

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

**Report of the Trustees and  
Audited Consolidated Financial Statements For Year Ended 30 June 2016  
for  
Westray Development Trust and Subsidiary**

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 2016**

	Page
Report of the Trustees	1 to 8
Independent Auditors Report	9 to 10
Consolidated Statement of Financial Activities	11
Consolidated Balance Sheet	12 to 13
Notes to the Financial Statements	14 to 24

## **Westray Development Trust**

### **Report of the Trustees**

#### **For The Year Ended 30 June 2016**

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 2016. 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	- resigned 3.11.15
G Drever	Farmer	
D H Leslie	Farmer	
D R Seatter	Water Treatment Operator	- resigned 3.11.15
J P M Bews	Farmer	
D Harcus	Building Contractor	- resigned 3.11.15
P Needham	Retired	
W Turnbull	Retired	
Mrs E J Costie	Postal Delivery Operative	- appointed 3.11.15
I W Ricketts	Retired	- appointed 3.11.15
A G Seatter	Electrician	- appointed 3.11.15
Mrs K Seatter	Social Care Assistant	- appointed 3.11.15
J W H Stout	Farmer	- appointed 3.11.15

##### **Company Secretary**

P Needham

##### **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 2016**

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

##### **Solicitors**

Lows Orkney  
5 Broad Street  
Kirkwall  
Orkney  
KW15 1DJ

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements (note 21).

#### **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 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 but must not be employees of the Trust.

Directors are nominated and are required to get the support of 50% or more, 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 are eligible for re-appointment at an AGM.

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.

##### **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 1 wholly owned subsidiary.

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.

##### **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.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2016**

#### **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:

- 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.
- To advance education and in particular to promote opportunities for learning for the benefit of the general public;
- To protect and/or preserve the environment for the benefit of the general public;
- To provide or assist in the provision of housing for people in necessitous circumstances within Westray;
- To relieve poverty particularly among the residents of the island of Westray;
- To advance the arts, heritage, culture and science;
- To relieve those in need by reason of age, ill-health, disability, financial hardship or other disadvantage (includes relief given by the provision of accommodation and care);
- To regenerate the community of Westray by the maintenance or improvement of the physical, social and economic infrastructure;
- 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**

Following a review of policy within Adam & Company in which the minimum investment amount was increased to £1m, the Board of WDT took the decision to remove the funds from Adam & Company and invest with CCLA. This process was ongoing at year end.

WDT continues to support learning and education on Westray by providing funding for a Learning Centre coordinator post.

Working in partnership with Highlands & Islands Enterprise and Westray & Papa Westray Tourist Association, WDT continued to employ, on a part time basis, a Tourism Development Officer with the aim to promote tourism on Westray and to, amongst other things, try to lengthen the tourist season. This post will run until December 2016.

The Chapel of Rest facilities, to which WDT pledged £20,000 funding, were completed in June 2016.

Following a review of the service provision by Age Concern Orkney for the Here 2 Help scheme, WDT decided to implement its own Home Help service which commenced in April 2016.

At AGM in November 2015, the membership was asked to decide on whether they wished the Trust to investigate the possibility of setting up a quarry on the island. As approval was given, WDT engaged with BGS to determine the quality of stone at various sites around the island. The report was received back in May and two suitable sites were identified. This project was ongoing at the end of the financial year with findings and proposals expected to be presented at AGM.

WDT engaged with Highland's Small Communities Housing Trust to carry out a housing assessment on the island. The report of the findings is expected in September 2016

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2016**

#### **OBJECTIVES AND ACTIVITIES**

##### **Westray Community Wind Turbine Fund - Grant making**

Following a review of policy and process in the previous financial year, a new system was implemented in July.

The Board of WDT have the ultimate responsibility of ensuring the assets of the charity are used to their full potential and for the benefit of the community of Westray. The Board can choose to delegate authority to sub groups as it sees fit.

The Project Evaluation Group (PEG) is made up of two WDT Board members, one community council representative, one director from Westray Renewable Energy Ltd and two elected members of the community. The PEG has the authority to assess applications which fall under the Community Grants (CG) and Development Grants (DG) schemes and make recommendations to the Board on whether the application should be approved and the level of funding it should receive.

The assessment is carried out using a scoring matrix in which each application is given a score of between minus 1 and 3 for five criteria: fit with WDT charitable objectives, need, impact, acceptability and cost. The application is then dealt with in one of three ways depending on the total score; less than four and it is rejected, between 5 and 9 and the application is referred back to the applicant for more information and a score of between 10 and 15 means that it is passed onto the WDT Board for funding consideration.

Community Grants are for one-off projects that have a direct benefit to residents of Westray, further the charitable objectives of the Trust and that fit well with the key themes of the WDT plan. Grants awarded are between £50 and £10,000.

Development Grants are for projects that will have a direct, long-term benefit to the community of Westray that further the charitable objectives of WDT and that fit with the key themes of the WDT plan or with identified priorities. Grants will be up to a maximum of £50,000 however, applications for larger amounts may be considered.

As well as CG and DG, there is an investment budget. This is for projects that don't fit within the Community or Development Grants scheme because of, amongst other reasons, the nature of the project or the amount of funding required. Applications to this scheme would generally be assessed by the PEG and presented to the AGM for membership approval. However, this is not always possible and so the Board of WDT uses its discretion in these instances.

The Board of WDT delegate authority for the Education & Training Grants (ETG) and the Entertainment Grants (EG) schemes to the Staff Team (ST).

To assist in the aim of 'advancing education and in particular to promote opportunities for learning for the benefit of the general public', the ETG scheme was established. Westray residents can apply for 50% of course costs up to a maximum of £500 per year.

The Board recognise that the cost of travelling to the island (and freight costs) could be seen as prohibitive if the group who wishes to put on an event would have to make a full cost recovery. Therefore it set up the EG and any group can apply for funding of up to a maximum of £300 per event which should be used for the travel and accommodation costs of travelling acts (or for freight costs, if equipment is being brought across). If the event being held is to raise funds for charities off the island, this must be stated in the application to the Trust; members of the community of Westray must have benefited personally from these charities.

Because the criteria for both of these funds is straightforward, it is possible to give a quick decision on funding and the staff team aim to give the applicant a decision within 10 days of receipt of application. The Board are kept informed of funding awarded by way of a written report to each monthly Board meeting.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2016**

#### **OBJECTIVES AND ACTIVITIES**

##### **Westray Community Wind Turbine Fund – Loans**

In order to meet charitable goals including 'to regenerate the community of Westray by the maintenance or improvement of the physical, social and economic infrastructure', Westray Development Trust will consider making loans available, dependent on available funding, and which may include those at below commercial interest rates or more favourable terms, for new or existing business development that:

- Creates jobs, especially for people who would otherwise be likely to leave Westray- Assists people to have a secure future through business ownership (either new business or taking over an existing business);
- Enables viable businesses that provide a local service or benefit, and that are in danger of being wound up and lost to the community, to continue;
- Business development that fills an identified gap in local services;
- Development that supports the viability of other locally owned and operated businesses;
- Any other business initiatives.

It is the policy of Westray Development Trust to lend no more than 70% of the total security available on any loan. (E.g. if the total security available to WDT is £100,000, then £70,000 is the maximum it will lend). There may be exceptional cases where negotiation on this level will be considered but the decision of the WDT Board will be final in all circumstances.

The applicant must be resident on the island of Westray or will be resident on the island of Westray before the loan has been finalised.

The initial assessment of loan applications is carried out by the Financial Sub Group (FSG) which is made up of three WDT directors and the staff team. The FSG will make a recommendation to the Board on whether the application should be sent for further assessment by Developing Strathclyde Limited. If it progresses to the next stage, WDT will have no further involvement until such time as DSL have provided their appraisal. The cost of the DSL appraisal will be the applicant's responsibility whether a loan offer is made or not. If WDT decides to offer the loan, it will inform the applicant and instruct DSL to proceed with the loan offer. DSL will manage the loan on behalf of WDT.

#### **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."

Looking back over the years, the Trust has been involved in some very large projects which link to this vision; Kalisgarth Care Centre was built to enable those who require residential care to remain on their home island whilst also creating over a dozen full-time, part-time and relief positions. Kalisgarth is one of the major employers on Westray.

In days gone by, the youngsters of the island congregated in the 'chippy'. When this was closed, the venue of choice (or perhaps necessity for shelter) became the public toilet building in the middle of the village. It was recognised that this was not ideal and so it became a priority to build a youth drop in centre. The Hofn (meaning 'haven') was completed in 2000 with a grand opening in September of that year. It has seen many young folk come and go and over time became rather worn; this led to a complete refurbishment including adding an extension in 2013/14.

In the early part of the 2000s it was recognised that if WDT was to continue to serve the community, then it should look into a way of generating an income for itself and so this led to what is perhaps one of the Trusts biggest achievements, the erection and commissioning of a 900kW turbine at Gallowhill. This is operated by a trading subsidiary of the Trust, Westray Renewable Energy Ltd with the trading profits being passed to WDT for use in the community. The turbine is producing a much larger income to the Trust than was ever anticipated and this in itself has brought a whole new set of challenges.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2016**

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

Westray is an economically active island with a great sense of community and a good reputation for fundraising. The Trust realises that it does not want to take away from this by just handing out funds to groups but instead wants to enhance it and that is why it has put in place funding processes which allow groups to benefit from the turbine fund at the same time as encouraging local fundraising and accessing funds from external sources.

We are now in the sixth year of the Westray Community Wind Turbine Fund and we have seen it grow year on year. When we began providing grants and loans, back in November 2010 to October 2011, the total funding awarded was £10,690; this year, £535,000 (including two loans). That is a significant increase!

WDT doesn't only provide grant funding, it also has three active loans at present to members of the community. One to two young brothers who refurbished a crab fishing boat and the other two are to two couples who took over running local shops. Total loan funding paid out is £389,000 and will provide a return (including capital) of approximately £500,000 over 25 years. Apart from the initial assessment which is carried out by the financial sub-group, loan management is carried out by Developing Strathclyde Limited.

Feedback on performance from the residents of Westray is important to the Trust. Minutes of Board meetings have been made available to Westray residents 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 and WDT also has a Facebook page. The Annual General Meeting of WDT provides members with the opportunity for formal assessment of performance and accountability.

#### **FINANCIAL REVIEW**

##### **Reserves Policy**

Westray Development Trust operates two types of Reserve. A General Reserve with a balance at the year end of £1,166,393, is used to fund day to day operations, and a Restricted Reserve with a balance at the year end of £1,120,724 which has been received for a specific purpose or project. The Restricted Reserve is subdivided into funds that reflect the purpose for which the finance was received and any conditions attached to its use.

Donations were received in the year from Westray Renewable Energy Limited amounting to £352,692. There was no significant grant income during the year as total grants were under £13,000. 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. As well as this there was some small income from sale of scrap materials from the collapse of a wind turbine. The Trust is showing a substantial surplus because of the funds transferred from WRE.

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.



## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2016**

#### **FUTURE DEVELOPMENTS**

Depending on the results from the feasibility study, WDT expects to set up a Community Interest Company to run the quarry. The Board of this CIC will consist of one Trust director and two members of the community. It is expected that the administration work will be carried out by Trust staff under a contract similar to that which is in place with Westray Renewable Energy Ltd.

Once the land purchase is complete, work will continue on securing funding for a growing project. This project will investigate the ability to grow several types of vegetables on the island. It will be a two year project and if successful, it is hoped it will lead on to a more commercial venture enabling the employment of staff and the supply of fresh fruit and vegetables to the island.

The land will also be used to site a fundraising shop. Two units were purchased in May and are currently being stored on Mainland. A public meeting was held to determine a management structure for the shop and this has been published on the website and in the local newsletter.

The findings of the housing consultation will be presented to the AGM. Any subsequent actions will be dependent on the findings and the requirements of the community.

Discussion on a replacement doctor's surgery is in very early stages. This came from comments made at a meeting held to inform the community of changes within the Westray practice and the community will be kept informed of progress. It is not known at this stage what the Trust's involvement will be.

## **Westray Development Trust**

### **Report of the Trustees**

**For The Year Ended 30 June 2016**

#### **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.

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.

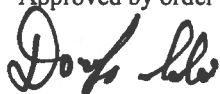
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

#### **AUDITORS**

Auditors for the coming year will be proposed for approval at the 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.

Approved by order of the board of trustees on 12 September 2016 and signed on its behalf by:



D H Leslie - Trustee  
12 September 2016

## **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 2016 on pages eleven to twenty four which comprises Group and Parent Charitable Company Statement of Financial Activities, Balance Sheets, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (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 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 eight, 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 19 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 group's and the parent charitable company's affairs as at 30 June 2016 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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**

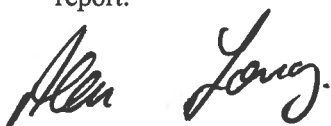
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 parent 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 parent charitable company's 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 directors' report.



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

12 September 2016

**Westray Development Trust**

**Consolidated Statement of Financial Activities  
For The Year Ended 30 June 2016**

	Notes	Unrestricted funds £	Restricted funds £	30.6.16 Total funds £	30.6.15 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		20,020	-	20,020	100
Grants Received	4	3,242	7,748	10,990	6,054
<b>Activities for generating funds</b>					
Electricity Generation		537,743	-	537,743	588,549
Investment income		4,227	-	4,227	179
Commercial lending		3,022	-	3,022	1,380
Sundry income (Hofn etc)		3,266	165	3,431	9,875
Total incoming resources		571,520	7,913	579,433	606,137
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		100,127	-	100,127	121,902
<b>Charitable activities</b>					
Overheads	5	295,090	57,071	352,161	212,752
Governance costs	6	14,123	0	14,123	15,059
Taxation - Subsidiary		36	-	36	43
Total resources expended		409,376	57,071	466,447	349,756
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>					
		162,144	(49,158)	112,986	256,381
Gross transfers between funds		(43,383)	43,383	-	-
Net incoming/(outgoing) resources		118,761	(5,775)	112,986	256,381
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		1,794,642	1,126,499	2,921,141	2,664,760
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,913,403</b>	<b>1,120,724</b>	<b>3,034,127</b>	<b>2,921,141</b>

The notes form part of these consolidated financial statements

**Westray Development Trust**

**Balance Sheet  
At 30 June 2016**

	Notes	Group 30.06.16 £	Group 30.06.15 £	Charity 30.06.16 £	Charity 30.06.15 £
<b>FIXED ASSETS</b>					
Tangible assets	10	1,325,860	1,396,041	435,745	438,839
Investments	11	2,000	2,000	2,100	2,200
		1,327,860	1,398,041	437,845	441,039
<b>CURRENT ASSETS</b>					
Stocks		0	3,300	0	3,300
Debtors: amounts falling due within one year	12	112,439	184,042	104,658	146,445
Debtors: amounts falling due after more than one year	12	376,849	65,715	672,827	441,953
Cash at bank and in hand		1,574,463	1,668,048	1,126,413	1,234,012
		2,063,751	1,921,105	1,903,898	1,825,710
<b>CREDITORS</b>					
Amounts falling due within one year	13	139,354	107,907	54,626	59,228
<b>NET CURRENT ASSETS/(LIABILITIES)</b>					
		1,924,397	1,813,198	1,849,272	1,766,482
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		3,252,257	3,211,239	2,287,117	2,207,521
<b>CREDITORS</b>					
Amounts falling due after more than one year	14	218,130	290,098	-	-
<b>NET ASSETS</b>					
	16	3,034,127	2,921,141	2,287,117	2,207,521
<b>FUNDS</b>					
Unrestricted funds					
General Funds		796,043	1,093,262	49,034	379,642
Designated Funds		1,117,360	701,380	1,117,359	701,380
Restricted funds					
		1,120,724	1,126,499	1,120,724	1,126,499
		3,034,127	2,921,141	2,287,117	2,207,521

The notes form part of these consolidated financial statements

**Westray Development Trust**

**Balance Sheet – continued**  
**At 30 June 2016**

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 12 September 2016 and were signed on its behalf by:



D H Leslie - Trustee

## Westray Development Trust

### Notes to the consolidated financial statements For The Year Ended 30 June 2016

#### 1. ACCOUNTING POLICIES

##### Accounting convention

The consolidated financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, 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 subsidiary consolidated is:  
Westray Renewable Energy 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. 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 2016**

#### **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.

#### **Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2016

#### 2. FINANCIAL PERFORMANCE OF THE CHARITY

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

	Notes	Unrestricted funds £	Restricted funds £	30.6.16 Total funds £	30.6.15 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		20,020		20,020	100
Grants Received	4	3,242	7,748	10,990	6,054
Activities for generating funds					
Electricity Generation		4,065	-	4,065	16,292
Rent Received		2,404	-	2,404	2,399
Donation from Subsidiary		352,692	-	352,692	339,000
Interest received from subsidiary		23,966	-	23,966	28,124
Investment Income		4,037		4,037	
Commercial lending		3,022	-	3,022	1,380
Management Charge		5,827	-	5,827	7,691
Hofn Centre (hires and other income)		295		295	170
Sundry income		2,971	165	3,136	15,505
<b>Total incoming resources</b>		<b>422,541</b>	<b>7,913</b>	<b>430,454</b>	<b>416,715</b>
<b>RESOURCES EXPENDED</b>					
<b>Charitable activities</b>					
Overheads		282,094	57,071	339,165	225,345
Governance costs		11,693		11,693	12,449
<b>Total resources expended</b>		<b>293,787</b>	<b>57,071</b>	<b>350,858</b>	<b>237,794</b>
<b>NET INCOMING/(OUTGOING)</b>					
RESOURCES before transfers		128,754	(49,158)	79,596	178,921
Gross transfers between funds		(43,383)	43,383	-	-
<b>Net incoming/(outgoing) resources</b>		<b>85,371</b>	<b>(5,775)</b>	<b>79,596</b>	<b>178,921</b>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		1,081,022	1,126,499	2,207,521	2,028,600
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,166,393</b>	<b>1,120,724</b>	<b>2,287,117</b>	<b>2,207,521</b>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2016

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

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

	WRE Ltd	
	30.06.16	30.06.15
	£	£
Turnover	533,678	572,257
Cost of sales, administrative costs and interest	147,562	155,399
Donation to WDT	352,692	339,000
Taxation	36	43
Net profit/ (loss)	33,388	77,815
The assets and liabilities of the subsidiaries were:		
Fixed assets	890,116	957,033
Current assets	543,897	597,543
Current liabilities	(166,082)	(167,805)
Long term liabilities	(520,823)	(673,051)
Total net assets	747,108	713,720
Aggregate share capital and reserves	747,108	713,720

#### 4. Grants

Grants received are as follows:	30.06.16	30.06.15
	£	£
Historic Scotland	600	
Highlands & Islands Enterprise	7,987	3,256
Westray & Papa Westray Tourist Association	2,403	
Dalavich Improvement Group		2,798
	<u>10,990</u>	<u>6,054</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2016

#### 5. COSTS OF CHARITABLE ACTIVITIES

General overheads:	30.6.16	30.6.15
	£	£
Wages	79,046	67,369
Grants and Donations (See below)	90,432	55,717
Support for Learning Centre	14,457	23,506
Training Grants	2,648	2,773
Support for Local Events	3,655	2,632
Development Grant	2,924	
Quarry Research & Development	56,505	
Here to Help	780	
Depreciation - Excluding turbines	9,766	11,186
Loss on Disposal of assets	135	18,123
Other Overheads	91,813	31,446
	<u>352,161</u>	<u>212,752</u>

The following is a summary of the grants and donations made by Westray Development Trust:

	£
Johnson IT Services PC for Peece Neems	888
Peter Needham	2,400
Westray JH School	135
Westray Sports Club NIS dance 2016	549
E&C Rendall – Glen renovations	848
Westray Swimming Fund – equipment	1,564
Westray Sailing Club/WHT – ‘Skeegersome’	3,339
HAGS SMP installation of play park	28,962
Friends of Kalisgarth	1,483
Westray Community Council – Chapel of Rest final payment	20,000
Westray Community Council – donation to GP meal	200
Westray Community Association – Coordinator funding	923
Westray Golf Club – long term planning project	10,485
Westray Heritage Trust – year 3 funding	10,000
Heddle Construction – units for charity shop	5,000
Westray Digital Art	1,500
Orkney College – courses	750
Sundry other small payments	<u>1,406</u>
	<u>90,432</u>

**Westray Development Trust**

**Notes to the consolidated financial statements – continued  
For The Year Ended 30 June 2016**

**6. GOVERNANCE COSTS**

	Group 30.06.16	Group 30.06.15	Charity 30.06.16	Charity 30.06.15
	£	£	£	£
Professional fees	13,524	14,471	11,094	11,861
PI Insurance	599	588	599	588
	<u>14,123</u>	<u>15,059</u>	<u>11,693</u>	<u>12,449</u>

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

Net resources are stated after charging/(crediting):

	30.06.16	30.06.15
	£	£
Depreciation :		
Turbines (included in cost of electricity generation)	70,902	71,455
Other assets (included in overheads)	9,766	11,186
Loss on disposal of fixed assets	135	18,123
Fees paid to auditor – Audit services	4,200	4,200
Other accounting services for group	<u>5,250</u>	<u>5,250</u>

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

	30.06.16	30.06.15
	£	£
Directors' remuneration for services provided (subsidiary)	<u>6,166</u>	<u>5,000</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
		£
G Drever	Travel costs	80

**9. STAFF COSTS**

	Group 30.06.16	Group 30.06.15	Charity 30.06.16	Charity 30.06.15
	£	£	£	£
Wages and Salaries	78,504	69,153	72,338	63,153
Social security costs	6,708	4,216	6,708	4,216
	<u>85,212</u>	<u>73,369</u>	<u>79,046</u>	<u>67,369</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2016

#### 10. TANGIBLE FIXED ASSETS

	Freehold property	Equipment	Turbines	Totals
	£	£	£	£
<b>COST</b>				
At 1 July 2015	373,161	45,538	1,452,944	1,871,643
Additions	10,319	473	-	10,792
Disposals	-	(349)	-	(349)
	<u>383,480</u>	<u>45,662</u>	<u>1,452,944</u>	<u>1,882,086</u>
At 30 June 2016				
	<u>383,480</u>	<u>45,662</u>	<u>1,452,944</u>	<u>1,882,086</u>
<b>DEPRECIATION</b>				
At 1 July 2015	18,098	22,487	435,018	475,603
Charge for year	4,042	6,453	70,902	81,397
Eliminated on disposal	-	(774)	-	(774)
	<u>22,140</u>	<u>28,166</u>	<u>505,920</u>	<u>556,226</u>
At 30 June 2016				
	<u>22,140</u>	<u>28,166</u>	<u>505,920</u>	<u>556,226</u>
<b>NET BOOK VALUE</b>				
At 30 June 2016	<u>361,340</u>	<u>17,496</u>	<u>947,024</u>	<u>1,325,860</u>
At 30 June 2015	<u>355,064</u>	<u>23,051</u>	<u>1,017,926</u>	<u>1,396,041</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 £448,208.

Included in cost or valuation of land and buildings is freehold land of the charity of £213,561 (2015 - £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.

#### 11. FIXED ASSET INVESTMENTS

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

Country of incorporation: Scotland

Nature of business: Wind energy production

Holding: 100 Ordinary shares of £1 each

The results of the subsidiary company is 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 2016**

**12. DEBTORS**

	Group 30.6.16	Group 30.6.15	Charity 30.6.16	Charity 30.6.15
	£	£	£	£
Amounts falling due within one year				
Trade debtors	646	16,194	-	-
Amounts owed by group undertakings	-	-	93,728	81,929
Other debtors and prepayments	111,793	167,848	10,930	64,516
	<u>112,439</u>	<u>184,042</u>	<u>104,658</u>	<u>146,445</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	302,693	382,953
Commercial loans	370,134	59,000	370,134	59,000
Triodos Bank Bond	6,715	6,715	-	-
	<u>489,288</u>	<u>249,757</u>	<u>777,485</u>	<u>588,398</u>

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

	Group 30.6.16	Group 30.6.15	Charity 30.6.16	Charity 30.6.15
	£	£	£	£
Amount owing to Group Undertakings	-	-	827	42,783
Other creditors	67,386	39,551	53,799	16,445
Bank Loan (Secured – note 15)	71,968	68,356	-	-
	<u>139,354</u>	<u>107,907</u>	<u>54,626</u>	<u>59,228</u>

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

	Group 30.6.16	Group 30.6.15	Charity 30.6.16	Charity 30.6.15
	£	£	£	£
Bank Loan (Secured – note 15)	218,130	290,098	-	-
	<u>218,130</u>	<u>290,098</u>	<u>-</u>	<u>-</u>
Bank Loan (repayable by instalment):				
Current liability	71,968	68,356	-	-
Repayable in 1 - 2 years	75,771	71,968	-	-
Repayable in 2 - 5 years	142,359	218,130	-	-
Repayable in more than 5 years	-	-	-	-
	<u>290,098</u>	<u>358,454</u>	<u>-</u>	<u>-</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2016

#### 15. SECURED DEBTS

The following secured debts are included within creditors:

	Group 30.06.16	Group 30.06.15	Charity 30.06.16	Charity 30.06.15
	£	£	£	£
Triodos Bank BV	290,098	358,454	-	-

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.

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

	Unrestricted funds	Restricted funds	30.06.16 Total funds	30.06.15 Total funds
Fixed Assets	1,015,558	310,302	1,325,860	1,396,041
Investments	2,000	-	2,000	2,000
Current Assets	1,253,329	810,422	2,063,751	1,921,105
Current Liabilities	(139,354)	-	(139,354)	(107,907)
Amounts due after more than 1 year	(218,130)	-	(218,130)	(290,098)
	<u>1,913,403</u>	<u>1,120,724</u>	<u>3,034,127</u>	<u>2,921,141</u>



**Westray Development Trust**

**Notes to the consolidated financial statements – continued  
For The Year Ended 30 June 2016**

**17. MOVEMENT IN CHARITABLE FUNDS - Charity**

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

	At 1.7.15 £	Net movement in funds £	Transfers between funds £	At 30.6.16 £
<b>Unrestricted funds</b>				
General fund	379,642	101,799	(432,407)	49,034
Investment Budget	700,000	3,957	-	703,957
Loans budget	1,380	3,022	389,000	393,402
Food Miles to Food Smiles project	-	(24)	24	-
Renewable Energy Project	-	20,000	-	20,000
	<u>1,081,022</u>	<u>128,754</u>	<u>(43,383)</u>	<u>1,166,393</u>
<b>Restricted funds</b>				
Hofn Centre	5,075	-	(5,075)	-
Capital Funds	1,120,724	(43,630)	43,630	1,120,724
Tourism Development Officer	-	(5,528)	5,528	-
Local Energy Challenge Fund - Micro grid project	700	-	(700)	-
	<u>1,126,499</u>	<u>(49,158)</u>	<u>43,383</u>	<u>1,120,724</u>
<b>TOTAL FUNDS</b>	<u><u>2,207,521</u></u>	<u><u>79,596</u></u>	<u><u>-</u></u>	<u><u>2,287,117</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	395,561	(293,762)	101,799
Investment Budget	3,957	-	3,957
Loans budget	3,022	-	3,022
Renewable Energy Project	20,000	-	20,000
Food Miles to Food Smiles project	-	(24)	(24)
	<u>422,540</u>	<u>(293,786)</u>	<u>128,754</u>
<b>Restricted funds</b>			
Tourism Development Officer	7,914	(13,442)	(5,528)
Capital Funds	-	(43,630)	(43,630)
	<u>7,914</u>	<u>(57,072)</u>	<u>(49,158)</u>
<b>TOTAL FUNDS</b>	<u><u>430,454</u></u>	<u><u>(350,858)</u></u>	<u><u>79,596</u></u>

**18. 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 also exist in respect of grant applications approved by Westray Development Trust but where no claim had been made for payment of funds at the year end.

**19. RELATED PARTY DISCLOSURES**

In prior years Westray Development Trust has loaned funds to a wholly owned subsidiary, Westray Renewable Energy Ltd under the terms of a loan agreement to provide financial assistance to develop a wind turbine on the island. The 10 year loan is unsecured and interest is being charged at a commercial rate . Amounts due from group undertakings at the balance sheet date are shown in note 12.

**20. 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.

**21. POST BALANCE SHEET EVENTS**

WDT have engaged with Dagleish Associates to carry out the next stage quarry assessment the results of which will determine whether a quarry is feasible and will be presented to AGM.

Work on purchasing a piece of land within Pierowall commenced within the financial year but due to unforeseen circumstances was not completed. Further communication with solicitors revealed there had been a change in terms and so the WDT solicitor was asked to investigate this. It is hoped that this will be completed in the autumn.

Highlands Small Communities Housing Trust visited Westray in July to engage with the community on housing needs and demands. The results of the housing study are expected in September.

**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.