Charity registration number SC053005 (Scotland)

Company registration number SC772698

THE KILCHOAN MELFORT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 13 DECEMBER 2023 ENDED 31 DECEMBER 2024

THE KILCHOAN MELFORT TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Jon Strickland	
	Martin Gardner	(Appointed 17 January 2024)
	Helmut Huber	
Charity number (Scotland)	SC053005	
Company number	SC772698	
Registered office	5 Atholl Crescent Edinburgh EH3 8EJ	
Auditor	Whitelaw Wells 9 Ainslie Place Edinburgh EH3 6AA	

THE KILCHOAN MELFORT TRUST

CONTENTS

THE KILCHOAN MELFORT TRUST

TRUSTEES REPORT REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE PERIOD 13 DECEMBER 2023 ENDED 31 DECEMBER 2024

The Trustees present their annual report and financial statements for the period ended 31 December 2024.

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 Trust's Memorandum and 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

Kilchoan is a small, isolated property of around 1,500 acres (600 hectares)located on the Degnish peninsula on thewest coast of Scotland. Its special characteristic is that, within a contained area you can find a unique combination of land, water and sea with great biodiversity. We aim to restore the area to its original state.

Our mission is to become internationally recognised as a centre for spiritual creativity, rewilding and habitat enhancement, and as a place to foster all aspects of education.

Our Purpose

We are a conservation initiative that aims to restore biodiversity and set ecosystems onto a recovery path through nature led land management practices, promotion of natural processes, carbon sequestration and maximised ecosystem health.

Vision, Mission, Values

Our vision is to conserve the dynamic and diverse habitats of the estate. With a community-based bottom-up approach, we focus on the educational aspect and collaboration with a variety of partners and stakeholders to achieve our goals.

Our first mission was to renovate the infrastructure of the estate. However, our real aims are to become internationally recognised as a centre for spiritual creativity, rewilding and habitat enhancement, and as a place to foster all aspects of education.

We seek to embody the values of sustainability and community through our conservation projects; terrestrial and marine restoration, monitoring the impacts of our actions, carbon sequestration and maximisation of ecosystem health.

Our History

In the Middle Ages, Kilchoan was the home of the McEwan's, whose family were bards of Argyll. Then the Maclachlan family lived at Kilchoan for many years. In the early nineteenth century the Campbell of Melfort clan made the estate their home. Parts of the Melfort Estate were sold off but Kilchoan was retained due to its irresistible charm. In 1906 it was sold to a Glasgow businessman who used it as a holiday home. He sold it in 1926 to the Henderson family. Miss Henderson gifted the estate to her nephew, Harry Keate and it remained in the Keate family until its sale in 2015 to Chilean businessman, Nicolas Ibanez Scott. In March 2024 Nicolas Ibanez Scott gifted the estate to theKilchoan Melfort Trust.

Aims and Objectives

1. The Advancement of Spirituality

- The Kilchoan Initiative seeks to encourage and enable those desiring to explore questions of faith and spirituality and has built the St Comghan's chapel as an ecumenical centre and anchor for spiritual retreats.
- Ecumenical religious services.
- Connectivity with the natural world.

2. The Advancement of Education

- Sponsorship and support of PhD, MSc & BSc students.

3. Rewilding, Conservation and Environmental

- The estate currently leads a range of environmental projects including community Engagement where we partner with local people and organisations across a range of projects.

Our focus during the current financial period has been around rewilding, conservation and environmental work through Ecological Restoration.

The Kilchoan Estate is a cultural and educational enterprise. One of our main focuses is ecological restoration, conservation, and preservation of both the terrestrial and marine habitats for the benefit of the people of Argyll and the world.

The Kilchoan Estate, located on the Degnish peninsula, was purchased by the current owner in 2015 with the aim to manage it as a cultural project in conservation and education. Historically much of the land was reflective of the traditional land use practices found in this part of Scotland with extensive upland pasture invaded with bracken, large areas and fragmented patches of semi-natural broadleaved woodland and non-native timber plantation introduced by former owners.

The term rewilding comes from the idea that conservationist should move beyond trying to protect different habitats and species. Rather, they should also focus on the rebuilding and restoring of ecosystems that could sustain themselves, led by natural processes & with minimal human interference.

At the Kilchoan Estate the term “Rewilding” refers to the ecological restoration with the goal of restoring the area to its original state. Here at Kilchoan Estate a variety of efforts are made to accomplish this goal. Since the purchase of the estate by the current owner, we have undertaken a variety of restoration, monitoring and conservation projects. Examples of these are woodland creation & non-native species removal, native oyster restoration, and sustainable aquaculture.

The Kilchoan Estate is a small part of a much larger movement aiming to allow nature, space and time to recover and natural processes to re-start after the intensity of human activity that so much of the planet has been subjected to. The estate is not alone with this goal, it is part of a nationwide movement creating a matrix of wildland which act as corridors and connected spaces. With careful consideration, observation and through collaboration with multiple organisations, the actions of the Kilchoan team will manage and enrich this beautiful part of Scotland. We will show case an exemplary effort in ecological restoration for the benefit of all animals, plants, fungi and of course mankind.

Community Engagement

A highly valued objective for The Kilchoan Melfort Trust is to enrich and be part of the creation of well-connected and cooperative communities. We seek to have a positive and meaningful contribution to the local area. We work hard to establish ties with the local community through a range of active and passive actions.

Our members of staff enrich rural communities by supporting local business, schools and services in the area. We support local charities and community events through attendance and participation as well as through donations.

We are assisted by members of the local community on projects; the oyster monitoring being a great example, a fiercely dedicated team of residents can be found on the shores of Loch Melfort at least once every four months checking up on the release sites, collecting data and forming relationships that otherwise may not have been forged. We are eternally grateful to the enthusiastic and committed group of local volunteers who donate time monitoring and caring for the oysters released around the Loch. They are a testament to the level of commitment, care, and interest that they feel for the area in which they live. Kilninver primary school have assisted release 6500 oysters on one of the release sites, an event we will repeat every year to engage the next generation in the conservation and preservation of their world.

Achievements and performance

Achievements

Key Garden, arboretum and woodlands developments

- Arboretum- removal and reduction of tree cages and carried out repairs
- Chapel field and surrounds- creation of seawall from Chapel and opened access to woodland west of the Chapel and installed or ornamental well head. Planted 45,000 bulbs in Chapel grounds.
- Gardens management- c.550 items accessioned onto plant databases and created new robotic mowing plan creation for installation in 2025
- Infrastructure- new propagation bench installed in polytunnel
- Himalayan Garden and John Muir Lodge- planted 31 acres from Northfield Nursery, created ornamental bed and new staircase and planting undertaken at East Mother lawn
- Spring Garden – commencement of the creation of the Spring Garden, clearance work completed and planting of over 935 potted plants.

Marine Projects

- Harvest of 2.5 tonnes of cultivated kelp and sold to our partner, Open Climate Solutions ("OCS")who also assisted with the development of a comprehensive farm manual which is now publicily available
- OCS also produced 7 litres of bio-stimulant which underwent a positive safety analysis enabling us to run international trials
- In September 2025 we seeded our farm with four species of kelp
- Oyster seeding and transplanting around Loch Melford with the assistance of the local community
- Research on the Flapper Skate project and genetic analysis

Oyster Restoration

- We secured a licence to develop an Integrated Multi-Trophic Aquaculture ("IMTA") set up
- We imported specialist cages from Canada which have the capacity to grow 85,0000 oysters per year bringing our total capacity to 115,000 oysters
- In collaboration with Seawilding the Trust developed a new oyster monitoring methodology which has now been rolled out to multiple restoration projects across Scotland
- In September 2024, in partnership with Seawilding, the Trust organised a new monitoring course which was fully booked, attracting a wide range of volunteers.

Terrestrial Restoration

- The Kilchoan Lochs new woodland creation was fenced and planted which adds another 89,500 trees bringing the total number of native trees planted at Kilchoan since 2015 to 216,500
- Planting sites for 200 wych elm and 200 wild crab apple were identified as part of the Royal Botanic Gardens Edinburgh Nature Restoration funded by the Scottish Plants Project and planting will take place in 2025.

Engagement, Research and Education

- We hosted undergraduate students from a variety of organisations;
- We facilitated 448 hours of volunteer engagement
- We hosted the second placement of the Argyll Hope Spot Art Residency. Six selected artists spend four days at the Estate creating art pieces inspired by the marine environment
- We hosted other site visits from members of the NatureScot marine team and the Scientific Robotics Academy to discuss potential collaborations on applied research projects.
- Kilchoan signed a Memorandum of Understanding with The International Conifer Conservation Programme, the University of Glasgow and The Scottish Association of Marine Sciences
- We welcomed a team of staff and students from Chilie who spend three weeks at the Estate. They undertook a range of workshops, skill sharing and garden visits.
- In Spring of this year we were represented at the Edinburgh University Dissertation fair as part of our student engagement project. From this we raised the profile of the Trust within the University.
- We developed and started the first year of our Forest School program within Kilninver Primary School which brings students to the Estate and teaches them about habitats and conservation as well as bush craft skills.

Spiritualty

- A Partnership agreement was signed with A Rocha UK , making the Trust official partners in Rocha's Partners in Action program.. Rocha is a Christian charity dedicated to protecting and restoring the natural world. They focus on equipping Christians and churches in the UK to care for the environment. The partnership agreement
- A bronze replica of the original St John's Cross from Iona Abbey was commissioned and installed at the Island Medow by the Kilchoan Team in March 2024 together with the installation of a white marble sculpture of the Virgin Mary

Performance for the Year

Overview of financial performance of the Group

The charity commenced its charitable activities on 13 December 2023 and the Group secured £32.36m of income during the period. Expenditure on charitable activities was £8.28m generating a net income movement in funds of £24.08m

Principle Funding Sources

Income received during the period included:

- Donations and gifts £31.452m
- Rental income £763k
- Investment income £81k
- Other income £60k

Dontations and gifts comprise of:	£'000
Gift of shares in subsidiary	23,993
Gift of land	4,200
Deed of gift	3,147
Other grants and donations	112
Total donations and gifts	31,452

The gift of shares relates to the gift of 100% of the share capital in Kilchoan Management Limited.

The gift of land relates to the land at Kilchoan Melfort Hill.

The deed of gift was received from The Drake Auroa Fund incorporated in the Caymen Islands, registered number 261952

Reserves policy

The Trustees have a policy to maintain free reserves equivalent to three months of essential running costs of the Group estimated at £430k

At the period end the reserves of the group were £24,075k, most of which is tied up in Fixed assets, so the Trustees consider the cash reserves when comparing to the reserve policy. At the period end the group cash was £736k. Therefore, the policy was met and there is an additional amount of free cash of £306k.

This is calculated on a group basis as:

- Total costs £8,280k
- Less depn £6,301k
- Less asset disposals £258k
- £1,721k per annum
- 3 months equals £430k
- Group cash at end £736k
- Free cash £306k

Plans for the Future

Conservation and Restoration

- Continue conservation tree planting
- Progress with gorse cutting to limit spread , improve grazing and grassland potential to allow further tree planting
- Continue with wildlife surveys including bat survey, reptile survey and grazing impact survey
- Carry out shelter belt native tree planting, path cutting and chemical and mechanical weeding of native trees

Marine

- Source additional Native Oysters to be released as part of the Native Oyster Restoration Project in late 2025
- Progress other marine projects including Skate monitoring and further oyster restoration and seaweed cultivation projects
- Produce bio-stimulants application trials on the Estate grounds

Education and Outreach

- Continue to cultivate relationships and collaboration with academic institutions including Stirling University and Edinburgh Napier
- Continue to invest in the Team and provide ongoing specialist staff training both internal and external.

Spirituality

- Strengthen existing relationships with the local Christian communities by allowing appropriate access to the Estate and Chapel and to continue to provide a welcoming and authentic environment for all who wish to visit and explore faith and spirituality.
- To welcome and host local Christian leaders from a variety of denominations with the aim of encouraging and resourcing them and their congregations

House and Properties

- To continue to develop the hospitality team to enable the highest level of guest experience
- To ensure all preventative maintenance measures are in order and all properties are in the best possible condition

Fundraising practices

The charitable activities will primarily be funded going forward by The Drake Aurora Fund. Three months prior to the year end the Trust will prepare both operational and capital expenditure budgets for the following year and submit to the Trustees of The Drake Aurora Fund for approval to secure funding.

Risk Management

The Trustees review risks regularly. Operational risks are mitigated by the use of Kilchoan Management Ltd to undertake all operational and capital projects. In turn, Kilchoan Management Ltd have risk assessment and mitigation policies in place and employ external risk management consultants to assist with the task of assessing risk and managing processes and procedures.

Factors likely to affect future financial performance

- Inability to secure funding
- Staff retention due to the relatively remote location and availability of accommodation
- Recruitment and retention of suitable Trustees

Risk Mitigation

- Consideration of endowment fund to secure long term funding
- Regular review of of staff benefits and conditions of employment to ensure we attract high calibre and suitably qualified staff

Structure, governance and management

The Kilchoan Melfort Trust is a charitable company and is registered in Scotland as a company limited by guarantee (company number SC772698) and a charity (charity number SC053005). It was incorporated on 14 June 2023 and prepared dormant accounts in its first period to 12 December 2023. Following its registration as a charity on 13 December 2023, the Trustees extended its accounting period end to 31 December for its first period of activity.

Directors and Trustees

The Kilchoan Melfort Trust has a Board made up of its Non-Executive Directors of the Company, who are the Trustees of the Charity.

Trustees are appointed by the existing Board through a formal selection process. A decision is based on experience and knowledge of the charitable activities. The Trust is required to appoint one Trustee only.

Trustees will enter an induction period, usually visiting the Estates and meeting with the Executive Management Team and staff to understand the charitable activities and objectives and have access to historic Board Minutes.

Trustees obtain guidance and training through both professional advisers and professional reading.

The role of the Board is to lead the organisation toward the desired performance and ensure that it occurs. The Board's specific contributions are unique to its non-executive directorship role and necessary for proper governance and management.

The Board meet quarterly and more often if required and are provided with relevant papers in advance of meetings including meeting Agenda, a summary of achievements since the last meeting, ongoing activities and projects and goals and objectives for the upcoming period.

The Executive Management Team is in attendance at Board meetings and include the following key staff members:

- Marnik van Cauter;
- Laura Dawson;
- Robin Stephen;
- Melissa Oatts
- Luke Senior

The cumulative gross salaries of the key staff members were £197,333. All key management staff, are contractually entitled to an annual salary review. The salary review looks at equivalent marketplace salaries for each role within The trust and assesses where Trust staff are against the marketplace average and whether any adjustments to salaries for specific roles are warranted. Where particular roles may be difficult to recruit for due to locality or required skillsets, this may also be a factor influencing increases to salary

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

Jon Strickland	
Martin Gardner	(Appointed 17 January 2024)
Helmut Huber	
Nicolas Ibanez Scott	(Resigned 18 December 2023)

Statement of Trustees report responsibilities

The Trustees, who are also the directors of The Kilchoan Melfort Trust for the purpose of company law, are responsible for preparing the Trustees Report Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period 13 December 2023 which give a true and fair view of the state of affairs of the and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period 13 December 2023.

In preparing these financial statements, the Trustees are required to:
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

So far as the Trustees are aware, there is no relevant audit 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 he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditor
In accordance with the company's articles, a resolution proposing that Whitelaw Wells be reappointed as auditor of the company will be put at a General Meeting.

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

JH Strickland

[redacted]

Jon Strickland
Trustees

31 March 2026

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE KILCHOAN MELFORT TRUST

Qualified opinion

We have audited the financial statements of The Kilchoan Melfort Trust (the 'group' and the ‘parent charitable company') which comprise the Consolidated Statement of Financial Activities; the Charity of Statement of Financial Activities: the Consolidated Balance Sheet; the Charity Balance Sheet; the Consolidated Statement of Cash Flows; the Charity Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- give a true and fair view of the state of the group and the company's affairs as at 31 December 2024 and of its surplus for the period 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.

Basis for qualified opinion

Included within consolidated tangible fixed assets are assets relating freehold land and buildings, capital improvements, garden and environmental and conservation assets with a carrying value of £19,267,766. In March 2024 these assets were professionally valued as part of a wider estate valuation at £8,640,000. This indicates a permanent diminution in value resulting in the carrying value of the group tangible fixed assets being overstated by £10,627,766.

The charity’s investment in a subsidiary undertaking is carried on the charity’s balance sheet at £23,933,668, however, the balance sheet net asset value of the subsidiary undertaking is materially lower at £17,870,955, before the permanent diminution in value of £10,627,766 noted above. This indicates the carrying value of the investment asset being overstated by £16,690,479 on the charity’s balance sheet.

Trade creditors at 31 December 2023 in a subsidiary undertaking were recognised on a cash basis, rather than an accruals basis. We were unable to obtain sufficient, appropriate evidence to quantify the amount by which creditors and expenditure were both understated as at 31 December 2023.

Trade creditors and fixed assets as at 31 December 2024 were understated in a subsidiary undertaking by £95,000 due to a retention liability not being recognised by the company.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' (who are also directors of the company for the purposes of company law) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report, prepared for the purposes of company law and included in the report of the trustees, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included with the report of the trustees, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, included within Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- Adequate and proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; 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.

Responsibilities of Trustees

As explained more fully in the directors' responsibilities statement set out on page 8, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE KILCHOAN MELFORT TRUST

Auditor's responsibilities for the audit of the financial statements
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations under the Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error.

From enquiries of those charged with governance, it was determined that the risk of material misstatement from fraud was low with little scope for fraud to occur. Our audit testing is designed to detect material misstatements from fraud where there is not high level collusion.

Our audit testing was designed to detect material misstatements from other irregularities that result from error where there is not high level concealment of the error. In this regard the following audit work was undertaken: applicable laws and regulations were reviewed and discussed with management; senior management meeting minutes were reviewed; internal controls were reviewed; and journals were reviewed. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We carried out income testing which was designed to identify any irregularities as a result of simple mistakes or human error. From this audit testing it was determined that the risk of material misstatement in this regard was low.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters
The comparative financial statements are unaudited.

Use of our report
This report is made solely to the charitable company's Trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Cattanach

Kevin Cattanach (Senior Statutory Auditor)
For and on behalf of Whitelaw Wells, Statutory Auditor
Chartered Accountants

9 Ainslie Place
Edinburgh
EH3 6AT

31 March 2026

THE KILCHOAN MELFORT TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONSOLIDATED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD 13 DECEMBER 2023 ENDED 31 DECEMBER 2024

	Notes	Unrestricted funds 2024 £
Income and endowments from:		
Donations and legacies	**3**	31,451,913
Charitable activities	**4**	39,666
Investments	**5**	844,121
Other income	**6**	20,135
Total income		32,355,835
Expenditure on:		
Charitable activities	**7**	8,280,448
Total expenditure		8,280,448
Net income and movement in funds		24,075,387
Reconciliation of funds:		
Fund balances at 13 December 2023		
Fund balances at 31 December 2024		24,075,387

The statement of financial activities includes all gains and losses recognised in the period 13 December 2023. All income and expenditure derive from continuing activities.

The Trust was dormant in the prior period.

STATEMENT OF FINANCIAL ACTIVITIES (CHARITY ONLY)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD 13 DECEMBER 2023 ENDED 31 DECEMBER 2024

	Notes	Unrestricted funds 2024 £
Income and endowments from:		
Donations and legacies	**3**	31,339,954
Investments	**5**	278,980
Other income	**6**	2,532
Total income		31,621,466
Expenditure on:		
Charitable activities	**7**	(1,524,468)
Total expenditure		(1,524,468)
Net income and movement in funds		30,096,998
Fund balances at 13 December 2023		
Fund balances at 31 December 2024		30,096,998

The statement of financial activities includes all gains and losses recognised in the period. All income and expenditure derive from continuing activities.

The Trust was dormant in the prior period.

THE KILCHOAN MELFORT TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £	£
Fixed assets			
Tangible assets	**11**		22,808,712
Current assets			
Stocks	**13**	41,284	
Debtors	**14**	818,982	
Cash at bank and in hand		736,473	
		1,596,739	
Creditors: amounts falling due within one year	**15**	(330,064)	
Net current assets			1,266,675
Total assets less current liabilities			24,075,387
The funds of the			
Unrestricted funds			24,075,387
			24,075,387

The notes on pages 19 to 31 form part of these financial statements.

The financial statements were approved by the Trustees on 31 March 2026

JH Strickland

Jon Strickland
Trustees

Company registration number SC772698 (Scotland)

The Trust was dormant in the prior period.

THE KILCHOAN MELFORT TRUST

CHARITY BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £	£
Fixed assets			
Tangible assets	**11**		4,200,000
Investments	**12**		23,933,668
			28,133,668
Current assets			
Debtors	**14**	1,360,532	
Cash at bank and in hand		576,488	
		1,937,020	
Creditors: amounts falling due within one year	**15**	(33,690)	
Net current assets/(liabilities)			1,903,330
Total assets less current liabilities			30,036,998
General			30,036,998
			30,036,998

The notes on pages 19 to 31 form part of these financial statements.

The financial statements were approved by the Trustees on 31 March 2026

JH Strickland

Jon Strickland
Trustee

Company registration number SC772698

The trust was dormant in the prior period.

THE KILCHOAN MELFORT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD 13 DECEMBER 2023 ENDED 31 DECEMBER 2024

	Notes	2024 £	£
Cash flows from operating activities			
Cash generated from operations	**20**		959,607
Investing activities			
Fixed asset additions		(1,067,256)	
Investment income received		844,122	
Net cash used in investing activities			(223,134)
Net cash generated from financing activities			-
Net increase in cash and cash equivalents			736,473
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			736,473

CHARITY STATEMENT OF CASH FLOWS

FOR THE PERIOD 13 DECEMBER 2023 ENDED 31 DECEMBER 2024

	Notes	2024 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	**20**		297,508
Investing activities			
Investment income received		278,980	
Net cash generated from/(used in) investing activities			278,980
Net cash used in financing activities			-
Net increase in cash and cash equivalents			576,488
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			576,488

1 Accounting policies

Charity information

The Kilchoan Melfort Trust is a charitable company and is registered in Scotland as a company limited by guarantee (company number SC772698) and a charity (charity number SC053005). It was incorporated on 14 June 2023 and prepared dormant accounts in its first period to 12 December 2023. Following its registration as a charity on 13 December 2023, the Trustees extended its accounting period end to 31 December for its first period of activity.

1.1 **Reporting period**

The accounting period has been extended to 31 December 2024. The company was incorporated on 14 June 2023 and prepared dormant accounts in its first period to 12 December 2023. Following its registration as a charity on 13 December 2023, the Trustees extended its accounting period end to 31 December for its first period of activity.

1.2 Accounting convention

The financial statements have been prepared in accordance with the Memorandum and Articles of Association, the Companies Act 2006 the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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)". The is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Trust has availed itself of S396 of the Companies Act 2006, as permitted in paragraph 4(i) of schedule SI 2008 No409, and adapted the Companies Act formats to reflect the special nature of the charity’s activities.

The consolidated Financial Statements include the results of the Trust and its subsidiaries Kilchoan Management Limited (SC516407) and Kilchoan Hydro Limited (SC622551) on a line by line basis.

1.3 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

1.5 Income

Income is recognised when the 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 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.

Assets donated to the Trust are recognised as income and measured at their fair value.

1 Accounting policies **(Continued)**

Investment income is made up of rent receivable.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Nil
Capital improvements	Over 3 years
Plant and equipment	20% reducing balance
Fixtures and fittings	20% reducing balance
Motor vehicles	25% reducing balance
Hydro Scheme	1% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.9 Impairment of fixed assets

At each reporting end date, the reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

1.11 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.

1.12 Financial instruments

The 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 's balance sheet when the 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.

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.

1 Accounting policies (Continued)

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 ’s contractual obligations expire or are discharged or cancelled.

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Critical accounting estimates and judgements

In the application of the ’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.

The Trustees have noted that the charity and group's land and buildings are subject to significant estimate but that the use of underlying assumptions used in these estimates significantly reduces the risk of material misstatement.

3 Income from donations and legacies

Group	**Unrestricted funds 2024 £**
Donations and gifts	31,339,954
Grants	5,462
Other	106,497
	31,451,913

Charity	**Unrestricted funds 2024 £**
Donations and gifts	31,339,954
	31,339,954

Included within donations and gifts are Gift of land by NIS £4,200,000, Deed of land from Drake Aurora Fund £3,146,286 and Gift of KML £23,993,668.

4 Income from charitable activities

Group only	**Unrestricted funds 2024 £**
Sale of electricity	10,117
Feed-in Tariff payment	16,560
Livestock - beef	7,989
Sale of kelp	5,000
	39,666

5 Income from investments

	Unrestricted funds Group 2024 £	Unrestricted funds Charity 2024 £
Rental income	762,690	200,000
Interest receivable	81,431	78,980
	844,121	278,980

6 Other income

Group	Unrestricted funds Group 2024 £	Unrestricted funds Charity 2024 £
Other income	20,135	2,532
	20,135	2,532

7 Expenditure on charitable activities

Group	**2024**
	£
Staff costs	656,880
Depreciation and amortisation	6,301,176
Loss on sale of assets	257,533
Equipment repairs	182,844
Accountancy fees	110,041
Audit fees	25,480
Bank Charges	1,582
Legal and Professional	114,817
Power, Light and Heat	75,902
Veterinary fees	3,138
Transportation	1,298
Other direct costs	7,008
Staff training	19,039
Directors fees	96,000
Commission payable	1,034
Rent	6,715
Rates	18,230
Other charitable expenditure	401,731
	8,280,448
Unrestricted funds	8,280,448

Charity	**2024**
	£
Charitable activities costs	1,240,137
Charity administration service charges	186,021
Accountancy fees	19,290
Audit fees	12,000
Bank Charges	47
Legal and Professional	66,973
	1,524,468
Analysis by fund	
Unrestricted funds	1,524,468

Further analysis of the charitable activities is not provided as the Trustees believe the Charity only has one main activity.

8 Operating Profit

	2024
Operating profit for the year is stated after charging:	£
Fees payable to the compnay's auditor for the audit of the company's financial statements	25,480
Depreciation of owned tangible fixed assets	6,301,176

9 Trustees

During the period, one Trustee, Jon Strickland received renumeration totalling £96,000 for his work of overseeing and managing the estate in accordance with an underlying agreement between him and the subsidiary, Kilchoan Management Limited.

None of the Trustees (or any persons connected with them) received any benefits from the trust during the period.

10 Employees

The average monthly number of employees during the period 13 December 2023 was:

	2024 Number
	17

Employment costs	**2024** **£**
Wages and salaries	587,255
Social security costs	53,266
Pension costs	16,359
	656,880

The Executive Management Team is in attendance at Board meetings and include the following key staff members:

- Marnik van Cauter; (gross salary £44,171)
- Laura Dawson; (gross salary £26,796)
- Robin Stephen; (£36,979)
- Melissa Oatts (£52,974)
- Luke Senior (£36,413

There were no employees whose annual remuneration was more than £60,000, as noted in note 8 directors fees of £96,000 were paid in the year to one Trustee.

11 Tangible fixed assets

Group	Freehold land and buildings	Capital improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Hydro Scheme	Total
	£	£	£	£	£	£	£
Cost							
At 13 December 2023	-	17,329,566	2,894,938	2,683,922	1,096,278	1,576,595	25,581,299
Additions	4,200,000	1,020,977	687,763	12,055	-	-	5,920,795
Disposals	-	(257,533)	-	-	-	-	(257,533)
At 31 December 2024	4,200,000	18,093,010	3,582,701	2,695,977	1,096,278	1,576,595	31,244,561
Depreciation and impairment							
At 13 December 2023	-	3,780	114,524	1,197,489	775,654	43,226	2,134,673
Depreciation charged in the period 13 December 2023	-	5,794,386	72,174	338,420	80,430	15,766	6,301,176
At 31 December 2024	-	5,798,166	186,698	1,535,909	856,084	58,992	8,435,849
Carrying amount							
At 31 December 2024	4,200,000	12,294,844	3,396,003	1,160,068	240,194	1,517,603	22,808,712

Additionally, with plant and machinery is a net book value of £819,769 (2023 £897,391) in relation to artifacts such as paintings, sculptures and other valuable assets.

11 Tangible fixed assets (Continued)

Charity	Freehold land and buildings	Capital improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Hydro Scheme	Total
	£	£	£	£	£	£	£
Cost							
At 13 December 2023						-	
Additions	4,200,000					-	4,200,000
Disposals	-		-	-	-	-	
At 31 December 2024	4,200,000	-	-	-	-	-	4,200,000
Depreciation and impairment							
At 13 December 2023						-	
Depreciation charged in the period 13 December 2023						-	-
Other changes	-	-	-	-	-	-	-
At 31 December 2024	-	-	-	-	-	-	-
Carrying amount							
At 31 December 2024	4,200,000	-	-	-	-	-	4,200,000

12 Fixed asset investments

	Charity 2024 £
Cost or valuation	
At 13 December 2023	-
Investments in subsidiaries	23,933,668
At 31 December 2024	23,933,668
Carrying amount	
At 31 December 2024	23,933,668
At 12 December 2023	-

Further details of the investment holding can be found in note 19.

13 Stocks

	Group 2024 £	Charity 2024 £
Raw materials and consumables	41,284	-

14 Debtors

Amounts falling due within one year:	Group 2024 £	Charity 2024 £
Amounts due from subsidiary undertakings	-	1,360,533
Other debtors	66,982	-
Prepayments and accrued income	752,000	-
	818,982	1,360,533

15 Creditors: amounts falling due within one year

	Group 2024 £	Charity 2024 £
Other taxation and social security	13,902	-
Trade creditors	244,147	-
Accruals and deferred income	72,015	33,690
	330,064	33,690

16 Operating lease commitments

At the reporting end date the company had outstanding commitments for future amounts receivable under operating leases:

16 Operating lease commitments (Continued)

	2024
	£
	1,500,000

The operating lease represents a lease of £750,000 per annum to third parties for the period of three years with two years remaining at the balance sheet date.

17 Related party transactions

During the year Jon Strickland, a trustee, received £96,000 for consultancy work and his wife received £23,952 for accounting and payroll services.

During the year Nicolas Ibanez Scott gifted the Trust the land at Kilchoan, which was worth £4,200,000. Additionally, he was charged rent of £750,000 by Kilchoan Management Limited under a lease of use of the estate and at the year end he owed the company £785,611.

The Drake Foundation, which is Nicolas Ibanez Scott investment vehicle, gifted the Trust the shares in Kilchoan Management Limited worth £23,993,668 and donated cash of £3,146,286. Nothing was due at the year end.

During the year the Trust charged rent of £200,000 to its subsidiary Kilchoan Management Limited and costs recharged £1,240,137 with an administration on service charge of £186,021. At the year end £1,360,533 was due from Kilchoan Management Limited.

18 Ultimate controlling party

No one individual had control of the Trust during the period.

19 Subsidiaries

Details of the 's subsidiaries at 31 December 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Kilchoan Managment Limited	Scotland	Management of Kilchoan Estate and farm.	Ordinary	100.00	
Kilchoan Hydro Limited	Scotland	Operation of a hydro scheme	Ordinary		100.00

Name of undertaking	Profit/(Loss)	Capital and Reserves
Kilchoan Managment Limited	(6,122,713)	17,870,955
Kilchoan Hydro Limited	(5,398)	101,100

20	**Cash generated from operations** **Group**	**2024** **£**
	Surplus for the period	24,075,387
	Adjustments for:	
	Investment income recognised in statement of financial activities	(844,121)
	Loss on disposal of tangible fixed assets	257,533
	Depreciation and impairment of tangible fixed assets	6,301,176
	Donated assets	(28,193,668)
	Other income on consolidation	(106,497)
	Movements in working capital:	
	(Increase) in stocks	(41,284)
	(Increase) in debtors	(818,983)
	Increase in creditors	330,064
	Cash generated from operations	959,607

20	**Cash generated from operations** **Charity**	**2024** **£**
	Surplus for the period	30,096,998
	Adjustments for:	
	Gain on disposal of tangible fixed assets	(278,980)
	Donated assets	(28,193,668)
	Movements in working capital:	
	(Increase) in debtors	(1,360,532)
	Increase in creditors	33,690
	Cash generated from operations	297,508

21 Analysis of changes in net funds/(debt)

The had no material debt during the year.