

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

**Report of the Trustees and  
Audited Consolidated Financial Statements For The Period 1 November 2011 to 30 June 2012  
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 Period 1 November 2011 to 30 June 2012**

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 period 1 November 2011 to 30 June 2012. 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**

A H McVicar	- resigned 22.5.12
R K Rendall	- resigned 22.5.12
D J Baker	- resigned 22.1.12
G W B Costie	
G Drever	
Mrs E J Harcus	
D H Leslie	
D R Seatter	
J Drever	- resigned 22.5.12
J P M Bews	- appointed 22.5.12
Mrs M Hutchison	- appointed 22.5.12
Mrs A Rendall	- appointed 22.5.12
S H Rendall	- appointed 22.5.12

##### **Company Secretary**

Mrs E J Harcus

##### **Senior Statutory Auditor**

Alan E Long FCA, CTA

##### **Auditors**

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

## **Westray Development Trust**

### **Report of the Trustees**

**For The Period 1 November 2011 to 30 June 2012**

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

##### **Bankers**

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

##### **Solicitors**

Lows Orkney  
5 Broad Street  
Kirkwall  
Orkney  
KW15 1DJ

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

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

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

Any person over the age of 18 whose main residence is in Westray and who has an interest in the objects of the Company will be eligible for membership at the discretion of the Board. A paid employee of the Company may become a member but may not vote on any matter directly relating to their employment.

The directors have taken advantage of the special exemption conferred by section 60 of the Companies Act 2006 applicable to companies limited by guarantee, allowing them to dispense with the requirement of using the word Limited, or the abbreviated Ltd, after the company name.

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

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

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

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

A director is entitled to reasonable remuneration for services actually rendered to the company but may not be paid for being a director.

The Chairman, Vice Chairman, Treasurer, Secretary and such other office bearers as the Board considers appropriate for the next 12 months are appointed from among the directors immediately following the AGM. No office bearers shall serve longer than 3 consecutive years in any one office.

## **Westray Development Trust**

### **Report of the Trustees**

**For The Period 1 November 2011 to 30 June 2012**

## **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.

Orkney Bio-fuels Limited is dormant and is in the process of being dissolved.

Westray Renewable Energy Limited is a company set up to build and operate a wind turbine in Westray. Profits from the company are subject to Corporation Tax, just like any other trading company. The tax is being eliminated by careful planning of Charitable Donations to Westray Development Trust and claiming just enough capital allowances on the cost of the equipment. At the balance sheet date the net asset value of Westray Renewable Energy Limited as shown in the balance sheet of the company was £741,000.

### **Risk management**

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

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

The objects for which the charity is established are:

- (a) to provide, in the interests of social welfare, facilities for recreation and other leisure time occupation available to the public at large in Westray with a view to improving their conditions of life.
- (b) to advance education and in particular to promote opportunities for learning for the benefit of the general public.
- (c) to protect and preserve the environment for the benefit of the general public.
- (d) to provide or assist in the provision of housing for people in necessitous circumstances within Westray.
- (e) to relieve poverty particularly among the residents of the Island of Westray.
- (f) To regenerate the community of Westray by the maintenance or improvement of the physical, social and economic infrastructure.
- (g) to promote, establish, operate and / or support other schemes and projects of a charitable nature for the benefit of the community of Westray.

In furtherance of these objects the company has the power to promote community enterprises and companies whose activities may further one or more of the above objects or may generate income to support the activities of the Westray Development Trust.

### **Significant activities**

The decision was taken to change the financial year to run to the end of June; this was to allow more of the membership the opportunity to attend as it was realised that the spring months were a busy time for many members. It also made it easier for the Accountants as January is a busy time for them leading to a delay in the production of the accounts for WDT and WRE Ltd.

As the space used for the WDT office was becoming too small for the expanding business, alternative premises were looked for. WDT, with the purchase of Unit 1, Quarry Road (formerly Edenweave) for the new office premises in June 2012.

Considerable work has been carried out on the golf course thanks to assistance from CDF and Sportsotland. Phase 1 of this project is coming to a close and Phase 2 is now being looked at; this includes the building of a club house and machinery shed.

An approach was made to WDT for assistance in restoring a crab boat. Substantial work has been done on setting up a system to allow WDT to operate loans and this work continues.

## **Westray Development Trust**

### **Report of the Trustees**

**For The Period 1 November 2011 to 30 June 2012**

#### **OBJECTIVES AND ACTIVITIES**

##### **Volunteers**

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

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Present Achievements**

WDT has helped several groups and projects throughout the year with funding through the community turbine. This includes the Westray Heritage Trust - digitisation project and Westray Walkabout book, Westray Golf Club - purchase of a tractor, Westray Junior High School - donation towards cost of production of 'Oliver', Westray Tourist Association - publicity, Westray Parish Kirk - purchase of an overhead projector, The Hofn user group - purchase of equipment and the Tuesday Night Singers - production of a CD.

As well as this, WDT put together the Framework for Community Development document which gives an overview of what is hoped to be achieved on Westray and each year, an action plan is taken to the membership for approval.

##### **Past Achievements**

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

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

##### **Performance**

The work of the Trust is overseen by a Board of Directors elected by members at the annual AGM. Progress and performance are assessed at open monthly Board meetings. The trading companies owned by the Trust (Westray Renewable Energy Ltd and Orkney Biofuels Ltd) are similarly responsible to the WDT Board. The general business and administration of the Trust is likewise dealt with at the Board meetings.

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

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

## **Westray Development Trust**

### **Report of the Trustees**

**For The Period 1 November 2011 to 30 June 2012**

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

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

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

#### **Westray Renewable Energy Limited (a Subsidiary Company)**

The company generated electricity for the whole of this period, producing in excess of 2.5GWhrs of electricity, an increase of 10.4% compared to the same period in the previous year. This resulted in income generation of £403,976 in the 8 month period, compared to £581,549 in the previous 12 months.

#### **FINANCIAL REVIEW**

The Westray Development Group operates two types of Reserve. A General Reserve with a balance at the year end of £916,952, is used to fund day to day operations, and a Restricted Reserve with a balance at the year end of £1,009,910 which has been received for a specific purpose or project. The Restricted Reserve is subdivided into funds that reflect the purpose for which the finance was received and any conditions attached to its use.

The Trust's income was largely from grants and these amounted to £57,000. The other Trust income is the usual mixture of rent and loan interest from Westray Renewable Energy Limited, electricity generation from small turbines operated by the Trust, Hofn takings etc. The Trust is showing a small deficit in 2012 but this is after a further one off write down in the value of assets acquired by the Zero Waste project. These assets were sold off after the year end and we have reflected the realisable value in these accounts.

Westray Renewable Energy has once again reported a substantial trading profit and it is this continuing high level of profit that is resulting in the cash accumulation, amounting to £671,000 at 30 June 2012 in the subsidiary. Westray Renewable Energy made a Charitable Donation to the Trust of £470,000 out of this in July 2012. In addition, Westray Renewable Energy is steadily repaying the loan from Triodos, which was reduced by £36,000 during the period leaving an outstanding loan balance of £534,000, and the loan from the Trust which stood at £662,000 at 30 June (the net intercompany balance was £619,000).

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.

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

A donation of £470,000 was received by the Trust from its subsidiary Westray Renewable Energy Limited immediately after the year end.

A donation of £42,330 was received by the Trust after the year end from the Golf Club towards the cost of the redevelopment of the golf course.

#### **FUTURE DEVELOPMENTS**

The Westray Development Trust is now into the second year of the project evaluation group and as suspected in the beginning things are still evolving. With the request for financial assistance towards purchasing a business on Westray, the Trust asked for community support for the project and it came back as very positive. Unfortunately this particular project did not come to fruition but another request came in and the Trust are now looking into ways of administering loans for community benefit.

The policies and procedures for handling the community funds will continue to evolve as more and more proposals and project ideas come forward.

The financial position of WDT and the wholly owned trading companies WRE and Orkney Biofuels are detailed in the report of the Accountant appended to the Annual Report.

## **Westray Development Trust**

### **Report of the Trustees**

**For The Period 1 November 2011 to 30 June 2012**

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Westray Development Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

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

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

#### **AUDITORS**

Auditors for the coming year will be proposed for approval at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

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

D R Seatter - Trustee

10 November 2012

## **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 period ended 30 June 2012 on pages nine to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

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

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

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 19 to the financial statements

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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

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

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

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

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

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

Alan E Long FCA, CTA (Senior Statutory Auditor)

for and on behalf of The Long Partnership

Chartered Accountants

Registered Auditors

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

1 Castle Street

Kirkwall

Orkney

KW15 1HD

10 November 2012.

**Westray Development Trust**

**Consolidated Statement of Financial Activities  
For The Period 1 November 2011 to 30 June 2012**

		Unrestricted funds	Restricted funds	30.06.12 Total funds	31.10.11 Total funds
	Notes				
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		2	175	177	11,500
Grants Received	4		57,059	57,059	47,750
Activities for generating funds					
Electricity Generation		410,558		410,558	596,124
Rent Received		500		500	500
Interest		32		32	30
<b>Incoming resources from charitable activities</b>	5	2,765		2,765	2,568
Total incoming resources		413,857	57,234	471,091	658,472
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		88,311		88,311	136,332
<b>Charitable activities</b>					
Activities for the benefit of the community	6	5,225	38	5,263	2,913
General overheads	6	59,809	23,607	83,416	195,293
Governance costs	7	15,682		15,682	11,838
Taxation - Subsidiary		-90,454		-90,454	64,530
Total resources expended		78,573	23,645	102,218	410,906
<b>NET INCOMING/(OUTGOING) RESOURCES before transfers</b>					
		335,284	33,589	368,873	247,566
Gross transfers between funds		5,563	-5,563		
Net incoming/(outgoing) resources		340,847	28,026	368,873	247,566
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		576,105	981,884	1,557,989	1,310,423
<b>TOTAL FUNDS CARRIED FORWARD</b>		916,952	1,009,910	1,926,862	1,557,989

The notes form part of these consolidated financial statements

## Westray Development Trust

### Balance Sheet At 30 June 2012

		Group 2012 £	Group 2011 £	Charity 2012 £	Charity 2011 £
<b>FIXED ASSETS</b>					
Tangible assets	11	1,545,914	1,500,453	388,135	298,082
Investments	12	2,000	2,000	2,103	2,103
		<hr/>	<hr/>	<hr/>	<hr/>
		1,547,914	1,502,453	390,238	300,185
<b>CURRENT ASSETS</b>					
Stocks		6,900	7,100	6,100	6,300
Debtors: amounts falling due within one year	13	141,503	199,901	107,504	78,203
Debtors: amounts falling due after more than one year	13	6,715	6,715	598,312	641,398
Cash at bank and in hand		834,708	557,680	163,015	239,366
		<hr/>	<hr/>	<hr/>	<hr/>
		989,826	771,396	874,931	965,267
<b>CREDITORS</b>					
Amounts falling due within one year	14	132,812	127,633	77,773	66,447
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		857,014	643,763	797,158	898,820
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,404,928	2,146,216	1,187,396	1,199,005
<b>CREDITORS</b>					
Amounts falling due after more than one year	15	478,066	508,227		
Deferred Tax (Subsidiary)			80,000		
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>		1,926,862	1,557,989	1,187,396	1,199,005
		<hr/>	<hr/>	<hr/>	<hr/>
<b>FUNDS</b>					
Unrestricted funds	17	916,952	576,105	177,486	217,121
Restricted funds		1,009,910	981,884	1,009,910	981,884
		<hr/>	<hr/>	<hr/>	<hr/>
		1,926,862	1,557,989	1,187,396	1,199,005
		<hr/>	<hr/>	<hr/>	<hr/>

The notes form part of these consolidated financial statements

## **Westray Development Trust**

### **Balance Sheet - continued**

**At 30 June 2012**

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

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

For the period 1 November 2011 to 30 June 2012 the company was entitled to exemption under section 477 of the Companies Act 2006.

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

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

The consolidated financial statements were approved by the Board of Trustees on 10 November 2012 and were signed on its behalf by:

D R Seatter - Trustee

## Westray Development Trust

### Notes to the consolidated financial statements For The Period 1 November 2011 to 30 June 2012

#### 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  
Orkney Bio-Fuels Limited

##### Incoming resources

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

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

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

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

##### Resources expended

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

##### Tangible fixed assets

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

Freehold property	-2% on cost
Biofuels Equipment	-10% on reducing balance
Equipment	-25% on reducing balance
Turbines	-4% on cost

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

## **Westray Development Trust**

### **Notes to the consolidated financial statements For The Period 1 November 2011 to 30 June 2012**

#### **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 Period 1 November 2011 to 30 June 2012

#### 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:

		Unrestricted funds	Restricted funds	30.06.12 Total funds	31.10.11 Total funds
	Notes				
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		2	175	177	103,500
Grants Received			57,059	57,059	47,750
Activities for generating funds					
Electricity Generation		6,591		6,591	12,174
Rent Received		1,300		1,300	2,900
Investment income		25,817		25,817	41,525
<b>Incoming resources from charitable activities</b>	5	2,765		2,765	2,568
<hr/>					
Total incoming resources		36,475	57,234	93,709	210,417
<hr/>					
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Electricity generation		3,786		3,786	5,649
<b>Charitable activities</b>					
Activities for the benefit of the community	6	5,225	38	5,263	2,913
General overheads		59,809	23,607	83,416	191,585
Governance costs	7	12,853		12,853	8,689
<hr/>					
Total resources expended		81,673	23,645	105,318	208,836
<hr/>					
NET INCOMING/(OUTGOING)					
RESOURCES before transfers		-45,198	33,589	-11,609	1,581
Gross transfers between funds		5,563	-5,563		
<hr/>					
Net incoming/(outgoing) resources		-39,635	28,026	-11,609	1,581
<hr/>					
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		217,121	981,884	1,199,005	1,197,424
<hr/>					
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>177,486</b>	<b>1,009,910</b>	<b>1,187,396</b>	<b>1,199,005</b>

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Period 1 November 2011 to 30 June 2012

#### 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		OB Ltd	
	2012	2011	2012	2011
	£	£	£	£
Turnover	403,999	581,582	0	0
Cost of sales, administrative costs and interest	(113,970)	(270,488)	0	579
Taxation	90,454	(64,454)	0	76
Net profit/ (loss)	380,483	246,640	0	-655
The assets and liabilities of the subsidiaries were:				
Fixed assets	1,157,781	1,202,371	0	0
Current assets	817,296	551,863	956	956
Current liabilities	(157,180)	(163,573)	-2,903	-2,903
Long term liabilities	(1,076,379)	(1,149,626)	0	0
Provision for Deferred Tax		(80,000)	0	0
Total net assets	741,518	361,035	-1,947	-1,947
Aggregate share capital and reserves	741,518	361,035	-1,947	-1,947

#### 4. Grants

Grants received are as follows:

	30.06.12	31.10.11
	£	£
Highlands & Islands Enterprise	32,977	39,931
OIC	800	-
Energy Savings Trust	-	750
Fairer Scotland Fund	-	2,500
Community Energy Scotland	-	2,330
Community Development Fund	23,282	-
Ronald Slater	-	2,239
	<u>57,059</u>	<u>47,750</u>

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Period 1 November 2011 to 30 June 2012

#### 5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	30.06.12	31.10.11
	£	£
Hofn Centre Hires and other income	592	287
Concert Ticket Sales		2,080
Sundry Other Income	<u>2,173</u>	<u>201</u>
	<u>2,765</u>	<u>2,568</u>

#### 6. COSTS OF CHARITABLE ACTIVITIES

	30.06.12	31.10.11
	£	£
<b>Community operations:</b>		
Hofn Centre overheads	5,263	2,913
	<u>5,263</u>	<u>2,913</u>

	30.06.12	31.10.11
	£	£
<b>General overheads:</b>		
Wages	32,386	61,741
Small Local projects	3,384	47,083
Donations - See below	30,692	13,439
Sundries	6,772	11,901
Depreciation - Excluding turbines	10,141	60,538
Loss on Disposal of assets	41	591
	<u>83,416</u>	<u>195,293</u>

Donations include the following grants made by Westray Development Trust:

	£
Westray Heritage Trust	Publishing 'Westray Walkabout' book 500
Westray Parish Kirk	Ivy Cottage – Repairs 8000
Westray & Papa Westray Tourist Assoc.	Advertising 2890
Tuesday Night Singers	CD Production 130
Westray Junior High School	Oliver Production 1375
Westray Heritage Trust	Digitisation Project 7612
Westray Parish Kirk	Projector Project 4365
Hofn Centre	TV & Board Games 350
Westray Processors Limited	Donation of electricity 1500
Old Kirk	Donation for use of Kirk 1000
Friends of Kalisgarth	Donation of turbine income 1470
Westray Junior High School	Cultural Exchange Visit 1000
Westray Community Council	Fireworks for Jubilee Celebration 500
	<u>30,692</u>

**Westray Development Trust**

**Notes to the consolidated financial statements - continued  
For The Period 1 November 2011 to 30 June 2012**

**7. GOVERNANCE COSTS**

	Group 30.06.12	Group 31.10.11	Charity 30.06.12	Charity 31.10.11
	£	£	£	£
Professional fees	15,109	11,308	12,280	8,159
PI Insurance	573	530	573	530
	<u>15,682</u>	<u>11,838</u>	<u>12,853</u>	<u>8,689</u>

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

Net resources are stated after charging/(crediting):

	30.06.12	31.10.11
	£	£
Depreciation		
Turbines (included in cost of electricity generation)	48,378	72,586
Other assets (included in overheads)	<u>10,141</u>	<u>60,538</u>

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

	30.06.12	31.10.11
	£	£
Directors' remuneration for services provided (subsidiary)	<u>3,784</u>	<u>4,166</u>

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

**Trustees' Expenses**

The following expenses were reimbursed to Trustees in the year:

Name of Trustee	Nature of expense reimbursed	Amount £
D Baker	Travel and subsistence	60

**10. STAFF COSTS**

	Period Ended 30.06.12	Year Ended 31.10.11
	£	£
Wages and salaries	29,343	57,683
Social security costs	<u>3,043</u>	<u>4,058</u>
	<u>32,386</u>	<u>61,741</u>

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

	Period Ended 30.6.12	Year Ended 31.10.11
Average number of staff	<u>4</u>	<u>5</u>

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

**Westray Development Trust**

**Notes to the consolidated financial statements - continued  
For The Period 1 November 2011 to 30 June 2012**

**11. TANGIBLE FIXED ASSETS**

	<b>Freehold property £</b>	<b>Biofuels Equipment £</b>	<b>Equipment £</b>
<b>COST</b>			
At 1 November 2011	182,326	61,949	10,905
Additions	104,040	-	-
Disposals	<u>-</u>	<u>-</u>	<u>(168)</u>
At 30 June 2012	<u>286,366</u>	<u>61,949</u>	<u>10,737</u>
<b>DEPRECIATION</b>			
At 1 November 2011	7,200	59,950	8,194
Charge for year	1,003	133	442
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(108)</u>
At 30 June 2012	<u>8,203</u>	<u>60,083</u>	<u>8,528</u>
<b>NET BOOK VALUE</b>			
At 30 June 2012	<u>278,163</u>	<u>1,866</u>	<u>2,209</u>
At 31 October 2011	<u>175,126</u>	<u>1,999</u>	<u>2,711</u>
	<b>Turbines £</b>	<b>Zero Waste Centre £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 November 2011	1,480,315	31,095	1,766,590
Additions	-	-	104,040
Disposals	<u>-</u>	<u>-</u>	<u>(168)</u>
At 30 June 2012	<u>1,480,315</u>	<u>31,095</u>	<u>1,870,462</u>
<b>DEPRECIATION</b>			
At 1 November 2011	169,698	21,095	266,137
Charge for year	48,378	8,563	58,519
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(108)</u>
At 30 June 2012	<u>218,076</u>	<u>29,658</u>	<u>324,548</u>
<b>NET BOOK VALUE</b>			
At 30 June 2012	<u>1,262,239</u>	<u>1,437</u>	<u>1,545,914</u>
At 31 October 2011	<u>1,310,617</u>	<u>10,000</u>	<u>1,500,453</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 £180,543. Included in cost or valuation of land and buildings is freehold land of the charity of £184,540 (2011 - £110,324).

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Period 1 November 2011 to 30 June 2012

#### 12. FIXED ASSET INVESTMENTS

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

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

Country of incorporation: Scotland

Nature of business: Wind energy production (in development)

Holding: 100 Ordinary shares of £1 each

##### **Orkney Bio-Fuels Limited**

Country of incorporation: Scotland

Nature of business: Production of organic road fuel substitute

Holding: 3 Ordinary shares of £1 each

##### **Other Investment**

In addition the charity has purchased 2000 Ordinary £1 Shares in Westray Processors Ltd, an Industrial and Provident Society registered in Scotland. This represents a small shareholding in Westray Processors Ltd.

#### 13. DEBTORS

	Group 30.06.12	Group 31.10.11	Charity 30.06.12	Charity 31.10.11
	£	£	£	£
Amounts falling due within one year				
Trade debtors	21,748	176,711	323	323
Amounts owed by group undertakings	-	-	64,059	61,709
Other debtors and prepayments	119,755	23,190	43,122	16,171
	141,503	199,901	107,504	78,203
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	598,312	641,398
Triodos Bank Bond	6,715	6,715	-	-
Aggregate amounts	148,218	206,616	705,816	719,601

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

	Group 30.06.12	Group 31.10.11	Charity 30.06.12	Charity 31.10.11
	£	£	£	£
Amount owing to Group Undertakings	-	-	42,786	43,583
Other creditors	75,489	64,532	34,952	22,666
Credit card	35	198	35	198
Bank Loan (Secured)	55,579	61,194	-	-
Director's Loan (Orkney Bio-Fuels Ltd)	1709	1709	-	-
	132,812	127,633	77,773	66,447

## Westray Development Trust

### Notes to the consolidated financial statements - continued For The Period 1 November 2011 to 30 June 2012

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

	Group 30.06.12	Group 31.10.11	Charity 30.06.12	Charity 31.10.11
	£	£	£	£
Bank Loan (Secured)	478,066	508,227	-	-
	<u>478,066</u>	<u>508,227</u>	<u>-</u>	<u>-</u>
Bank Loan (repayable by instalment):				
Current liability	55,579	61,194	-	-
Repayable in 1 - 2 years	57,965	61,194	-	-
Repayable in 2 - 5 years	200,832	179,542	-	-
Repayable in more than 5 years	219,269	267,491	-	-
	<u>533,645</u>	<u>569,421</u>	<u>-</u>	<u>-</u>

#### 16. SECURED DEBTS

The following secured debts are included within creditors:

	Group 30.06.12	Group 31.10.11	Charity 30.06.12	Charity 31.10.11
	£	£	£	£
Triodos Bank BV	533,645	569,421	-	-

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

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

			30.06.12	31.10.11
	Unrestricted funds	Restricted funds	Total funds	Total funds
Fixed Assets	1,316,952	228,962	1,545,914	1,500,453
Investments	2,000		2,000	2,000
Current assets	195,096	794,730	989,826	771,396
Current liabilities	(119,030)	(13,782)	(132,812)	(127,633)
Long Term Liabilities and Deferred Taxation	(478,066)	-	(478,066)	(588,227)
	<u>916,952</u>	<u>1,009,910</u>	<u>1,926,862</u>	<u>1,557,989</u>

**Westray Development Trust**

**Notes to the consolidated financial statements - continued  
For The Period 1 November 2011 to 30 June 2012**

**18. MOVEMENT IN CHARITABLE FUNDS**

	At 1.11.11 £	Net movement in funds £	Transfers between funds £	At 30.6.12 £
<b>Unrestricted funds</b>				
General fund	217,121	(45,198)	5,563	177,486
<b>Restricted funds</b>				
Hofn Centre & Bus	-	138	-	138
Other Income Funds	-	800	-	800
Capital Funds	814,116	-	(5,563)	808,553
Big Lottery	135,199	9,369	-	144,568
Zero Waste	14,974	-	-	14,974
EST - 9 Houses	17,595	-	-	17,595
Golf Course Redevelopment	-	23,282	-	23,282
	<u>981,884</u>	<u>33,589</u>	<u>(5,563)</u>	<u>1,009,910</u>
<b>TOTAL FUNDS</b>	<u>1,199,005</u>	<u>(11,609)</u>	<u>-</u>	<u>1,187,396</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	36,475	(81,673)	(45,198)
<b>Restricted funds</b>			
Hofn Centre & Bus	176	(38)	138
Big Lottery	32,976	(23,607)	9,369
Other Income Funds	800	-	800
Golf Course Redevelopment	23,282	-	23,282
	<u>57,234</u>	<u>(23,645)</u>	<u>33,589</u>
<b>TOTAL FUNDS</b>	<u>93,709</u>	<u>(105,318)</u>	<u>(11,609)</u>

## **Westray Development Trust**

### **Notes to the Financial Statements - continued For The Period 1 November 2011 to 30 June 2012**

#### **19. MOVEMENT IN FUNDS - continued**

Purposes of Restricted Funds:

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

The trust received grant assistance from the Community Development Foundation (CDF) for the golf course redevelopment project. This was also funded through grant assistance from SportsScotland which was awarded to Westray Golf Club.

As part of the investigations into a community interest company and enterprise manager, HIE assisted financially in a fact finding trip to the Western Isles.

#### **20. CONTINGENT LIABILITIES**

##### **Charity**

Contingent liabilities exist in respect of grants received from various bodies which could become repayable if the conditions relating to the payment of these grants are not met. These include New Opportunities Fund, SportsScotland, Big Lottery and Energy Savings Trust.

#### **21. RELATED PARTY DISCLOSURES**

Expenses were paid by Westray Development Trust to Trustees as disclosed in note 9.

During the year the Trust paid Robert Rendall & Co £7,818 for goods and services provided to the Trust throughout the year. Trustee, Robert Rendall is a proprietor of Robert Rendall & Co. All transactions were conducted at arm's length.

During the year the Trust paid the Firm of G R G Bews £21,819 for goods and services provided to the Trust throughout the year. Trustee, Phillip Bews appointed in May 2012, is a proprietor of the Firm of G R G Bews. All transactions were conducted at arm's length.

The Trust awarded grants of £8,112 to the Westray Heritage Trust during the year. Trustees, Douglas Leslie, Alasdair McVicar and Alasdair McVicar's wife, Elizabeth were all Directors of Westray Heritage Trust during the year.

The Trust awarded grants of £12,365 to the Westray Parish Kirk during the year. Trustees, June Harcus and Alasdair McVicar were both Elders of Westray Parish Kirk during the year.

#### **22. APB ETHICAL STANDARD – PROVISIONS AVAILABLE FOR SMALL ENTITIES**

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

#### **23. ULTIMATE CONTROLLING PARTY**

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

## Westray Development Trust

### Detailed Consolidated Statement of Financial Activities For The Period 1 November 2011 to 30 June 2012

	30.06.12	31.10.11
	£	£
<b>INCOMING RESOURCES</b>		
Incoming resources from generated funds		
Grants	57,059	47,750
Donations	177	11500
Activities for generating funds		
Electricity generation - Charity	6,591	14,575
Electricity generation - Subsidiary	403,967	581,549
Rent received	500	500
Charitable activities		
Hofn Centre hires and other income	592	286
Sundry income	2,205	2,312
Total incoming resources	<u>471,091</u>	<u>658,472</u>
<b>RESOURCES EXPENDED</b>		
Electricity generation	88,311	136,332
Charitable activities		
Community operations		
Hofn Centre overheads	5,263	2,913
General overheads		
Wages	32,386	61,740
Sundries	6,772	11,901
Local projects	3,384	47,084
Donations	30,692	13,439
Depreciation of freehold property	1,003	1,440
Depreciation of biofuels equipment	133	37,454
Depreciation of other of equipment	442	1,048
Depreciation of zero waste equipment	8,563	20,596
Losses on disposal	41	591
Governance costs		
Professional fees	15,109	11,308
PI Insurance	573	530
<b>Taxation (Westray Renewable Energy Limited)</b>		
Deferred Tax	-80,000	54,000
Corporation Tax	-10,454	10,530
Total resources expended	<u>102,218</u>	<u>410,906</u>
Net incoming/(outgoing) resources	<u><u>368,873</u></u>	<u><u>247,566</u></u>

This page does not form part of the statutory financial statements