COMPANY REGISTRATION NUMBER: SC323252
CHARITY REGISTRATION NUMBER: SC042811

Watermill Foundation Limited

Company Limited by Guarantee

Unaudited Financial Statements

31 May 2026

RITSONS
Chartered Accountants
103 High Street
Forres
IV36 1AA

Watermill Foundation Limited

Company Limited by Guarantee

Financial Statements

Year ended 31 May 2026

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Watermill Foundation Limited

Company Limited by Guarantee

Directors' Annual Report (Incorporating the Director's Report)

Year ended 31 May 2026

The directors, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 May 2026.

Reference and administrative details

Registered charity name	Watermill Foundation Limited
Charity registration number	SC042811
Company registration number	SC323252
Principal office	The Old Mill, Cantray Bridge Cawdor Nairn IV12 5XT
Registered office	20 High Street Royal Bank of Scotland Buildings Nairn IV12 4AX
The directors	Captain A D M McGregor Mrs J M H McGregor Mr M R H Stuart Mrs C E Monro (Retired 31 August 2025) Miss J Ironside
Company secretary	R&R Urquhart
Independent examiner	James Brash, CA 103 High Street Forres IV36 1AA

Structure, governance and management

The charitable company operates as The Highland Cycle Ability Centre.

The charitable company is limited by guarantee. The policies adopted in furtherance of the objects are as detailed in the Company's Memorandum and Articles of Association.

The directors who served during the year are stated above. None of the directors has any beneficial interest in the company. The directors do not receive any remuneration for their services.

The directors have the power to appoint and assume such other directors as they feel necessary for the purposes of the administration of the company.

There is an induction policy for new directors.

The overall management and policy decisions are the responsibility of the directors who are appointed under the terms of the Articles of Association.

Objectives and activities

The company's main objectives are the provision of recreational, educational, therapeutic, and training facilities and activities for improving the conditions of life, through sporting and physical activities, primarily of persons in need by reason of disability or disadvantage, but also of the public at large through promoting and providing a specialist, supported environment together with the facilities, education, training and administration required.

The charitable company runs the Highland Cycle Ability Centre which is an all-abilities cycle track. The aim of the centre is to give everyone a safe and enjoyable place to visit and cycle, regardless of ability. The charitable company has a range of adapted bikes with which to help disabled riders access the track.

Achievements and performance

During the year the directors continued with raising the necessary funds to augment proceeds from the use of the track and the associated facilities, and are satisfied that the financial position of the Foundation is as expected and as planned, namely that the expenditure is as budgeted and that donations from donor trusts and outside sources do not necessarily fit neatly with the Foundation's year end, thus affecting the net income and net movement of funds at year end. The directors consider the position as at 31st May 2026 to be satisfactory.

During the year the Foundation was privileged to receive many donations from various trusts so that it could continue its work, and thus the Foundation was able to maintain not only its stock of specialist cycles, side by side tandems, pedal tricycles, hand operated tricycles, bucket bikes, recumbent as well as family cycles, but has enabled the Foundation, after the acquisition of some electronically assisted cycles to accommodate many children and young adults with special needs on the premises, but also, with the Landrover and special trailer donated to us in a prior year by Highland Cross for transportation, the Foundation has been able to take the special cycles to outlying areas, such as Aberdeenshire, Ross-shire, Sutherland, Moray and Inverness-shire which is hugely successful, the cycles being used by disabled users, children and adults.

Achievements and performance *(continued)*

The track and facilities have been used by 1,715 disabled cyclists, in addition to their able bodied carers, siblings and friends, which added to the other users, brings the total to 3,533 users, is very satisfactory In addition there have been 24 Outreach visits during the period, which has added considerably to the number of cyclists. Although so many local communities ask the Foundation to bring Cycling for the Disabled to their areas, pressure on staff and volunteers has meant that we have had to reduce the number of Outreach visits compared to previous years.

Financial review

The Statement of Financial Activities for the year is set out in the financial statements.

During the year, Watermill Foundation Limited received a total of £3,536 restricted donations. Expenditure related to restricted funds amounted to £738. The net income position was £2,798 which left a restricted funds balance of £6,502.

Unrestricted income totalled £160,165, while total unrestricted expenditure amounted to £132,922 giving net income of £27,243. A balance of £80,712 was left on unrestricted funds.

The directors consider that the performance was in line with projections and the results for the financial year were satisfactory.

Reserve policy

The total balance of reserves held at the year end was £87,214 including restricted balances of £6,502. The level of reserves held can fluctuate as a result of the times of year that donor trusts meet to approve donations. The Foundation has vehicles and cycles that can, very quickly, be turned into cash, if this is required, in addition to the total balance of reserves held.

Plans for future periods

Publicity for the Foundation's Highland Cycle Ability Centre and encouragement for maximum use of the facilities is ongoing. Local schools, cycling clubs, health clubs, as well as the more specialist medical exercise/health clubs are asking us to take the specialist cycles and equipment to outlying areas of the Highlands and Islands. The project is fully staffed.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The directors' annual report was approved on 29/9/26 and signed on behalf of the board of trustees by:

Captain A D M McGregor
Director

Watermill Foundation Limited

Company Limited by Guarantee

Independent Examiner's Report to the Directors of Watermill Foundation Limited

Year ended 31 May 2026

I report on the financial statements for the year ended 31 May 2026, as set out on pages 5 to 15.

Respective responsibilities of directors and examiner

The charity's directors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity directors consider that the audit requirement of Regulation 10(1)(a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the directors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:
(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations

have not been met, or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

James Brash, CA
Independent Examiner

103 High Street
Forres
IV36 1AA

28/9/26

Watermill Foundation Limited

Company Limited by Guarantee

Statement of Financial Activities
(including income and expenditure account)

Year ended 31 May 2026

	Note	2026 Unrestricted funds £	2026 Restricted funds £	2026 Total funds £	2025 Total funds £
Income and endowments					
Donations and legacies	**5**	146,908	3,536	**150,444**	90,379
Other trading activities	**6**	13,010	–	**13,010**	10,016
Other income	**7**	247	–	**247**	4,387
Total income		160,165	3,536	**163,701**	104,782
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	**8**	(16,830)	–	**(16,830)**	(18,424)
Expenditure on charitable activities	**9,10**	(116,092)	(738)	**(116,830)**	(125,484)
Total expenditure		(132,922)	(738)	**(133,660)**	(143,908)
Net income/(expenditure) and net movement in funds		27,243	2,798	**30,041**	(39,126)
Reconciliation of funds					
Total funds brought forward		53,469	3,704	**57,173**	96,299
Total funds carried forward		80,712	6,502	**87,214**	57,173

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 7 to 15 form part of these financial statements.

Watermill Foundation Limited

Company Limited by Guarantee

Statement of Financial Position

31 May 2026

	Note	2026 £	£	2025 £
Fixed assets				
Tangible fixed assets	**15**		**40,247**	62,598
Current assets				
Debtors	**16**	**925**		780
Cash at bank and in hand		**56,443**		7,941
		57,368		8,721
Creditors: amounts falling due within one year	**17**	**(10,401)**		(14,146)
Net current assets			**46,967**	(5,425)
Total assets less current liabilities			**87,214**	57,173
Net assets			**87,214**	57,173
Funds of the charity				
Restricted funds			**6,502**	3,704
Unrestricted funds			**80,712**	53,469
Total charity funds	**19**		**87,214**	57,173

For the year ending 31 May 2026 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

These financial statements were approved by the board of trustees and authorised for issue on 28/9/26, and are signed on behalf of the board by:

Captain A D M McGregor
Director

The notes on pages 7 to 15 form part of these financial statements.

Watermill Foundation Limited

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 May 2026

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is 20 High Street, Royal Bank of Scotland Buildings, Nairn, IV12 4AX. The address of the principal office is The Old Mill, Cantray Bridge, Cawdor, Nairn, IV12 5XT.

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 Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

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

The charity constitutes a public benefit entity as defined by FRS 102.

Going concern

In common with many charities of this scale, operations depend on obtaining an adequate level of grants to fund activities. On this basis the directors will therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

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 directors 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.

3. Accounting policies *(continued)*

Income

All incoming resources are 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.

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.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Cycle track, equipment & bicycles	-	10% straight line
Motor vehicles	-	20% straight line

Financial instruments

The following assets and liabilities are classified as financial instruments - bank, trade debtors, trade creditors and bank loans.

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand held on demand. Bank overdrafts are shown within creditors due within one year.

Trade debtors and creditors are measured at the undiscounted amounts receivable from the customer or payable to a supplier, which is normally the invoiced price.

Trade debtors are assessed at the end of each reporting period for the objective evidence of impairment. If such evidence is found, an impairment loss is recognised in the statement of income and retained earnings.

Loans received from a bank at the market rate of interest are recognised at the amount of cash received from the bank, less separately incurred transition costs.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	**Total Funds 2026 £**
Gifts			
Donations receivable	146,908	3,536	**150,444**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £
Gifts			
Donations receivable	89,879	500	90,379

6. Other trading activities

	Unrestricted Funds £	**Total Funds 2026 £**	Unrestricted Funds £	Total Funds 2025 £
Other activities for generating funds -				
Track Revenue	11,530	**11,530**	8,791	8,791
Outreach revenue	1,480	**1,480**	1,225	1,225
	13,010	**13,010**	10,016	10,016

7. Other income

	Unrestricted Funds £	**Total Funds 2026 £**	Unrestricted Funds £	Total Funds 2025 £
Insurance claim: bike	–	**–**	4,387	4,387
Bank compensation	247	**247**	–	–
	247	**247**	4,387	4,387

8. Costs of raising donations and legacies

	Unrestricted Funds £	**Total Funds 2026 £**	Unrestricted Funds £	Total Funds 2025 £
Costs of raising donations and legacies - Donations	16,830	**16,830**	18,424	18,424

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	**Total Funds 2026 £**
Charitable activity costs	116,092	738	**116,830**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £
Charitable activity costs	125,062	422	125,484

10. Expenditure on charitable activities by activity type

	Activities undertaken directly	**Total funds 2026**	Total fund 2025
	£	**£**	£
Charitable activity costs	116,830	**116,830**	125,484

Included in charitable activity costs were wages and pension contributions of £30,428 (2025 - £50,696), rent and other establishment costs of £13,296 (2025 - £16,851), depreciation of £22,351 (2025 - £23,051), professional fees of £6,497 (2025 - £6,854), repairs and maintenance fees of £30,601 (2025 - £15,983) and other costs of £13,657 (2025 - £12,049).

11. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2026	2025
	£	£
Depreciation of tangible fixed assets	**22,351**	23,051

12. Independent examination fees

	2026	2025
	£	£
Fees payable to the independent examiner for:		
Independent examination of the financial statements	**2,000**	2,000

13. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2026	2025
	£	£
Wages and salaries	**29,784**	50,234
Employer contributions to pension plans	**644**	462
	30,428	50,696

The average head count of employees during the year was 1 (2025: 3).

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

14. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

No trustees expenses have been incurred.

15. Tangible fixed assets

	Cycle track, equipment & bicycles £	Motor vehicles £	Total £
Cost			
At 1 June 2025 and 31 May 2026	458,047	25,374	**483,421**
Depreciation			
At 1 June 2025	395,449	25,374	**420,823**
Charge for the year	22,351	–	**22,351**
At 31 May 2026	417,800	25,374	**443,174**
Carrying amount			
At 31 May 2026	40,247	–	**40,247**
At 31 May 2025	62,598	–	62,598

16. Debtors

	2026 £	2025 £
Prepayments and accrued income	**925**	780

17. Creditors: amounts falling due within one year

	2026 £	2025 £
Bank loans and overdrafts	–	2,000
Accruals and deferred income	**7,190**	9,248
Social security and other taxes	**368**	511
Other creditors	**2,843**	2,387
	10,401	14,146

Interest was payable on the loan at a rate of 2.5%.

18. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £644 (2025: £462).

19. Analysis of charitable funds

Unrestricted funds

	At 1 June 2025 £	Income £	Expenditure £	Transfers £	**At 31 May 2026 £**
General funds	53,469	160,165	(132,922)	–	**80,712**

	At 1 June 2024 £	Income £	Expenditure £	Transfers £	At 31 May 2025 £
General funds	17,308	104,282	(143,486)	75,365	53,469

Restricted funds

	At 1 June 2025 £	Income £	Expenditure £	Transfers £	**At 31 May 2026 £**
Highland Cross : Bergs, Sheds & Landrover	–	–	–	–	–
Youthlink : Bergs & Cycles	–	–	–	–	–
Rotary : Contribution to Tricycle	–	–	–	–	–
Shared Care (Outreach)	–	3,536	–	–	**3,536**
Adventure Track	–	–	–	–	–
Purchase of Cycles	–	–	–	–	–
Hugh Fraser Foundation	–	–	–	–	–
Silverhill Trust	216	–	–	–	**216**
Screwfix Foundation	2,750	–	–	–	**2,750**
Hedley Foundation	500	–	(500)	–	–
North Highlands	238	–	(238)	–	–
	3,704	3,536	(738)	–	**6,502**

	At 1 June 2024 £	Income £	Expenditure £	Transfers £	At 31 May 2025 £
Highland Cross : Bergs, Sheds & Landrover	10,552	–	–	(10,552)	–
Youthlink : Bergs & Cycles	5,703	–	–	(5,703)	–
Rotary : Contribution to Tricycle	150	–	–	(150)	–
Shared Care (Outreach)	–	–	–	–	–
Adventure Track	58,160	–	–	(58,160)	–
Purchase of Cycles	800	–	–	(800)	–
Hugh Fraser Foundation	160	–	(160)	–	–
Silverhill Trust	216	–	–	–	216
Screwfix Foundation	2,750	–	–	–	2,750
Hedley Foundation	500	–	–	–	500
North Highlands	–	500	(262)	–	238
	78,991	500	(422)	(75,365)	3,704

19. Analysis of charitable funds *(continued)*

Highland Cross : Berg, Shed & Landrover - donations toward the purchase of a Berg, Shed and Landrover.

Youthlink : donation towards the purchase of bergs and cycles

Rotary : Contribution towards Tricycle - donation toward the purchase of a tricycle

Adventure Track - donations towards the development and building of an adventure track

Purchase of Cycles - Foundation Scotland and Co-op donations toward the purchase of cycles

The balance remaining on the above funds has been transferred to unrestricted last year as the funds had been spent on fixed assets and the related depreciation was reducing the funds over time. The fixed assets are used for the general purposes of the charity.

Shared Care (Outreach) - costs of visits to and from a local school.

Hugh Fraser Foundation - for the purchase of equipment and tools.

Silverhill Trust - donations towards bikes and helmets.

Screwfix Foundation - to go towards the upgrade of the car park and toilet facilities.

Hedley Foundation - for the purchase of general equipment.

North Highlands - for the refurbishment of the pond.

20. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	**Total Funds 2026 £**
Tangible fixed assets	40,247	–	**40,247**
Current assets	50,866	6,502	**57,368**
Creditors less than 1 year	(10,401)	–	**(10,401)**
Net assets	80,712	6,502	**87,214**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £
Tangible fixed assets	62,598	–	62,598
Current assets	5,017	3,704	8,721
Creditors less than 1 year	(14,146)	–	(14,146)
Creditors greater than 1 year	–	–	–
Net assets	53,469	3,704	57,173

21. Related parties

Two of the directors, Captain A McGregor and Mrs J McGregor, are also directors of Watermill Enterprises Limited, a private company limited by shares. Net expenses of £514 were paid by (2025: £3,039 paid by) Watermill Enterprises Limited during the year. A balance of £2,526 (2025: £2,012) was due to this company at the year end.

Rent of £12,000 (2025 - £12,000) was paid to a business owned by the two directors mentioned above.