

Waterfall Fund

Unaudited Financial Statements

31 January 2026

R A CLEMENT ASSOCIATES CHARTERED ACCOUNTANTS

Chartered accountants

5 Argyll Square

Oban

Argyll

PA34 4AZ

Waterfall Fund
Financial Statements
Year ended 31 January 2026

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Waterfall Fund

Trustees' Annual Report

Year ended 31 January 2026

The trustees present their report and the unaudited financial statements of the charity for the year ended 31 January 2026.

Reference and administrative details

Registered charity name	Waterfall Fund
Charity registration number	SC045361
Principal office	An Roth Community Enterprise Centre Craignure Isle of Mull PA65 6AY

The trustees

S Hawkes
J MacInnes
R Marsland
J Menzies
R Gawthrope
C Paton
P Evans
K Nonhebel
J MacLennan
C MacDonald

Appointed 7 July 2026

Independent examiner	Angus MacGillivray FCCA of R A Clement Associates Chartered Accountants 5 Argyll Square Oban Argyll PA34 4AZ
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Structure, governance and management

The charity is constituted as a Scottish Charitable Incorporated Organisation (SCIO) and governed by its written Constitution.

The Waterfall Fund was established as an independent charity by Mull & Iona Community Trust (MICT) in 2015 specifically to receive the net profits from the Garmony Hydro Scheme and to distribute them as grants to community projects on the islands of Mull, Iona and the surrounding small islands, in a fair, open and transparent manner.

There are nine Trustees of the Waterfall Fund, appointed from statutory positions within the local community: Local Authority Councillor, Community Councillors from Mull and Iona, General Practitioner, head teachers, church minister and bank manager plus two co-opted members of the diaspora of Mull and Iona who have strong links to the islands.

The day to day activities of the charity are managed by the co-chairs with regular communication between the whole board with assistance from administrators who are paid directly by Green Energy Mull.

Waterfall Fund

Trustees' Annual Report *(continued)*

Year ended 31 January 2026

Achievements and performance *(continued)*

Investment powers, policy and performance

1 The organisation's purposes are:

- 1.1 The prevention or relief of poverty.
- 1.2 The advancement of education
- 1.3 The advancement of religion
- 1.4 The advancement of health
- 1.5 The advancement of citizenship or community development
- 1.6 The advancement of the arts, heritage, culture or science
- 1.7 The advancement of public participation in sport
- 1.8 The provision of recreational facilities, or the organisation of recreational activities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended.
- 1.9 The advancement of environmental protection or improvement
- 1.10 The relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage

2 The area within which the organisation shall operate (in this constitution referred to as the 'Area of Benefit') shall be the post code districts PA62, PA63, PA64, PA65, PA66, PA67, PA68, PA69, PA70, PA71, PA72, PA73, PA74, PA75 and PA76.

In accordance with the Constitution, the Trustees have the power to invest in such stocks, shares, investments and property in the UK as they see fit. The directors have considered the most appropriate policy for investing funds and have decided that surplus funds should be held in a mixture of current and investment accounts to optimise interest earned and accessibility. This policy is under constant review.

Governance and internal control

Principles of operation of the Waterfall Fund.

- 1. The Waterfall Fund will be registered as a Scottish Charitable Incorporated Organisation (SCIO)
 - 2. The Waterfall Fund will be independent of any other organisation, but as a SCIO will be regulated by the Office of the Scottish Charity Regulator
 - 3. Trustees of the SCIO will be drawn from appointees to positions including (current or retired): Head Teachers, GPs or Community Nurses, Local Councillors, convenors or members of Community Councils, Bank Managers, Ministers or Church Elders, other Elders from any of the islands covered by the Fund
 - 4. Trustees will sign up to a code of conduct
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Waterfall Fund

Trustees' Annual Report *(continued)*

Year ended 31 January 2026

Achievements and performance *(continued)*

5. The Trustees will draw up eligibility criteria for applicants to the Waterfall Fund. These criteria will be reviewed from time to time by the Trustees.

6. The Trustees will draw up priorities for projects and causes that may be supported by the Waterfall Fund. These priorities will be informed by community development plans and also by local knowledge of issues faced within the community. These priorities will be reviewed from time to time by the Trustees

7. The Trustees will consider applications once every four months. This frequency will be reviewed from time to time by the Trustees

8. Grants will be made only once a funding agreement has been signed by the beneficiary

9. Grants will be conditional on monitoring and evaluation reports being provided by beneficiaries, confirming that the monies have been spent and outcomes achieved

Objectives and activities

The objectives of the Trustees in distributing the Waterfall Funds have not altered but there has been a gradual shift.

More money is now paid out to individuals and households – see below. This began during Covid and has continued since with many of those payments now being linked to hardship caused by the rising cost of living, particularly in terms of paying to heat homes, and the costs of washing and cooking. This fits in well with the aims and ethos of Green Energy Mull.

There is also an increasing emphasis on supporting community projects which reduce social isolation of residents and give them opportunities to meet together to chat and eat on a more regular basis. This reflects an increased emphasis on community well-being. Most community halls and hubs now host a Community Café that runs for at least 9 months of each year.

Achievements and performance

In excess of £166,950 was paid out in grants over 2025. This represents an increase over the amount awarded in 2024.

The administrative support provided by MICT (and paid for by Green Energy Mull) enables the Trustees to work efficiently and effectively.

FUEL HARDSHIP AND CRISIS GRANTS

The Trustees continued to prioritise applications from those in Fuel Hardship or personal crisis. These applications can be made at any time and the Trustees aim to respond within two weeks maximum, usually much sooner.

In 2025, £11,500 was paid out for Fuel Hardship to 43 individual households. Most received a minimum payment of £250. Decisions are largely based on trust but proof of residency is asked of new applicants. The Fuel Fund and Crisis Fund applications have been streamlined by putting them online; this allows applicants to receive signposted help more quickly and makes getting help easier for most.

There is a Sub-Committee of three Trustees to consider applications for personal crisis. This is to ensure confidentiality and also to speed up the process of agreement. Crisis payments can be made for a wide variety of reasons e.g. for loss of possessions due to fire, emergency travel expenses due to bereavement, an unexpected set of coincidental expenses in a household. Another £7350 was paid out in Crisis Payments of between £250 and £500. Both funds show a slight decrease in applications for the year.

Waterfall Fund

Trustees' Annual Report *(continued)*

Year ended 31 January 2026

Achievements and performance *(continued)*

JONNY PATON MEMORIAL FUND

Just over £4300 has been paid out from this fund to help young people achieve their goals by contributing to costs associated with a variety of activities, including music tuition, experiences aboard the HWDT Silurian, and attending the Scout Jubilee in Norway.

BUSINESS START-UPS

Business start-ups were more popular over the year, with five applications approved and over £2,000 awarded. Trustees awarded £500 grants to a dog grooming start-up, an electrician setting up shop, and a programme aimed at yoga for children.

MAIN COMMUNITY GRANTS

Seventeen community groups were successful in their funding applications, with almost £56,000 awarded over the year. Projects supported include a community sports bus, a remote beach clean, two Christmas light upgrades, lights for the rugby pitch, art programmes, musical pursuits and equipment for community groups such as archery and a permanent place for woodturning.

DEVELOPMENT/FEASIBILITY GRANTS

Just over £42,870 was paid out to groups looking to explore feasibility and groups looking to upgrade. The projects included a feasibility study to restore bogland, church heating upgrades, refurbishment of buildings to become worker accommodation, and further expansion of Lorn Healthy Options to reach more of our islands' population.

SUSTAINABILITY GRANTS

This year £9,500 was paid out to five individuals and one business. This represents a slight decrease over last year. Grants were awarded for solar energy panels and batteries, insulation, and a home EV charger.

COMMUNITY CAFÉ (WARM SPACES) GRANTS

This year, four Community Café groups applied for and received further funding for year-round events that aim to reduce social isolation. All applications were for continuing events. The Waterfall Fund helped support these ongoing events with £3623.00 awarded.

COMMUNITY HALL HEATING

Again, in response to higher costs of electricity, £1500 (in grants of £500) was paid out to 3 community spaces towards meeting these costs. This is a decrease from the previous year as several spaces have now installed solar panels or upgraded their heating systems, thus reducing their energy consumption and costs.

SCHOOLS GRANT

Schools received two payments over this period. Payments of £14,200 were made in June and then again in January. Schools used these funds to pay for various activities, including residential programmes and outdoor activities. Without these funds, respondents felt that some students would have been excluded from participation due to financial constraints.

ALL PAYMENTS

Almost £150K was paid out to the community in 2025 to support projects that promote sustainability or aim to better life on these islands. This is roughly £25K less than the total money allocated, which is closer to the allocated funding than the previous year. The Trustees are working with admin to boost the visibility of undersubscribed funds, and it is hoped that this gap between available funds and grants awarded continues to shrink.

Waterfall Fund

Trustees' Annual Report *(continued)*

Year ended 31 January 2026

Financial review

The charity achieved a deficit of £108,330 for the year (2025: £76,120) and held funds of £75,790 (2025 £184,093) at the year end.

Reserves

The Trustees have agreed that no formal reserves policy is required but are cognisant of retaining funds sufficient to cover administrative costs and Crisis Funds to cover:

Admin costs average £650/month = £3,900 for 6 months.

Crisis Fund yearly allowance = £5,000

The trustees' annual report was approved on 17 September 2026 and signed on behalf of the board of trustees by:

James MacLennan

James MacLennan
Trustee

Waterfall Fund

Independent Examiner's Report to the Trustees of Waterfall Fund

Year ended 31 January 2026

I report to the trustees on my examination of the financial statements of Waterfall Fund ('the charity') for the year ended 31 January 2026.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 (the '2005 Act') and the Charities Accounts (Scotland) Regulations 2006 (as amended). You are satisfied that your charity is not required by charity law to be audited and have chosen instead to have an independent examination.

I report in respect of my examination of the charity's financial statements as carried out under section 44(1)(c) of the 2005 Act. In carrying out my examination I have followed the requirements of Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent examiner's statement

Since the charity has prepared its accounts on an accruals basis your examiner must be a member of a body listed in Regulation 11(2) of the Charities Accounts (Scotland) Regulations 2006 (as amended). I can confirm that I am qualified to undertake the examination because I am a registered member of the Association of Chartered Certified Accountants which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention giving me cause to believe that in any material respect:

1. accounting records were not kept as required by section 44(1)(a) of the 2005 Act and Regulation 4 of the Charities Accounts (Scotland) Regulations 2006 (as amended); or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Angus MacGillivray

30 September 2026

Angus MacGillivray FCCA
of R A Clement Associates
Chartered Accountants
Independent Examiner

5 Argyll Square
Oban
Argyll
PA34 4AZ

Waterfall Fund

Receipts & Payments Account

Year ended 31 January 2026

		2026		2025
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	4	69,982	69,982	214,830
Total income		<u>69,982</u>	<u>69,982</u>	<u>214,830</u>
Expenditure				
Expenditure on charitable activities	5,6	178,285	178,285	138,710
Total expenditure		<u>178,285</u>	<u>178,285</u>	<u>138,710</u>
Net (expenditure)/income and net movement in funds		<u>(108,303)</u>	<u>(108,303)</u>	<u>76,120</u>
Reconciliation of funds				
Total funds brought forward		184,093	184,093	107,973
Total funds carried forward		<u>75,790</u>	<u>75,790</u>	<u>184,093</u>

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

The notes on pages 9 to 14 form part of these financial statements.

Waterfall Fund

Statement of Balances

31 January 2026

	Note	2026 £	2025 £
Cash at Bank			
Balance b/f		184,093	107,973
Receipts		69,982	214,830
Payments		178,285	138,710
Balance c/f		<u>75,790</u>	<u>184,093</u>
 Assets			
Other debtors		-	-
 Liabilities			
Other creditors		1,200	1,200

These financial statements were approved by the board of trustees and authorised for issue on 17 September 2026 and are signed on behalf of the board by:

James MacLennan

James MacLennan
Trustee

The notes on pages 9 to 14 form part of these financial statements.

Waterfall Fund

Notes to the Financial Statements

Year ended 31 January 2026

1. General information

The charity is a public benefit entity and a registered charity in Scotland and is unincorporated. The address of the principal office is An Roth Community Enterprise Centre, Craignure, Isle of Mull, PA65 6AY.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended).

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Waterfall Fund

Notes to the Financial Statements *(continued)*

Year ended 31 January 2026

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Income

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Waterfall Fund

Notes to the Financial Statements *(continued)*

Year ended 31 January 2026

3. Accounting policies *(continued)*

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Waterfall Fund

Notes to the Financial Statements *(continued)*

Year ended 31 January 2026

3. Accounting policies *(continued)*

Financial instruments *(continued)*

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2026 £	Unrestricted Funds £	Total Funds 2025 £
Donations				
Donations - Green Energy Mull	65,142	65,142	214,805	214,805
Donations - other	4,840	4,840	25	25
	<u>69,982</u>	<u>69,982</u>	<u>214,830</u>	<u>214,830</u>

5. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2026 £	Unrestricted Funds £	Total Funds 2025 £
Main grants	142,985	142,985	93,179	93,179
Warm Spaces	3,623	3,623	6,775	6,775
Fuel Hardship Grants	11,500	11,500	18,175	18,175
Crisis Fund	7,350	7,350	7,250	7,250
Community Hall Heating Assistance	1,500	1,500	3,500	3,500
Support costs	11,327	11,327	9,831	9,831
	<u>178,285</u>	<u>178,285</u>	<u>138,710</u>	<u>138,710</u>

6. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2026 £	Total fund 2025 £
Main grants	142,985	—	—	142,985	93,179
Warm Spaces	3,623	—	—	3,623	6,775
Fuel Hardship Grants	—	11,500	—	11,500	18,175
Crisis Fund	7,350	—	—	7,350	7,250
Community Hall Heating Assistance	1,500	—	—	1,500	3,500
Governance costs	—	—	11,327	11,327	9,831
	<u>155,458</u>	<u>11,500</u>	<u>11,327</u>	<u>178,285</u>	<u>138,710</u>

Waterfall Fund

Notes to the Financial Statements *(continued)*

Year ended 31 January 2026

7. Independent examination fees

	2026 £	2025 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>1,200</u>	<u>900</u>

8. Staff costs

The average head count of employees during the year was Nil (2025: Nil).

No employee received employee benefits of more than £60,000 during the year (2025: Nil).

9. Trustee remuneration and expenses

The charity trustees, were not paid and did not receive any remuneration, benefits in kind or reimbursement of expenses in their capacity as trustee during the year. No trustee received payment for professional or other services supplied to the charity.

10. Analysis of charitable funds

Unrestricted funds

	At 1 Feb 2025 £	Income £	Expenditure £	At 31 Jan 2026 £
General funds	<u>184,093</u>	<u>69,982</u>	<u>(178,285)</u>	<u>75,790</u>

	At 1 Feb 2024 £	Income £	Expenditure £	At 31 Jan 2025 £
General funds	<u>107,973</u>	<u>214,830</u>	<u>(138,710)</u>	<u>184,093</u>

11. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2026 £
Current assets	<u>75,790</u>	<u>75,790</u>

	Unrestricted Funds £	Total Funds 2025 £
Current assets	<u>184,093</u>	<u>184,093</u>

Waterfall Fund

Notes to the Financial Statements *(continued)*

Year ended 31 January 2026

12. Conflicts of interest

The charity operates a policy to deal with potential conflicts of interest. This includes maintaining a register of board members/directors interests and relationship or position with other firms or organisations.

Whenever a board member/director has an interest in any item discussed by the Board, they take no part in the discussions or decision making process.

13. Related parties

The charity identifies related party transactions as those involving trustees, key management personnel, or entities closely connected to them. All such transactions are disclosed unless they are conducted at arm's length and within normal operating procedures. The charity maintains a register of interests and enforces a strict conflict of interest policy to ensure transparency and protect the integrity of decision-making.