isle (Charity No. SC005375), which is itself an integral part of the Scottish Episcopal Church (Charity No. SC015962).

Related parties

There are related party transactions, which are disclosed in note 19

Risk management

The trustees manage risk by the following means:

" Assessing the risks faced by charity

" Establishing systems and procedures to mitigate those risks identified

" Implementing procedures to minimize any possible impact should those risks materialize

The biggest risks facing the charity remain financial.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the charity are to promote in accordance with the Canons, Resolutions and constitution of the Scottish Episcopal Church, advancement of religion, including through education, the provision of religious and spiritual renewal and the provision of related services beneficial to the community as a whole. In furtherance of these objectives, the Company operates two religious retreat houses, one at Bishop's House, Iona and the other at the Cathedral of the Isles and The College of the Holy Spirit, Isle of Cumbrae. In addition it operates a Diocesan Centre in Oban, where office administration and support functions are provided.

Significant activities

Activities during the year were principally the hosting and provision of religious retreats at Iona and Cumbrae, together with cultural and spiritual education and development activities especially at Cumbrae. These activities continue to attract participants from all over the UK and indeed the whole world, and are regarded as a major religious, cultural and spiritual contribution to the entire Scottish Episcopal Church and beyond. The Trustees wish to emphasise that participation in these activities is by no means restricted to members of the Episcopal Church, the focus being on all those who wish for religious and spiritual nourishment, regardless of their church or faith.

The Diocesan Centre in Oban continued to house administration for the Diocese, but also hosts educational, community and cultural meetings participated in by the wider community in the Oban area. Part of the top floor of the Centre is let to Imani Development Ltd, a company formed to assist in the process of economic growth and development in developing countries, particularly in Africa.

Volunteers

Volunteers have given up their time to help with work at The Bishop's House Iona and the College, Cumbrae. We are greatly indebted to these volunteers for their commitment and support.

Island Retreats Ltd
Report of the Trustees
for the Year Ended 30 November 2012

OJECTIVES & ACTIVITIES

Investment policy and objectives

An investment policy was in place during the year setting out the criteria for selecting investments and objectives for the balance between capital growth and income. In general, the emphasis is on income rather than capital growth, although capital growth is not ignored thus avoiding unnecessary erosion of value.

The investments held by the charity are in a range of individual securities, mutual funds, government stock and blue-chip bonds. The greater portion is in the Scottish Episcopal Church Unit Trust Pool, the remainder are managed on an advice and execution-only basis by Messrs Speirs & Jeffrey, Stockbrokers of Glasgow. The overall yield in the year under report was 5.46% as last year.

FUTURE PLANS

The trustees' main objectives for the next twelve months are to continue to improve financial performance with particular attention to developing business at both retreat houses; to consolidate and further improve health & safety management; and to continue with a significant programme of the fabric of Bishop's House, Iona. It is also planned to build a large extension on Bishops House which will give more public space and more single rooms within the house.

Reserves Policy

The long term aim of the company is to have sufficient reserves to cover the winter period, meet short term liabilities and have 3 months operating cash. At the present time this policy is not being met as, currently, the company has no free reserves, and the small amount of reserves held at the 30th November were invested in fixed assets. The trustees continue to work on ways to reduce operational costs and increase revenue to improve the reserves position. The result shows the operations of the company are improving year on year. The Diocese also supports the company during the winter with short term loans of up to £50,000.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The charity hosted a number of group and individual retreats. A Diocesan retreat for clergy and laity was held at Cumbrae in November.

A full programme of concerts throughout the summer was organised by the Cathedral organist at Cumbrae. These are always very successful in terms of quality of performers and the volume of audiences, both of which are attracted by the spiritual ambience of the Cathedral and College.

The activities of the charity are to an extent seasonal, being busier from March to September and quieter towards the winter months.

FINANCIAL REVIEW

Results

The company and all staff continued to work hard in a difficult economic environment. Although sales were marginally higher and despite a continued campaign to reduce costs, there was an operating deficit after considerable amounts were spent in upgrading the facilities. The company was also able to repay the loan to the Diocese by £20,000 and rent of £10,000.

A donation of £5,040 (2011 £4,800) was received from St Andrews Congregation worshipping at the Cathedral Cumbrae and a grant of £5,000 (2011 £5,000) was received from the Scottish Episcopal Church to assist with ministry at the College. £4,000 (2011 £2,500) grant was received from the Ivor Ramsay Trust also and the friends of Bishops House and The Cathedral Cumbrae continue to give generously to maintain and enhance the houses.

The Ecclesiastical Insurance Trust donated £18,474 (2011 £10,525) for enhancement of the work at the College and Cathedral, Cumbrae. In addition the Friends of both houses donated amounts to assist with the running of the houses and also specific items to improve the houses.

Island Retreats Ltd

Report of the Trustees for the Year Ended 30 November 2012

FINANCIAL REVIEW

Principal funding sources

The charity draws its cash requirement from a combination of operating and investment income, agreed bank overdraft facilities, and support when required from its parent organisation, the Diocese of Argyll & The Isles. Due to the seasonal nature of its activities, the charity does not maintain significant cash reserves in its own right.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Island Retreats Ltd 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;
- follow applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- 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, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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

Wylie & Bisset LLP, will be proposed for appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



..... Jean Ainsley CA

Trustee

Date: 27.8.13.

Report of the Independent Auditors to the Trustees of
Island Retreats Ltd

We have audited the financial statements of Island Retreats Ltd for the year ended 30 November 2012 on pages nine to nineteen. 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 charitable company's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees 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 Trustees Responsibilities set out on page four, the trustees (who are also the 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.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act.

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 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 Trustees to identify 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 charitable company's affairs as at 30 November 2012 and of its 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 Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Jacqueline M Hoey CA (Senior Statutory Auditor)

For and on behalf of Simmers & Co.

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Albany Street

Oban

Argyll

Date: 27/8/13

Island Retreats Ltd

**Statement of Financial Activities
for the Year Ended 30 November 2012**

	Notes	Unrestricted funds £	Restricted funds £	30.11.12 Total funds £	30.11.11 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	1,318	40,756	42,074	41,243
Activities for generating funds	3	4,441	-	4,441	4,728
Investment income	4	1,129	7,485	8,614	8,624
Incoming resources from charitable activities					
Accommodation	5	<u>301,440</u>	<u>-</u>	<u>301,440</u>	<u>298,918</u>
Total incoming resources		308,328	48,241	356,569	353,513
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading: cost of goods sold and other costs	6	1,276	-	1,276	3,234
Charitable activities					
Accommodation	7	354,431	-	354,431	323,046
Governance costs	8	<u>13,856</u>	<u>-</u>	<u>13,856</u>	<u>11,827</u>
Total resources expended		369,563	-	369,563	338,107
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS					
		(61,235)	48,241	(12,994)	15,406
Gross transfers between funds	17	<u>95,578</u>	<u>(95,578)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before other recognised gains and losses		34,343	(47,337)	(12,994)	15,406
Other recognised gains/losses					
Gains/losses on investment assets		<u>2,567</u>	<u>4,209</u>	<u>6,776</u>	<u>(2,489)</u>
Net movement in funds		36,910	(43,128)	(6,218)	12,917
RECONCILIATION OF FUNDS					
Total funds brought forward		14,480	357,308	371,788	358,871
TOTAL FUNDS CARRIED FORWARD		<u>51,390</u>	<u>314,180</u>	<u>365,570</u>	<u>371,788</u>

The notes form part of these financial statements

Island Retreats Ltd

Balance Sheet
At 30 November 2012

	Notes	Unrestricted funds £	Restricted funds £	30.11.12 Total funds £	30.11.11 Total funds £
FIXED ASSETS					
Tangible assets	12	293,006	-	293,006	289,369
Investments	13	<u>25,870</u>	<u>44,823</u>	<u>70,693</u>	<u>63,917</u>
		318,876	44,823	363,699	353,286
CURRENT ASSETS					
Stocks		7,588	-	7,588	3,872
Debtors	14	7,811	-	7,811	17,956
Cash at bank and in hand		<u>34,098</u>	<u>269,357</u>	<u>303,455</u>	<u>336,908</u>
		49,497	269,357	318,854	358,736
CREDITORS					
Amounts falling due within one year	15	<u>(90,721)</u>	-	<u>(90,721)</u>	<u>(111,530)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(41,224)</u>	<u>269,357</u>	<u>228,133</u>	<u>247,206</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		277,652	314,180	591,832	600,492
CREDITORS					
Amounts falling due after more than one year	16	<u>(226,262)</u>	-	<u>(226,262)</u>	<u>(228,704)</u>
NET ASSETS		<u>51,390</u>	<u>314,180</u>	<u>365,570</u>	<u>371,788</u>
FUNDS	17				
Unrestricted funds				51,390	14,480
Restricted funds				<u>314,180</u>	<u>357,308</u>
TOTAL FUNDS				<u>365,570</u>	<u>371,788</u>

The notes form part of these financial statements

Island Retreats Ltd

Balance Sheet - continued
At 30 November 2012

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 November 2012.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 144 of the Charities Act 2011.

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 27.8.13. and were signed on its behalf by:

Jean Ainsley CA


.....
Trustee

Island Retreats Ltd

Notes to the Financial Statements **for the Year Ended 30 November 2012**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard 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 amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income;

Grants and donations, including those for the purpose of the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable.

Deferred income: Deposits are received for future bookings at the retreat houses. These can be refunded if the booking is cancelled within a certain time limit. As the likelihood of cancellations being made is high these deposits are treated as deferred income.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Tangible Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less the expected residual value of each asset over its expected useful life, as follows;

Land and Buildings	2% of cost
Fixtures, Fittings & Equipment	15% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the term of the lease.

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

2. VOLUNTARY INCOME

	Restricted	Unrestricted	30.11.12	30.11.11
	£	£	£	£
Iona Donations & Legacy	6,082	-	6,082	6,826
St Andrews Congregation	5,040	-	5,040	4,800
Cumbræ General Donations	8,160	-	8,160	9,092
General Donations	<u>-</u>	<u>1,318</u>	<u>1,318</u>	<u>-</u>
	<u>19,282</u>	<u>1,318</u>	<u>20,600</u>	<u>20,718</u>
Grants				
Ivor Ramsay Trust	3,000	-	3,000	5,000
Provincial Grant	5,000	-	5,000	5,000
All Churches Grant	<u>13,474</u>	<u>-</u>	<u>13,474</u>	<u>10,525</u>
	<u>21,474</u>	<u>-</u>	<u>21,474</u>	<u>20,525</u>
Total Voluntary Income	<u>40,756</u>	<u>1,318</u>	<u>42,074</u>	<u>41,243</u>

3. ACTIVITIES FOR GENERATING FUNDS

	30.11.12	30.11.11
	£	£
Goods for Resale	<u>4,441</u>	<u>4,728</u>

4. INVESTMENT INCOME

	30.11.12	30.11.11
	£	£
Other fixed asset invest - FII	3,029	2,989
Deposit account interest	<u>5,585</u>	<u>5,635</u>
	<u>8,614</u>	<u>8,624</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	30.11.12 Total Activities	30.11.11 Total Activities
	£	£
Accommodation & Board	280,764	277,337
Letting Income	<u>20,676</u>	<u>21,581</u>
	<u>301,440</u>	<u>298,918</u>

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

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

	30.11.12	30.11.11
	£	£
Purchases	<u>1,276</u>	<u>3,234</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs	Total
	£	£
Accommodation	<u>354,431</u>	<u>357,327</u>

8. GOVERNANCE COSTS

	30.11.12	30.11.11
	£	£
Accountancy	7,410	7,365
Legal fees	2,000	462
Auditors' remuneration	<u>4,446</u>	<u>4,000</u>
	<u>13,856</u>	<u>11,827</u>

9. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	30.11.12	30.11.11
	£	£
Auditors' remuneration	4,446	4,000
Depreciation - owned assets	12,679	12,467
Loss on sale of assets	266	-
Other operating leases	<u>16,004</u>	<u>16,917</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits paid directly by the company, for the year ended 30 November 2012 nor for the year ended 30 November 2011. The company paid its parent charity £10,000 during the year as a contribution to their salary costs. The parent charity pays a salary to one trustee, Jean Ainsley, and other members of staff, for services to both the charity and the company.

Trustees' Expenses

Jean Ainsley who is a trustee of Island Retreats Ltd, received £272 for Travel Expenses during the year (2011 £313).

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

11. STAFF COSTS

	30.11.12	30.11.11
	£	£
Wages & Salaries	114,212	102,429
Employers National Insurance	7,231	5,929
IRL Staff Costs incurred by Diocese	10,000	10,000
Other Staff Costs	<u>1,803</u>	<u>-</u>
	<u>133,246</u>	<u>118,358</u>

No employee received emoluments of more than £60,000 (2011: none).

The average monthly number of employees (including the trustees) during the year, calculated on the basis of full time equivalents was as follows:

2012	2011
<u>12</u>	<u>11</u>

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

12. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery etc	Totals
	£	£	£
COST			
At 1 December 2011	289,572	127,074	416,646
Additions	9,493	7,089	16,582
Disposals	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
At 30 November 2012	<u>299,065</u>	<u>133,163</u>	<u>432,228</u>
DEPRECIATION			
At 1 December 2011	38,033	89,244	127,277
Eliminated on Disposals	-	(734)	(734)
Charge for year	<u>5,981</u>	<u>6,698</u>	<u>12,679</u>
At 30 November 2012	<u>44,014</u>	<u>95,208</u>	<u>139,222</u>
NET BOOK VALUE			
At 30 November 2012	<u>255,051</u>	<u>37,955</u>	<u>293,006</u>
At 30 November 2011	<u>251,539</u>	<u>37,830</u>	<u>289,369</u>

13. FIXED ASSET INVESTMENTS

Listed Investments

	£
Carrying value (Market value) @ 1.12.11	63,917
Add net gain on revaluation	<u>6,776</u>
Carrying value (Market value) @30.11.12	<u>70,693</u>
Historical cost as at 30.11.12	<u>55,384</u>

All fixed asset investments are held within the United Kingdom.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.12	30.11.11
	£	£
Trade debtors	-	60
Other debtors	4,000	13,700
Prepayments and accrued income	<u>3,811</u>	<u>4,196</u>
	<u>7,811</u>	<u>17,896</u>

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.12	30.11.11
	£	£
Diocesan Loan	10,000	20,000
Trade creditors	15,095	12,534
Taxation and social security	6,369	7,479
Other creditors	<u>59,257</u>	<u>71,517</u>
	<u><u>90,721</u></u>	<u><u>111,530</u></u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.11.12	30.11.11
	£	£
Loan Diocese of Argyll & The Isles	215,000	225,000
Deferred Income	<u>11,262</u>	<u>3,704</u>
	<u><u>226,262</u></u>	<u><u>228,704</u></u>

17. MOVEMENT IN FUNDS

	At 1.12.11	Net movement in funds	Transfers between funds	At 30.11.12
	£	£	£	£
Unrestricted funds				
General fund	14,480	(58,668)	95,578	51,390
Restricted funds				
Bishops House Iona	11,805	9,212	(8,175)	12,842
Cathedral & College, Cumbrae	28,809	37,653	(34,481)	31,981
Duncraig Iona	<u>316,694</u>	<u>5,585</u>	<u>(52,922)</u>	<u>269,357</u>
	<u>357,308</u>	<u>52,450</u>	<u>(95,578)</u>	<u>314,180</u>
TOTAL FUNDS	<u><u>371,788</u></u>	<u><u>(6,218)</u></u>	<u><u>-</u></u>	<u><u>365,570</u></u>

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

17. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	308,382	(369,563)	2,567	(58,614)
Restricted funds				
Bishops House Iona	7,985	-	1,227	9,212
Cathedral & College, Cumbrae	34,671	-	2,982	37,653
Duncraig Iona	<u>5,585</u>	<u>-</u>	<u>-</u>	<u>5,585</u>
	<u>48,241</u>	<u>-</u>	<u>4,209</u>	<u>52,450</u>
TOTAL FUNDS	<u><u>356,569</u></u>	<u><u>(369,563)</u></u>	<u><u>6,776</u></u>	<u><u>(6,218)</u></u>

Purposes of Funds;

General unrestricted funds are funds which can be used in accordance with the charity objects at the discretion of "the directors".

Restricted:

Duncraig

This fund arose from a donation of funds from the Trustees of Duncraig Iona Ltd with the restriction that the funds be used for the upgrading of Bishops House so far as is practicable. During the year some of these funds have been used to upgrade and develop the house and to fund general running costs. These amounts were released into general funds.

Bishops House Iona

These funds represent donations made to Bishops House with no particular restrictions other than the assumption they assist in the funding of Bishops House. The friends of the house also raise money through the year and make donations for Capital Equipment and improvements sometimes at the specific request of the warden. All funds raised in the year were expended in the year on general running and maintenance costs. These funds have, therefore, been released into general funds as the corresponding expenses are included in general funds.

Cathedral and College, Cumbrae:

These funds represent donations made to the Cathedral and College, Cumbrae, including £5040 from St Andrews congregation to assist in funding staff costs and general running costs. The Congregation at the Cathedral also donate money to pay for oil used by them in the Cathedral. The Friends of The Cathedral donate monies for specific projects which were paid for during the year. The balance of funds are general donations with no restrictions other than the assumption they assist in the funding of the Cathedral and College. All funds raised in the year were expended in the year on staffing and general running costs. These funds have, therefore, been released into general funds as the corresponding expenses are included in general funds.

Provincial

These monies were grant funding to assist with the costs of ministry at Cumbrae. These funds were expended in the year on staffing costs and therefore have been released into general funds as the corresponding expenses are included in general funds. This year £5,000 was received and is included in Cathedral & College, Cumbrae restricted income above.

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

18. OTHER FINANCIAL COMMITMENTS

At 30th November 2012 the company had lease commitments as follows:
Land and Property Operating Leases

	2012 £	2011 £
Expiry Date: In over five years	10,000	10,000
Other Operating Leases		
Expiry Date: In over five years	4,784	9,664

19. RELATED PARTY DISCLOSURES

The company shares staff and facilities at St Moluag's Diocesan Centre in Oban, with the Dioceses of Argyll & the Isles, the parent charity of the charitable company. Staff costs are incurred by the Diocese on behalf of the company. Overheads are incurred by the company on behalf of the Diocese and no rent is charged to the Diocese by the company.

The financial statements have been adjusted to reflect the true staff costs, had they been recharged to each entity, with the balancing amount showing as Rental income of the company. These adjustments are detailed below.

	2012 £	2011 £
Incurring by Diocese:		
Staff costs	<u>10,000</u>	<u>10,000</u>
 Incurred by Island Retreats		
Post & Stationary	1,490	1,490
Heat, Light & Power	550	550
Telephone	705	705
Insurance	650	650
Sundries	<u>725</u>	<u>725</u>
	<u>4,120</u>	<u>4,120</u>
 Balancing figure charged as rental income	<u>5,880</u>	<u>5,880</u>

Bishop House Iona & The College, Cumbrae are leased from the Diocese of Argyll & The Isles and the rent due equates to £10,000 per annum.

The Diocese of Argyll and the Isles has given further support by way of a loan. This loan is included in creditors falling due in more than one year. The loan decreased from £245,000 to £225,000 during the year.

The company has also received £301 (2011 £265) for room hire from the Diocese during the year and has credited to the SOFA. At the year end the amount owed from the Diocese was £nil (2011 £60)

Jean Ainsley, a director of the company, is also a director in an accountancy practice, Ainsley Smith & Co Ltd, which has provided accountancy services in the normal course of business. The total fees charged in the year amounted to £7,410 (2011 £7,365), £2,550 of this is included in accruals at 30.11.12.

Island Retreats Ltd

Notes to the Financial Statements - continued
for the Year Ended 30 November 2012

20. GOING CONCERN

The company had a net current liabilities position in respect of unrestricted funds of £41,224 (2011 £69,488), and it is felt that this will not improve in the short term.

However, as discussed in the report of the Trustees, the directors are actively working to improve the liquidity of the company. During this time the company continues to enjoy the support of the Diocese and its bankers through a loan guarantee of up to £50,000, if required, and a bank overdraft facility of £20,000.

Accordingly the directors feel that the Going Concern basis should apply to the preparation of these accounts.

21. CONTINGENT LIABILITY

The company has been involved in a contractual dispute in relation to the lease of telephone equipment for a number of years.

Following the cancellation of the contract, the leasing company sought payment of the balance of all lease payments due under the contract totalling £14,000 including interest, but agreed to suspend collection of the debt until the alleged fraud had been investigated.

The matter remains ongoing but legal opinion indicates that the company has a strong case and is unlikely to be liable for the sum noted above or any other amount.

As such, the directors have made no provision for the repayments at the balance sheet date.

22. CONTROLLING INTEREST

The company is controlled by its members.

Island Retreats Ltd

Detailed Statement of Financial Activities
for the Year Ended 30 November 2012

	30.11.12 £	30.11.11 £
INCOMING RESOURCES		
Voluntary income		
Donations	18,100	16,803
Legacies	2,500	3,915
Grants	<u>21,474</u>	<u>20,525</u>
	42,074	41,243
Activities for generating funds		
Goods for Resale	4,441	4,728
Investment income		
Other fixed asset invest - FII	3,029	2,989
Deposit account interest	<u>5,585</u>	<u>5,635</u>
	8,614	8,624
Incoming resources from charitable activities		
Accommodation & Board	280,764	277,337
Letting Income	<u>20,676</u>	<u>21,581</u>
	<u>301,440</u>	<u>298,918</u>
Total incoming resources	356,569	353,513
RESOURCES EXPENDED		
Fundraising trading: cost of goods sold and other costs		
Purchases	1,276	3,234
Charitable activities		
Wages and recruitment costs	133,246	118,358
Rent	10,000	7,253
Rates and water	8,192	4,985
Insurance	19,194	18,264
Light and heat	33,868	33,087
Telephone	8,754	12,980
Postage and stationery	2,497	2,926
Advertising	3,311	1,606
Sundries	1,212	1,849
Repairs & Maintenance	48,279	44,731
Chapel Expenses	374	1,418
Household Expenses	4,491	4,759
Motor & Travel	4,085	3,358
Food & Consumables	60,658	52,808
Training	750	-
Depreciation on freehold property	5,981	5,791
Depreciation on fixtures and fittings	6,698	6,676
Loss on sale of assets	<u>266</u>	<u>-</u>
Carried Forward	351,856	320,849

This page does not form part of the statutory financial statements

Island Retreats Ltd

Detailed Statement of Financial Activities
for the Year Ended 30 November 2012

	30.11.12	30.11.11
	£	£
Charitable activities		
Brought forward	351,856	320,849
Credit Card Charges	1,944	1,437
Bank Charges	<u>631</u>	<u>760</u>
	354,431	323,046
 Governance costs		
Accountancy	7,410	7,365
Legal fees	2,000	462
Auditors' remuneration	<u>4,446</u>	<u>4,000</u>
	<u>13,856</u>	<u>11,827</u>
 Total resources expended	369,563	338,107
 Net (expenditure)/income	<u>(12,994)</u>	<u>15,406</u>

This page does not form part of the statutory financial statements