BUTE FINANCE

Financial Statements

For the year ended 30 June 2025

Charity Registration Number: SC049069 (Scotland)
Company Registration Number SC621697 (Scotland)

BUTE FINANCE

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Legal and Administrative Details

Charity Number:	SC049069
Company Number:	SC621697
Registered Office:	Second Floor 146-148 Clerkenwell Rd London EC2R 5DG
Trustees:	Stephen Jenkins Sophia Crichton Stuart
Independent Examiner:	Moore Kingston Smith LLP Floor 6 9 Appold Street London EC2A 2AP

BUTE FINANCE
Trustees' Report (Including Directors' Report)
For the year ended 30 June 2025

The trustees present their annual report and financial statements for the year ended 30 June 2025.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and Activities

The island of Bute lies within one of the most deprived areas of Scotland, when defined in terms of income and unemployment levels. The objective of the charity is to support those who are going to directly preserve, support or develop new businesses and crafts on the island and in surrounding areas.

Initial funding of £2 million was provided by John Crichton-Stuart. Part of that has been advanced to the charity's wholly owned subsidiary, Bute Enterprise Finance Fund Limited. More information about the subsidiary is provided elsewhere in these accounts.

Whilst the charity and its subsidiary were established in 2019, due to delays in various initial processes and the recruitment of suitably qualified staff, it was only in late 2019 that both entities commenced operations. The trustees are confident that the the charity will develop to fulfill its objectives and would like to commend Stuart Brownlie, the Loan manager of Bute Enterprise Finance Fund Limited ('BEFF'), for all the work that he has done. Bute Finance Ltd continues to provide funding to BEFF and has provided £1,702,000 to allow BEFF to further expand its loan book.

In addition to offering support to relevant entities Stuart has always sought to offer advice regarding alternatives where the subsidiary is unable to do so.

The trustees have paid due regard to the guidance issued by the Office of the Scottish Charity Regulator in deciding what activities it should undertake.

Financial Review

For the year ended 30 June 2025, the income of the charity amounted to £21,724 (2024: £31,756) which after meeting administration and other costs of £13,875 (2024: £21,626) left a distributable surplus of £7,849 (2024: £10,130). There were net gains on investments during the year of £42,183 (2024: £179,425). The balance of unrestricted funds at the year end totalled £2,906,081(2024: £2,856,049). The finances are soundly based.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure which would be between £2,907 and £5,815. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year. The level of reserves is equal to £2,666,494 which is much higher than the requirements, the reason for this is because we had received an anonymous donation of £3 million in 2021 which we have not been able to use all in one year, leaving reserves much higher than their minimum levels.

The funds of the charity are managed by Smith & Williamson Investment Management LLP. They invest the funds to achieve a balance between income and capital growth.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The trustees have noted significant progress being made by its subsidiary since the end of this accounting period. They are optimistic that further progress will be made.

Structure, governance and management

The charity is a company limited by guarantee governed by its Memorandum and Articles of Association dated 19 February 2019.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Stephen Jenkins
Sophia Crichton Stuart

The trustees were originally recruited by John Crichton-Stuart. They all have specific knowledge of the economic issues that Bute and its surrounding areas have. Each of them has specific skills pertinent to the management of the charity.

None of the trustees have any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The day to day management of the charity is delegated to two of the trustees. The whole board receive regular reports on the operations of the charity.

The trustees' report was approved by the Board of Trustees.

….......................
Stephen Jenkins
Trustee
Date:

INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF BUTE FINANCE

I report on the financial statements of the charity for the year ended 30 June 2025, which are set out on pages 5 to 12.

Respective responsibilities of trustees and examiner

The charity's trustees, who are also the directors of Bute Finance for the purposes of company law, are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the 2006 Accounts. Regulations does not apply. It is my responsibility to examine the financial statements 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 financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, 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 financial statements.

Independent Examiner's statement

In connection with my examination, no matter has come to my attention:
(a) which give me reasonable cause to believe that in any material respect the requirements:
(i) to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
(ii) to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;
have not been met or
(b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

….....................

Adam Fullerton FCA DChA
For and on behalf of Moore Kingston Smith LLP
Chartered Accountants
Floor 6
9 Appold Street
London
EC2A 2AP
Date:

BUTE FINANCE

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Total 2025 £	Total 2024 £
INCOME FROM:			
Investments	2	21,724	31,756
Total		21,724	31,756
EXPENDITURE ON:			
Raising funds	3	6,526	8,520
Charitable activities	4	-	-
Support costs	6	7,349	13,106
Total		13,875	21,626
Net gains/(losses) on investments		42,183	179,425
Net incoming/(outgoing) resources		50,032	189,555
Net Movement in Funds		50,032	189,555
Reconciliation of funds			
Balance at 1 July 2024		2,856,049	2,666,494
Balance at 30 June 2025		2,906,081	2,856,049

All amounts relate to unrestricted funds and to continuing activities.

The notes on pages 7 to 12 form part of these financial statements.

BUTE FINANCE

BALANCE SHEET AS AT 30 JUNE 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed Assets					
Investments	7		1,080,033		1,030,327
Current Assets					
Cash at bank and in hand		128,628		181,429	
Debtors	9	-		-	
		128,628		181,429	
Non Current Assets					
Debtors: Amounts falling due after one year		1,702,553		1,648,853	
		1,702,553		1,648,853	
Liabilities					
Creditors: Amounts falling due within one year	10	(5,133)		(4,560)	
Net Current Assets			123,495		176,869
Total assets less current liabilities			2,906,081		2,856,049
Income Funds					
Unrestricted funds			2,906,081		2,856,049

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 June 2025.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on …..............

....
Stephen Jenkins
Trustee

Company Registration No. SC621697
The notes on pages 7 to 12 form part of these financial statements.

1 Principal Accounting Policies

Charity Information

Bute Finance is a private company limited by guarantee incorporated in Scotland. The registered office is Second Floor, 146 - 148 Clerkenwell Rd, London, EC1R 5DG.
The charitable company is registered in Scotland with the Office of the Scottish Charity Regulator (OSCR) under charity number SC049069.

Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with the charity's Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Bute Finance meets the definition of a public benefit entity under FRS102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Going Concern Basis

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the charity will continue in operation for a period of at least one year from the date of approval of the financial statements. The Trustees have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future.

Charitable Funds

The charity only has unrestricted funds which are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1 Principal Accounting Policies (continued)

Resources Expended

Expenditure is recognised on an accruals basis, as a liability is incurred, and is reported as part of the expenditure to which it relates.

Expenditure on raising funds comprises the costs of generating donations and expenses recharged.

Expenditure on charitable activities comprises the costs incurred by the charity in the delivery of the charitable activities. It includes both costs that can be allocated directly to such activities and the costs of an indirect nature necessary to support them, including governance costs.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity, including independent examination fees and costs linked to strategic management.

All costs are allocated between expenditure categories of the SOFA on a basis designed to reflect the use of the resource.

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis.

Fixed Asset Investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Principal Accounting Policies (continued)

Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic Financial Liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Taxation

Bute Finance is a registered charity and is not liable for United Kingdom Income Tax or Corporation Tax.

Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no areas requiring a higher degree of judgement or complexity and no areas where assumptions or estimates are most significant to the financial statements.

2 Investment income

	2025	2024
	£	£
Interest from UK fixed interest securities	21,724	31,756

3 Raising funds

	2025	2024
	£	£
Investment management costs	6,526	8,520
	6,526	8,520

4 Charitable activities

	2025	2024
	£	£
Charitable donations	-	-
	-	-

5 Employees

	2025	2024
The average monthly number of employees during the year was:		
Total	-	-

6 Support Costs

	2025	2024
	£	£
Independent examination fees	2,400	2,780
Legal and professional	4,450	4,228
Bank and transaction charges	188	5,398
Subscriptions	311	-
Other charges	-	700
	7,349	13,106

7 Investments

	Listed Investments	Other Investments	Total £
Market value at 1 July 2024	990,327	40,000	1,030,327
Additions	59,990	-	59,990
Disposals	(52,466)	-	(52,466)
Valuation changes	42,183	-	42,183
Market value at 30 June 2025	1,040,033	40,000	1,080,033
Carrying Amount			
At 30 June 2025	1,040,033	40,000	1,080,033
At 30 June 2024	990,327	40,000	1,030,327

8 Financial Instruments

	2025 £	2024 £
Carrying amount of financial assets		
Instruments measured at fair value through profit and loss	1,040,033	990,327
	1,040,033	990,327

9 Debtors

Amounts falling due within one year	2025 £	2024 £
Amounts owed by subsidiary undertakings	-	-
Other Debtors	-	-
	-	-

Amounts falling due after more than one year	2025 £	2024 £
Amounts owed by subsidiary undertakings	1,702,553	1,648,853
Total Debtors	1,702,553	1,648,853

10 Creditors: amounts falling due within one year

	2025 £	2024 £
Accruals and deferred income	5,133	4,560

11 Related Party Transactions

There are balances due from Bute Enterprise Finance Fund Ltd ('BEFF') at year end of £1,702,553 (2024: 1,648,853), this is money given to BEFF to continue to give out loans to Bute residents in the year.

No trustees received any remuneration or received any other benefits from an employment with their charity or a related entity. There were also no trustee expenses incurred during the year.

12 Subsidiaries

Details of the charity's subsidiaries at 30 June 2025 are as follows:

Name of undertaking	Registered Office	Nature of Business	Class of Shares Held	% Held
Bute Enterprise Finance Fund Limited	Scotland	Finance Provider	Ordinary	100

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit	Capital and Reserves
Bute Enterprise Finance Fund Limited	13,354	47,526