

Charity registration number SC038909 (Scotland)

Company registration number SC306586 (Scotland)

**THE ISLAND OF HOY DEVELOPMENT TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# THE ISLAND OF HOY DEVELOPMENT TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	B Clegg M Collop K Dobney P Hall S Jaques S Johnston A Sinclair	(Appointed 8 May 2024)
<b>Charity number (Scotland)</b>	SC038909	
<b>Company number</b>	SC306586	
<b>Registered office</b>	Revenge, 1 Naval Hall Longhope Stromness Orkney KW16 3PG	
<b>Auditor</b>	A.J.B. Scholes Ltd 8 Albert Street Kirkwall Orkney KW15 1HP	
<b>Bankers</b>	Bank of Scotland 56 Albert Street Kirkwall Orkney KW15 1HJ  Royal Bank of Scotland 1 Victoria Street Kirkwall Orkney KW15 1DP  Nationwide Building Society PO Box 3 5-11 St. Georges Street Douglas Isle of Man IM99 1AS	

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# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONTENTS

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	<b>Page</b>
Trustees' report	1 - 6
Statement of trustees' responsibilities	7
Independent auditor's report	8 - 11
Consolidated statement of financial activities	12
Statement of financial activities	13
Consolidated balance sheet	14
Balance sheet	15
Consolidated statement of cash flows	16
Statement of cash flows	17
Notes to the accounts	18 - 41

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# THE ISLAND OF HOY DEVELOPMENT TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 MARCH 2024**

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The trustees present their annual report and financial statements for the year ended 31 March 2024.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum and articles of association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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)" (effective from 1 January 2019)

### **Objectives and activities**

The charity's objectives, as more fully detailed in its articles of association, are as follows:

- Manage community land and associated assets for the benefit of the community of the Island of Hoy ("the community") and the public in general;
- Provide, in the interests of social welfare, facilities in the community for recreation and other leisure time;
- Advance education and, in particular, promote opportunities for learning for the benefit of the general public;
- Advance education through promotion of the arts
- Preserve, restore and improve the environment through the provision of public open space and amenities;
- Provide housing for people in necessitous circumstances within the community;
- Relieve poverty particularly among the residents of the community;
- Promote training, which will assist participants in obtaining paid employment;
- Encourage and support volunteering;
- Preserve the historical, architectural and constructional heritage that may exist in and around the community;
- Promote and protect the wellbeing and physical health of the residents of the community;
- Advance education through the provision of learning activities and support;
- Promote other schemes and projects of a charitable nature for the benefit of the residents of the community.
- Advance community development within the Community, including the advancement of rural regeneration;
- Provide support for disadvantaged communities within the Community.

The charity's aims, including the differences it seeks to make through its other activities, are as follows:

- Creating and maintaining partnerships with local groups, local agencies and national partners in the public, private and charitable sectors
- Keeping the £ local/on island – generating and retaining wealth on the island.
- Promoting eco-awareness
- Ensuring sustainability of projects and initiatives
- Being community focussed
- Promote & sustain local business and activities
- Promote grass roots community involvement

Outlined below are our plans and objectives for the year ending 31 March 2024. As in previous years, the Trust aimed to support the community in its ongoing recovery from both the COVID-19 pandemic and the escalating cost-of-living crisis, and to continue our commitment to providing and enhancing the services and activities offered by the Trust.

### **Community Fund**

- To ensure the Trust's continued resilience in the face of economic uncertainty, it is committed to maintaining robust financial and risk management procedures.
- To continue to actively promote the Community Funds. These funds are crucial for supporting the aspirations of island residents and enabling community organisations to thrive.
- To enhance accessibility and effectiveness, regular reviews of the criteria and application process for these funds will be undertaken to ensure that they remain relevant and user-friendly.

### **Community Hall**

- To continue to support and encourage the new management group, YM Empower, who have taken over the day to day running of the Community Hall
  - To continue to provide the support of the Trust's CDO, both in terms of human resources and to actively seek additional funding opportunities.
  - To promote and support increased usage of the hall.
  - To maintain the building to the standards necessary for its continued use.
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# THE ISLAND OF HOY DEVELOPMENT TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### Community Bus Service

- To continue to seek and apply for funds to keep the service operational .
- To work to increase the bus service's usage through greater promotion and the creation of a new dedicated website.
- To continue to work to expand the service to the north of the island where transport provision is limited.

### Health and Wellbeing

- To continue to provide financial, administrative, and practical support to the Enhancing Wellbeing project and the Health and Wellbeing Coordinator.
- To continue providing essential support to our community during these challenging times.
- To work with voluntary Action Orkney (VAO) and Highlands and Islands Enterprise (HIE) to develop a strategy for the long-term continuation of this project.

### Environment and sustainability

- To continue involvement in the Carbon Neutral Islands project, supporting the CNI development officer and delivering various projects as outlined in the Carbon Neutral Islands Action plan.

### Youth, Leisure, and Heritage

- To endeavour to address the lack of facilities and activities for young people
- To review and consult with the community on the progress of the plans for the Longhope Playpark.

### Trust Structure and Development plan

- To continue to review the Trust's operations to ensure that the organisation is working effectively
- To continue to review the current staffing structure and the welfare of its employees.
- To explore funding options to maintain the position of Community Development Officer beyond March 2024, in recognition of the positive impact that this post has on engaging with the community and the progression of projects.

### Achievements and performance

#### *Significant activities and achievements against objectives*

**Trust Structure:** The Trust's Board held regular meetings throughout the year to ensure all members were informed about the financial position and ongoing projects and activities. The Trust remains committed to reviewing operations to enhance the organisation's effectiveness. Discussions have also been on-going to work out a strategy for extension of life options for the turbine given its age.

The addition of the Community Development Officer (CDO) to the Trust's team has been instrumental in revitalising several stalled projects and initiatives. The CDO has also continued to increase community engagement and awareness of the Trust's work. Unfortunately, funding for this post is limited and applications for further funding have so far been unsuccessful.

**Community Engagement and Development plan:** The Community Development Plan was successfully launched in June 2023, aligning with the priorities outlined in the Carbon Neutral Islands Action Plan. The document was made accessible both online and in physical copies distributed throughout the island. A key factor in increased community engagement was the reintroduction of the island newsletter, *The Blether*, by the Community Development Officer (CDO). Additionally, with the support of Highlands and Islands Enterprise (HIE), the CDO collaborated with other island development trusts to produce promotional materials, including a leaflet and a film, highlighting the work of each organisation.

To address local housing needs, the CDO actively engaged with the community to gather support for a housing project. Preparations are currently underway to submit funding applications for a housing feasibility study.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2024*

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**Community Funds:** The Training and Learning Fund was established to support individuals in acquiring new skills and furthering their education. During this financial year, the fund awarded a total of £10,188.00.

Twenty-seven awards were made, benefiting individuals across a range of ages and. These awards helped individuals cover expenses related to university accommodation, driving lessons, school residential trips, dancing and music lessons, Continuing Professional Development (CPD) training, establishing a quilting group, and vocational training in various fields. Some of the specific vocational training areas supported included math, energy efficiency, payroll, CPC (Certificate of Professional Competence), retrofit assessor, and electrical installations. These awards empowered individuals to enhance their skills, improve their job prospects, and contribute more meaningfully to their communities.

The Community Fund was designed to support local groups and organisations. In this financial year, the fund awarded a total of £33,677.60. Seven awards were granted to community groups, funding various initiatives. These included: the Longhope Lifeboat Museum Trust, Friends of The Hoy Kirk and YM Empower which received significant funding to support employment opportunities within their respective organisations. The Hoy & Walls Community Garden was awarded funds to purchase necessary equipment for their gardening project. The North Walls Centre was provided with funding to cover a levy charge imposed by Orkney Islands Council and the Haey Hope Club received support to ensure the continued operation of their organisation.

**Community Hall:** A management agreement was established between IoHDT and YM Empower, with a review scheduled for April 2024. YM Empower is responsible for the day-to-day operations and continues to manage a twice-weekly Community Café and weekly Lunch Club. The Hall serves as a venue for various local groups and community events. Fundraising efforts and grant applications are ongoing to cover operational costs and to support the café.

To mitigate electricity costs, a collaborative funding bid was submitted with YM Empower to support a feasibility study. This study will assess the most effective methods for improving building insulation and explore options for transitioning to renewable energy.

**Community bus:** In its tenth year of operation, the Community Bus service continued to provide essential transportation, supported by a combination of funding sources. These included Transport Scotland's Network Support grant, Orkney Islands Council's (OIC) Community Transport Grant Scheme (CTGS), a one-day-a-week public service contract with OIC, and limited fare revenue. The Trust's contribution, funded by the turbine fund, has significantly increased from approximately 20% to around 50% of the total cost. Rising expenses for vehicle maintenance, fuel, and salaries have strained the service's finances. While the introduction of the electric minibus in February 2023 was intended to reduce costs, the escalating price of electricity and several unforeseen issues with the vehicle have limited its cost-saving potential.

Despite limited funding, OIC awarded the Trust with a second grant from the CTGS to expand the Community Bus service to the northern part of the island. This expansion was aimed to assist residents seeking seasonal employment in the north or those wishing to connect with the ferry service at Moaness to access facilities and employment opportunities in Stromness. The service also sought to provide transport for visitors to access the museum at Lyness and other amenities further south in the Longhope area. This seasonal service commenced late in the year and operated for only six weeks due to delays in obtaining approval from the traffic commissioner. Consequently, it was difficult to evaluate its impact. However, there are plans to run the service again in 2024, from May to October, subject to available funding.

**Enhancing Health & Wellbeing:** Voluntary Action Orkney (VAO) addressed the funding shortfall for the 2 days per week noted for the year 2023-24 in last year's report, while the Trust continued to fund a third day per week.

The Trust's Wellbeing Coordinator continued to meet the significant demand for assistance, with referrals primarily related to financial, housing, and mental health challenges. A grant from the Big Lottery enabled the Community Larder to operate throughout the year, providing essential support to those affected by the cost-of-living crisis. Additionally, individual support group work focused on physical and mental well-being continued.

VAO has initiated a consultation process to explore potential future structures for the project. A likely outcome is the creation of a separate registered charity capable of seeking its own funding and directly employing co-ordinators. This transition is anticipated to occur in April 2026, and VAO is currently exploring funding options for the 2024-2025 period.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2024**

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**Youth, Leisure, and Heritage:** As in the previous financial year, the CDO, together with several Trust directors, endeavoured to revitalise the Longhope Playpark initiative. Despite initial community enthusiasm to establish a new SCIO to develop the project, progress has been negligible. The Youth hub established in 2023 was highly successful and has developed into a separate charitable organisation.

### *Investment performance*

#### **Hoy Energy Ltd - summary report for financial year ending March 2024:**

A highly successful year despite wind levels being lower than the previous year, but revenues still reached record levels due to the returns from the power purchase agreement the volatile market highs had allowed us to negotiate.

Turnover was £726,738 compared to £641,588 achieved in the previous year. The actual generation was 2.354 GWh compared to 2.447 GWh in the 2022/23 year. Unfortunately, the volatile export market prices and associated highs now seem to be consigned to history with the market steadily dropping to achieve record lows, from time to time even going negative in the day rate market. This downward trend is reflected in our latest PPA agreements, both for the 2025 and 2026 operating years, with the outlook beyond looking rather grim.

Operational costs, in real terms have increased from the previous years' £230k to £290k, a figure expected due to inflation and rising prices driven by the market volatility and world events in recent years.

For the 2023/24 financial year the company reported a pre-tax profit of £439k on a turnover of £759k, compared to a profit of £170k on a turnover of £636k in the previous year – disproportionately higher profits due to last years £195k donation to the Legacy Project.

Debts were recorded at £338k, down £159k on the previous year with a smaller change in the long term liabilities and provisions, but still down to £130k from £146k.

A donation of £168k was made to the loHDT during the 2023/24 period, an amount it has agreed to repeat again during the current year – leaving a corporation tax exposure relevant to these financial statements in the region of £80k, however tax efficiency options are being investigated in a hope to reduce this further ahead of the 31 December 2024 deadline for corporation tax accounting.

### **Financial review**

The charity had total incoming resources of £423,305 (2023: £306,814) and total resources expended of £493,311 (2023: £312,225), giving a net deficit for the year of £70,006 (2023: deficit of £5,411). Total funds as at the balance sheet date amounted to £818,441 (2023: £888,447), of which £115,835 (2023: £145,592) are restricted funds.

### *Reserves policy*

It is the policy of the charity that unrestricted funds, which have not been designated for a specific use, should be maintained at a level equivalent to between three and six months expenditure. The Directors consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

All areas of core operational expenditure were successfully funded by either specific grants or unrestricted funds held by the Trust.

### *Principal funding sources*

Funding support enabled the Trust to develop robust internal financial and administrative procedures and acquire resources to support them. Other major funders have enabled several aspects of the Trust's objectives to be constructively addressed and these have been progressed through the year as reported above.

### *Major risks*

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### Plans for future periods

Maintaining robust financial and risk management practices remains crucial to the Trust's resilience. A challenge for the upcoming financial year is developing a strategic plan to extend the lifespan of the turbine. This involves exploring various options for refurbishment or renewal whilst ensuring minimal disruption to the Trust's operations and financial stability. As part of ongoing efforts to enhance organisational effectiveness, the Trust will continue to conduct regular reviews of its operations, including staff structure and employee well-being

The Trust's commitment to actively promoting the Community Funds remains steadfast. Given the ongoing challenges of the cost-of-living crisis, local organisations and residents alike require increased support to maintain essential activities and develop new skills. Such efforts are vital for enhancing opportunities, promoting mental and physical well-being, and fostering a vibrant community.

To ensure the ongoing success of the Trust's initiatives, particularly in community engagement, support for the Community Hall, and the housing project, it is imperative to actively seek funding to maintain the Community Development Officer's position beyond April 2024.

While a new management group has assumed responsibility for the day-to-day operations of the Community Hall, the Trust remains committed to providing ongoing support, including assistance with fundraising and human resources through the Community Development Officer.

A comprehensive review of the bus service is still pending, and the development of a new promotional website remains a priority. Subject to the award of funding from OIC, it is anticipated that the additional seasonal service to the northern part of the island will continue. This expansion is crucial to addressing the limited public transport options available to the north of the island. The Trust will remain proactive in seeking and applying for funding to ensure the ongoing operation of the entire bus service.

The Wellbeing project and the resident wellbeing coordinator have played a vital role in supporting our community and, in collaboration with VAO and HIE, the Trust will be continuing to develop a long-term strategy to ensure the sustainability of this valuable initiative.

While the continuation of the Carbon Neutral Islands project ultimately rests with the Scottish Government, the Trust remains committed to advancing the goals of carbon neutrality and island resilience. The Trust will actively advocate for the project's continuation and collaborate with the Scottish Government to support the CNI development officer position and the delivery of various initiatives outlined in the Carbon Neutral Islands Action Plan.

As in previous years, the Trust will continue to review its operations to ensure that the organisation is working effectively and will continue to review the current staffing structure and the welfare of its employees.

### Structure, governance and management

The charity is a company limited by guarantee and a registered Scottish charity no. SC038909. The charity's governing document is its memorandum and articles of association.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs C Bolton	(Resigned 2 May 2023)
B Clegg	(Appointed 8 May 2024)
M Collop	
M Cossar	(Resigned 3 September 2024)
K Dobney	
A Dobrzynski	(Resigned 2 August 2024)
P Hall	
S Jaques	
S Johnston	
A Sinclair	
K Sinclair	(Resigned 17 July 2024)
J Traynor	(Resigned 8 May 2024)



# THE ISLAND OF HOY DEVELOPMENT TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2024**

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### *Recruitment and appointment of trustees*

At each annual general meeting, the members may elect any member to be a trustee. Trustees are subject to retirement by rotation, as described in the articles of association.

The charity provides appropriate training and induction to all newly appointed trustees.

Significant strategic decisions are made by the trustees at board meetings which are held frequently throughout the year. Less significant matters are delegated to staff and volunteers who are accountable to the board of trustees.

The charity has two wholly-owned subsidiary companies, Hoy Energy Limited, which operates a community wind turbine, and Hoy and Walls Community Transport Limited, which is dormant.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

### **Funds held as custodian trustee**

The charity holds funds on behalf of third parties, who are responsible for approving grant applications and instructing the charity to process payments from the funds held by the charity on their behalf.

Full details of these funds can be found at note 33.

### **Auditor**

In accordance with the company's articles, a resolution proposing that A.J.B. Scholes Ltd be reappointed as auditor of the company will be put at a General Meeting.

### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

On behalf of the board of trustees

S. D. Jaques

**Trustee**

Date: 12-11-2024

# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

*FOR THE YEAR ENDED 31 MARCH 2024*

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The trustees, who are also the directors of company for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS AND TRUSTEES OF THE ISLAND OF HOY DEVELOPMENT TRUST

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#### Opinion

We have audited the financial statements of The Island of Hoy Development Trust (the parent) and its subsidiaries (the group) for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent's affairs as at 31 March 2024 and of the group's and parent's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 35 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent or group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS AND TRUSTEES OF THE ISLAND OF HOY DEVELOPMENT TRUST

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and parent and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS AND TRUSTEES OF THE ISLAND OF HOY DEVELOPMENT TRUST

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- . the nature of the industry and sector, and control environment;
- . results of our enquiries of management;
- . any matters we identified having obtained and reviewed the parent and group's documentation of their policies and procedures relating to:
  - . identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - . detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - . the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- . the matters discussed among the audit engagement team.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and irregularities. Income recognition was a key area of focus. In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the parent and group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, such as the UK Companies Act 2006, tax legislation, and relevant charities acts.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These include laws and regulations pertaining to public transport and employment.

In addition to the above, our procedures to respond to risks identified included the following:

- . reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- . enquiring of management concerning actual potential litigation and claims;
- . performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- . reading minutes of meetings of those charged with governance; and
- . in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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 charity's trustees, as a body, in accordance with section 44(1)(c) of the Charity 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, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS AND TRUSTEES OF THE ISLAND OF HOY DEVELOPMENT TRUST

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Ryan Allan (Senior Statutory Auditor)  
for and on behalf of A.J.B. Scholes Ltd

14/11/2024

Chartered Accountants  
Statutory Auditor

8 Albert Street  
Kirkwall  
Orkney  
KW15 1HP

# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Unrestricted funds 2024 £	Restricted funds 2024 £	Total Unrestricted 2024 £	Restricted funds 2023 £	Total 2023 £
<b><u>Income and endowments from:</u></b>						
Grants and donations	3	861	214,234	215,095	732	152,716
Charitable activities	4	27,049	-	27,049	30,180	30,180
Other trading activities	5	758,881	-	758,881	635,876	635,876
Investments	6	11,951	-	11,951	2,474	2,474
Other income	7	287	-	287	1,229	1,153
<b>Total income</b>		<b>799,029</b>	<b>214,234</b>	<b>1,013,263</b>	<b>670,491</b>	<b>822,399</b>
<b><u>Expenditure on:</u></b>						
Raising funds	8	319,195	-	319,195	457,713	457,713
Charitable activities	10	249,323	243,988	493,311	238,674	312,225
<b>Total expenditure</b>		<b>568,518</b>	<b>243,988</b>	<b>812,506</b>	<b>696,387</b>	<b>769,938</b>
<b>Net income/(expenditure) for the year before transfers and tax</b>		<b>230,511</b>	<b>(29,754)</b>	<b>200,757</b>	<b>(25,896)</b>	<b>52,461</b>
Gross transfers between funds	27	3	(3)	-	15,601	(15,601)
<b>Net expenditure for the year before tax</b>		<b>230,514</b>	<b>(29,757)</b>	<b>200,757</b>	<b>(10,295)</b>	<b>52,461</b>
Taxation	16	(109,878)	-	(109,878)	1,483	1,483
<b>Other recognised gains and losses</b>	17	<b>(2,766)</b>	<b>-</b>	<b>(2,766)</b>	<b>8,572</b>	<b>8,572</b>
<b>Net movement in funds</b>		<b>117,870</b>	<b>(29,757)</b>	<b>88,113</b>	<b>(240)</b>	<b>62,516</b>
Fund balances at 1 April 2023		1,441,398	145,592	1,586,990	82,836	1,524,474
<b>Fund balances at 31 March 2024</b>		<b>1,559,268</b>	<b>115,835</b>	<b>1,675,103</b>	<b>145,592</b>	<b>1,586,990</b>

The statement of financial activities includes all gains and losses recognised in the year.

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
<b><u>Income and endowments from:</u></b>							
Grants and donations	3	861	214,234	215,095	732	151,984	152,716
Charitable activities	4	27,049	-	27,049	30,180	-	30,180
Investments	6	180,874	-	180,874	122,765	-	122,765
Other income	7	287	-	287	1,229	(76)	1,153
<b>Total income</b>		<b>209,071</b>	<b>214,234</b>	<b>423,305</b>	<b>154,906</b>	<b>151,908</b>	<b>306,814</b>
<b><u>Expenditure on:</u></b>							
Charitable activities	10	249,323	243,988	493,311	238,674	73,551	312,225
<b>Total expenditure</b>		<b>249,323</b>	<b>243,988</b>	<b>493,311</b>	<b>238,674</b>	<b>73,551</b>	<b>312,225</b>
<b>Net outgoing resources before transfers</b>		<b>(40,252)</b>	<b>(29,754)</b>	<b>(70,006)</b>	<b>(83,768)</b>	<b>78,357</b>	<b>(5,411)</b>
Gross transfers between funds	27	3	(3)	-	15,601	(15,601)	-
<b>Net expenditure for the year/ Net movement in funds</b>		<b>(40,249)</b>	<b>(29,757)</b>	<b>(70,006)</b>	<b>(68,167)</b>	<b>62,756</b>	<b>(5,411)</b>
Fund balances at 1 April 2023		742,855	145,592	888,447	811,022	82,836	893,858
<b>Fund balances at 31 March 2024</b>		<b>702,606</b>	<b>115,835</b>	<b>818,441</b>	<b>742,855</b>	<b>145,592</b>	<b>888,447</b>

The statement of financial activities includes all gains and losses recognised in the year.

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024		2023	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	18		1,071,111		1,204,801
<b>Current assets</b>					
Debtors	21	144,798		161,401	
Cash at bank and in hand		1,242,858		1,119,811	
		<u>1,387,656</u>		<u>1,281,212</u>	
<b>Creditors: amounts falling due within one year</b>	22	<u>(368,690)</u>		<u>(320,624)</u>	
Net current assets			<u>1,018,966</u>		<u>960,588</u>
<b>Total assets less current liabilities</b>			<u>2,090,077</u>		<u>2,165,389</u>
<b>Creditors: amounts falling due after more than one year</b>	23		(284,491)		(432,814)
<b>Provisions for liabilities</b>	24		<u>(130,483)</u>		<u>(145,585)</u>
<b>Net assets</b>			<u><u>1,675,103</u></u>		<u><u>1,586,990</u></u>
<b>Income funds</b>					
Funds retained within subsidiary			856,662		698,543
Restricted funds	27		115,835		145,592
<u>Unrestricted funds</u>					
Designated funds	28	223,714		199,436	
General unrestricted funds		<u>478,892</u>		<u>543,419</u>	
			<u>702,606</u>		<u>742,855</u>
			<u><u>1,675,103</u></u>		<u><u>1,586,990</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts were approved by the Trustees on 12-11-2024

S. D. Jaques

Director

Company Registration No. SC306586

# THE ISLAND OF HOY DEVELOPMENT TRUST

## BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
<b>Fixed assets</b>					
Tangible assets	18		477,597		514,737
Investments	19		101		101
			<u>477,698</u>		<u>514,838</u>
<b>Current assets</b>					
Debtors falling due after one year	21	53,413		64,056	
Debtors falling due within one year	21	47,914		72,604	
Cash at bank and in hand		265,032		262,180	
		<u>366,359</u>		<u>398,840</u>	
<b>Creditors: amounts falling due within one year</b>	22	<u>(25,616)</u>		<u>(25,231)</u>	
Net current assets			340,743		373,609
<b>Total assets less current liabilities</b>			<u>818,441</u>		<u>888,447</u>
<b>Income funds</b>					
Restricted funds	27		115,835		145,592
<u>Unrestricted funds</u>					
Designated funds	28	223,714		199,436	
General unrestricted funds		<u>478,892</u>		<u>543,419</u>	
			<u>702,606</u>		<u>742,855</u>
			<u>818,441</u>		<u>888,447</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts were approved by the Trustees on ..... 12-11-2024

..... S. D. Jaques

Director

Company Registration No. SC306586

# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

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	Notes	2024 £	£	2023 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	34	319,431		379,104	
Taxes paid		(4,788)		-	
Interest paid		(35,160)		(37,345)	
<b>Net cash generated from operating activities</b>		<u>279,483</u>		<u>341,759</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(40,255)		(156,243)	
Proceeds on disposal of tangible fixed assets		10,542		526	
Interest received		11,951		2,474	
<b>Net cash used in investing activities</b>			<u>(17,762)</u>		<u>(153,243)</u>
<b>Financing activities</b>					
Repayment of bank loans		(138,674)		(129,653)	
<b>Net cash used in financing activities</b>			<u>(138,674)</u>		<u>(129,653)</u>
<b>Net increase in cash and cash equivalents</b>			<u>123,047</u>		<u>58,863</u>
Cash and cash equivalents at beginning of year		1,119,811		1,060,948	
<b>Cash and cash equivalents at end of year</b>		<u>1,242,858</u>		<u>1,119,811</u>	

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# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

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	Notes	2024 £	£	2023 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	34		(149,140)		(66,021)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(39,906)		(141,861)	
Proceeds from disposal of tangible fixed assets		692		526	
Repayment of loans		10,332		10,784	
Investment income received		180,874		122,765	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from/(used in) investing activities</b>			151,992		(7,786)
<b>Net cash used in financing activities</b>			-		-
			<u>          </u>		<u>          </u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			2,852		(73,807)
Cash and cash equivalents at beginning of year			262,180		335,987
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			<u>265,032</u>		<u>262,180</u>

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# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2024**

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### 1 Accounting policies

#### Charity information

The Island of Hoy Development Trust is a private company limited by guarantee incorporated in Scotland. The registered office is Revenge, 1 Naval Hall, Longhope, Stromness, Orkney, KW16 3PG.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the charity's memorandum and articles of association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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)" (effective from 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### 1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement. Interest income is included when receivable by the charity. The value of services provided by volunteers has not been included.

Grants, including grants for the purchase of fixed assets, are recognised in full in the SOFA in the year in which they are receivable. Grants relating to future accounting periods are deferred.

Donations of post-tax profits received from the charity's subsidiary, Hoy Energy Limited, are recognised as investment income in accordance with published accounting guidance.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

Income from other trading activities includes the fair value of the consideration received or receivable and represents amounts receivable for electricity produced and exported in the period and associated government subsidies, net of VAT.

### 1.5 Resources expended

Expenditure is included in resources expended on an accruals basis.

Costs of raising funds comprise the costs associated with attracting voluntary income, the costs of fundraising events, and the running costs incurred by non-charitable subsidiaries.

Charitable expenditure comprises those costs incurred in the delivery of the charity's activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Expenditure on fixed assets held for ongoing use by the charity is capitalised and depreciated over the life of each asset. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	2 - 5% straight line (buildings)
Plant and machinery	5% straight line basis (wind turbines); 25% reducing balance basis (other plant)
Fixtures, fittings & equipment	20 - 33% straight line
Motor vehicles	25% reducing balance

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

### 1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at cost less provisions for impairment.

Investments in subsidiaries are classed as fixed asset investments. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

### 1.8 Impairment of fixed assets

At each reporting period end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

---

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure).

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

#### 1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and other payables are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. Trade creditors are recognised initially at transaction price.

#### **Other financial liabilities**

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

### 1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in income/(expenditure) immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in income/expenditure depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **Hedge accounting**

The charity's subsidiary has designated certain hedging instruments, including derivatives, as cash flow hedges.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

#### **Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. When the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.13 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

#### 1.17 Distributions

Donations from the charity's subsidiary, Hoy Energy Limited, are classified as investment income in line with UK accounting guidance.

#### 1.18 Group Accounts

The consolidated financial statements include the results of the company and its subsidiaries, Hoy Energy Limited and Hoy and Walls Community Transport Limited, drawn up to 31 March each year.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Income from donations and legacies - group and charity

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Donations and gifts	142	-	142	72	-	72
Grants receivable for core activities	719	214,234	214,953	660	151,984	152,644
	<u>861</u>	<u>214,234</u>	<u>215,095</u>	<u>732</u>	<u>151,984</u>	<u>152,716</u>
<b>Grants receivable for core activities</b>						
Orkney Islands Council - community bus service	-	9,530	9,530	-	9,122	9,122
Energy Savings Trust - electric buses	-	-	-	-	80,856	80,856
VAO - wellbeing co-ordinator	-	12,687	12,687	-	11,417	11,417
Community Energy Scotland - CNI	-	5,993	5,993	-	26,211	26,211
The National Lottery - Larder	-	(833)	(833)	-	23,320	23,320
Scottish Government - CNI revenue	-	44,687	44,687	-	-	-
Scottish Government - CNI capital	-	140,891	140,891	-	-	-
Other	719	1,279	1,998	660	1,058	1,718
	<u>719</u>	<u>214,234</u>	<u>214,953</u>	<u>660</u>	<u>151,984</u>	<u>152,644</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 4 Charitable activities - group and charity

	Bus income	Hall hire	Bus income	Total
	2024	2023	2023	2023
	£	£	£	£
Non-performance related income	17,145	1,372	18,032	19,404
Services provided under contract	460	-	1,051	1,051
Performance related grant income	9,444	-	9,725	9,725
	<u>27,049</u>	<u>1,372</u>	<u>28,808</u>	<u>30,180</u>

### 5 Other trading activities - group

	2024	2023
	£	£
Energy sales	758,881	635,876
Other trading activities	758,881	635,876
	<u>758,881</u>	<u>635,876</u>

### 6 Investments - group

	2024	2023
	£	£
Interest receivable	11,951	2,474
	<u>11,951</u>	<u>2,474</u>

#### Investments - charity

	2024	2023
	£	£
Rental income	5,000	5,000
Income from unlisted investments	168,000	112,180
Interest receivable	7,874	5,585
	<u>180,874</u>	<u>122,765</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 7 Other income - group and charity

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Net gain on disposal of tangible fixed assets	287	-	287	426	(76)	350
Insurance claims	-	-	-	803	-	803
	<u>287</u>	<u>-</u>	<u>287</u>	<u>1,229</u>	<u>(76)</u>	<u>1,153</u>

### 8 Raising funds - group and charity

The wholly owned trading subsidiary Hoy Energy Limited, is incorporated in the United Kingdom (company number SC365871) and distributes post-tax profits to the charity under the gift aid scheme. Hoy Energy Limited owns and operates a wind turbine situated on land leased to it by the charity. A summary of the trading results is shown below.

A summary of the financial performance of the trading subsidiary alone is:

	2024 £	2023 £
Turnover	758,881	635,876
Cost of sales and administration	(330,863)	(467,929)
Interest receivable	10,745	2,105
Net profit	438,763	170,052
Taxation	(109,878)	1,483
Other recognised gains and losses	(2,766)	8,572
Donations of profit gift aided to charity	(168,000)	(112,180)
Retained in subsidiary	<u>158,119</u>	<u>67,927</u>
Assets	1,682,341	1,650,298
Liabilities	(825,579)	(951,655)
Funds	<u>856,762</u>	<u>698,643</u>

Income and expenditure on raising funds in the consolidated SOFA includes the results of Hoy Energy Limited (HEL) excluding transactions with the charity and grant income receivable by HEL.

### 9 Description of charitable activities

#### Community benefit

Costs associated with supporting projects and grant applications that directly come under the charitable aims of the charity, including organising events and hire of the community hall. All grant funding of activities in the current and prior year were for the benefit of the community.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 9 Description of charitable activities (Continued)

#### Bus service

Costs associated with running a community bus service available to all island residents and visitors.

### 10 Charitable activities - group and charity

	Community benefit 2024 £	Bus service 2024 £	Total 2024 £	Community benefit 2023 £	Bus service 2023 £	Total 2023 £
Staff costs	91,453	35,925	127,378	53,403	33,849	87,252
Depreciation and impairment	25,142	42,826	67,968	25,191	25,644	50,835
Community events	42,552	-	42,552	4,946	-	4,946
Bus running costs	-	26,847	26,847	-	23,102	23,102
	<u>159,147</u>	<u>105,598</u>	<u>264,745</u>	<u>83,540</u>	<u>82,595</u>	<u>166,135</u>
Grant funding of activities (see note 12)	124,205	-	124,205	40,475	-	40,475
Share of support costs (see note 13)	61,675	33,210	94,885	61,294	35,629	96,923
Share of governance costs (see note 13)	6,159	3,317	9,476	5,650	3,042	8,692
	<u>351,186</u>	<u>142,125</u>	<u>493,311</u>	<u>190,959</u>	<u>121,266</u>	<u>312,225</u>
<b>Analysis by fund</b>						
Unrestricted funds	136,100	113,223	249,323	129,899	108,775	238,674
Restricted funds	215,086	28,902	243,988	61,060	12,491	73,551
	<u>351,186</u>	<u>142,125</u>	<u>493,311</u>	<u>190,959</u>	<u>121,266</u>	<u>312,225</u>

### 11 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. However, two directors of the charity did receive remuneration from the subsidiary company totalling £4,000 (2023: two directors received £4,000).

During the year, no trustees were reimbursed for expenses incurred in the course of their duties (2023: none).

During the year, the charity paid no grants to trustees (2023: one grant totalling £180).

During the year, the charity paid Mr A Dobrzynski, trustee during the year, £6,000 (2023: £nil) for work done and capitalised as land and buildings.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 12 Grants payable - group and charity

	2024	2023
	£	£
Grants to institutions:		
YM Empower - TBC/ E-bikes; Printer	10,000	1,484
Hoy Kirk - employment	9,152	7,938
Gable End Theatre - TBC/Twelfth Day	6,500	180
Longhope Lifeboat Museum - custodian	5,000	11,000
North Walls Community School - circus trip; Hoy outdoor programme	-	2,914
Hoy Energy Matters - CNI grants	65,825	8,000
North Walls Centre - levy payment	-	2,400
Scapa Flow Lyness Trail - leaflets	-	500
Hoy Youth Hub - start up funding	-	(1,400)
HWCG - CNI grants	14,514	-
Other	3,026	-
	<u>114,017</u>	<u>33,016</u>
Grants to individuals	10,188	7,459
	<u>124,205</u>	<u>40,475</u>

Under the charity's objective to undertake activities within the terms of its governing documents for the benefit of the community of the island, the charity set up a system whereby individuals and community organisations can apply for a grant to support specific objectives, with each application being considered on their merits by the board at its regular meetings.

During the year, 27 training bursaries totalling £10,188 (2023: 24 bursaries totalling £7,459) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 13 Support costs - group and charity

	Support costs	Governance costs	2024	Support costs	Governance costs	2023
	£	£	£	£	£	£
Staff costs	50,364	-	50,364	47,276	-	47,276
Depreciation	8,673	-	8,673	9,328	-	9,328
Rent & rates	4,686	-	4,686	4,251	-	4,251
Insurance	5,652	-	5,652	9,093	-	9,093
Heat, light & power	6,467	-	6,467	5,753	-	5,753
Office costs	9,738	-	9,738	9,015	-	9,015
Travelling expenses	4,778	-	4,778	536	-	536
Sundry & subscriptions	2,206	-	2,206	3,999	-	3,999
Legal & professional fees	979	-	979	5,169	-	5,169
Repairs & renewals	1,342	-	1,342	2,503	-	2,503
Audit fees	-	8,930	8,930	-	8,270	8,270
Accountancy	-	424	424	-	393	393
Other governance costs	-	122	122	-	29	29
	<u>94,885</u>	<u>9,476</u>	<u>104,361</u>	<u>96,923</u>	<u>8,692</u>	<u>105,615</u>
Analysed between						
Charitable activities	<u>94,885</u>	<u>9,476</u>	<u>104,361</u>	<u>96,923</u>	<u>8,692</u>	<u>105,615</u>

### 14 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2024	2023
	£	£
<b>Fees payable to the charity's auditor and its associates for the audit of the annual accounts:</b>	7,300	6,250
<b>Other services to the group</b> - the audit of the charity's subsidiaries and other services - included in expenditure on raising funds	8,686	7,181
<b>Total audit fees</b>	<u>15,986</u>	<u>13,431</u>
<b>Non-audit services - charity</b> All other non-audit services	647	259

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 15 Employees

#### Number of employees

The average monthly number of employees during the year was:

	Group 2024 Number	Group 2023 Number	Charity 2024 Number	Charity 2023 Number
Administration	4	4	4	4
Direct charitable activities	11	11	11	11
Engaged in subsidiary operating activities	6	7	-	-
	<u>21</u>	<u>22</u>	<u>15</u>	<u>15</u>

#### Employment costs

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Wages and salaries	237,128	184,594	161,050	124,803
Social security costs	11,387	6,109	5,451	1,573
Other pension costs	15,062	10,939	11,241	8,152
	<u>263,577</u>	<u>201,642</u>	<u>177,742</u>	<u>134,528</u>

There were no employees whose annual remuneration was £60,000 or more.

### 16 Taxation

The group taxation charge relates solely to the trading subsidiary, as explained at note 8.

There is no taxation charge in the charity's individual accounts as the Trust is a registered charity and all of its income is charitable in nature and is applied for its charitable purposes.

### 17 Other recognised gains and losses - group only

	Total 2024 £	Total 2023 £
Cash flow hedge (loss)/gain	(3,688)	11,430
Tax relating to other gains/losses	922	(2,858)
	<u>(2,766)</u>	<u>8,572</u>



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 18 Tangible fixed assets - group

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2023	454,598	1,556,190	153,781	279,725	2,444,294
Additions	15,990	349	23,421	495	40,255
Disposals	-	(25,227)	(2,327)	(36,888)	(64,442)
At 31 March 2024	470,588	1,531,312	174,875	243,332	2,420,107
<b>Depreciation and impairment</b>					
At 1 April 2023	193,461	864,642	73,077	108,313	1,239,493
Depreciation charged in the year	7,456	76,207	26,171	42,826	152,660
Eliminated in respect of disposals	-	(4,347)	(2,327)	(36,483)	(43,157)
At 31 March 2024	200,917	936,502	96,921	114,656	1,348,996
<b>Carrying amount</b>					
At 31 March 2024	269,671	594,810	77,954	128,676	1,071,111
At 31 March 2023	261,137	691,548	80,704	171,412	1,204,801

### Tangible fixed assets - charity

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2023	454,598	3,740	153,781	279,725	891,844
Additions	15,990	-	23,421	495	39,906
Disposals	-	-	(2,327)	(36,888)	(39,215)
At 31 March 2024	470,588	3,740	174,875	243,332	892,535
<b>Depreciation and impairment</b>					
At 1 April 2023	193,461	2,256	73,077	108,313	377,107
Depreciation charged in the year	7,456	188	26,171	42,826	76,641
Eliminated in respect of disposals	-	-	(2,327)	(36,483)	(38,810)
At 31 March 2024	200,917	2,444	96,921	114,656	414,938
<b>Carrying amount</b>					
At 31 March 2024	269,671	1,296	77,954	128,676	477,597
At 31 March 2023	261,137	1,484	80,704	171,412	514,737

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 19 Fixed asset investments - charity

	Other investments
<b>Cost or valuation</b>	
At 1 April 2023 & 31 March 2024	101
<b>Carrying amount</b>	
At 31 March 2024	101
At 31 March 2023	101

Other investments comprise:	Notes	2024 £	2023 £
Investments in subsidiaries	26	101	101

### 20 Financial instruments - group

	2024 £	2023 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	6,840	10,528

### 21 Debtors

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,516	1,531	1,516	1,530
Amounts due from subsidiary undertakings	-	-	14,118	13,807
Other debtors	97,088	115,533	21,245	45,798
Prepayments and accrued income	46,194	44,337	11,035	11,469
	<u>144,798</u>	<u>161,401</u>	<u>47,914</u>	<u>72,604</u>
<b>Amounts falling due after more than one year:</b>				
Amounts due from subsidiary undertakings	-	-	53,413	64,056
<b>Total debtors</b>	<u>144,798</u>	<u>161,401</u>	<u>101,327</u>	<u>136,660</u>

Other debtors include grants receivable totalling £20,958 (2023: £45,575).

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 22 Creditors: amounts falling due within one year

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Bank loans	148,328	138,679	-	-
Other taxation and social security	192,679	11,847	4,339	3,674
Trade creditors	3,157	144,391	2,841	2,161
Other creditors	3,446	1,090	3,446	1,090
Accruals and deferred income	21,080	24,617	14,990	18,306
	<u>368,690</u>	<u>320,624</u>	<u>25,616</u>	<u>25,231</u>

### 23 Creditors: amounts falling due after more than one year - group

	Notes	2024 £	2023 £
Bank loans		<u>284,491</u>	<u>432,814</u>

The charity's subsidiary, Hoy Energy Limited (HEL), has granted to The Co-operative Bank PLC a bond and floating charge over all property, and a standard security over its interest in a lease of land granted to it by The Island of Hoy Development Trust, as security for all sums advanced by the bank.

HEL has a loan with Co-operative Bank PLC of £432,819 (2023: £571,493). The loan is repayable over the period until December 2026. The interest rate on the loan is LIBOR + 2.25%.

HEL entered into an interest swap arrangement as part of its term loan with Co-operative Bank PLC. Under the swap arrangement, the company pays interest at a fixed rate and receives interest at a variable rate connected to the LIBOR.

The hedging instrument is a designated cash flow hedge which effectively removes the cash flow risk associated with the variable interest element of the term loan.

At the balance sheet date the fair value of HEL's liability in respect of the hedging instrument was £nil (2023: £nil) - the hedge was in a surplus position at the year end. The directors obtained confirmation of this valuation directly from Co-operative Bank PLC.

Bank loans payable by instalments due in over five years	<u>-</u>	<u>-</u>
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# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

24 Provisions for liabilities - group	Notes	2024 £	2023 £
Decommissioning liability		15,000	15,000
Deferred tax liabilities	25	115,483	130,585
		<u>130,483</u>	<u>145,585</u>

A provision of £15,000 has been raised for the anticipated cost to HEL of fulfilling its obligation to decommission the Hoy community turbine at the end of its useful life.

### 25 Deferred taxation

Deferred tax assets and liabilities are offset where the charity has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2024 £	Liabilities 2023 £
ACAs	113,773	127,953
Hedging reserve	1,710	2,632
	<u>115,483</u>	<u>130,585</u>

### 26 Subsidiaries

Details of the charity's subsidiaries at 31 March 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Hoy and Walls Community Transport Limited	Scotland	Dormant	Ordinary	100.00	
Hoy Energy Limited	Scotland	Renewable energy production	Ordinary	100.00	

**THE ISLAND OF HOY DEVELOPMENTS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**27 Restricted funds - group and charity**

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	Balance at 1 April 2022		Movement in funds			Movement in funds			Balance at 31 March 2024		
	£	£	Incoming resources	Resources expended	Transfers	Balance at 1 April 2023	Incoming resources	Resources expended	Transfers	£	£
Arctic convoy memorial	9,295	-	-	(147)	-	9,148	-	(174)	-	-	8,974
Energy Saving Trust - electric bus	-	80,856	80,856	(3,369)	-	77,487	-	(19,372)	-	-	58,115
OIC - CTGS	-	9,122	9,122	(9,122)	-	-	9,530	(9,530)	-	-	-
Corra Foundation - wellbeing fund	701	-	-	(445)	-	256	-	(256)	-	-	-
VAO - wellbeing co-ordinator	-	11,417	11,417	(11,417)	-	-	12,687	(12,687)	-	-	-
Community Energy Scotland - carbon neutral	-	26,211	26,211	(25,278)	-	933	5,993	(6,926)	-	-	-
Cycling Scotland - bike shelter	12,337	-	-	(629)	(11,708)	-	-	-	-	-	-
Inspiring Scotland - island communities fund	3,772	-	-	-	(3,772)	-	-	-	-	-	-
Community Fund - community development	53,688	958	958	(18,827)	-	35,819	1,379	(24,294)	-	-	12,904
National Lottery - community anchors fund	-	23,320	23,320	(2,886)	-	20,434	(2,212)	(18,222)	-	-	-
Scottish Government - CNI (revex)	-	-	-	-	-	-	44,687	(43,103)	-	-	1,584
Scottish Government - CNI (capex)	-	-	-	-	-	-	140,891	(107,713)	-	-	33,178
Other funds	3,043	24	24	(1,431)	(121)	1,515	1,279	(1,711)	(3)	(3)	1,080
	<u>82,836</u>	<u>151,908</u>	<u>151,908</u>	<u>(73,551)</u>	<u>(15,601)</u>	<u>145,592</u>	<u>214,234</u>	<u>(243,988)</u>	<u>(3)</u>	<u>(3)</u>	<u>115,835</u>

**THE ISLAND OF HOY DEVELOPMENTS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**27 Restricted funds - group and charity**

**(Continued)**

Arctic Convoy Memorial - this is an ongoing project to provide maintenance for the memorial site for sailors of the arctic convoys.

Energy Saving Trust - funding awarded through the Plugged-In Communities project towards the cost of purchasing a new electric minibus.

OIC CTGS – this fund is the OIC grant for the “Community Transport Grant Scheme” which replaces the previous EDRTI “Enhanced Demand Responsive Transport Initiative”. It is a 15.5% grant up to a maximum of £10,000 plus an additional £4,500 for an additional service to Moaness for the year 2023/24 and is paid on production of invoices and a grant claim form.

Corra Foundation Wellbeing Fund - funding awarded to set up a grant fund for those most in need to help with household bills through COVID and also for additional staff hours to achieve this.

VAO Well-Being Coordinator (RF) – this fund was to support the post of a wellbeing co-ordinator on the island. The grant was awarded from the Scottish Government by Voluntary Action Orkney which enabled the funding of 4 posts across the outer isles. The grant is passed on to us in arrears by VAO on production of payroll and pension costs, the grant also allows for 40% admin contribution to be claimed. The post on the island started in March 2019 and was originally to run for twelve months, however VAO have achieved further funding to keep the post running until 31 March 2025.

Community Energy Scotland - this was a revenue funding grant towards delivering community-led climate plans through the Carbon Neutral Islands project.

Community Fund Community Development – This is funding to employ a Community Development Officer and cover some of the expenses associated with the post for a period of 2 years.

National Lottery Community Anchors Fund - this is a revenue funding grant towards the cost of providing community larder boxes, along with the associated costs.

Scottish Government CNI revenue - funding awarded for the Carbon Neutral Islands initiative. It was revenue funding of £70,000 for employment and other revenue support costs for the project.

Scottish Government CNI capital - funding of £160,000 awarded for the Carbon Neutral Islands initiative for capital projects. The Island of Hoy Development Trust projects funded by this were the purchase of 10 e-bikes, associated equipment and refurbishment of a shed to house these. In addition, trees, composting bins and water butts were purchased and made available to members of the community who applied for them. Two external groups were also awarded funding, Hoy Energy Matters for the Legacy Project Technology Pilot and Hoy and Walls Community Garden for a Polycrub and some initial set up costs.

**THE ISLAND OF HOY DEVELOPMENTS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**28 Designated funds - group and charity**

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	Balance at		Movement in funds				Movement in funds				Balance at	
	1 April 2022	£	Incoming resources	Resources expended	Transfers	Balance at 1 April 2023	Incoming resources	Resources expended	Transfers	31 March 2024	£	£
Well-being coordinator	6,166	-	-	(4,814)	4,000	5,352	-	(7,928)	6,003	3,427		
Operating reserve	56,625	-	-	-	-	56,625	-	-	20,000	76,625		
Priority projects	93,119	112,180	112,180	(2,120)	(186,946)	16,233	168,000	(1,757)	(144,000)	38,476		
YM operation	10,234	2,685	2,685	(8,893)	10,400	14,426	719	(10,892)	14,000	18,253		
Buses	57,393	27,804	27,804	(60,093)	70,646	95,750	26,718	(66,992)	17,000	72,476		
Electric vehicles	-	-	-	(6,182)	10,550	4,368	-	(6,255)	10,500	8,613		
Arctic Convoy memorial	1,950	-	-	-	-	1,950	-	-	-	1,950		
YM development project	6,807	-	-	(2,075)	-	4,732	-	(838)	-	3,894		
	<u>232,294</u>	<u>142,669</u>	<u>142,669</u>	<u>(84,177)</u>	<u>(91,350)</u>	<u>199,436</u>	<u>195,437</u>	<u>(94,662)</u>	<u>(76,497)</u>	<u>223,714</u>		

Well-being coordinator – This is match funding agreed by IoHDT to enable an extra days employment plus 10% expenses for the Wellbeing Co-ordinator alongside the two days funded by VAO.

Operating Reserve – In March 2015, this fund was agreed on and set up by the board as a 12 month core operating reserve for the Trust.

Priority Projects – This fund was agreed on and set up by the board as a support for the Trusts priority projects should it be needed (as evidenced in the minutes of March 2015).

YM Operations – This fund is for the cost of maintaining the community hall and covering it's overheads. There is a Management agreement in place with YM Empower SCIO who now operate the facility on a day to day basis.

**THE ISLAND OF HOY DEVELOPMENTS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**28 Designated funds - group and charity**

**(Continued)**

Buses – This funding was achieved through a variety of sources - from Transport Scotland for the on-going operation of the community bus, this is based on mileage and the mileage records requiring audit prior to being submitted to Transport Scotland; from concessions and fares, and from the charity's own funds. One day a week of the service is funded through a tender achieved with OIC. The fund includes a transfer to cover the deficit in the OIC CTGS restricted fund.

Electric vehicles - this fund represents the charity's contribution for running two electric vehicles for their purpose of: assisting vulnerable groups with essential transport needs; and contributing to the operation of the Hoy Energy Ltd turbine.

Arctic Convoy Memorial - this is an ongoing project to provide maintenance for the memorial site for sailors of the arctic convoys.

YM Development Project - a YM Development Project Officer was engaged to get the hall to a COVID safe state to open and to look at community engagement re the future operation of the facility. The business support grant from the Scottish Government for the community hall has been used towards funding this project.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 29 Analysis of net assets between funds - group

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2024 are represented by:			
Tangible assets	971,020	100,091	1,071,111
Current assets/(liabilities)	1,003,222	15,744	1,018,966
Long term liabilities	(284,491)	-	(284,491)
Provisions	(130,483)	-	(130,483)
	<u>1,559,268</u>	<u>115,835</u>	<u>1,675,103</u>

### Analysis of net assets between funds - charity

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2024 are represented by:			
Tangible assets	377,506	100,091	477,597
Investments	101	-	101
Current assets/(liabilities)	324,999	15,744	340,743
	<u>702,606</u>	<u>115,835</u>	<u>818,441</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 30 Operating lease commitments

#### Lessee - group and charity

The Trust leases the Revenge Naval Hall for office accommodation.

The Trust also leases the Arctic Memorial under a 60 year lease expiring on 5 June 2071 for nil consideration. However, the Trust is liable for any costs to repair and maintain it.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	-	2,870

#### Lessor - charity

The charity leases land to its subsidiary, Hoy Energy Limited, for a consideration of £5,000 per annum under the terms of a 25 year lease expiring in 2036.

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2024	2023
	£	£
Within one year	5,000	5,000
Between two and five years	20,000	20,000
In over five years	37,500	42,500
	62,500	67,500

### 31 Related party transactions

#### Remuneration of key management personnel

Remuneration of key management personnel of the parent charity and group during the year was £nil (2023: £nil).

#### Transactions with related parties - charity

During the year the charity entered into the following transactions with Hoy Energy Limited (HEL), the charity's subsidiary, as follows:

	2024	2023
	£	£
Distributions receivable	168,000	112,180
Rental income	5,000	5,000
Interest receivable	6,668	5,216
	179,668	122,396

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### 31 Related party transactions

(Continued)

At the balance sheet date, debtors include a loan of £67,531 (2023: £77,863) receivable from HEL. Interest is chargeable on the loan at a rate of 2.25% over LIBOR from April 2013 onwards.

The above transaction is on normal commercial terms.

### 32 Analysis of changes in net funds

The group has bank loans as described at note 22, which shows the movements of those loans in the year.

### 33 Funds held as custodian trustee

The charity holds funds on behalf of third parties. The third parties are responsible for approving grant applications and instructing the charity to process payments from funds held by the charity on their behalf.

The details of these bodies and the movements on funds held by the charity as custodian trustee are as follows:

#### **Your Island, Your Choice 2**

This fund is held on behalf of the Playpark Group, who was awarded a grant through the Your Island, Your Choice programme. During the year, the charity paid costs totalling £440 (2023: £590). At the balance sheet date, the charity held £6,154 for the Playpark Group (2023: £6,594).

#### **Hoolie Group of Hoy and Walls (HGHW)**

This fund is held on behalf of HGHW until such time as they open their own bank account. During the year, the charity paid costs totalling £4,928 (2023: £83). At the balance sheet date the charity held £nil (2023: £4,928) in cash funds as custodian for HGHW.

#### **CAP Group**

This fund is held on behalf of the CAP Group, who were awarded a grant from the Graemsay, Hoy & Walls Community Council. During the year, the charity received funds of £nil (2023: £398) and paid costs totalling £72 (2023: £326). At the balance sheet date, the charity held £nil (2023: £72) in cash funds as custodian for the CAP Group.

Funds administered by the charity in its role as custodian are not recognised in the charity's statement of financial activities or balance sheet.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 34 Cash generated from operations - group

	2024	2023
	£	£
Deficit for the year	88,114	62,516
Adjustments for:		
Investment income	(11,951)	(2,474)
Taxation charged	109,878	(1,483)
Loss/(gain) on disposal of tangible fixed assets	10,743	(48)
Finance costs	35,160	37,345
Depreciation and impairment of tangible fixed assets	152,660	137,892
Net gain on other comprehensive income	2,766	(8,572)
Movements in working capital:		
Decrease in debtors	12,914	61,957
(Decrease)/increase in creditors	(80,853)	91,971
<b>Cash generated from operations</b>	<b>319,431</b>	<b>379,104</b>

### Cash generated from operations - charity

	2024	2023
	£	£
Deficit for the year	(70,006)	(5,411)
Adjustments for:		
Investment income recognised in statement of financial activities	(180,874)	(122,765)
Gain on disposal of tangible fixed assets	(287)	(350)
Depreciation and impairment of tangible fixed assets	76,641	60,163
Movements in working capital:		
Decrease in debtors	25,001	19,223
Increase in creditors	385	83,119
<b>Cash (absorbed by)/generated from operations</b>	<b>(149,140)</b>	<b>33,979</b>

### 35 Non-audit services provided by auditor

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditor to assist with the preparation of the accounts.