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SUMER
Your Business Champion

Audit Findings Memorandum

Knoydart Foundation

Year ended 31 December 2025

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Strictly Private & Confidential

21/09/2026

The Trustees
The Knoydart Foundation
Knoydart Foundation Office
Mallaig
PH41 4PL

Dear Trustees

In accordance with our normal practise this letter of comment highlights the various matters which arose during the course of our audit of the financial statements for the year ended 31 December 2025. The content of this letter follows the requirements of International Standard on Auditing (UK & Ireland) 260, Communication With Those Charged With Governance.

As auditors we are responsible for performing our work in accordance with the International Standards on Auditing (UK & Ireland) ("ISAs"), for the purpose of forming an opinion and reporting on the financial statements. An audit of the financial statements does not relieve management, or those charged with governance, of their responsibilities in ensuring that each set of financial statements presents a true and fair view of the profit or loss for the year and of the financial position at the reporting date.

This report is to be regarded as confidential to the charity. It has been prepared for the sole use of the charity and should not be quoted in whole or in part without our prior written consent.

We would like to take this opportunity to express our thanks to you and your staff for your assistance over the course of the audit.

Yours faithfully

Sumer Auditco Limited

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1. Significant risks

At the planning stage of the audit we identified several key areas of focus and the findings from our audit work are set out below. For a number of areas, including management override of controls and revenue recognition, there is a presumption within the ISAs for all audits to take account of these areas.

Identified risk	Work undertaking and findings
Risk of management override of controls As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We have undertaken audit procedures both over journal entries and areas of management estimation and judgement to mitigate the risk of potential management override and bias. Our audit work in this area has been completed satisfactorily.
Risk of fraud in revenue recognition Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.	We have tested a sample of income transactions from point of entitlement through to the accounting records. Furthermore, we have undertaken cut-off testing of the income recognised around the year end to ensure that it is recognised in the correct accounting period. We have also reviewed the revenue recognition policy to ensure that is compliant with FRS 102, consistently applied and appropriately disclosed. Our audit work in this area has been completed satisfactorily.

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2. Significant difficulties encountered during the audit

We did not encounter any significant difficulties during the audit and there are no significant findings from the audit to draw to your attention.

3. Systems and controls

Our audit work has included consideration of internal controls relevant to the preparation of the financial statements so that we might design audit procedures that are appropriate to the circumstances, not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported in this document are limited to those deficiencies identified during the audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance.

We list below details of actual and potential weaknesses identified during the course of our audit and our recommendations for improvements. This is not meant to be a full and accurate reflection of all weaknesses that may be present in your system.

Area	Observation	Recommendation	Management response
Fixed Asset – Depreciation	It was noted that the freehold property depreciation policy may be optimistic due to the buildings being vulnerable due to weather conditions in their location and are predominantly build using modern construction methods.	Management review depreciation policies regularly to confirm the useful life is accurately reflected	

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4. Identified misstatements

Included within the letter of representation are the unadjusted audit differences identified during the course of our work other than those that are considered to be clearly trivial. Individually and in aggregate these unadjusted misstatements, in the absence of any additional misstatements, will not impact on our proposed audit opinion (below).

A list of adjusted misstatements that have been agreed and approved by you during the audit are as follows:

	Income Statement		Balance Sheet	
	Debit (£)	Credit (£)	Debit (£)	Credit (£)
Knoydart Foundation				
CMCK Amortisation	3,200			3,200
Decrease to surplus	(3,200)			
Knoydart Renewables				
Correction to grant recognition	84,811			84,811
Prior year tax debtor		16	16	
Deferred tax movement	34			34
Donation to parent	1,400			1,400
Decrease to profit	(86,229)			
Knoydart Trading				
Deferred Grant				
Accruals movement	917			917
Accrued income movement		522	522	
Deferred income movement		1,575	1,575	
Bad debt movement	1,485			1,485
Deferred tax movement	10,813			10,813
Decrease to profit	(11,118)			

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5. Accounting estimates

In accordance with the requirements of International Standard on Auditing (UK & Ireland) 540 (Revised) we are required to communicate to those charged with governance our views on significant qualitative aspects of the accounting practices related to accounting estimates and related disclosures. The significant accounting estimates used in the financial statements were as follows:

Accounting estimate	Audit approach	Audit findings
Depreciation of assets	A depreciation proof in total was performed as well as a review of each assets depreciation policy.	No errors were noted from the depreciation proof in total. As noted in section 4 it is recommended that the board review the depreciation polices of each assets category to ensure these remain appropriate.

6. Going concern

Based on the audit work performed, at this time we are satisfied that the use of the going concern basis of accounting in the financial statements is appropriate and we have not identified any material uncertainties that may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months and this is reflected in our audit report. We are also satisfied that the going concern accounting policy as currently drafted in the financial statements is sufficient. If new information comes to light or circumstances change prior to sign-off we will communicate this to you.

7. Independence

As explained within our audit plan we have procedures in place to ensure that Sumer Audit, its partners and staff comply with both the Financial Reporting Council's Ethical Standard and the code of ethics of the Institute of Chartered Accountants in England & Wales ("ICAEW"). We have revisited our assessment of independence following the completion of the audit and confirm that, in our professional judgement, the firm and the audit engagement team remain independent within the boundaries of regulatory and professional requirements and have therefore complied with relevant ethical requirements concerning independence.

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8. Conclusion

We are pleased to report that based on our conclusions to date we have not made any modifications to our audit report and will be issuing a clean, unqualified, report. As you will appreciate, our responsibilities extend up to the date on which the audit report is signed. If our opinion changes, we will contact you.

We would appreciate an acknowledgement of the receipt of this letter and look forward to receiving your comments when you have had the opportunity of considering the matters we have recorded. You have agreed that the content of this letter will be shared and considered by all members of the board.