

**REGISTERED COMPANY NUMBER: SC201004 (Scotland)**  
**REGISTERED CHARITY NUMBER: SC029471**

**Report of the Trustees and  
Audited Consolidated Financial Statements For The Year Ended 31 October 2011  
for  
Westray Development Trust and Subsidiaries**

The Long Partnership  
Chartered Accountants  
Registered Auditors  
1 Castle Street  
Kirkwall  
Orkney  
KW15 1HD  
01856 878600

## **Westray Development Trust**

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## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 31 October 2011**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 October 2011. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Registered Company number**

SC201004 (Scotland)

##### **Registered Charity number**

SC029471

##### **Registered office**

Hewison Room  
Westray Parish Kirk  
Westray  
Orkney  
KW17 2DB

##### **Trustees**

D A Stephenson	- resigned 28.4.11
A H McVicar	
G Thomson	- resigned 16.3.11
R K Rendall	
S H Rendall	- resigned 24.2.11
Ms C Eden	- resigned 28.4.11
S T Bain	- resigned 29.3.11
D J Baker	- appointed 4.11.10
	- resigned 22.1.12
G W B Costie	- appointed 28.4.11
G Drever	- appointed 28.4.11
Mrs E J Harcus	- appointed 4.11.10
D H Leslie	- appointed 28.4.11
D R Seatter	- appointed 28.4.11
J Drever	- appointed 28.4.11

Alasdair McVicar will be retiring at the next AGM in accordance with the Memorandum and Articles of Association and will not be standing for re-appointment.

##### **Company Secretary**

Mrs E J Harcus

##### **Auditors**

The Long Partnership  
Chartered Accountants  
Registered Auditors  
1 Castle Street  
Kirkwall  
Orkney  
KW15 1HD

## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 31 October 2011**

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Bankers**

The Royal Bank of Scotland  
1 Victoria Street  
Kirkwall  
Orkney  
KW15 1DP

##### **Solicitors**

Lows Orkney  
5 Broad Street  
Kirkwall  
Orkney  
KW15 1DJ

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT GOVERNING INSTRUMENT AND ADMINISTRATIVE STATUS**

Westray Development Trust is a company limited by guarantee, governed by its Memorandum and Articles of Association. The company is registered in Scotland, company number SC201004. It is a registered charity with the Office of the Scottish Charity Regulator (OSCR).

Any person over the age of 18 whose main residence is in Westray and who has an interest in the objects of the Company will be eligible for membership at the discretion of the Board.

The directors have taken advantage of the special exemption conferred by section 60 of the Companies Act 2006 applicable to companies limited by guarantee, allowing them to dispense with the requirement of using the word Limited, or the abbreviated Ltd, after the company name.

##### **Recruitment and appointment of new trustees**

Directors must be members of the Trust.

The Board of Directors shall consist of not more than 15 Directors and not fewer than 9 Directors (unless otherwise determined by special resolution). If possible, the Board of Directors reflects the membership with regard to age and sex. The company may from time to time, by special resolution increase or reduce the number of Directors on the Board. In addition the Board may appoint up to 4 specialist advisers in a non-voting capacity.

At an AGM, the company holds a poll of the members to appoint or reappoint Directors. Any members who have been nominated and seconded will be included in the poll and those members with the highest number of votes cast are appointed as director provided they have received votes from greater than 50% of the members present, with a higher number of votes taking precedence when the full complement of Directors is met.

The Board may at any time appoint any member to be a director to fill a vacancy on the Board.

Directors shall be appointed for a period of 3 years and shall retire but will be eligible for re-election providing that no director serves on the Board for more than six consecutive years without a one year break.

A director is entitled to reasonable remuneration for services actually rendered to the company but may not be paid for being a director.

The Chairman, Vice Chairman, Treasurer, Secretary and such other office bearers as the Board considers appropriate for the next 12 months are appointed from among the directors immediately following the AGM. No office bearers shall serve longer than 3 consecutive years in any one office.

## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 31 October 2011**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Organisational structure**

The board of the Trust consists of between 6 and 15 directors. The Board meets regularly in connection with the affairs of the Trust. Subcommittees are formed with responsibility for various aspects of the running of the specific projects.

##### **Related parties**

Westray Development Trust has 2 wholly owned subsidiaries. Orkney Bio-fuels Limited was developing a fuel substitute and the Trust provided equipment to the company for that purpose. Westray Renewable Energy Limited is a company set up to build and operate a wind turbine in Westray, the profits from which will help to finance the future development of the Trust.

##### **Risk management**

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Trust has been working with its accountants to identify financial risks and implement relevant controls. This process is in progress.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

The objects for which the charity is established are:

- (a) to provide, in the interests of social welfare, facilities for recreation and other leisure time occupation available to the public at large in Westray with a view to improving their conditions of life.
- (b) to advance education and in particular to promote opportunities for learning for the benefit of the general public.
- (c) to protect and preserve the environment for the benefit of the general public.
- (d) to provide or assist in the provision of housing for people in necessitous circumstances within Westray.
- (e) to relieve poverty particularly among the residents of the Island of Westray.
- (f) to promote Westray trade and industry for the benefit of the general public.
- (g) to promote, establish, operate and/or support other schemes and projects of a charitable nature for the benefit of the community of Westray.

In furtherance of these objects the company has the power to promote community enterprises and companies whose activities may further one or more of the above objects or may generate income to support the activities of the Westray Development Trust.

##### **Significant activities**

WDT has experienced several changes during the year 2010-11; the revised system for electing new Directors; the completion of the BIG Lottery projects; the availability for a full year of funds from the Community turbine for investment; the co-operation with the Project Evaluation Group formed at the last AGM to assess and recommend of project proposals. "Successful" is a label that can be put on all of these changes.

Enthusiastic and knowledgeable new directors have broadened the scope of the Trust and working with a similar well informed group in the PEG has led to better awareness of the wishes and needs of the Westray community. New projects covering a wide range of different topics have been funded and have successfully achieved their aims.

Inevitably during the first year of a new process there have been some teething problems but it is a case of learning and incorporating that knowledge into improved procedures. The new Development Plan and the associated Action Plan highlighting priority areas for projects were agreed at the 2011 AGM and have been a source of guidance to both project proposers and the assessment process.

An assessment by Lottery staff of the final report for the Lottery projects was highly complementary. As all externally funded projects were completed during the financial year, the Trust had to move from project associated funding for maintenance of its activities to other sources. WDT is grateful to HIE for assistance in funding the Office Manager post for two years and the Community Development Officer post for one year. Recognising the work load of both posts, the Trust has contributed funds to increase the number of hours of each of these posts.

## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 31 October 2011**

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Present Achievements**

The community turbine has now been up and running for two years and has been producing an income for investment in community projects for a complete year. The formation of the Project Evaluation Group as a community based body independent of WDT to advise on the appropriateness of projects for funding has been very successful in providing a broad awareness and critical assessment of the needs and aspirations of the Westray community. With externally funded projects coming to a conclusion, the emphasis of the work of the Trust has shifted more towards encouraging, assessing and funding local projects. The work of the Community Development Officer has been invaluable in these aspects. Numerous project proposals were submitted for consideration by the PEG and WDT Board and funding approved for a wide range of different sizes and nature of schemes which fitted the aims of the Development and Action Plans to make a difference to Westray. Further project proposals are continually sought from residents of Westray.

The Biofuels project was continued to March 2011 with permission from BIG Lottery in recognition of the Project Officer being required for other duties on the island. It was demonstrated that a high quality fuel could be produced with the equipment and expertise available. In addition to the then absence of staff funding together with problems in relation to Health and Safety Regulations, the lack of mains power on the Gallowhill Biofuels/waste project site and fuel duty complications led to this project being put into abeyance. To hopefully retain the benefits in Westray, steps were initiated to identify a suitable user group on the island. A range of similar problems was experienced with the waste recycling project at Gallowhill and this project was also put into abeyance in March 2011 with alternative users and location then being sought.

A community survey system was initiated for large investment projects and received an excellent return level from the community. While considerable effort was put into replacing the "Auk Club bus" with one with wheelchair access, this was not found to be practical during this year despite acquiring a temporary replacement "Dial-a-Bus". This setback will not prevent us continuing to try to meet this need.

##### **Past Achievements**

The Trust has continued to fill a gap existing in community needs and aspirations between that provided by official bodies such as OIC and the Community Council and the many single interest groups such as sports clubs, age-related associations and other groups active in Westray. Although there is the possibility of some overlap in project areas, this is minimised through consultation and co-operation with the different groups.

The success in meeting many of the highly ambitious objectives contained in the two Community Development Plans which have run their course over the last ten years can be attributed to the dedicated efforts of many Directors and staff employed over the years. The objective to reverse the long-term decline in population previously evident was a main reason for the existence of the Trust. Considerable progress has been made in many projects, e.g. focussing on elderly and young residents, employment, recreation, training, quality of housing and several other areas. The recognition of the difficulty in accessing the increasingly scarce sources of official and grant funding for projects led to the successful acquisition of the community wind turbine. This is expected to provide a secure source of income for approximately 20-25 years.

##### **Performance**

The work of the Trust is overseen by a Board of Directors elected by members at the annual AGM. Progress and performance are assessed at open monthly Board meetings. The trading companies owned by the Trust (Westray Renewable Energy Ltd and Orkney Biofuels Ltd) are similarly responsible to the WDT Board. The general business and administration of the Trust is likewise dealt with at the Board meetings.

Feedback on performance from the residents of Westray is important to the Trust. Minutes of Board meetings have been made available to Westray residents (directly or via the Trust website). To further improve ease of access to information on the ongoing work of the Trust, extracts of Board minutes are published in the monthly "What's On ---" produced by Westray Heritage Trust. The Annual General Meeting of WDT provides members with the opportunity for formal assessment of performance and accountability.

## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 31 October 2011**

#### **ACHIEVEMENT AND PERFORMANCE**

The success of the Trust has been totally dependent on Directors' enthusiasm and willingness to freely devote time for the benefit of Westray. It is essential that new Directors are continually appointed to replace those who have served their maximum permitted term of appointment and to ensure a good cross representation of the views of Westray residents is maintained. Appointment as a Director can only take place at an Annual or Extraordinary General Meeting but within the term of the constitution individuals willing to participate in WDT can do so as a co-opted Director until the next AGM/EGM.

#### **Community and Staff Support**

The Trust is very involved in the community and is dependent on voluntary help from members, Directors and others. Without the volunteers the Trust could not undertake the majority of its activities. It is a partnership in its true sense and increasingly both parts are interdependent. We look forward to continuing the good relations existing between the partners.

May we also take this opportunity to thank all our employees for their contribution to the work of WDT and the projects they are involved in. We hope they continue to enjoy delivering the aims and objectives of the Trust.

#### **FINANCIAL REVIEW**

The Trust has benefited in the current year from the flow of profits generated from its trading subsidiary Westray Renewables Energy Limited. A donation of £92,000 was received during the year. This compensated for a significant drop in grant funding although much of this related to finance for the turbine development undertaken by Westray Renewable Energy Limited.

The surplus in the Trust accounts was reduced following the decision to stop development of the Zero Waste site and the Biofuels project. This led to an impairment review and the value of the assets for these projects being written down to market value on a realisation and not a going concern basis.

The surplus for the Trust in the year amounted to £1,580. The surplus for the Group however amounted to £247,566. The assets of the Group have a book value of approximately £1.5 million of which one third was held as cash in various bank accounts at 31 October 2011.

The Trust is therefore financially healthy and can look ahead to being able to have the resources to fund future developments through the cash generated in the future from the turbine.

#### **FUTURE DEVELOPMENTS**

The year 2010-11 has been financially different as for the first time the Trust has not had to rely on external funding to carry out its functions. The revenue from the Community Wind Turbine has now been available from Westray Renewable Energy in the form of rental for the turbine site, repayment of the loan from WDT used to help purchase the turbine and from gift aid.

The creation of the Project Evaluation Group to advise on appropriate projects to assist with grants or loans has been greatly welcomed and its procedures are evolving based on experiences during its first year of operation.

With the final completion of all funding from Big Lottery for staff funding, development work on associate projects had to cease. Agreement was reached with Energy Action Westray to continue work on the Fuel Poverty project. As no resources were available to continue to staff the biofuels and waste projects, work on these ceased and a decision was made to dispose of the assets in the form of associated equipment, ideally for the benefit of the Westray community.

The financial position of WDT and the wholly owned trading companies WRE and Orkney Biofuels are detailed in the report of the Accountant appended to the Annual Report.

The grateful thanks of the WDT Board go to their Office Manager, Janice Rendall, for her careful day to day and general management of the financial matters of the Trust. Her decision to obtain further qualifications in this field is strongly welcomed and supported.

## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 31 October 2011**

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Westray Development Trust for the purposes of company law) are responsible for preparing the Report of the Trustees 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 year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees (who are also the directors of Westray Development Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 31 October 2011**

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the trustees are aware, there is no relevant 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 that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company`s auditors are aware of that information.

So far as the trustees are aware, there is no relevant 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 that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company`s auditors are aware of that information.

#### **AUDITORS**

The auditors, The Long Partnership, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

#### **ON BEHALF OF THE BOARD:**

A H McVicar - Trustee

25 April 2012

## **Report of the Independent Auditors to the Trustees and Members of Westray Development Trust**

We have audited the financial statements of Westray Development Trust for the year ended 31 October 2011 on pages ten to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and 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. Our audit work has been undertaken so that we might state to the members and the charitable company's members and 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 the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Report of the Independent Auditors to the Trustees and Members of Westray Development Trust**

### **Matters on which we are required to report by exception**

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.

Alan E Long FCA, CTA (Senior Statutory Auditor)  
for and on behalf of The Long Partnership  
Chartered Accountants  
Registered Auditors  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
1 Castle Street  
Kirkwall  
Orkney  
KW15 1HD

30 April 2012

## Westray Development Trust

### Consolidated Statement of Financial Activities For The Year Ended 31 October 2011

	Notes	Unrestricted funds	Restricted funds	31.10.11 Total funds	31.10.10 Total funds
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		11,500		11,500	2,100
Grants Received	4	3,250	44,500	47,750	381,329
Activities for generating funds					
Electricity Generation		596,124		596,124	296,422
Rent Received		500		500	500
Interest		30		30	
<b>Incoming resources from charitable activities</b>					
	5	2,280	288	2,568	3,599
Total incoming resources		613,684	44,788	658,472	683,950
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		107,109	-	107,109	118,968
<b>Charitable activities</b>					
Activities for the benefit of the community		300	2,613	2,913	2,583
General overheads		145,049	79,467	224,516	230,685
Governance costs	7	8,918	2,920	11,838	6,930
Taxation - Subsidiary		64,530	-	64,530	26,000
Total resources expended		325,906	85,000	410,906	385,166
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>					
		287,778	-40,212	247,566	298,784
Gross transfers between funds		85,850	-85,850		
Net incoming/(outgoing) resources		373,628	-126,062	247,566	298,784
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		202,477	1,107,946	1,310,423	1,011,639
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>576,105</b>	<b>981,884</b>	<b>1,557,989</b>	<b>1,310,423</b>

The notes form part of these consolidated financial statements

## Westray Development Trust

### Balance Sheet At 31 October 2011

	Notes	Group 2011 £	Group 2010 £	Charity 2011 £	Charity 2010 £
<b>FIXED ASSETS</b>					
Tangible assets	11	1,500,453	1,613,659	298,082	344,351
Investments	12	2,000	2,000	2,103	2,103
		1,502,453	1,615,659	300,185	346,454
<b>CURRENT ASSETS</b>					
Stocks		7,100	1,600	6,300	800
Debtors: amounts falling due within one year	13	199,901	183,363	78,203	77,362
Debtors: amounts falling due after more than one year	13	6,715	6,715	641,398	703,095
Cash at bank and in hand		557,680	174,996	239,366	76,075
		771,396	366,674	965,267	857,332
<b>CREDITORS</b>					
Amounts falling due within one year	14	127,633	86,602	66,447	6,361
<b>NET CURRENT ASSETS/(LIABILITIES)</b>					
		643,763	280,072	898,820	850,971
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		2,146,216	1,895,731	1,199,005	1,197,425
<b>CREDITORS</b>					
Amounts falling due after more than one year	15	508,227	559,308	-	-
Deferred Tax (Subsidiary)		80,000	26,000	-	-
<b>NET ASSETS</b>					
		1,557,989	1,310,423	1,199,005	1,197,425
<b>FUNDS</b>					
Unrestricted funds		576,105	202,477	217,121	89,479
Restricted funds		981,884	1,107,946	981,884	1,107,946
		1,557,989	1,310,423	1,199,005	1,197,425

The notes form part of these consolidated financial statements

## **Westray Development Trust**

### **Balance Sheet - continued**

**At 31 October 2011**

The Trustees have prepared group accounts in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and associated Charities Accounts (Scotland) Regulations 2006.

These consolidated financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies, the Financial Reporting Standard for Smaller Entities (effective April 2008) and Accounting and Reporting by Charities: Statement of Recommended Practice (the Charities SORP 2005). They constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the Company.

For the year ended 31 October 2011 the company was entitled to exemption under section 477 of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The consolidated financial statements were approved by the Board of Trustees on 25 April 2011 and were signed on its behalf by:

A H McVicar -Trustee

## Westray Development Trust

### Notes to the consolidated financial statements For The Year Ended 31 October 2011

#### 1. ACCOUNTING POLICIES

##### **Accounting convention**

The consolidated financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

##### **Group financial statements**

The financial statements consolidate the results of the charity and all its subsidiaries as listed below, both of which are wholly owned, on a line by line basis. A separate Statement of Financial Activities, and income and expenditure account, for the charity itself are not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

The subsidiaries consolidated are:

Westray Renewable Energy Limited  
Orkney Bio-Fuels Limited

##### **Incoming resources**

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

##### **Resources expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	-2% on cost
Biofuels Equipment	-10% on reducing balance
Equipment	-25% on reducing balance
Turbines	-4% on cost

##### **Taxation**

The charity is exempt from Corporation Tax on its charitable activities.

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the consolidated financial statements.

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Year Ended 31 October 2011

#### 2. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly-owned subsidiaries. A summary of the financial performance of the charity alone is shown below:

	Notes	Unrestricted funds	Restricted funds	31.10.11 Total funds	31.10.10 Total funds
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		103,500	-	103,500	2,100
Grants Received	4	3,250	44,500	47,750	381,329
Activities for generating funds					
Electricity Generation		12,174	-	12,174	1,532
Rent Received		2,900	-	2,900	3,850
Investment income		41,525	-	41,525	35,597
<b>Incoming resources from charitable activities</b>	5	2,280	288	2,568	3,599
Total incoming resources		165,629	44,788	210,417	428,007
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		5,649	-	5,649	5,559
<b>Charitable activities</b>					
Activities for the benefit of the community	6	300	2,613	2,913	2,583
General overheads	6	112,118	79,467	191,585	230,685
Governance costs	7	5,769	2,920	8,689	4,665
Total resources expended		123,836	85,000	208,836	243,492
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>					
Gross transfers between funds		85,850	-85,850	-	-
Net incoming/(outgoing) resources		127,643	-126,062	1,581	184,515
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		89,478	1,107,946	1,197,424	1,012,909
<b>TOTAL FUNDS CARRIED FORWARD</b>		18	217,121	981,884	1,199,005
				1,197,424	



## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Year Ended 31 October 2011

#### 3. ACTIVITIES FOR GENERATING FUNDS – COMMERCIAL TRADING OPERATIONS

The charity has two wholly-owned trading subsidiaries, both incorporated in the United Kingdom. The summary financial performance of the subsidiaries alone is as follows:

	Westray Renewable Energy Limited		Orkney Bio-Fuels Limited	
	2011	2010	2011	2010
	£	£	£	£
Turnover	581,582	291,540	-	-
Cost of sales, administrative costs and interest	270,488	150,676	579	585
Taxation	64,454	26,000	76	-
Net profit/ (loss)	246,640	114,864	(655)	(585)
The assets and liabilities of the subsidiaries were:				
Fixed assets	1,202,371	1,269,308	-	-
Current assets	551,863	272,460	956	1,092
Current liabilities	(163,573)	(138,971)	(2,903)	(2,384)
Long term liabilities	(1,149,626)	(1,262,403)	-	-
Provision for Deferred Tax	(80,000)	(26,000)	-	-
Total net assets	361,035	114,394	(1,947)	(1,292)
Aggregate share capital and reserves	361,035	114,394	(1,947)	(1,292)

#### 4. Grants

Grants received are as follows:

	31.10.11	31.10.10
	£	£
Highlands & Islands Enterprise	39,931	175,698
Awards for All	-	10,000
Scottish Power	-	22,053
Energy Savings Trust	750	165,578
Fairer Scotland Fund	2,500	2,500
Community Energy Scotland	2,330	500
Waste & Resources Action Programme	-	5,000
Ronald Slater	2,239	-
	<u>47,750</u>	<u>381,329</u>

**Westray Development Trust**

**Notes to the consolidated financial statements - continued  
For The Year Ended 31 October 2009**

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	31.10.11	31.10.10
	£	£
Hofn Centre Hires and other income	288	395
Concert Ticket Sales	2,080	3,039
Sundry Other Income	<u>200</u>	<u>165</u>
	<u>2,568</u>	<u>3,599</u>

**6. COSTS OF CHARITABLE ACTIVITIES**

	31.10.11	31.10.10
	£	£
<b>Community operations:</b>		
Hofn Centre overheads	2,913	2,583
	<u>2,913</u>	<u>2,583</u>

	31.10.11	31.10.10
	£	£
<b>General overheads:</b>		
Wages	61,740	59,390
Travel & Subsistence	-	1,324
Insurance	-	66
Small Local projects	47,084	148,618
Donations	10,000	-
Sundries	11,631	10,918
Depreciation - Excluding turbines	60,539	9,442
Loss on Disposal of assets	<u>591</u>	<u>927</u>
	191,585	230,685

**7. GOVERNANCE COSTS**

	Group 31.10.11	Group 31.10.10	Charity 31.10.11	Charity 31.10.10
	£	£	£	£
Professional fees	11,308	6,427	8,159	4,162
PI Insurance	530	503	530	503
	<u>11,838</u>	<u>6,930</u>	<u>8,689</u>	<u>4,665</u>

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Year Ended 31 October 2011

#### 8. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.10.11	31.10.10
	£	£
Depreciation		
Turbines (included in cost of electricity generation)	72,586	69,412
Other assets (included in overheads)	<u>60,538</u>	<u>9,442</u>

#### 9. TRUSTEES' AND DIRECTORS REMUNERATION AND BENEFITS

	31.10.11	31.10.10
	£	£
Directors' remuneration for services provided (subsidiary)	<u>4,166</u>	<u>2,107</u>

No trustee received remuneration as a trustee of Westray Development Trust.

##### Trustees' Expenses

The following expenses were reimbursed to Trustees in the year:

Name of Trustee	Nature of expense reimbursed	Amount
		£
David Stephenson	Travel and subsistence	101
D Baker	Travel and subsistence	29

#### 10. STAFF COSTS

	31.10.11	31.10.10
	£	£
Wages and salaries	57,682	56,294
Social security costs	<u>4,058</u>	<u>3,096</u>
	<u>61,740</u>	<u>59,390</u>

The average monthly number of employees during the year was as follows:

	31.10.11	31.10.10
Average number of staff	<u>5</u>	<u>6</u>

**Westray Development Trust**

**Notes to the consolidated financial statements - continued  
For The Year Ended 31 October 2011**

**11. TANGIBLE FIXED ASSETS**

	<b>Freehold property £</b>	<b>Biofuels £</b>	<b>Equipment £</b>
<b>COST</b>			
At 1 November 2010	182,326	61,949	15,762
Additions	-	-	381
Disposals	<u>-</u>	<u>-</u>	<u>(5,238)</u>
At 31 October 2011	<u>182,326</u>	<u>61,949</u>	<u>10,905</u>
 <b>DEPRECIATION</b>			
At 1 November 2010	5,760	22,497	11,793
Charge for year	1,440	37,453	1,048
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(4,647)</u>
At 31 October 2011	<u>7,200</u>	<u>59,950</u>	<u>8,194</u>
 <b>NET BOOK VALUE</b>			
At 31 October 2011	<u>175,126</u>	<u>1,999</u>	<u>2,711</u>
At 31 October 2010	<u>176,566</u>	<u>39,452</u>	<u>3,969</u>
 <b>Turbines</b>			
	<b>Turbines £</b>	<b>Zero Waste Centre £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 November 2010	1,477,293	13,989	1,751,319
Additions	3,022	17,106	20,509
Disposals	<u>-</u>	<u>-</u>	<u>(5,238)</u>
At 31 October 2011	<u>1,480,315</u>	<u>31,095</u>	<u>1,766,590</u>
 <b>DEPRECIATION</b>			
At 1 November 2010	97,112	498	137,660
Charge for year	72,586	20,597	133,124
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(4,647)</u>
At 31 October 2011	<u>169,698</u>	<u>21,095</u>	<u>266,137</u>
 <b>NET BOOK VALUE</b>			
At 31 October 2011	<u>1,310,617</u>	<u>10,000</u>	<u>1,500,453</u>
At 31 October 2010	<u>1,380,181</u>	<u>13,491</u>	<u>1,613,659</u>

Included in turbines shown above is the Gallowhill wind turbine owned by Westray Renewable Energy Limited at a cost of £1,338,324 and depreciation to date of £135,952. Included in cost or valuation of land and buildings is freehold land of the charity of £110,324 (2010 - £110,324).

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Year Ended 31 October 2011

#### 12. FIXED ASSET INVESTMENTS

The charity has two wholly owned subsidiaries, both of which are incorporated in the United Kingdom. The results of the Companies are shown in note 3.

##### **Westray Renewable Energy Limited**

Country of incorporation: Scotland

Nature of business: Wind energy production (in development)

Holding: 100 Ordinary shares of £1 each

##### **Orkney Bio-Fuels Limited**

Country of incorporation: Scotland

Nature of business: Production of organic road fuel substitute

Holding: 3 Ordinary shares of £1 each

##### **Other Investment**

In addition the charity has purchased 2000 Ordinary £1 Shares in Westray Processors Ltd, an Industrial and Provident Society registered in Scotland. This represents a small shareholding in Westray Processors Ltd.

#### 13. DEBTORS

	Group 31.10.11	Group 31.10.10	Charity 31.10.11	Charity 31.10.10
	£	£	£	£
Amounts falling due within one year				
Trade debtors	176,711	148,506	323	759
Amounts owed by group undertakings	-	-	61,709	61,115
Other debtors and prepayments	23,190	34,857	16,171	15,488
	199,901	183,363	78,203	77,362
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	641,398	703,095
Triodos Bank Bond	6,715	6,715	-	-
Aggregate amounts	206,616	190,078	719,601	780,457

#### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31.10.11	Group 31.10.10	Charity 31.10.11	Charity 31.10.10
	£	£	£	£
Amount owing to Group Undertakings	-	-	43,583	-
Other creditors	64,532	22,502	22,666	5,793
Credit card	198	568	198	568
Bank Loan (Secured)	61,194	61,838	-	-
Director's Loan	1709	1,694	-	-
	127,633	86,602	66,447	6,361

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Year Ended 31 October 2011

#### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 31.10.11 £	Group 31.10.10 £	Charity 31.10.11 £	Charity 31.10.10 £
Bank Loan (Secured)	508,227	559,308	-	-
	<u>508,227</u>	<u>559,308</u>	<u>-</u>	<u>-</u>
Bank Loan (repayable by instalment):				
Current liability	61,194	61,838	-	-
Repayable in 1 - 2 years	61,194	61,838	-	-
Repayable in 2 - 5 years	179,542	160,965	-	-
Repayable in more than 5 years	267,491	336,505	-	-
	<u>569,421</u>	<u>621,146</u>	<u>-</u>	<u>-</u>

#### 16. SECURED DEBTS

The following secured debts are included within creditors:

	Group 31.10.11 £	Group 31.10.10 £	Charity 31.10.11 £	Charity 31.10.10 £
Triodos Bank BV	569,421	621,146	-	-

Triodos Bank BV has a bond and floating charge over all property and assets of Westray Renewable Energy Limited and a standard security over land in Westray. Triodos Bank BV also has security over the whole issued share capital of the company (share pledge) and has conditional contractual rights in connection with material contracts undertaken by Westray Renewable Energy Limited.

#### 17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.10.11 Total funds	31.10.10 Total funds
Fixed Assets	1,341,015	159,438	1,500,453	1,613,659
Investments	2,000		2,000	2,000
Current assets	(51,114)	822,508	771,396	366,674
Current liabilities	(127,569)	(62)	(127,633)	(86,602)
Long Term Liabilities and Deferred Taxation	(588,227)	-	(588,227)	(585,308)
	<u>576,105</u>	<u>981,884</u>	<u>1,557,989</u>	<u>1,310,423</u>

**Westray Development Trust**

**Notes to the consolidated financial statements - continued  
For The Year Ended 31 October 2011**

**18. MOVEMENT IN CHARITABLE FUNDS**

	At 1.11.10 £	Net movement in funds £	Transfers between funds £	At 31.10.11 £
<b>Unrestricted funds</b>				
General fund	89,478	41,793	85,850	217,121
<b>Restricted funds</b>				
Hofn Centre & Bus	4	(5,944)	5,940	-
Young Roots	527	-	(527)	-
Quoygrew	121	-	(121)	-
Other Renewables Development	2,926	-	(2,926)	-
Capital Funds	912,740	12,525	(111,149)	814,116
Winter Workshops	901	-	(901)	-
Big Lottery	116,417	(15,652)	34,434	135,199
Energy Surveys	40,813	(30,213)	(10,600)	-
Zero Waste	14,974	-	-	14,974
EST - 9 Houses	18,523	(928)	-	17,595
	<u>1,107,946</u>	<u>(40,212)</u>	<u>(85,850)</u>	<u>981,884</u>
<b>TOTAL FUNDS</b>	<u><u>1,197,424</u></u>	<u><u>1,581</u></u>	<u><u>-</u></u>	<u><u>1,199,005</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	165,629	(123,836)	41,793
<b>Restricted funds</b>			
Capital Funds	12,469	56	12,525
Hofn Centre & Bus	2,526	(8,470)	(5,944)
Big Lottery	29,793	(45,445)	(15,652)
Energy Surveys	-	(30,213)	(30,213)
EST - 9 Houses	-	(928)	(928)
	<u>44,788</u>	<u>(85,000)</u>	<u>(40,214)</u>
<b>TOTAL FUNDS</b>	<u><u>210,417</u></u>	<u><u>(208,836)</u></u>	<u><u>1,581</u></u>

## **Westray Development Trust**

### **Notes to the consolidated financial statements - continued For The Year Ended 31 October 2011**

#### **19. CONTINGENT LIABILITIES**

##### **Charity**

Contingent liabilities exist in respect of grants received from various bodies which could become repayable if the conditions relating to the payment of these grants are not met.

#### **20. RELATED PARTY DISCLOSURES**

Expenses were paid by Westray Development Trust to Trustees as disclosed in note 9.

#### **21. APB ETHICAL STANDARD – PROVISIONS AVAILABLE FOR SMALL ENTITIES**

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

#### **22. ULTIMATE CONTROLLING PARTY**

Westray Development Trust is a Company limited by guarantee with no share capital. It is controlled by its members in accordance with the Memorandum and Articles of Association.



## Westray Development Trust

### Detailed Consolidated Statement of Financial Activities For The Year Ended 31 October 2011

	31.10.11 £	31.10.10 £
<b>INCOMING RESOURCES</b>		
Incoming resources from generated funds		
Grants	47,750	381,329
Donations	11,500	2,100
<b>Activities for generating funds</b>		
Electricity generation - Charity	14,575	1,532
Electricity generation - Subsidiary	581,549	294,890
Rent received	500	500
Charitable activities		
Hofn Centre hires and other income	286	395
Sundry income	2,312	3,204
<b>Total incoming resources</b>	<u>658,472</u>	<u>683,950</u>
<b>RESOURCES EXPENDED</b>		
Electricity generation	107,109	118,968
Charitable activities:		
Community operations		
Hofn Centre overheads	2,913	2,583
General overheads		
Wages	61,740	59,390
Insurance	-	66
Travel & Subsistence	-	1,324
Sundries	11,631	10,918
Local projects	47,084	148,618
Donations	13,440	-
Interest Payable	29,491	-
Depreciation of freehold property	1,440	1,440
Depreciation of biofuels equipment	37,454	6,377
Depreciation of other of equipment	1,048	1,625
Depreciation of zero waste equipment	20,597	-
Losses on disposal	591	927
<b>Governance costs</b>		
Professional fees	11,308	6,427
PI Insurance	530	503
<b>Taxation (Westray Renewable Energy Limited)</b>		
Deferred Tax	54,000	26,000
Corporation Tax	10,530	-
<b>Total resources expended</b>	<u>410,906</u>	<u>385,166</u>
Net incoming/(outgoing) resources	<u>247,566</u>	<u>298,784</u>

This page does not form part of the statutory financial statements