

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

**Report of the Trustees and  
Audited Consolidated Financial Statements For Year Ended 30 June 2014  
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**

**Contents of the Financial Statements  
For The Year Ended 30 June 2014**

	Page
Report of the Trustees	1 to 7
Independent Auditors Report	8 to 9
Consolidated Statement of Financial Activities	10
Consolidated Balance Sheet	11 to 12
Notes to the Financial Statements	13 to 23
Detailed Consolidated Statement of Financial Activities	24

## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 30 June 2014**

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 30 June 2014. 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**  
Unit 1  
Quarry Road  
Westray  
Orkney  
KW17 2DF

#### **Trustees**

G W B Costie	Fisherman	
G Drever	Farmer	
Mrs E J Harcus	-	
D H Leslie	Farmer	
D R Seatter	Water Treatment Operator	
J P M Bews	Farmer	
Mrs M Hutchison	Administration Assistant	- resigned 1.9.14
D Harcus (Chairman)	Building Contractor	
P Needham	Retired	- appointed 28.11.13

**Company Secretary**  
Mrs E J Harcus

**Senior Statutory Auditor**  
Alan E Long FCA, CTA

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

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

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2014**

#### **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. No paid employee of the Company may become a member.

The directors have taken advantage of the special exemption conferred by section 30 of the Companies Act 1985 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 but must not be employees of the Trust.

Directors are nominated and are required to get the support of over 50% of the voting membership at an AGM provided that they have first been nominated and seconded. In addition the Board may appoint directors at other times to fill a vacancy. Directors are appointed for a period of 3 years and after 3 years is eligible for re-appointment at an AGM provided that no Director serves more than 6 consecutive years.

The Board has the right to appoint up to 4 special advisers to the Board. They have the right to attend Board meetings and to speak but cannot vote.

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 to 30 June 2014**

#### **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.

Westray Renewable Energy Limited is a company operating a wind turbine in Westray. Profits from the company are subject to Corporation Tax, just like any other trading company. The tax is being eliminated by careful planning of Charitable Donations to Westray Development Trust and claiming just enough capital allowances on the cost of the equipment.

Westray Enterprise CIC was incorporated on 30 November 2012 to be the company through which surplus funds could be used to create new enterprises in Westray. Activity is presently not significant.

##### **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**

##### **Adoption of New Articles of Association**

An Extraordinary meeting of Westray Development Trust was held in Westray on 28 August 2014 and voted to adopt new Articles of Association. The new Articles are effective from that date.

##### **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 regenerate the community of Westray by the maintenance or improvement of the physical, social and economic infrastructure.
- (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**

During the year, the Trust reviewed staffing within the organisation and this led to the cessation of the Community Development Officer post. A new role was created within the organisation, Operations Manager and this post commenced in April 2014.

To bring the company in line with the Companies Act 2006, a review of the governing document was undertaken and the proposed document was put to the AGM in November. However, this document was not accepted by the full membership and therefore further amendments were made. The new document is to be put to the membership by EGM, post year end.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2014**

#### **Significant activities - continued**

WDT has provided funding to two local groups to enable them to employ people to bring their projects forward; firstly, Westray Heritage Trust received the first of three payments of £10,000 for wages for an employee to take forward their application for Museum Accreditation. Westray Golf Club received the first of two payments of £8000 for wages for a green keeper; this is a continuation of the golf course redevelopment project which WDT contributed to. The creation of jobs within Westray is something that WDT is keen to support.

WDT continues to support learning and education within the island and is supporting a learning centre co-ordinator post. This post initially ran for a 6 month trial and was seen as successful and therefore, the funding has been guaranteed for a further year.

WDT secured funding for a business review at Westray Processors Ltd which has been enormously successful. Work is continuing on projects such as a quarry and a bulk buying electricity scheme

#### **Grant Making**

The Project Evaluation Group (PEG) was set up to consider applications for assistance either from the Trust itself or from outside and to make recommendations to the Board of Westray Development Trust who will make the final decision.

There are generally four funding rounds each year with published application deadlines one month before each PEG meeting. Applications are in writing with sufficient information for the PEG to make recommendations to the Trust board. Decisions are made in writing and come from the Trust board.

Recommendations are made by the PEG with sufficient detail to enable the Trust board to make the final decision and these recommendations may also include conditions regarding the use of the funds.

There are broadly 2 classes of application:

1. The Small Grants scheme - this is open to applications for projects that benefit Westray from Westray residents and Westray based groups and is for funding between £50 and £1000 per project.
2. Larger projects - These can be projects that the Trust can develop or applications for funding for larger independent projects. These projects will be assessed on the basis of a number of criteria including community benefit, community support for the idea, consistency with the community plan priorities, impact on other organisations, businesses and projects, feasibility, value for money, evidence of efforts to obtain alternative finance, and whether the project is allowable under the terms of the Trusts constitution.

#### **Volunteers**

The Trust is very involved in the community and is dependent on voluntary help from members, Directors and others. Without these volunteers the Trust could not undertake the majority of its activities.

### **ACHIEVEMENT AND PERFORMANCE**

The Trust looks to continually build on its past achievements and to learn from activities which have not had the same level of success and then to bring about any changes necessary. The best measure of performance is how the Trust is considered by the residents of Westray and how projects have contributed to the vision set by the community that led to the formation of WDT. It is always worth quoting this as a reminder of the central reason for the existence of the Trust, whether it continues to have the correct focus and as a yardstick of how successful it continues to be:

*“To develop the economic, social and cultural sustainability of our community by harnessing the quality of our resources, people and island environment.”*

Certainly looking back the Trust has been directly and indirectly involved in many large and smaller projects which have contributed to the environment, economic viability and educational benefits of the community. With Community Turbine revenue now available and the responsibility of managing the funds strictly in accordance with charities regulations the extent of responsibilities has changed to some extent, but the central objectives remain the same.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2014**

#### **ACHIEVEMENT AND PERFORMANCE Continued**

WDT has helped several groups and projects throughout the year with funding from the community turbine. The list of successful applicants is extensive: Westray Heritage Trust, Westray & Papa Westray Tourist Association, Westray Sports club, Westray Junior High School, Friends of Kalisgarth, Tuesday Night Singers, Westray Nursery, Island Picnic Group, Westray Swim Club, Westray Golf Club, Westray Processors. WDT has worked in partnership with Westray Community Council, Orkney College and Orkney Islands Council. As well as small projects and small grants, there have been a huge number of successful training grant applications.

Progress has been made on most of the key themes identified in the Framework for Community Development document.

The work of the Trust is overseen by a Board of Directors elected by members at the Annual General Meeting. Progress and performance are assessed at open monthly Board meetings. The trading companies owned by the Trust (Westray Renewable Energy Ltd and Westray Enterprise CIC) 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, a monthly report is included in the 'What's On, Aff, Been in Westray' newsletter produced by Westray Heritage Trust. The Annual General Meeting of WDT provides members with the opportunity for formal assessment of performance and accountability.

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.

#### **FINANCIAL REVIEW**

##### **Reserves Policy**

Westray Development Trust operates two types of Reserve. A General Reserve with a balance at the year end of £877,233 (2013- £798,154), is used to fund day to day operations, and a Restricted Reserve with a balance at the year end of £1,151,367 (2013- £1,092,677) which has been received for specific purposes or projects. The Restricted Reserve is subdivided into funds that reflect the purpose for which the finance was received and any conditions attached to its use.

The increase in reserves and in particular the availability of cash from turbine generation will assist the members of the Trust to meet their objectives, which primarily focuses upon the promotion of trade and industry for the benefit of the general public on Westray. The Board are actively seeking projects that benefit the Island of Westray and fit the criteria for assistance.

Donations were received in the year from Westray Renewable Energy Limited amounting to £200,000. Apart from this, the Trust's income was largely from grants and these amounted to £62,344 for the development of the golf course. The other Trust income is the usual mixture of rent and loan interest from Westray Renewable Energy Limited, electricity generation from small turbines operated by the Trust, Hofn takings etc. The Trust is showing a substantial surplus because of funds transferred from WRE.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2014**

#### **Post Balance Sheet Events**

As stated earlier, the new format Articles of Association was approved by the membership at the EGM in August. This included the inclusion of two new charitable aims: to advance the arts, heritage, culture and science and to relieve those in need by reason of age, ill-health, disability, financial hardship or other hardship (includes relief given by the provision of accommodation and care).

WDT has secured funding through Highlands & Islands Enterprise for the creation of a Tourism Development Officer post. This will be part funded by the Trust and HIE with a contribution from the Westray and Papa Westray Tourist Association.

The Board of Directors took the decision to move £700,000 of funds to an interest paying account. These funds aren't required immediately but it is likely they will be needed in the near future and therefore, in order to make best use of the funds, they have been moved to a 90 day access account. The interest will be used in furtherance of the objects of the Trust.

#### **Funds in deficit**

A small number of funds were in deficit at the balance sheet date. In each case there are temporary balances arising from timing differences and will be reversed in the following year.

#### **FUTURE DEVELOPMENTS**

The Trust is meeting with Orkney Islands Council to try and gauge the need for housing on the island. It is envisaged that WDT will work in partnership with OIC and Orkney Housing Association Ltd to possibly develop a housing project depending on the need that is addressed.

Work is continuing on the development of an electricity bulk buying scheme or similar project.

WDT is working in partnership with Westray Community Council to develop Chapel of Rest facilities on the island. This could involve the conversion of an existing building which WDT has committed funding to.

#### **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.



## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2014**

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.

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.

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:**



D Marcus - Chairman

7 October 2014

## **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 30 June 2014 on pages 10 to 23. 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 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 set out on page four, 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, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 22 to the financial statements

### **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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 30 June 2014 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 from the requirement to prepare a Strategic Report or 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

7 October 2014

**Westray Development Trust**

**Consolidated Statement of Financial Activities  
For The Year Ended 30 June 2014**

	Notes	Year Ended			
		Unrestricted funds £	Restricted funds £	30.06.14 Total funds £	30.06.13 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		-	8,686	8,686	53,140
Grants Received	4	-	56,458	56,458	78,416
Activities for generating funds:					
Electricity generation		587,900		587,900	546,631
Investment and other income	5	5,014	4,080	9,094	2,345
Total incoming resources		592,914	69,224	662,138	680,532
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		121,298		121,298	182,901
<b>Charitable activities</b>					
General overheads	6	141,435	19,847	161,282	118,297
Governance costs	7	11,316		11,316	17,628
Taxation – Subsidiary		0		0	0
Total resources expended		274,049	19,847	293,896	318,826
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>					
		318,865	49,377	368,242	361,706
Gross transfers between funds		(9,312)	9,312	-	-
Net incoming/(outgoing) resources		309,553	58,689	368,242	361,706
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		1,197,841	1,092,678	2,290,519	1,928,813
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,507,394</b>	<b>1,151,367</b>	<b>2,658,761</b>	<b>2,290,519</b>

The notes form part of these consolidated financial statements

**Westray Development Trust**

**Balance Sheet  
At 30 June 2014**

	Notes	Group 30.06.14 £	Group 30.06.13 £	Charity 30.06.14 £	Charity 30.06.13 £
<b>FIXED ASSETS</b>					
Tangible assets	11	1,494,615	1,555,810	470,442	464,021
Investments	12	2,000	2,000	2,200	2,200
		<u>1,496,615</u>	<u>1,557,810</u>	<u>472,642</u>	<u>466,221</u>
<b>CURRENT ASSETS</b>					
Stocks		6,000	6,300	6,000	6,300
Debtors: amounts falling due within one year	13	146,378	145,753	135,620	126,159
Debtors: amounts falling due after more than one year	13	65,715	66,715	517,814	594,253
Cash at bank and in hand		1,395,764	1,014,054	953,751	753,335
		<u>1,613,857</u>	<u>1,232,822</u>	<u>1,613,185</u>	<u>1,480,047</u>
<b>CREDITORS</b>					
Amounts falling due within one year	14	93,054	80,012	57,227	55,191
		<u>1,520,803</u>	<u>1,152,810</u>	<u>1,555,958</u>	<u>1,424,856</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>					
		<u>3,017,418</u>	<u>2,710,620</u>	<u>2,028,600</u>	<u>1,891,077</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>CREDITORS</b>					
Amounts falling due after more than one year	15	358,657	420,101	-	-
		<u>2,658,761</u>	<u>2,290,519</u>	<u>2,028,600</u>	<u>1,891,077</u>
<b>NET ASSETS</b>					
<b>FUNDS</b>					
Unrestricted funds		1,507,394	1,197,841	877,233	798,154
Restricted funds		1,151,367	1,092,678	1,151,367	1,092,677
		<u>2,658,761</u>	<u>2,290,519</u>	<u>2,028,600</u>	<u>1,890,831</u>

The notes form part of these consolidated financial statements

**Westray Development Trust**

**Balance Sheet – continued  
At 30 June 2014**

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.

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 7 October 2014 and were signed on its behalf by:



D Marcus - Chairman

## Westray Development Trust

### Notes to the consolidated financial statements For The Year Ended 30 June 2014

#### 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

Westray Enterprise CIC

##### 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. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of donations and donated assets and is included in the Statement of Financial Activities when receivable. Donated assets are capitalised at a value equivalent to market value at the date of donation.

Investment income comprises interest receivable on loaned funds to a wholly owned subsidiary. Interest is charged at a commercial rate.

Incoming resources from charitable activities comprises grants received related to a specific service to be carried out by the charity. These are accounted for as the charity earns the right to consideration by its performance.

##### 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

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions are not capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property (Buildings)	-2% on cost
Equipment	-25% on reducing balance
Turbines	-4% on cost

Investments held as fixed assets are valued at cost in accordance with company accounting requirements.

## **Westray Development Trust**

### **Notes to the consolidated financial statements - continued For The Year Ended 30 June 2014**

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Taxation**

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

#### **Irrecoverable VAT**

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

#### **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 financial statements.



## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2014

#### 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 £	30.06.14 Total funds £	30.06.13 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Gift Aid donation from subsidiary		200,000		200,000	665,000
Other voluntary income		-	8,686	8,686	53,141
Grants Received	4	-	56,458	56,458	78,416
Activities for generating funds					
Electricity Generation		4,276		4,276	11,648
Rent Received		3,700		3,700	2,900
Interest received from subsidiary		32,034		32,034	35,769
Other incoming resources		3,750	4,080	7,830	1,668
Total incoming resources		243,760	69,224	312,984	848,543
<b>RESOURCES EXPENDED</b>					
<b>Charitable activities</b>					
Overheads		146,458	19,846	166,304	130,883
Governance costs	7	8,911	-	8,911	14,225
Total resources expended		155,369	19,846	175,215	145,108
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>					
		88,391	49,378	137,769	703,435
Gross transfers between funds		(9,312)	9,312		
Net incoming/(outgoing) resources		79,079	58,690	137,769	703,435
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		798,154	1,092,677	1,890,831	1,187,396
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>877,233</b>	<b>1,151,367</b>	<b>2,028,600</b>	<b>1,890,831</b>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2014

#### 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:

	WRE Ltd		WE CIC Ltd	
	30.06.14	30.06.13	30.06.14	30.06.13
	£	£	£	£
Turnover	583,624	534,983	0	0
Cost of sales, administrative costs and interest	97,606	146,658	896	4,748
Charitable donations paid to WDT	200,000	665,000	0	0
Net profit/ (loss)	286,018	(276,675)	(896)	(4,748)
The assets and liabilities of the subsidiaries were:				
Fixed assets	1,023,949	1,090,865	225	920
Current assets	580,218	399,858	0	0
Current liabilities	(150,789)	(132,082)	(5,769)	(5,568)
Long term liabilities	(817,473)	(954,355)	0	0
Total net assets	635,905	404,286	(5,544)	(4,648)
Aggregate share capital and reserves	635,905	404,286	(5,544)	(4,648)

#### 4. Grants

Grants received are as follows:	30.06.14	30.06.13
	£	£
OIC	56,458	44,417
Highlands & Islands Enterprise	-	13,999
Big Lottery	-	10,000
Awards For All	-	10,000
	<u>56,458</u>	<u>78,416</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2014

#### 5. INVESTMENT AND OTHER INCOME

	30.06.14	30.06.13
	£	£
Hofn Centre	223	303
Interest Received – Commercial lending	1,380	-
Interest received – bank deposits	214	177
Rent	1,300	500
Dividend - Westray Processors	120	180
Sundry other income	<u>5,857</u>	<u>1,185</u>
	<u>9,094</u>	<u>2,345</u>

#### 6. COSTS OF CHARITABLE ACTIVITIES

	30.06.14	30.06.13
	£	£
<b>General overheads:</b>		
Wages	56,957	62,284
Grants and donations (see below)	62,453	18,459
Other	29,629	29,559
Depreciation – Excluding turbines	11,849	6,562
(Profit) / Loss on disposal of assets	<u>394</u>	<u>1,433</u>
	<u>161,282</u>	<u>118,297</u>

Grants and donations include the following payments made by Westray Development Trust:

Westray Golf Club	Overheads (Wages)	£ 8,000
Westray Heritage Trust	Worker Museum Accreditation	10,000
M & J Harcus	Bus driver training course	2,000
Westray Community Council	Stone Chippings Scheme	3,332
Westray Junior High School	Poland project	6,100
Westray Processors Ltd	Donation of electricity	11,500
Friends of Kalisgarth	Donation of funds generated by turbine	3,287
Westray Processors	Feasibility Study	9,174
Other small grants and donations	Various	9,060
		<u>62,453</u>

**Westray Development Trust**

**Notes to the consolidated financial statements – continued  
For The Year Ended 30 June 2014**

**7. GOVERNANCE COSTS**

	Group 30.06.14	Group 30.06.13	Charity 30.06.14	Charity 30.06.13
	£	£	£	£
Professional fees	10,830	17,198	8,425	13,795
PI Insurance	486	430	486	430
	<u>11,316</u>	<u>17,628</u>	<u>8,911</u>	<u>14,225</u>

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

Net resources are stated after charging/(crediting):

	30.06.14	30.06.13
	£	£
Depreciation :		
Turbines (included in cost of electricity generation)	72,115	82,575
Other assets (included in overheads)	11,849	6,562
Loss on disposal of fixed assets	394	1,433
Fees paid to auditor – Audit services	4,000	3,800
Other services for group	<u>5,180</u>	<u>4,895</u>

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

	30.06.14	30.06.13
	£	£
Directors' remuneration for services provided (subsidiary)	<u>4,583</u>	<u>4,924</u>

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

**Trustees and directors' expenses**

The following expenses were reimbursed to directors of the Trust and Subsidiaries in the year:

Name	Nature of expense reimbursed	Amount £
D Harcus	Travel and subsistence	56
E J Harcus	Flowers for leavers	56

**10. STAFF COSTS**

	30.06.14	30.06.13
	£	£
Wages and salaries	57,846	60,104
Social security costs	<u>4,278</u>	<u>5,002</u>
	<u>62,124</u>	<u>65,106</u>

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

	30.06.14	30.06.13
Average number of staff	<u>4</u>	<u>4</u>

There were no employees whose emoluments exceeded £60,000.

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2014

#### 11. TANGIBLE FIXED ASSETS

	Freehold property	Equipment	Turbines	Totals
	£	£	£	£
<b>COST</b>				
At 1 July 2013	355,143	44,111	1,480,315	1,879,569
Additions	18,018	7,705		25,723
Disposals		(7,107)		(7,107)
At 30 June 2014	<u>373,161</u>	<u>44,709</u>	<u>1,480,315</u>	<u>1,898,185</u>
<b>DEPRECIATION</b>				
At 1 July 2013	10,597	12,512	300,650	323,759
Charge for year	3,563	8,038	72,115	83,716
Eliminated on disposal	-	(3,905)	-	(3,905)
At 30 June 2014	<u>14,160</u>	<u>16,645</u>	<u>372,765</u>	<u>403,570</u>
<b>NET BOOK VALUE</b>				
At 30 June 2014	<u>359,001</u>	<u>28,064</u>	<u>1,107,550</u>	<u>1,494,615</u>
At 30 June 2013	<u>344,546</u>	<u>31,599</u>	<u>1,179,665</u>	<u>1,555,810</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 £314,375. Included in cost or valuation of land and buildings is freehold land of the charity of £213,561 (2013 - £213,561). The Trustees consider that the current value of land and buildings is equivalent to that at which they are carried in the accounts.

#### 12. FIXED ASSET INVESTMENTS

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

Country of incorporation: Scotland  
Nature of business: Wind energy production  
Holding: 100 Ordinary shares of £1 each

##### **Westray Enterprise Community Interest Company**

Country of incorporation: Scotland  
Nature of business: Dormant  
Holding: 100 Ordinary shares of £1 each

The results of the subsidiary companies are shown in note 3.

##### **Other Investment**

This comprises a small minority holding of 2,000 Ordinary £1 Shares in Westray Processors Ltd, which is an Industrial and Provident Society registered in Scotland.

**Westray Development Trust**

**Notes to the consolidated financial statements – continued  
For The Year Ended 30 June 2014**

**13. DEBTORS**

	Group 30.06.14 £	Group 30.06.13 £	Charity 30.06.14 £	Charity 30.06.13 £
Amounts falling due within one year:				
Trade debtors	82,944	84,851	324	324
Amounts owed by group undertakings	-	-	77,473	69,627
Other debtors and prepayments	63,434	60,902	57,823	56,208
	<u>146,378</u>	<u>145,753</u>	<u>135,620</u>	<u>126,159</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	458,814	534,253
Loans awarded	59,000	60,000	59,000	60,000
Triodos Bank Bond	6,715	6,715	-	-
	<u>65,715</u>	<u>66,715</u>	<u>517,814</u>	<u>594,253</u>
Aggregate amounts	<u>212,093</u>	<u>212,468</u>	<u>653,434</u>	<u>720,412</u>

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

	Group 30.06.14 £	Group 30.06.13 £	Charity 30.06.14 £	Charity 30.06.13 £
Amount owing to Group Undertakings	-	-	42,783	42,783
Other creditors	31,611	22,047	14,444	12,408
Bank Loan (Secured)	61,443	57,965	-	-
	<u>93,054</u>	<u>80,012</u>	<u>57,227</u>	<u>55,191</u>

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

	Group 30.06.14	Group 30.06.13	Charity 30.06.14	Charity 30.06.13
Bank Loan (Secured)	358,657	420,101	-	-
	<u>358,657</u>	<u>420,101</u>	<u>-</u>	<u>-</u>
Bank Loan (repayable by instalment):				
Current liability	61,443	57,965	-	-
Repayable in 1 – 2 years	67,727	61,443	-	-
Repayable in 2 – 5 years	227,715	215,213	-	-
Repayable in more than 5 years	63,215	143,445	-	-
	<u>420,100</u>	<u>478,066</u>	<u>-</u>	<u>-</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2014

#### 16. SECURED DEBTS

The following secured debts are included within creditors:

	Group 30.06.14	Group 30.06.13	Charity 30.06.14	Charity 30.06.13
	£	£	£	£
Triodos Bank BV	420,100	478,066	-	-

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 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	30.06.14 Total funds	30.06.13 Total funds
Fixed Assets	1,181,893	312,722	1,494,615	1,555,810
Investments	2,000		2,000	2,000
Current assets	774,850	839,007	1,613,857	1,232,822
Current liabilities	(92,692)	(362)	(93,054)	(80,012)
Long Term Liabilities and Deferred Taxation	(358,657)		(358,657)	(420,101)
	<u>1,507,394</u>	<u>1,151,367</u>	<u>2,658,761</u>	<u>2,290,519</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2014

#### 18. MOVEMENT IN CHARITABLE FUNDS

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

	At 1.7.13	Net movement in funds	Transfers between funds	At 30.6.14
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	<u>798,154</u>	<u>88,391</u>	<u>(9,312)</u>	<u>877,233</u>
	798,154	88,391	(9,312)	877,233
<b>Restricted funds</b>				
Hofn Centre	11,081	(462)	-	10,619
Other Income Funds	800	-	-	800
Capital Funds	808,553	-	-	808,553
Big Lottery	154,567	-	-	154,567
Zero Waste	-	(138)	138	-
EST - 9 Houses	17,595	-	-	17,595
Golf Course Redevelopment	100,081	59,152	-	159,233
Westray Processors Turbine	<u>-</u>	<u>(9,174)</u>	<u>9,174</u>	<u>-</u>
	<u>1,092,677</u>	<u>49,378</u>	<u>9,312</u>	<u>1,151,367</u>
<b>TOTAL FUNDS</b>	<u><u>1,890,831</u></u>	<u><u>137,769</u></u>	<u><u>-</u></u>	<u><u>2,028,600</u></u>

#### 20. 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. The directors are not aware of any breaches of conditions that might lead to a grant being repayable.

Contingent liabilities estimated at £10,932 also exist in respect of grant application approved by Westray Development Trust but where no claim has yet been made for payment of funds.



## Westray Development Trust

### Notes to the Financial Statements – continued For The Year Ended 30 June 2014

#### 21. RELATED PARTY DISCLOSURES

The following transactions were undertaken with organisations with which some trustees were connected.

Entity	Transaction	Value £
Westray Junior High School	Grants awarded Administration	6,100 300
Westray Heritage Trust	Advertising Grant awarded	1,325 10,000
Westray & Papa Westray Tourist Association	Grant awarded	993
Daniel Harcus Construction	Building and other work	15,500
Westray Golf Club	Grant awarded	8,000

Westray & Papa Westray Tourist Association	M A Rendall is a member but is not a director
Westray Heritage Trust	D Leslie and A McVicar are directors
Westray Junior High School	Mrs M Hutchison works for the school and D Seatter is married to the Head Teacher
Westray Parish Kirk	Mrs E J Harcus and A McVicar are both Elders of the Kirk
Daniel Harcus Construction	D Harcus (Chairman) is proprietor.
Westray Golf Club	Mrs M Hutchison is a committee member

Expenses were paid by Westray Development Trust and its subsidiaries to Trustees or Directors as disclosed in note 9.

#### 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 30 June 2014

	2014 £	2013 £
<b>INCOMING RESOURCES</b>		
Incoming resources from generated funds		
Donations	8,686	53,140
Grants	56,458	78,416
Activities for generating funds:		
Electricity generation - Charity	4,277	11,648
Electricity generation - Subsidiary	583,623	534,983
Investment and other income:		
Rent received	1,300	500
Interest and dividends	334	357
Charitable activities		
Hofn Centre (hires and other income)	223	1,188
Commercial lending	1,380	-
Sundry income	5,857	300
<b>Total incoming resources</b>	<b>662,138</b>	<b>680,532</b>
<b>RESOURCES EXPENDED</b>		
Electricity generation		
Wages	5,167	5,908
Turbine depreciation	72,115	82,574
Other costs	44,016	94,419
	121,298	182,901
General overheads		
Wages - Charity	56,597	59,198
Sundries	30,237	28,643
Local projects	62,453	18,459
Depreciation of freehold property	3,563	2,392
Depreciation of biofuels equipment	-	185
Depreciation of equipment	8,038	3,985
Losses on disposal	394	1,433
Governance costs		
Professional fees	10,830	17,198
PI Insurance	486	430
Taxation (Westray Renewable Energy Limited)		
Deferred Tax	0	0
Corporation Tax	0	0
<b>Total resources expended</b>	<b>293,896</b>	<b>318,826</b>
<b>Net incoming/(outgoing) resources</b>	<b>368,242</b>	<b>361,706</b>

This page does not form part of the statutory financial statements