

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

**Report of the Trustees and  
Audited Consolidated Financial Statements For Year Ended 30 June 2013  
for  
Westray Development Trust and Subsidiaries**

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

# **Westray Development Trust**

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## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2013**

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 2013. 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	
G Drever	
Mrs E J Harcus	
D H Leslie	
D R Seatter	
J P M Bews	
Mrs M Hutchison	
Mrs M A Rendall	- resigned 11.6.13
S H Rendall	- resigned 15.1.13
D Harcus	- appointed 20.11.12

##### **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

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2013**

#### **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. A paid employee of the Company may become a member but may not vote on any matter directly relating to their employment.

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 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 2013**

#### **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 had 3 wholly owned subsidiaries during the year.

Orkney Bio-fuels Limited was dormant and was dissolved.

Westray Renewable Energy Limited is a company set up to build and operate 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. At the balance sheet date the net asset value of Westray Renewable Energy Limited as shown in the balance sheet of the company was £404,286.

Westray Enterprise CIC is a community interest company. It was incorporated on 30 November 2012. The company was established as the vehicle through which new enterprises could be developed in Westray. At 30 June 2013 the company had incurred some initial expenses that were funded by its parent company.

##### **Risk management**

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

#### **OBJECTIVES AND ACTIVITIES**

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

The objects for which the charity is established are:

- (a) to provide, in the interests of social welfare, facilities for recreation and other leisure time occupation available to the public at large in Westray with a view to improving their conditions of life.
- (b) to advance education and in particular to promote opportunities for learning for the benefit of the general public.
- (c) to protect and preserve the environment for the benefit of the general public.
- (d) to provide or assist in the provision of housing for people in necessitous circumstances within Westray.
- (e) to relieve poverty particularly among the residents of the Island of Westray.
- (f) to 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 financial year, WDT has made a loan to two young local men to restore a crab fishing boat. This was done in partnership with Developing Strathclyde Ltd. As well as the loan, substantial grant funding has also been awarded to local groups and individuals. Small grants (under £1,000) totalling £6,921 were awarded to local groups wishing to carry out activities which fitted with the aims of the Trust. Large project grants (between £1,000 and £10,000) totalled £36,171 and training grants of £2,500 were awarded.

Work was done to recruit a business manager with the successful candidate starting in place in January. However, due to personal reasons, he resigned the following month. Significant work was done on restructuring the staffing of the Trust with the outcomes of this being put in place after the end of the financial year.

Investigation into quarrying on the island was begun with a recently used quarry being identified as a potential quarry to reopen. This work continues into the new financial year.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2013**

#### **OBJECTIVES AND ACTIVITIES**

##### **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.

#### **PRESENT ACHIEVEMENTS**

WDT has helped several groups and projects throughout the year with funding through 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.

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

#### **PAST ACHIEVEMENTS**

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

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

#### **Performance**

The work of the Trust is overseen by a Board of Directors elected by members at the annual AGM. Progress and performance are assessed at open monthly Board meetings. The trading companies owned by the Trust (Westray Renewable Energy Ltd and 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.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2013**

#### **Performance (continued)**

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

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

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

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

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

#### **FINANCIAL REVIEW**

As mentioned earlier, WDT has continued to provide support to local groups and individuals to see projects and plans come to fruition. With the request for loan assistance for a business, came the need to set up loan management. This has been done in partnership with Developing Strathclyde Limited.

The financial position of The Trust and the wholly owned trading subsidiaries are detailed in the report of the Accountant circulated with the Annual Report.

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

The feasibility carried out on the Rapness quarry proved that the quality of stone would not be sufficient to allow a decent return from the project. WDT are now looking at other possible quarrying sites.

Due to the end of funding through HIE and LEADER of the CDO and AFO posts, the Board looked at what staffing was required within the organisation. It was decided to end the CDO post and to create an Operations Manager post. This role will have responsibility for the day to day running of the organisation as well as identifying and investigating possible projects within the island. The CDO post will continue until the end of December 2013.

A further business loan proposal has been received and sent to DSL for appraisal.

With the request for some sort of assistance with Westray Processors Ltd, the Trust applied for feasibility study funding from The Big Lottery and this is now in progress with the final report expected in November. Significant work has been carried out on the Hofn Youth Centre, with funding obtained from LEADER and CDF as well as use of turbine funds.

#### **FUTURE DEVELOPMENTS**

Although approved within the financial year the funding towards the upgrade of the play park has not yet been paid out. This project is hoped to be complete early in 2014.

Dependent upon the results of feasibility studies, there may be the set up and running of a quarry on the island and also some sort of assistance towards Westray Processors Ltd.

Loan and grant funding will continue to be made available to local groups and individuals to carry out projects which fit with the charitable aims of the Trust.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2013**

#### **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.

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

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

#### **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.

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

D Harcus - Trustee

4 November 2013

## **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 2013 on pages nine to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, 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. 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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

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

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

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

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

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

Alan E Long FCA, CTA (Senior Statutory Auditor)

for and on behalf of The Long Partnership

Chartered Accountants

Registered Auditors

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

1 Castle Street

Kirkwall

Orkney

KW15 1HD

4 November 2013

**Westray Development Trust**

**Consolidated Statement of Financial Activities  
For The Year Ended 30 June 2013**

	Notes	Unrestricted funds £	Restricted funds £	Year Ended 30.06.13 Total funds £	Period 1.11.11 to 30.06.12 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		-	53,140	53,140	177
Grants Received	4	13,999	64,417	78,416	57,059
Activities for generating funds:					
Electricity generation		546,631		546,631	410,558
Investment and other income		2,345		2,345	3,297
Total incoming resources		562,975	117,557	680,532	471,091
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		182,901		182,901	88,311
<b>Charitable activities</b>					
Activities for the benefit of the community - Hofn Centre and turbine.		2,833	4,113	6,946	5,263
General overheads		100,7491	10,602	111,351	83,416
Governance costs	7	12,528	5,100	17,628	15,682
Taxation – Subsidiary		0		0	(90,454)
Total resources expended		299,011	19,815	318,826	102,218
NET INCOMING/(OUTGOING) RESOURCES before transfers					
		263,964	97,742	361,706	368,873
Gross transfers between funds					
		14,974	-14,974		
Net incoming/(outgoing) resources					
		278,938	82,768	361,706	368,873
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		918,903	1,009,910	1,928,813	1,559,940
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,197,841</b>	<b>1,092,678</b>	<b>2,290,519</b>	<b>1,928,813</b>

The notes form part of these consolidated financial statements

## Westray Development Trust

### Balance Sheet At 30 June 2013

	Notes	Group 30.06.13 £	Group 30.06.12 £	Charity 30.06.13 £	Charity 30.06.12 £
<b>FIXED ASSETS</b>					
Tangible assets	11	1,555,810	1,545,914	464,021	388,135
Investments	12	2,000	2,000	2,200	2,103
		<hr/>	<hr/>	<hr/>	<hr/>
		1,557,810	1,547,914	466,221	390,238
<b>CURRENT ASSETS</b>					
Stocks		6,300	6,900	6,300	6,100
Debtors: amounts falling due within one year	13	145,753	141,503	126,159	107,504
Debtors: amounts falling due after more than one year	13	66,715	6,715	594,253	598,312
Cash at bank and in hand		1,014,054	834,708	753,335	163,015
		<hr/>	<hr/>	<hr/>	<hr/>
		1,232,822	989,826	1,480,047	874,931
<b>CREDITORS</b>					
Amounts falling due within one year	14	80,012	132,812	55,191	77,775
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		1,152,810	857,014	1,424,856	797,158
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,710,620	2,404,928	1,891,077	1,187,396
<b>CREDITORS</b>					
Amounts falling due after more than one year	15	420,101	478,066	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>		2,290,519	1,926,862	1,891,077	1,187,396
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>FUNDS</b>					
Unrestricted funds		1,197,841	918,903	798,399	177,486
Restricted funds		1,092,678	1,009,910	1,092,678	1,009,910
		<hr/>	<hr/>	<hr/>	<hr/>
		2,290,519	1,928,813	1,891,077	1,187,396
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these consolidated financial statements

## **Westray Development Trust**

### **Balance Sheet – continued At 30 June 2013**

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

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

For the period 1 November 2012 to 30 June 2013 the company was entitled to exemption under section 477 of the Companies Act 2006.

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

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

The consolidated financial statements were approved by the Board of Trustees on 4 November 2013 and were signed on its behalf by:

D Harcus - Trustee

## Westray Development Trust

### Notes to the consolidated financial statements For The Year Ended 30 June 2013

#### 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

Orkney Bio-Fuels Limited was dissolved prior to the year end. It did not trade and net assets were insignificant. The company was therefore not consolidated.

##### 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
Biofuels Equipment	-10% on reducing balance
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 2013**

#### **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 2013

#### 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 £	30.06.13 Total funds £	30.06.12 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		665,000	53,140	718,140	177
Grants Received	4	13,999	64,417	78,416	57,059
Activities for generating funds					
Electricity Generation		11,647		11,647	6,591
Rent Received		2,900		2,900	1,300
Interest received from subsidiary		35,769		35,769	25,817
Incoming resources from charitable activities:	5	1,666		1,666	2,765
Total incoming resources		730,981	117,557	848,538	93,709
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		0	1,565	1,565	3,786
Other		2,834	2,548	5,382	5,263
<b>Charitable activities</b>					
Activities for the benefit of the community		113,083	10,602	123,685	83,416
Governance costs	7	9,125	5,100	14,225	12,853
Total resources expended		125,042	19,815	144,857	105,318
NET INCOMING/(OUTGOING)					
RESOURCES before transfers		605,939	97,742	703,681	(11,609)
Gross transfers between funds		14,974	(14,974)		
Net incoming/(outgoing) resources		620,913	82,768	703,681	(11,609)
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		177,486	1,009,910	1,187,396	1,199,005
TOTAL FUNDS CARRIED FORWARD		798,399	1,092,678	1,891,077	1,187,396

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2013

#### 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
	30.06.13	30.06.12	30.06.13
	£	£	£
Turnover	535,160	403,999	0
Cost of sales, administrative costs and interest	207,392	113,970	4,7480
Charitable donations paid to WDT	665,000	0	0
Net profit/ (loss)	(337,232)	290,029	(4,748)
The assets and liabilities of the subsidiaries were:			
Fixed assets	1,090,865	1,157,781	920
Current assets	399,858	817,296	0
Current liabilities	-132,082	-157,180	(5,568)
Long term liabilities	-954,355	-1,076,379	0
Total net assets	404,286	741,518	(4,648)
Aggregate share capital and reserves	404,286	741,518	(4,648)

#### 4. Grants

Grants received are as follows:	30.06.13	30.06.12
	£	£
Highlands & Islands Enterprise	13,999	32,977
OIC	44,417	800
Community Development Fund	-	23,282
Big Lottery	10,000	-
Awards For All	10,000	-
	<u>78,416</u>	<u>57,059</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2013

#### 5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	30.06.13	30.06.12
	£	£
Hofn Centre, ticket sales etc	1,186	2,765
Sundry equipment sales	300	-
Dividend from Westray Processors	180	-
	<u>1,666</u>	<u>2,765</u>

#### 6. COSTS OF CHARITABLE ACTIVITIES

	30.06.13	30.06.12
	£	£
<b>Community operations:</b>		
Hofn Centre overheads	5,382	5,263
Hofn turbine expenses	1,565	3,786
	<u>6,947</u>	<u>9,049</u>

	30.06.13	30.06.12
	£	£
<b>General overheads:</b>		
Wages	62,284	32,386
Grants and donations (see below)	18,459	34,076
Sundries	19,442	6,772
Depreciation – Excluding turbines	6,408	10,141
(Profit) / Loss on disposal of assets	1,432	41
	<u>108,026</u>	<u>83,416</u>

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

	£
Orkney Rocks	1,043
Westray & Papa Westray Tourist Association	442
Regional Screen Scotland	100
Orkney Islands Council	1,639
Westray Processors	2,500
Westray Heritage	500
Westray Junior High School	256
Westray Junior High School	2,400
Westray Golf Club	6,000
Westray Parish Kirk	1,000
WECIC	750
Friends of Kalisgarth	1,000
Friends of Kalisgarth	369
	<u>18,459</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2013

#### 7. GOVERNANCE COSTS

	Group 30.06.13	Group 30.06.12	Charity 30.06.13	Charity 30.06.12
	£	£	£	£
Professional fees	17,198	15,109	13,795	12,280
PI Insurance	430	573	430	573
	<u>17,628</u>	<u>15,682</u>	<u>14,225</u>	<u>12,853</u>

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

Net resources are stated after charging/(crediting):

	30.06.13 £	30.06.12 £
Depreciation :		
Turbines (included in cost of electricity generation)	82,575	48,378
Other assets (included in overheads)	6,562	10,141
Loss on disposal of fixed assets	<u>1,432</u>	<u>-</u>

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

	30.06.13 £	30.06.12 £
Directors' remuneration for services provided (subsidiary)	<u>4,924</u>	<u>3,784</u>

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

#### Trustees and directors' expenses

The following expenses were reimbursed to directors of subsidiaries in the year:

Name	Nature of expense reimbursed	Amount £
Alasdair H McVicar	Travel and subsistence	447
David A Stephenson	Travel and subsistence	617

#### 10. STAFF COSTS

	30.06.13 £	Period ended 30.06.12 £
Wages and salaries	60,104	29,343
Social security costs	<u>5,002</u>	<u>3,043</u>
	<u>65,106</u>	<u>32,386</u>

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

	30.06.13	30.06.12
Average number of staff	<u>4</u>	<u>4</u>

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

**Westray Development Trust**

**Notes to the consolidated financial statements – continued  
For The Year Ended 30 June 2013**

**11. TANGIBLE FIXED ASSETS**

	<b>Freehold property £</b>	<b>Biofuels Equipment £</b>	<b>Equipment £</b>
<b>COST</b>			
At 1 November 2012	286,365	61,950	10,737
Additions	68,778	-	33,375
Disposals	<u>-</u>	<u>(61,950)</u>	<u>(1)</u>
At 30 June 2013	<u>355,143</u>	<u>-</u>	<u>44,111</u>
<b>DEPRECIATION</b>			
At 1 November 2012	8,203	60,083	8,527
Charge for year	2,394	185	3,985
Eliminated on disposal	<u>-</u>	<u>(60,268)</u>	<u>-</u>
At 30 June 2013	<u>10,597</u>	<u>-</u>	<u>12,512</u>
<b>NET BOOK VALUE</b>			
At 30 June 2013	<u>344,567</u>	<u>-</u>	<u>31,599</u>
At 30 June 2012	<u>278,163</u>	<u>1,867</u>	<u>2,210</u>
	<b>Turbines £</b>	<b>Zero Waste Centre £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 November 2012	1,480,315	31,095	1,870,462
Additions	-	-	102,153
Disposals	<u>-</u>	<u>(31,095)</u>	<u>(93,046)</u>
At 30 June 2013	<u>1,480,315</u>	<u>-</u>	<u>1,879,564</u>
<b>DEPRECIATION</b>			
At 1 November 2012	218,076	29,658	324,547
Charge for year	82,574	-	89,138
Eliminated on disposal	<u>-</u>	<u>(29,658)</u>	<u>(89,926)</u>
At 30 June 2013	<u>300,650</u>	<u>-</u>	<u>323,759</u>
<b>NET BOOK VALUE</b>			
At 30 June 2013	<u>1,179,665</u>	<u>-</u>	<u>1,555,810</u>
At 31 October 2012	<u>1,262,239</u>	<u>1,437</u>	<u>1,545,914</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 £247,459. Included in cost or valuation of land and buildings is freehold land of the charity of £213,561 (2012 - £184,540).

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2013

#### 12. FIXED ASSET INVESTMENTS

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

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

Country of incorporation: Scotland

Nature of business: Wind energy production (in development)

Holding: 100 Ordinary shares of £1 each

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

Country of incorporation: Scotland

Nature of business: Dormant

Holding: 100 Ordinary shares of £1 each

##### **Other Investment**

This comprises 2000 Ordinary £1 Shares in Westray Processors Ltd, which is an Industrial and Provident Society registered in Scotland. This represents a small shareholding in Westray Processors Ltd.

#### 13. DEBTORS

	Group 30.06.13 £	Group 30.06.12 £	Charity 30.06.13 £	Charity 30.06.12 £
Amounts falling due within one year:				
Trade debtors	85,355	21,748	324	325
Amounts owed by group undertakings	-	-	69,627	64,057
Other debtors and prepayments	60,397	119,755	56,208	43,122
	<u>145,753</u>	<u>141,503</u>	<u>126,159</u>	<u>107,504</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	534,253	598,312
Loans awarded	60,000	-	-	-
Triodos Bank Bond	6,715	6,715	-	-
	<u>66,715</u>	<u>6,715</u>	<u>534,253</u>	<u>598,312</u>
Aggregate amounts	<u>212,468</u>	<u>148,218</u>	<u>720,412</u>	<u>705,816</u>

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

	Group 30.06.13 £	Group 30.06.12 £	Charity 30.06.13 £	Charity 30.06.12 £
Amount owing to Group Undertakings	-	-	42,783	42,786
Other creditors	22,047	77,198	12,408	34,954
Credit card	-	35	-	35
Bank Loan (Secured)	57,965	55,579	-	-
	<u>77,512</u>	<u>132,812</u>	<u>55,191</u>	<u>77,775</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2013

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

	Group 30.06.13	Group 30.06.12	Charity 30.06.13	Charity 30.06.12
	£	£	£	£
Bank Loan (Secured)	420,101	478,066	-	-
	<u>420,101</u>	<u>478,066</u>	<u>-</u>	<u>-</u>
Bank Loan (repayable by instalment):				
Current liability	57,965	55,579	-	-
Repayable in 1 – 2 years	61,443	57,965	-	-
Repayable in 2 – 5 years	215,213	200,832	-	-
Repayable in more than 5 years	143,445	219,269	-	-
	<u>478,066</u>	<u>533,645</u>	<u>-</u>	<u>-</u>

#### 16. SECURED DEBTS

The following secured debts are included within creditors:

	Group 30.06.13	Group 30.06.12	Charity 30.06.13	Charity 30.06.12
	£	£	£	£
Triodos Bank BV	478,066	533,645	-	-

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

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

			30.06.13	30.06.12
	Unrestricted funds	Restricted funds	Total funds	Total funds
Fixed Assets	1,253,089	302,721	1,555,810	1,545,914
Investments	2,000	-	2,000	2,000
Current assets	442,626	790,196	1,232,822	989,826
Current liabilities	(79,773)	(239)	(80,012)	(132,812)
Long Term Liabilities and Deferred Taxation	(420,101)	-	(420,101)	(478,066)
	<u>1,197,841</u>	<u>1,092,678</u>	<u>2,290,519</u>	<u>1,926,862</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2013

#### 18. MOVEMENT IN CHARITABLE FUNDS

	At 01.07.12 £	Net movement in funds £	Transfers between funds £	At 30.06.13 £
<b>Unrestricted funds</b>				
General fund	177,486	605,939	14,974	798,399
<b>Restricted funds</b>				
Hofn Centre	138	10,944	-	11,082
Other Income Funds	800	-	-	800
Capital Funds	808,553	-	-	808,553
Big Lottery	144,567	10,000	-	154,567
Zero Waste	14,974	-	(14,974)	-
EST – 9 Houses	17,595	-	-	17,595
Golf Course Redevelopment	23,283	76,798	-	100,081
	1,009,910	97,742	(14,974)	1,092,678
<b>TOTAL FUNDS</b>	<u>1,187,396</u>	<u>703,681</u>	<u>-</u>	<u>1,891,077</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	730,981	(125,042)	(605,939)
<b>Restricted funds</b>			
Hofn Centre	21,356	(10,412)	10,944
Big Lottery	10,000	-	10,000
Golf Course Redevelopment	86,201	(9,402)	76,799
	117,557	(19,815)	97,742
<b>TOTAL FUNDS</b>	<u>848,538</u>	<u>(144,857)</u>	<u>(703,681)</u>

## Westray Development Trust

### Notes to the Financial Statements – continued For The Year Ended 30 June 2013

#### 19. MOVEMENT IN FUNDS – continued

Purposes of Restricted Funds:

Highlands and Islands Enterprise and LEADER part funded the Community Development Officer (CDO) post and Administrative Financial Officer (AFO) post. The CDO post is to implement the community development plan and the AFO role is to implement the PQASSO system and to assist with administration and finance work of the Trust. The Trust funded the AFO role up to full time to assist with the administration and finance of the Trust and its subsidiary companies.

The trust received grant assistance from the Community Development Foundation (CDF) for the golf course redevelopment project. This was also funded through grant assistance obtained by Westray Golf Club and donated to the Trust.

OIC have assisted with funding the redevelopment of the Hofn.

#### 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.

#### 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	3,656
	Administration	30
Westray Heritage Trust	Advertising	1,500
	Administration	420
	Grant awarded	500
Firm of G R Bews	Tractor Hire	14,653
Westray & Papa Westray Tourist Association	Grants awarded	1,192
Westray Parish Kirk	Rent	1,000
	Donation made	1,000
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	
Firm of G R Bews	J P M Bews is a proprietor of the Firm of G R G Bews	

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

## **Westray Development Trust**

### **Notes to the Financial Statements – continued For The Year Ended 30 June 2013**

#### **22. 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.

#### **23. 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 2013

	30.06.13	30.06.12
	£	£
<b>INCOMING RESOURCES</b>		
Incoming resources from generated funds		
Grants	78,416	57,059
Donations	53,140	177
Activities for generating funds:		
Electricity generation – Charity	11,648	6,591
Electricity generation – Subsidiary	534,983	403,967
Rent received	500	500
Investment income	357	32
Charitable activities		
Hofn Centre, ticket sales etc	1,188	2,765
Sundry equipment sales	300	-
Total incoming resources	<u>680,532</u>	<u>471,091</u>
<b>RESOURCES EXPENDED</b>		
Electricity generation	182,901	88,311
Charitable activities		
Community operations		
Hofn Centre overheads	6,946	5,263
General overheads		
Wages	65,106	32,386
Sundries	19,791	6,772
Grant and donations	18,459	34,076
Depreciation of freehold property	2,392	1,003
Depreciation of biofuels equipment	185	133
Depreciation of other of equipment	3,985	442
Depreciation of zero waste equipment	0	8,563
Losses on disposal	1,433	41
<b>Governance costs</b>		
Professional fees	17,198	15,109
PI Insurance	430	573
<b>Taxation (Westray Renewable Energy Limited)</b>		
Deferred Tax	0	-80,000
Corporation Tax	0	-10,454
Total resources expended	<u>318,826</u>	<u>102,218</u>
Net incoming/(outgoing) resources	<u>361,706</u>	<u>368,873</u>

This page does not form part of the statutory financial statements