

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

**Report of the Trustees and  
Audited Consolidated Financial Statements For Year Ended 30 June 2015  
for  
Westray Development Trust and Subsidiaries**

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

# **Westray Development Trust**

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## **Westray Development Trust**

### **Report of the Trustees For The Year Ended 30 June 2015**

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 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

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

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

SC201004 (Scotland)

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

SC029471

##### **Registered office**

Unit 1  
Quarry Road  
Westray  
Orkney  
KW17 2DF

##### **Trustees**

G W B Costie	Fisherman	
G Drever	Farmer	
Mrs E J Harcus	-	- resigned 27.11.14
D H Leslie	Farmer	
D R Seatter	Water Treatment Operator	
J P M Bews	Farmer	
Mrs M Hutchison	Administration Assistant	- resigned 1.9.14
D Harcus	Building Contractor	
P Needham	Retired	
W Turnbull		- appointed 27.11.14

##### **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 2015**

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

##### **Solicitors**

Lows Orkney  
5 Broad Street  
Kirkwall  
Orkney  
KW15 1DJ

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

##### **GOVERNING INSTRUMENT AND ADMINISTRATIVE STATUS**

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

Any person over the age of 18 whose main residence is in Westray and who has an interest in the objects of the Company will be eligible for membership at the discretion of the Board. No paid employee of the Company may become a member.

The directors have taken advantage of the special exemption conferred by section 30 of the Companies Act 1985 applicable to companies limited by guarantee, allowing them to dispense with the requirement of using the word Limited, or the abbreviated Ltd, after the company name.

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

Directors must be members but must not be employees of the Trust.

Directors are nominated and are required to get the support of 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.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2015**

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

##### **Organisational structure**

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

##### **Related parties**

Westray Development Trust has 2 wholly owned subsidiaries.

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

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

##### **Risk management**

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

#### **OBJECTIVES AND ACTIVITIES**

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

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

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

The objects for which the charity is established are:

- 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.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2015**

#### **Significant activities**

The reviewed Articles of the company were put to a vote at the EGM in August 2014 and accepted by the membership.

With a large reserve sitting in the current bank account, not earning any interest and no current projects requiring a large amount of funding, the Board of Trustees decided to move the majority of the money to a 90 day access, interest paying account held with Adam & Company (a subsidiary of Royal Bank of Scotland). Investigation into further investment was ongoing at the end of the year.

A full review of the grant making and project evaluation procedures was carried out with the new system to be implemented at the start of the new financial year.

WDT continues to support learning and education on Westray by providing funding for a Learning Centre coordinator post which was reviewed in May. The review led to the decision to increase the funding for the service provision.

Working in partnership with Highlands & Islands Enterprise and Westray & Papa Westray Tourist Association, WDT now employs, 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.

Following requests from several members of the Westray community, WDT pledged £20,000 towards a project, led by the Westray Community Council, to install Chapel of Rest facilities into a building that previously housed the Auk Club bus.

WDT again supported the road materials scheme run by Westray Community Council in which private residents are given materials to maintain the track to their houses.

To complement the Home Care service provided by the local authority, WDT are funding a project, run by Age Concern Orkney, where residents over the age of 60 receive assistance in their homes with tasks such as cleaning and shopping.

#### **Grant making**

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

Applications are in writing with sufficient information for the PEG to make recommendations to the Trust board. Recommendations are made by the PEG with sufficient detail to enable the Trust board to make the final decision and these recommendations may also include conditions regarding the use of the funds. Final decisions come from the Trust board in writing to the applicant.

There are four classes of application:

- 1 Small grants – this is open to applications for projects that benefit Westray from Westray residents and Westray based groups and is for funding between £50 and £1000 per project.
- 2 Larger projects – these can be projects that the Trust can develop or applications for funding for larger independent projects. These projects will be assessed on the basis of a number of criteria including community benefit, community support for the idea, consistency with the community plan priorities, impact on other organisations, businesses and projects, feasibility, value for money, evidence of efforts to obtain alternative finance, and whether the project is allowable under the terms of the Trusts constitution.
- 3 Education and Training grants – this is open to individuals who can apply for 50% of course costs up to a maximum of £500 per year. The education and training courses eligible for these grants are for personal development either socially, academically or vocationally.
- 4 Entertainment events grants – this fund is to enable groups to take acts (or equipment) from off-island to Westray for events which are open to the wider community. This fund will cover travel and accommodation costs up to a maximum of £1,000.

A full review of the processes and fund management took place during the financial year with the new system coming into usage from the 1st of July 2015.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2015**

#### **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 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.

As the years pass, the utilisation of the community turbine fund continues to grow with just over £100,000 being granted to local groups this financial year alone. As well as grants from the turbine fund, the Trust has one active loan to a local business and one which was in progress at the end of the financial year. The loan process is working well with the initial assessment being carried out by the recently set up Financial Sub Group and the full financial and feasibility assessment undertaken by Developing Strathclyde Ltd.

As well as the loans from the turbine fund, which saw the setup of a £200,000 revolving loan fund, the Trust also has the existing loan to Westray Renewable Energy Ltd which is due to be fully repaid in 2019.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2015**

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

A major review of the budgets within WDT was carried out throughout this financial year with the implementation of a new budgeting system from the start of the new financial year, 1st July. This sees running costs of the Trust as well as all the grant funds allocated a percentage of the previous year's income i.e. the budget for 2015/16 is based on the actual income in 2014/15. WDT strives to keep the running costs below 40% of income this meaning that there is always a substantial amount to put to use to meet the objectives of the Trust.

Along with the review of the budgets came a review of the management of funds. The Trust now has in place two full-time permanent staff members who are responsible for the day to day management of WDT allowing the Board to direct and oversee the activities. A Financial Sub Group has been set up to deal with matters relating to finance on a monthly basis or as and when required; this consists of 3 directors from the Board along with the two staff members. The full Board are provided with reports from staff members on a monthly basis before the Board meeting where all activities are monitored.

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. 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 £1,081,022 (2014- £877,233), is used to fund day to day operations, and a Restricted Reserve with a balance at the year end of £1,126,499 (2014- £1,151,367) which has been received for specific purposes or projects. The Restricted Reserve is subdivided into funds that reflect the purpose for which the finance was received and any conditions attached to its use.

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

Donations were received in the year from Westray Renewable Energy Limited amounting to £339,000. 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, grants received, Hofn takings etc. The Trust is showing a substantial surplus because of funds transferred from WRE.

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

The new Community Funding – Policy and Processes came into force on 1<sup>st</sup> July with a review to be carried out in October.

The funds for the loan for the purchase of Peter Miller's shop were transferred to Developing Strathclyde Ltd in September with the loan documentation completed simultaneously.

A quotation for the options appraisals for the quarry project was received with work expected to start late September.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2015**

#### **FUTURE DEVELOPMENTS**

As in post balance sheet events, the options appraisals for a quarry site will give an indication if it will be possible to re-open a quarry on the island to provide aggregate to the community at a more favourable rate than is currently possible.

It is expected a bid will be submitted to the Scottish Land Fund for assistance with funding towards purchase of sites for housing or other developments.

Several meetings have been held with emergency services to ascertain if there is a need and desire for a joint emergency services building on Westray. If this project goes ahead, it is expected that there will be some sort of community element within the building; perhaps a charity shop which has been in progress for a couple of years.

#### **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.

## **Westray Development Trust**

### **Report of the Trustees For The Year to 30 June 2015**

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES - Continued**

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 8 September 2015 and signed on its behalf by:

D Harcus - Chairman

9 October 2015

## **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 2015 on pages 11 to 24 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 April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

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

As explained more fully in the Statement of Trustees Responsibilities set out on pages seven and 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).

### **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 2015, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

### **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.

### **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

9 October 2015

## Westray Development Trust

### Consolidated Statement of Financial Activities For The Year Ended 30 June 2015

	Notes	Unrestricted funds £	Restricted funds £	30.6.15 Total funds £	30.6.14 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		-	100	100	8,686
Grants Received	4	-	6,054	6,054	56,458
<b>Activities for generating funds</b>					
Electricity Generation		588,549	-	588,549	587,900
Rent Received		-	-	-	1,300
Investment income		179	-	179	334
Hofn Centre (hires and other income)		-	-	0	223
Commercial lending		1,380	-	1,380	1,380
Sundry income		9,375	500	9,875	5,857
Total incoming resources		599,483	6,654	606,137	662,138
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		121,902	-	121,902	121,298
<b>Charitable activities</b>					
Overheads	5	195,486	17,266	212,752	161,282
Governance costs	6	14,309	750	15,059	11,316
Taxation - Subsidiary		43	-	43	0
Total resources expended		331,740	18,016	349,756	293,896
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>					
		267,743	(11,362)	256,381	368,242
<b>Gross transfers between funds</b>					
		13,505	(13,505)	-	-
<b>Net incoming/(outgoing) resources</b>					
		281,248	(24,867)	256,381	368,242
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		1,507,394	1,151,367	2,658,761	2,290,519
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,788,642</b>	<b>1,126,500</b>	<b>2,915,142</b>	<b>2,658,761</b>

The notes form part of these consolidated financial statements

## Westray Development Trust

### Balance Sheet At 30 June 2015

	Notes	Group 30.06.15 £	Group 30.06.14 £	Charity 30.06.15 £	Charity 30.06.14 £
<b>FIXED ASSETS</b>					
Tangible assets	10	1,396,041	1,494,616	438,839	470,442
Investments	11	2,000	2,000	2,200	2,200
		<hr/>	<hr/>	<hr/>	<hr/>
		1,398,041	1,496,616	441,039	472,642
<b>CURRENT ASSETS</b>					
Stocks		3,300	6,000	3,300	6,000
Debtors: amounts falling due within one year	12	178,043	145,378	146,445	134,619
Debtors: amounts falling due after more than one year	12	65,715	66,715	441,953	518,815
Cash at bank and in hand		1,668,048	1,395,764	1,234,012	953,751
		<hr/>	<hr/>	<hr/>	<hr/>
		1,915,106	1,613,857	1,825,710	1,613,185
<b>CREDITORS</b>					
Amounts falling due within one year	13	107,907	93,054	59,228	57,227
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<hr/>	<hr/>	<hr/>	<hr/>
		1,807,199	1,520,803	1,766,482	1,555,958
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<hr/>	<hr/>	<hr/>	<hr/>
		3,205,240	3,017,419	2,207,521	2,028,600
<b>CREDITORS</b>					
Amounts falling due after more than one year	14	290,098	358,657	-	-
<b>NET ASSETS</b>	16	<hr/>	<hr/>	<hr/>	<hr/>
		2,915,142	2,658,762	2,207,521	2,028,600
<b>FUNDS</b>					
Unrestricted funds		1,788,642	1,507,394	1,081,022	877,233
Restricted funds		1,126,500	1,151,368	1,126,499	1,151,367
		<hr/>	<hr/>	<hr/>	<hr/>
		2,915,142	2,658,762	2,207,521	2,028,600
		<hr/>	<hr/>	<hr/>	<hr/>

The notes form part of these consolidated financial statements

## **Westray Development Trust**

### **Balance Sheet – continued At 30 June 2015**

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 8 September 2015 and were signed on its behalf by:

D Harcus - Chairman

## **Westray Development Trust**

### **Notes to the consolidated financial statements For The Year Ended 30 June 2015**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

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

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

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

The subsidiaries consolidated are:

Westray Renewable Energy Limited

Westray Enterprise CIC

##### **Incoming resources**

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

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

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

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

##### **Resources expended**

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

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

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

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

Investments held as fixed assets are valued at cost.

## **Westray Development Trust**

### **Notes to the consolidated financial statements - continued For The Year Ended 30 June 2015**

#### **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 2015

#### 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 £	30.6.15 Total funds £	30.6.14 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		-	100	100	8,686
Grants Received	4	-	6,054	6,054	56,458
Activities for generating funds					
Electricity Generation		16,292	-	16,292	4,276
Rent Received		2,400	-	2,400	3,700
Donation from Subsidiary		339,000	-	339,000	200,000
Interest received from subsidiary		28,124	-	28,124	32,034
Commercial lending		1,380	-	1,380	1,380
Management Charge		7,691	-	7,691	-
Hofn Centre (hires and other income)		-	170	170	223
Sundry income		9,375	330	9,705	6,227
Total incoming resources		404,262	6,654	410,916	312,984
<b>RESOURCES EXPENDED</b>					
<b>Charitable activities</b>					
Overheads		202,281	17,266	219,547	166,304
Governance costs		11,699	750	12,449	8,911
Total resources expended		213,980	18,016	231,996	175,215
NET INCOMING/(OUTGOING)					
RESOURCES before transfers		190,282	(11,362)	178,920	137,769
Gross transfers between funds		13,505	(13,505)	-	-
Net incoming/(outgoing) resources		203,787	(24,867)	178,920	137,769
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		877,233	1,151,367	2,028,600	1,890,831
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,081,020</b>	<b>1,126,500</b>	<b>2,207,520</b>	<b>2,028,600</b>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2015

#### 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	
	30.06.15	30.06.14	30.06.15	30.06.14
	£	£	£	£
Turnover	572,257	583,624	0	0
Cost of sales, administrative costs and interest	155,356	97,606	354	896
Donation to WDT	339,000	200,000	0	0
Taxation	43	0	0	0
Net profit/ (loss)	77,858	286,018	(354)	(896)
The assets and liabilities of the subsidiaries were:				
<b>Fixed assets</b>	957,033	1,023,949	169	225
Current assets	597,543	580,218	0	0
Current liabilities	(167,805)	(150,789)	(6,067)	(5,769)
Long term liabilities	(673,051)	(817,473)	0	0
Total net assets	713,720	635,905	(5,898)	(5,544)
Aggregate share capital and reserves	713,720	635,905	(5,898)	(4,648)

#### 4. Grants

Grants received are as follows:	30.06.15	30.06.14
	£	£
OIC	-	56,458
Highlands & Islands Enterprise	3,256	-
Dalavich Improvement Group	2,798	-
	<u>6,054</u>	<u>56,458</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2015

#### 5. COSTS OF CHARITABLE ACTIVITIES

<b>General overheads:</b>	30.6.15	30.6.14
	£	£
Wages	67,369	56,957
Grants and Donations (See below)	55,717	62,453
Support for Learning Centre	23,506	4,156
Training Grants	2,773	-
Support for Local Events	2,632	-
Depreciation - Excluding turbines	11,186	11,849
Loss on Disposal of assets	18,123	394
Other Overheads	31,446	25,473
	<hr/>	<hr/>
	212,752	161,282
	<hr/> <hr/>	<hr/> <hr/>

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

	£
Nursery, playgroup and playpark	2,828
Bisgeos sponsorship	1,300
Westray Baptist Church - Car Park, laptop and projector	3,500
Westray Processors (Strategic Plan, Road Map etc)	2,000
Heritage Trust	12,525
Community Marquee	3,536
Westray Community Council - road materials	3,333
Westray Sailing Club - Youth Training	5,500
Golf Club	8,000
Sports strips - various	592
Youth trips to Shetland and London	8,217
Sundry other small payments	4,386
	<hr/>
	55,717
	<hr/>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2015

#### 6. GOVERNANCE COSTS

	Group 30.06.15	Group 30.06.14	Charity 30.06.15	Charity 30.06.14
	£	£	£	£
Professional fees	14,471	10,830	11,861	8,425
PI Insurance	588	486	588	486
	<u>15,059</u>	<u>11,316</u>	<u>12,449</u>	<u>8,911</u>

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

Net resources are stated after charging/(crediting):

	30.06.15	30.06.14
	£	£
Depreciation :		
Turbines (included in cost of electricity generation)	71,455	72,115
Other assets (included in overheads)	11,186	11,849
Loss on disposal of fixed assets	18,123	394
Fees paid to auditor – Audit services	4,200	4,000
Other services for group	<u>5,250</u>	<u>5,180</u>

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

	30.06.15	30.06.14
	£	£
Directors' remuneration for services provided (subsidiary)	<u>5,000</u>	<u>4,583</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 £
P Needham	Meeting expenses	56

#### 9. STAFF COSTS

	Group 30.06.15	Group 30.06.14	Charity 30.06.15	Charity 30.06.14
	£	£	£	£
Wages and Salaries	69,153	57,846	63,153	52,679
Social security costs	4,216	4,278	4,216	4,278
	<u>73,369</u>	<u>62,124</u>	<u>67,369</u>	<u>56,957</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2015

#### 10. TANGIBLE FIXED ASSETS

	Freehold property	Equipment	Turbines	Totals
	£	£	£	£
<b>COST</b>				
At 1 July 2014	373,162	44,709	1,480,314	1,898,185
Additions	-	2,394	-	2,394
Disposals	-	(1,565)	(27,370)	(28,935)
	<u>373,162</u>	<u>45,538</u>	<u>1,452,944</u>	<u>1,871,644</u>
At 30 June 2015	<u>373,162</u>	<u>45,538</u>	<u>1,452,944</u>	<u>1,871,644</u>
<b>DEPRECIATION</b>				
At 1 July 2014	14,159	16,645	372,765	403,569
Charge for year	3,939	7,247	71,455	82,641
Eliminated on disposal	-	(1,405)	(9,202)	(10,607)
	<u>18,098</u>	<u>22,487</u>	<u>435,018</u>	<u>475,603</u>
At 30 June 2015	<u>18,098</u>	<u>22,487</u>	<u>435,018</u>	<u>475,603</u>
<b>NET BOOK VALUE</b>				
At 30 June 2015	<u>355,064</u>	<u>23,051</u>	<u>1,017,926</u>	<u>1,396,041</u>
At 30 June 2014	<u>359,003</u>	<u>28,064</u>	<u>1,107,549</u>	<u>1,494,616</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 £381,291.

Included in cost or valuation of land and buildings is freehold land of the charity of £213,561 (2014 - £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

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

Country of incorporation: Scotland

Nature of business: Dormant

Holding: 100 Ordinary shares of £1 each

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

##### **Other Investment**

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

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2015

#### 12. DEBTORS

	Group 30.6.15 £	Group 30.6.14 £	Charity 30.6.15 £	Charity 30.6.14 £
Amounts falling due within one year				
Trade debtors	16,194	82,944	-	324
Amounts owed by group undertakings	-	-	81,929	77,473
Other debtors and prepayments	161,849	62,434	64,516	56,822
	<hr/>	<hr/>	<hr/>	<hr/>
	178,043	145,378	146,445	134,619
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	382,953	458,815
Commercial loan	59,000	60,000	59,000	60,000
Triodos Bank Bond	6,715	6,715	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Aggregate amounts	<u>243,758</u>	<u>212,093</u>	<u>588,398</u>	<u>653,434</u>

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

	Group 30.6.15 £	Group 30.6.14 £	Charity 30.6.15 £	Charity 30.6.14 £
Amount owing to Group Undertakings	-	-	42,783	42,783
Other creditors	39,551	31,611	16,445	14,444
Bank Loan (Secured – note 15)	68,356	61,443	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	107,907	93,054	59,228	57,227

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

	Group 30.6.15 £	Group 30.6.14 £	Charity 30.6.15 £	Charity 30.6.14 £
Bank Loan (Secured – note 15)	290,098	358,657	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	290,098	358,657	-	-
Bank Loan (repayable by instalment):				
Current liability	68,356	61,443	-	-
Repayable in 1 - 2 years	71,968	67,727	-	-
Repayable in 2 - 5 years	218,130	227,715	-	-
Repayable in more than 5 years	-	63,215	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>358,454</u>	<u>420,100</u>	<u>-</u>	<u>-</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2015

#### 15. SECURED DEBTS

The following secured debts are included within creditors:

	Group 30.06.15	Group 30.06.14	Charity 30.06.15	Charity 30.06.14
	£	£	£	£
Triodos Bank BV	358,454	420,100	-	-

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	30.06.15 Total funds	30.06.14 Total funds
Fixed Assets	1,090,049	305,992	1,396,041	1,494,615
Investments	2,000	-	2,000	2,000
Current Assets	1,094,599	820,507	1,915,106	1,613,857
Current Liabilities	(107,907)	-	(107,907)	(93,054)
Amounts due after more than 1 year	(290,098)	-	(290,098)	(358,657)
	<u>1,788,643</u>	<u>1,126,499</u>	<u>2,915,142</u>	<u>2,658,761</u>

## Westray Development Trust

### Notes to the consolidated financial statements – continued For The Year Ended 30 June 2015

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

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

	At 1.7.14	Net movement in funds	Transfers between funds	At 30.6.15
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	877,233	188,904	(686,495)	379,642
Investment Fund (Designated)	-	-	700,000	700,000
Loan Fund (Designated)	-	1,380	-	1,380
	<u>877,233</u>	<u>190,284</u>	<u>13,505</u>	<u>1,081,022</u>
<b>Restricted funds</b>				
Hofn Centre	10,619	(5,544)	-	5,075
Other Income Funds	800	-	(800)	-
Capital Funds	808,553	-	312,171	1,120,724
Big Lottery	154,567	-	(154,567)	-
EST - 9 Houses	17,595	(324)	(17,271)	-
Golf Course Redevelopment	159,233	(1,629)	(157,604)	-
Tourism Development Officer	-	(4,566)	4,566	-
Micro-grid	-	700	-	700
	<u>1,151,367</u>	<u>(11,363)</u>	<u>(13,505)</u>	<u>1,126,499</u>
<b>TOTAL FUNDS</b>	<u>2,028,600</u>	<u>178,921</u>	<u>-</u>	<u>2,207,521</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 estimated at £31,008 also exist in respect of grant application approved by Westray Development Trust but where no claim had been made for payment of funds.

## Westray Development Trust

### Notes to the Financial Statements – continued For The Year Ended 30 June 2015

#### 19. RELATED PARTY DISCLOSURES

In a small community it is likely that directors of group companies will have connections with organisations that benefit from assistance from Westray Development Trust. In the year ended 30 June 2015, the following transactions were undertaken.

Grant details	£	Related party
Westray Heritage Trust - Upgrade and backup system for heritage centre	2,989	Douglas Leslie, Peter Needham
Westray Community Council - road materials	3,333	Daniel Harcus
Westray Heritage Trust – consultancy, advertising, Sage Training etc	11,331	Douglas Leslie, Peter Needham.
Westray Community Council - Chapel of Rest	14,000	Daniel Harcus
Westray Baptist Kirk - projector and computer	2,500	Daniel Harcus
Westray & Papa Westray Tourist Association - Folk Festival	650	William Turnbull

Westray & Papa Westray Tourist Association                      D Harcus and W Turnbull are members.

Westray Heritage Trust                      D Leslie, and P Needham are directors

Westray Parish Kirk                      Mrs E J Harcus is an Elder.

Westray Baptist Kirk                      D Harcus is Deacon

Westray Golf Club                      Mrs M Hutchison is a committee member and W Turnbull is club captain.

Westray Community Council                      D Harcus is a member.

Expenses were paid by Westray Development Trust and its subsidiaries to Trustees or Directors as disclosed in note 8.

#### 20. 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.