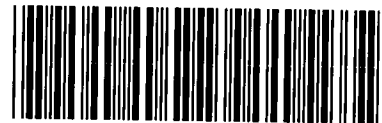


REGISTERED COMPANY NUMBER: SC201004 (Scotland)
REGISTERED CHARITY NUMBER: SC029471

**Report of the Trustees and
Audited Consolidated Financial Statements For Year Ended 30 June 2017
for
Westray Development Trust and Subsidiary**

SATURDAY



S6J0CRWO
SCT 11/11/2017 #10
COMPANIES HOUSE

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

Westray Development Trust

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For The Year Ended 30 June 2017**

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Westray Development Trust

Report of the Trustees For The Year Ended 30 June 2017

The trustees (who are also the directors) are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 30 June 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

OBJECTIVES AND ACTIVITIES

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 Westray Development Trust.

OBJECTIVES AND ACTIVITIES

Significant activities

Within the year, WDT invested £750,000 in CCLA's Ethical Investment Fund and holds a further £108,000 in a deposit account with CCLA. Further information can be found within the Reserves Policy statement.

The Trust increased its assets during the year with the purchase of a piece of land within Pierowall village which is used to site two greenhouses and two portacabins which are used for a fundraising shop. The growing project is a two year pilot project where the Trust is researching whether it is possible to extend the growing season on the island by introducing heat and light. This project attracted significant funding from various external funders including Highlands and Islands Enterprise, LEADER, Good Food Nation and Scottish Land Fund. The fundraising shop is provided by the Trust to local groups wishing to raise funds for their activities.

The Trust has invested significant funds in the quarry project with the appointment of Dalgleish Associates to carry out the legal work including screening and planning applications. Just before the end of the financial year, the Trust instructed its lawyers, Burness Paull, to look over the proposed wayleave agreements and to submit them to the landowners. This project is ongoing but we hope to have made significant progress by the start of 2018.

Westray Development Trust

Report of the Trustees For The Year to 30 June 2017

OBJECTIVES AND ACTIVITIES

Significant activities

WDT received the report of the housing assessment carried out by the Highland's Small Communities Housing Trust in late 2016 and are now looking to appoint an architect to carry out investigations into potential development of several sites identified during the housing assessment. There will also be funding applications submitted to the Rural Housing Fund and Scottish Land Fund. This work was ongoing at the end of the financial year.

Westray Development Trust continues to support learning and education on the island by providing funding for a learning centre coordinator post and by also providing education and training grants to individuals.

The Trust continues to provide its home help scheme which offers cleaning and cooking services to those who may be in need of extra support. This has seen seven individuals benefitting from the service since it was set up in April 2016 and currently employs two folk to provide the service.

Westray Community Wind Turbine Fund - Grant making

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

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

The assessment is carried out using a scoring matrix in which each application is given a score of between minus 1 and 3 for five criteria: fit with WDT charitable objectives, need, impact, achievability, and cost. The application is then dealt with in one of three ways depending on the total score; less than 4 and it is rejected, between 5 and 10 and the application is referred back to the applicant for more information and a score of between 11 and 15 means that it is passed onto the WDT Board for funding consideration.

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

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

The Local Investment Budget is for projects that don't fit within the Community or Development Grants scheme because of, amongst other reasons, the nature of the project or the amount of funding required. Applications to this scheme would generally be assessed by the PEG and presented to the AGM for membership approval. However, this is not always possible and so the Board of WDT uses its discretion in these instances.

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

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

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

Westray Development Trust

Report of the Trustees For The Year to 30 June 2017

OBJECTIVES AND ACTIVITIES

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

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.

Westray Community Wind Turbine - Loans

Loan making has been temporarily suspended until a full review of the system and processes has been carried out.

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."

The larger projects which the Trust was involved in, in its earlier days can be seen through the island.

Kalisgarth Care Centre was opened in 2005 to enable those who require residential care to remain on their home island. The centre is one of the major employers on the island with over a dozen full, part and relief positions.

The Hofn (meaning haven) was opened in 2000 to give the young folk of the island somewhere to congregate; previously the meeting place was the public toilets in the middle of the village and before that it was the chippy.

Six years of countless meetings in the 2000s led to the erection and commissioning of the community wind turbine in 2009 which is a major achievement and is what has ensured that the Trust is still going strong today. The income generated by the turbine is far greater than anticipated and that has brought along a whole new set of challenges. Whilst it may have looked like WDT didn't seem to be doing much for a good few years after the turbine was installed, a huge amount of work was going on behind the scenes trying to put in place processes and procedures for using the money and for enabling others to use the money for their activities and purposes. These processes and procedures are under constant review as new challenges and legislation come along - it is probable that there will never be 'final' processes because of the nature of the organisation (and island) - nothing stays the same.

The funding received in connection with the turbine project also included funding for several side projects. Tackling fuel poverty was seen as a must for the Trust and this project culminated in several properties receiving ground source heat pumps, free of charge. A major re-development of the golf course also came off the back of this funding. Perhaps the least successful projects was the production of bio-diesel and the zero-waste project but lessons were learnt from all of these projects, good and bad.

In the last year or so, WDT has become more active in looking at its own projects. There is the continuing work on the quarry and housing projects which are major projects so it's worth taking our time and getting it right.

The growing project went live in April with the first produce being available in the shops in June. We've already discovered that some of what we had hoped to achieve may not be possible how we wanted to do it and so we have to make some changes before next growing season.

Although the units for the fundraising shop were in place before the end of the financial year, the shop actually only opened in August.

Westray Development Trust

Report of the Trustees For The Year to 30 June 2017

ACHIEVEMENT AND PERFORMANCE

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

Feedback on performance from the residents of Westray is important to the Trust. Minutes of Board meetings have been made available to Westray residents via the Trust website. To further improve ease of access to information on the ongoing work of the Trust, a monthly report is included in the 'What's On, Aff, Been in Westray' newsletter produced by Westray Heritage Trust and WDT also has a Facebook page. The Annual General Meeting of WDT provides members with the opportunity for formal assessment of performance and accountability.

FINANCIAL REVIEW

Reserves policy

Westray Development Trust operates two types of Reserve. A General Reserve with a balance at the year-end of £1,400,781, is used to fund day to day operations, and a Restricted Reserve with a balance at the year-end of £1,150,634 which represents funds received for a specific purpose or project. The Restricted Reserve is subdivided into funds that reflect the purpose for which the finance was received and any conditions attached to its use.

Donations were received in the year from Westray Renewable Energy Ltd amounting to £350,000. Other donations and grant income received was just under £62,000; this includes grants received for the growing project, the Tourism Development Officer and the housing consultation.

The income from the trading subsidiary, which is the profits from the income generated from the community owned wind turbine, is far greater than was ever anticipated. Estimated income each year was in the region of £200,000 with the reality being in the region of £350,000-£450,000 per year.

Westray has always been an island where fundraising activities have played a major part in the social calendar whether it be jumble sales or coffee afternoons and the Trust recognises that it doesn't want to intrude on that area by offering 'money for nothing'. It also recognises that the turbine has a relatively short life expectancy and there may not be another project that would be able to generate an income to the level that is being generated at the moment. So, in order to retain the fundraising abilities of the island and to avoid a grant dependant culture, the Trust limits its grants budget each year to £150,000 thus leaving a substantial excess for investment.

Investment takes two forms within WDT; the first is investing in vital local businesses by way of loans. At present, WDT has three live loans. The first was to two brothers who wished to refurbish a crab fishing boat and set up in business together. It was recognised that not only would this keep potentially two young families on the island but would also provide raw product to the local crab processing factory thereby helping to retain another vital local business. The other two loans were given on two local shops which were both at risk of closing due to retirement of the previous owners. This has safeguarded around half a dozen jobs as well as creating a few more because of expansion of one of the businesses.

FINANCIAL REVIEW

Reserves policy

The other form which investment takes within WDT is that of financial investment in CCLA's Ethical Investment Fund. WDT had built up a substantial reserve within the 6 years after the turbine was commissioned and it was realised that there needed to be some way found to make this money work rather than it just sit in a bank account doing nothing. WDT at present has £750,000 invested with CCLA and this will increase year on year as surplus funds are transferred; it is anticipated that this could earn around 4% per year in interest. Concurrently, WDT and WRE are looking at an income generating project to replace the turbine.

There are a couple of ways that the funds held in CCLA can be used; one is that they can be kept there and earn interest which can be used for the day to day running of WDT. The other is that they can be used to fund the next income generating project, whatever that may be.

Westray Development Trust

Report of the Trustees For The Year to 30 June 2017

FINANCIAL REVIEW

Post Balance Sheet Events

The fundraising shop, 'The Westray Bargain Box' opened its doors in August. It works by local groups putting their names forward and three or four times a year being allocated a week in which they go into the shop and sell donated goods, baking and raffles. The proceeds are then split: the group retains all proceeds from baking and raffles and 50% of the takings from the donated goods; 45% of the takings for the donated goods is put in a 'pot' and is then split between the groups that have used the shop during that quarter or third of the year and the remaining 5% is retained by WDT for repairs etc. to the shop units. So far, this seems to be working well and the shop is proving popular both for folk donating goods and folk buying goods.

Tenders have been invited for work in relation to the proposed housing project. The main area of work to start with is to facilitate funding applications to the Scottish Land Fund and Islands Housing Fund with these funds being used to carry out investigations into suitability of plots for development

FUTURE PLANS

It is still anticipated that a Community Interest Company will be set up to run the quarry operations and that WDT staff will carry out the administration of the company under a Service Level Agreement. This will be dependent on the results of feasibility investigations and planning permissions.

WDT will work with other organisations to investigate provision of superfast broadband to the whole island. The Board agreed to add digital connectivity as a key theme within the development plan.

Funding applications will be submitted to the Scottish Land Fund and Islands Housing Fund for investigation work into housing provision on Westray. Several plots of land have already been identified and expressions of interest will be submitted through our legal experts.

Second year production within the greenhouses will commence in February 2018. Depending on the results of the research, this project may be extended on a more commercial basis. Alternatively, the greenhouses may be offered to the community for plot rental.

Finally, WDT will be continuing to engage with Alan Flint of Bank of Scotland to explore future planning strategies including the setup of a subgroup to investigate potential future income generating projects.

STRUCTURE, GOVERNANCE AND MANAGEMENT

GOVERNING INSTRUMENT AND ADMINISTRATIVE STATUS

Westray Development Trust is a company limited by guarantee, governed by its 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 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 have 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.

Westray Development Trust

Report of the Trustees For The Year to 30 June 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT GOVERNING INSTRUMENT AND ADMINISTRATIVE STATUS

The Chairman, Vice-Chairman, Treasurer, Secretary and such other office bearers as the Board considers appropriate for the next 12 months are appointed from among the directors immediately following the AGM.

Organisational structure

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

Related parties

Westray Development Trust has 1 wholly owned subsidiary.

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

Westray Development Trust

**Report of the Trustees
For The Year to 30 June 2017**

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 Drever
D H Leslie
J P M Bews
P Needham
W Turnbull
Mrs E J Costie
I W Ricketts
A G Seatter
Mrs K Seatter
J W H Stout

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

Solicitors
Lows Orkney
5 Broad Street
Kirkwall
Orkney
KW15 1DJ

Westray Development Trust

Report of the Trustees For The Year Ended 30 June 2017

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.

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 19 September 2017 and signed on its behalf by:


.....
G Drever

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 2017 which comprise 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 auditor

As explained more fully in the Trustees' Responsibilities Statement 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 auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accountings policies are appropriate to the group's and the parent 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 Trustees' Annual Report 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 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

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 and take advantage of the small companies exemption from the requirement to prepare a strategic 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

19 September 2017

Westray Development Trust

**Consolidated Statement of Financial Activities
For The Year Ended 30 June 2017**

		Unrestricted funds £	Restricted funds £	30.06.17 Total funds £	30.06.16 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		11,676	17	11,693	20,020
Grants Received	4	745	50,587	51,332	10,990
Activities for generating funds					
Electricity Generation		553,965	-	553,965	537,743
Investment income		2,646	-	2,646	4,227
Commercial lending		8,122	-	8,122	3,022
Sundry income (Hofn etc)		8,391	-	8,391	3,431
Total incoming resources		585,545	50,604	636,149	579,433
RESOURCES EXPENDED					
Costs of generating funds					
Electricity generation		129,201	4,057	133,258	100,127
Charitable activities					
Overheads	5	164,303	16,916	181,219	352,161
Governance costs	6	11,462	-	11,462	14,123
Taxation - Subsidiary		21	-	21	36
Total resources expended		304,987	20,973	325,960	466,447
NET INCOMING/(OUTGOING) RESOURCES before transfers					
		280,558	29,631	310,189	112,986
Gross transfers between funds		(279)	279	-	-
Net incoming/(outgoing) resources		280,279	29,910	310,189	112,986
RECONCILIATION OF FUNDS					
Total funds brought forward		1,913,401	1,120,724	3,034,125	2,921,139
TOTAL FUNDS CARRIED FORWARD		2,193,680	1,150,634	3,344,314	3,034,125

The notes form part of these consolidated financial statements

Westray Development Trust

**Balance Sheet
At 30 June 2017**

	Notes	Group 30.06.17 £	Group 30.06.16 £	Charity 30.06.17 £	Charity 30.06.16 £
FIXED ASSETS					
Tangible assets	10	1,313,168	1,325,860	489,968	435,745
Investments	11	2,000	2,000	2,100	2,100
		<hr/>	<hr/>	<hr/>	<hr/>
		1,315,168	1,327,860	492,068	437,845
CURRENT ASSETS					
Debtors: amounts falling due within one year	12	139,185	112,439	118,210	104,658
Debtors: amounts falling due after more than one year	12	360,590	376,849	571,653	672,827
Cash at bank and in hand		1,768,378	1,574,463	1,377,938	1,126,413
		<hr/>	<hr/>	<hr/>	<hr/>
		2,268,153	2,063,751	2,067,801	1,903,898
CREDITORS					
Amounts falling due within one year	13	96,648	139,354	8,454	54,626
NET CURRENT ASSETS/(LIABILITIES)		<hr/>	<hr/>	<hr/>	<hr/>
		2,171,505	1,924,397	2,059,347	1,849,272
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<hr/>	<hr/>	<hr/>	<hr/>
		3,486,673	3,252,257	2,551,415	2,287,117
CREDITORS					
Amounts falling due after more than one year	14	142,359	218,130	-	-
NET ASSETS	16	<hr/>	<hr/>	<hr/>	<hr/>
		3,344,314	3,034,127	2,551,415	2,287,117
FUNDS					
Unrestricted funds					
General Funds		1,088,199	796,043	261,693	49,034
Designated Funds		1,105,481	1,117,360	1,139,088	1,117,359
Restricted funds		1,150,634	1,120,724	1,150,634	1,120,724
		<hr/>	<hr/>	<hr/>	<hr/>
		3,344,314	3,034,127	2,551,415	2,287,117
		<hr/>	<hr/>	<hr/>	<hr/>

The notes form part of these consolidated financial statements

Westray Development Trust

Balance Sheet – continued
At 30 June 2017

The Trustees have prepared group accounts in accordance with section 398 of Companies Act 2006 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005.

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, and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

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 19 September 2017 and were signed on its behalf by:



G Drever - Trustee

Westray Development Trust

Notes to the consolidated financial statements For The Year Ended 30 June 2017

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Westray Development Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatements were required.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary, Westray Renewable Energy Limited on a line by line basis.

Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Investment income comprises interest receivable on loaned funds and is included when receivable and the amount can be measured reliably by the charity; this is normally calculated in accordance with the relevant loan documentation.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income, the amount can be quantified with reasonable accuracy and any performance conditions attached to the items of income have been met.

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.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Expenditure and irrecoverable VAT

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.

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

1. Costs of generating funds comprise the costs of commercial wind generation (subsidiary) and their associated support costs.
2. Expenditure on charitable activities includes the costs of operating charitable venues (Hofn etc.), supporting local projects and events, and associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Westray Development Trust

Notes to the consolidated financial statements - continued For The Year Ended 30 June 2017

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 adjusted for impairment, where appropriate.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash held by the charity and bank deposits.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

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.

Fund accounting

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

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

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

Pension costs and other post-retirement benefits

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

Westray Development Trust

**Notes to the consolidated financial statements – continued
For The Year Ended 30 June 2017**

2. FINANCIAL PERFORMANCE OF THE CHARITY

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

	Notes	Unrestricted funds £	Restricted funds £	30.06.17 Total funds £	30.06.16 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		11,677	17	11,694	20,020
Grants Received	4	-	50,587	50,587	10,990
Activities for generating funds					
Electricity Generation		2,781	-	2,781	4,065
Rent Received		2,400	-	2,400	2,404
Donation from Subsidiary		350,000	-	350,000	352,692
Interest received from subsidiary		19,568	-	19,568	23,966
Investment Income		2,539	-	2,539	4,037
Commercial lending		8,122	-	8,122	3,022
Management Charge		5,827	-	5,827	5,827
Hofn Centre (hires and other income)		929	-	929	295
Sundry income		8,207	-	8,207	3,136
Total incoming resources		412,050	50,604	462,654	430,454
RESOURCES EXPENDED					
Charitable activities					
Overheads		168,269	20,973	189,242	339,165
Governance costs	6	9,114	-	9,114	11,693
Total resources expended		177,383	20,973	198,356	350,858
NET INCOMING/(OUTGOING) RESOURCES before transfers					
		234,667	29,631	264,298	79,596
Gross transfers between funds					
		(279)	279	-	-
Net incoming/(outgoing) resources		234,388	29,910	264,298	79,596
RECONCILIATION OF FUNDS					
Total funds brought forward	17	1,166,393	1,120,724	2,287,117	2,207,521
TOTAL FUNDS CARRIED FORWARD		1,400,781	1,150,634	2,551,415	2,287,117

Westray Development Trust

Notes to the consolidated financial statements – continued For The Year Ended 30 June 2017

3. ACTIVITIES FOR GENERATING FUNDS – COMMERCIAL TRADING OPERATIONS

The wholly-owned trading subsidiary, Westray Renewable Energy Limited (WRE) is incorporated in the United Kingdom (company number SC280113) and pays all its profits to the charity under the gift aid scheme. WRE operates a wind turbine in Westray generating and selling electricity to the grid. A summary of the financial performance of the subsidiary alone is shown below:

	WRE Ltd	
	30.06.17	30.06.16
	£	£
Turnover	551,184	533,678
Cost of sales, administrative costs and interest	(155,271)	(147,562)
Donation to WDT	(350,000)	(352,692)
Taxation	(21)	(36)
Net profit/ (loss)	45,892	33,388
The assets and liabilities of the subsidiaries were:		
Fixed assets	823,200	890,116
Current assets	507,316	543,897
Current liabilities	(177,379)	(166,082)
Long term liabilities	(360,137)	(520,823)
Total net assets	793,000	747,108
Aggregate share capital and reserves	793,000	747,108

4. Grants

Grants received are as follows:	30.06.17	30.06.16
	£	£
Historic Scotland	-	600
Highlands & Islands Enterprise	19,141	7,987
Westray & Papa Westray Tourist Association	1,725	2,403
Scottish Land Fund	16,800	-
Good Food Nation	12,921	-
	<u>50,587</u>	<u>10,990</u>

Westray Development Trust

**Notes to the consolidated financial statements – continued
For The Year Ended 30 June 2017**

5. COSTS OF CHARITABLE ACTIVITIES

General overheads:	30.06.17	30.06.16
	£	£
Wages	73,018	79,046
Grants and Donations (See below)	26,666	90,432
Support for Learning Centre	9,876	14,457
Training Grants	1,060	2,648
Support for Local Events	1,436	3,655
Development Grants	13,442	2,924
Quarry Research & Development	9,886	56,505
Housing Consultation	8,715	-
Depreciation - Excluding turbines	9,107	9,766
Loss on Disposal of assets	274	135
Other Overheads	27,739	92,593
	<u>181,219</u>	<u>352,161</u>

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

	£
Ruth Hagan - Soul Survivor	910
The Bisgeos Run 2016	1,375
Westray First Brownies - County campfire travel	175
William Shearer - Fireworks	600
Youth Clubs equipment	550
Go Westray - Vikings!	205
Westray Community Council - Rapness Kirk Yard	3,360
Mrs C Drever - replacement covers/foam	300
Westray Sailing Club - hand crimping tool	267
Inter-kirk fund - island wide Christmas card	161
C Risbridger - Study trip to CERN, Switzerland	300
Final invoice on golf course fence	1,318
Nursery - Fruit and healthy snacks	461
Friends of Kalisgarth - Garden Project	18,729
Return of donations	<u>(2,045)</u>
	<u>26,666</u>

Westray Development Trust

**Notes to the consolidated financial statements – continued
For The Year Ended 30 June 2017**

6. GOVERNANCE COSTS

	Group 30.06.17	Group 30.06.16	Charity 30.06.17	Charity 30.06.16
	£	£	£	£
Professional fees	11,033	13,524	8685	11094
PI Insurance	429	599	429	599
	<u>11,462</u>	<u>14,123</u>	<u>9,114</u>	<u>11,693</u>

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	30.06.17 £	30.06.16 £
Depreciation :		
Turbines (included in cost of electricity generation)	66,916	70,902
Other assets (included in overheads)	9,107	9,766
Loss on disposal of fixed assets	274	135
Fees paid to auditor – Audit services	4,424	4,200
Other accounting services for group	<u>5,350</u>	<u>5,250</u>

8. TRUSTEES' AND DIRECTORS REMUNERATION AND BENEFITS

	30.06.17 £	30.06.16 £
Directors' remuneration for services provided (subsidiary only)	<u>6,500</u>	<u>6,166</u>

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

Trustees and directors' expenses

One trustee was reimbursed meeting costs of £35 in the year.

9. STAFF COSTS

The average number of employees in the year was 6.

	Group 30.06.17	Group 30.06.16	Charity 30.06.17	Charity 30.06.16
	£	£	£	£
Wages and Salaries	71,482	78,504	64,982	72,338
Social security costs	6,121	6,313	6,121	6,313
Pensions	1,915	395	1,915	395
	<u>79,518</u>	<u>85,212</u>	<u>73,018</u>	<u>79,046</u>

Westray Development Trust

Notes to the consolidated financial statements – continued For The Year Ended 30 June 2017

10. TANGIBLE FIXED ASSETS

	Freehold property	Equipment	Turbines	Totals
	£	£	£	£
COST				
At 1 July 2016	383,480	46,863	1,452,944	1,883,287
Additions	32,694	34,896	-	67,590
Disposals	-	(2,833)	-	(2,833)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017	416,174	78,926	1,452,944	1,948,044
DEPRECIATION				
At 1 July 2016	22,140	29,368	505,919	557,427
Charge for year	4,179	3,726	70,901	78,806
Eliminated on disposal	-	(1,357)	-	(1,357)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 June 2017	26,319	31,737	576,820	634,876
NET BOOK VALUE				
At 30 June 2017	<u>389,855</u>	<u>47,189</u>	<u>876,124</u>	<u>1,313,168</u>
At 30 June 2016	<u>36,1340</u>	<u>17,495</u>	<u>947,025</u>	<u>1,325,860</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 £515,124.

Included in cost or valuation of land and buildings is freehold land of the charity of £236,905 (2016 - £213,561). The Trustees consider that the current value of land and buildings is equal to that at which they are carried in the accounts.

11. FIXED ASSET INVESTMENTS

Westray Renewable Energy Limited

Country of incorporation: Scotland

Nature of business: Wind energy production

Holding: 100 Ordinary shares of £1 each

The results of the subsidiary company is shown in note 3.

Other Investment

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

Westray Development Trust

Notes to the consolidated financial statements – continued
For The Year Ended 30 June 2017

12. DEBTORS

	Group 30.06.17	Group 30.06.16	Charity 30.06.17	Charity 30.06.16
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	675	646	-	-
Amounts owed by group undertakings	-	-	84,915	93,728
Commercial loan	16,791	13,468	16,791	10,663
Other debtors and prepayments	121,719	98,325	16,504	267
	<u>139,185</u>	<u>112,439</u>	<u>118,210</u>	<u>104,658</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	217,778	302,693
Commercial loans	353,875	370,134	353,875	370,134
Triodos Bank Bond	6,715	6,715	-	-
	<u>360,590</u>	<u>376,849</u>	<u>571,653</u>	<u>672,827</u>
Aggregate amounts	<u><u>499,775</u></u>	<u><u>489,288</u></u>	<u><u>689,864</u></u>	<u><u>777,485</u></u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 30.06.17	Group 30.06.16	Charity 30.06.17	Charity 30.06.16
	£	£	£	£
Amount owing to Group Undertakings	-	-	827	827
Other creditors	20,877	67,386	7,627	53,799
Bank Loan (Secured – note 15)	75,771	71,968	-	-
	<u>96,648</u>	<u>139,354</u>	<u>8,454</u>	<u>54,626</u>

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

	Group 30.06.17	Group 30.06.16	Charity 30.06.17	Charity 30.06.16
	£	£	£	£
Bank Loan (Secured – note 15)	142,359	218,130	-	-
	<u>142,359</u>	<u>218,130</u>	<u>-</u>	<u>-</u>
Bank Loan (repayable by instalment):				
Current liability	75,771	71,968	-	-
Repayable in 1 - 2 years	142,359	75,771	-	-
Repayable in 2 - 5 years	-	142,359	-	-
Repayable in more than 5 years	-	-	-	-
	<u>218,130</u>	<u>290,098</u>	<u>-</u>	<u>-</u>

Westray Development Trust

Notes to the consolidated financial statements – continued For The Year Ended 30 June 2017

15. SECURED DEBTS

The following secured debts are included within creditors:

	Group 30.06.17	Group 30.06.16	Charity 30.06.17	Charity 30.06.16
	£	£	£	£
Triodos Bank NV	218,130	290,098	-	-

Triodos Bank NV has a bond and floating charge over all property and assets of Westray Renewable Energy Limited and a standard security over the company's interest in a lease between it and Westray Development Trust in respect of land in Westray. Triodos Bank NV 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	30.06.17 Total funds	30.06.16 Total funds
Fixed Assets	947,908	365,260	1,313,168	1,325,860
Investments	2,000	-	2,000	2,000
Current Assets	1,482,779	785,374	2,268,153	2,063,751
Current Liabilities	(96,648)	-	(96,648)	(139,354)
Amounts due after more than 1 year	(142,359)	-	(142,359)	(218,130)
	<u>2,193,680</u>	<u>1,150,634</u>	<u>3,344,314</u>	<u>3,034,127</u>

Westray Development Trust

**Notes to the consolidated financial statements – continued
For The Year Ended 30 June 2017**

17. MOVEMENT IN CHARITABLE FUNDS - Charity

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

	At 1.07.16 £	Net movement in funds £	Transfers between funds £	At 30.06.17 £
Unrestricted funds				
General fund	49,034	212,938	(279)	261,693
Investments fund (Designated)	703,957	2,479	-	706,436
Loans fund (Designated)	393,402	8,122	-	401,524
Renewable Energy Project (Designated)	20,000	11,128	-	31,128
	<u>1,166,393</u>	<u>234,667</u>	<u>(279)</u>	<u>1,400,781</u>
Restricted funds				
Food Miles to Food Smiles	-	29,910	-	29,910
Capital Funds	1,120,724	-	-	1,120,724
Tourism Development Officer	-	(279)	279	-
Local Energy Challenge Fund – Micro grid project	-	-	-	-
	<u>1,120,724</u>	<u>29,631</u>	<u>279</u>	<u>1,150,634</u>
TOTAL FUNDS	<u>2,287,117</u>	<u>264,298</u>	<u>-</u>	<u>2,551,415</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	390,321	(177,383)	212,938
Investment fund	2,479	-	2,479
Loans fund	8,122	-	8,122
Renewables	11,128	-	11,128
	<u>412,050</u>	<u>(177,383)</u>	<u>234,667</u>
Restricted funds			
Food Miles to Food Smiles	40,782	(10,872)	29,910
Tourisms Development Officer	9,822	(10,101)	(279)
Capital Funds	-	-	-
	<u>50,604</u>	<u>(20,973)</u>	<u>29,631</u>
TOTAL FUNDS	<u>462,654</u>	<u>(198,356)</u>	<u>264,298</u>

Name of fund

General fund
Designated funds

Description, nature and purpose of the fund

The “free reserves” after allowing for all designated funds.

1. Investment fund is the value of moneys invested for the long term development.

2. The loans fund is a revolving fund representing loans made to assist local development and the returns on those loans.

Food Miles to Food Smiles

To develop a local vegetable growing facility in Westray

Tourism Development Officer

This funds a development officer who co-ordinated tourist development initiatives in Westray and Papa Westray

Capital fund

This is the value of funds represented by the tangible fixed assets used by the charity on an ongoing basis along with funds committed to its subsidiary for the development of a wind Turbine.

Westray Development Trust

Notes to the Financial Statements – continued For The Year Ended 30 June 2017

18. CONTINGENT LIABILITIES

Charity

Contingent liabilities exist in respect of grants received from various bodies which could become repayable if the conditions relating to the payment of these grants are not met. The directors are not aware of any breaches of conditions that might lead to a grant being repayable.

Contingent liabilities also exist in respect of grant applications approved by Westray Development Trust but where no claim had been made for payment of funds at the year end. The unclaimed amount is £66,472.

19. RELATED PARTY DISCLOSURES

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

During the year Westray Development Trust provided assistance to organisations with connections to one or more Trustees. These included the Westray Sailing Club, Westray Church of Scotland and Westray Baptist Kirk.

20. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

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

21. POST BALANCE SHEET EVENTS

'Westray Bargain Box' fundraising shop opened in August, being used by local groups to raise funds for their activities. Proceeds are split 50% to the group, 45% to the pot to be split amongst all the user groups, and 5% to WDT for repairs/renewals etc.

Tenders invited for facilitation of funding applications to the Scottish Land Fund and Islands Housing Fund and investigations into housing development on several identified plots of land.

22. ULTIMATE CONTROLLING PARTY

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