

Charity registration number SC038909 (Scotland)

Company registration number SC306586

**THE ISLAND OF HOY DEVELOPMENT TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

THE ISLAND OF HOY DEVELOPMENT TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	B Clegg	(Appointed 8 May 2024)
	M Collop	
	G Flaws	(Appointed 13 December 2024)
	P Hall	
	C Heugh	(Appointed 13 December 2024)
	Z Nicholson	(Appointed 28 January 2025)
	H Seatter	(Appointed 28 January 2025)
	A Sinclair	
	D Smith	(Appointed 30 June 2025)
Charity number (Scotland)	SC038909	
Company number	SC306586	
Registered office	Revenge, 1 Naval Hall Longhope Stromness Orkney KW16 3PG	
Auditor	A.J.B. Scholes Ltd 8 Albert Street Kirkwall Orkney KW15 1HP	
Bankers	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	

THE ISLAND OF HOY DEVELOPMENT TRUST

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THE ISLAND OF HOY DEVELOPMENT TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2025

The trustees present their annual report and financial statements for the year ended 31 March 2025.

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 within the community for recreation and other leisure time occupation.
- 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 other public 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.
- 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 focused
- Promote & sustain local business and activities
- Promote grass roots community involvement

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2025

Outlined below are our plans and objectives for the year ending 31 March 2025. 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.
- To pursue external funding to renew defective roof cladding and ageing hear pumps in the main hall.
- Ebike hire scheme

Community Bus Service

- To continue to seek and apply for funds to keep the service operational. There is currently an application in place with the Carbon Neutral Island capital projects fund to support the purchase of up to three 9 seater electric buses.
- To continue the review of operations to reflect the community wishes as expressed in the recent Community Transport Review, notably the provision of demand responsive services.
- 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 Island Wellbeing project and the Wellbeing Co-ordinator.
- To continue providing essential support to our community during these challenging times.
- To enact recently agreed protocols reflecting the potential liabilities to the Trust of some activities, notably one-to-one client meetings.
- 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.

Housing

- In response to public concern, the trust is exploring opportunities to provide social housing.
- A grant was awarded to enable a feasibility study of housing development opportunities, particularly the long disused school house.
- The Rural Housing Fund grant enabled a full assessment of the property, a survey, valuation and draft plans and a business plan.
- Additionally, a comprehensive housing needs survey was undertaken to establish preferences of the type and location of housing required.
- Next steps may include an application to the Scottish Land Fund for assistance with purchase and project management.

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 (Community Carbon Neutral Pathway).

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2025

Youth, Leisure, and Heritage

- To endeavor to address the lack of facilities and activities for young people.
- To provide financial support for opportunities such as the outdoor activity programme.

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 2025, 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 resignation of the long serving chair and other board members reduced board membership to an unacceptably low number (5). A recruitment drive successfully brought numbers back up to 12 with currently just one unfilled place.

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 only extended funding until March 2026. Revenue funding of this type remains hard to source.

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.

Subsequently, support from HIE became available to employ a contractor to update the CDO. This is regarded as key requirement for external funders and the bulk of the devious plan dated from 2018, much delayed by COVID. This work is still in progress but will incorporate recently completed survey work on housing and transport.

Community Funds: The Training and Learning Fund was established to support individuals and groups in acquiring new skills and furthering their education. During this financial year, the fund awarded a total of £9,278.34.

Twenty-eight awards were made, benefiting individuals across a range of ages. These awards helped individuals cover expenses related to university accommodation, driving lessons, school residential trips, dancing and music lessons, Continuing Professional Development (CPD) training, vocational training in various fields. Some of the specific training areas supported included energy efficiency, accounting diplomas, youth work, sea survival, telehandler and forklift, athletics, CPC (Certificate of Professional Competence), Tai Chi and leadership & management. 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 £21,533.25. Seven awards were granted to community groups, funding various initiatives. The Hoy Heritage Centre and the Longhope Lifeboat Museum were awarded grants to support the employment of development workers. Grants were also made to North Walls School to enable school student participation in outdoor activities, Hoy Energy Matters for cabling related to the Legacy Project, the Haey Hope Club for funding towards bus insurance, The Hoy Heritage Centre for a new window and YM Empower to support the Computer Club.

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2025

The Event Support fund was little used, with only one application for art display equipment being funded a total of £116.87 for an exhibition at the Scapa Flow Museum, this equipment to be available to other venues on the island into the future.

Community Hall: The management agreement between IoHDT and YM Empower continues to work well. 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.

The Carbon Neutral Island (CNI) capital fund enabled the installation of much needed roof insulation to the main hall area. This should greatly reduce heating costs. The work was done with great speed and efficiency by a local contractor, minimising disruption of usage while meeting trust aspirations to employ locally wherever possible.

Community bus: In its eleventh 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. The ageing bus fleet has suffered increasing frequency of breakdowns, one bus now being effectively retired. Despite their higher running cost, electric buses are seen as the way forward and it is hoped that a CNI capital award will fund the purchase of up to three 9 seater buses.

A community survey of public transport needs and expectations identified a wish for a more 'demand responsive' service. The trust anticipates a move to a blend of services, some scheduled for popular ferry times, some bookable for more specific needs, e.g., visits to the health centre, shop or events. The aim is to increase usage by providing more flexibility for residents while supporting travel to work users. Tourist needs will be accommodated as far as possible within this format. Any cost savings, while welcome, are secondary to improving the utility of the services.

The Trust has participated in an Expert Community of Practice (ECOP) exercise, sharing experience of community transport operations with colleagues in the Northern and Western Isles.

Enhancing Health & Wellbeing: Voluntary Action Orkney (VAO) were able to address 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. The project signed up to a national scheme supplying periodic but substantial deliveries of assorted foodstuffs.

Additionally, individual support group work focused on physical and mental well-being continued. Potential liability issues surrounding one-to-one support have unfortunately forced the curtailment of this activity.

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 coordinators. This transition is anticipated to occur in April 2026. The Trust considers this role to be increasingly necessary and is hoping to achieve further financial support to maintain the service.

Carbon Neutral Islands Project: Additional funding was secured to extend the position of the Carbon Neutral Island Development Officer (CNIDO) until March 2026. Moreover, capital funding was allocated to support several community projects focused on carbon reduction and sustainability, aligning with the finalised CNI Action Plan.

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2025

These include the installation of legacy project PV/battery systems, planning assistance to the Hoy Heritage Centre for optimum heating solutions, insulation of the YM roof already mentioned, an additional rapid EV charging station and equipment to initiate a community-based food waste composting scheme. Ebikes previously funded by CNI are now available for hire from a dedicated store located at the YM. Work has been completed by local contractors wherever possible in line with Trust local spend policy.

Throughout the year, various community engagement sessions, including with young people from the Hoy Youth Hub and with the teachers and children at North Walls School, were undertaken. Much work was also done engaging and liaising with stakeholders external to the island and attending forums and conferences which afforded essential networking and exchanges of information.

Building on work trialled by Hoy, CNI is assisting a cluster of Orkney North Isles to initiate carbon reduction programmes more widely. The work has primarily focused on establishing baseline emissions using carbon audit methods trialled on Hoy, and using this data and community engagement to develop Climate Action Plans for each island.

Youth, Leisure, and Heritage: The Longhope Playpark scheme has proved intractable for various reasons and is currently paused. The Youth hub established in 2023 was highly successful and has developed into a separate charitable organisation. Financial support the Hoy Heritage Centre and Longhope Lifeboat Museum enable these organisations to continue their valuable work.

Investment performance

Hoy Energy Ltd - summary report for financial year ending March 2025:

Another highly successful year, despite the energy sales prices being lower than the previous year, the higher wind level brought sufficient compensation. As a result, the financial performance is remarkably similar to that of the year ending March 2024.

The company reports a pre-tax profit of £447k on a turnover of £739k, compared to a profit of £439k on a turnover of £759k in the previous year. Operating costs totalled £271k compared with £289k in the previous year. Finance costs totalled £32k compared to £42k in the previous year as both the bank and intercompany loans continue to be repaid. Operational costs remain under scrutiny with savings being found within the year, and further efficiencies are being targeted for the future.

Unfortunately, the decline in export market prices reported last year has continued, and the PPA rates we now have locked in for the 2025/6 and 2026/7 years are reduced by 33% and 25% respectively, with the future outlook continuing to show decline according to industry projections.

Financial planning for 'end of useful life' is now seen as a high priority / risk item throughout the industry and has featured heavily in our management responsibilities over recent months, in particular in the audit process. Whilst our 'Section 75' planning obligations (site clearance) are currently met, this will need to be reviewed formally with OIC as we enter our period of 'extended planning consent' in the 2028/9 financial year. This is something HEL must financially support separately from the parent trust and as such, will now plan for this in the coming years.

Financial review

The charity had total incoming resources of £695,155 (2024: £423,305) and total resources expended of £414,673 (2024: £493,311), giving a net surplus for the year of £280,482 (2024: deficit of £70,006). Total funds as at the balance sheet date amounted to £1,098,922 (2024: £818,441), of which £72,689 (2024: £115,835) 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.

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2025

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.

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 Development Trust Association of Scotland will shortly provide training in governance and financial management and a report and recommendations will follow.

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 2026.

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 approaching completion, which will enable a reorganization of the service. A user app may be trialled which will improve the passenger experience. 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 ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2025

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:

C Bolton	(Appointed 9 January 2025 and resigned 4 August 2025)
B Clegg	(Appointed 8 May 2024)
M Collop	
M Cossar	(Resigned 3 September 2024)
K Dobney	(Resigned 1 December 2024)
A Dobrzynski	(Resigned 2 August 2024)
G Flaws	(Appointed 13 December 2024)
P Hall	
C Heugh	(Appointed 13 December 2024)
S Jaques	(Resigned 1 December 2024)
S Johnston	(Resigned 26 June 2025)
Z Nicholson	(Appointed 28 January 2025)
S Rhodes	(Appointed 13 December 2024 and resigned 8 July 2025)
H Seatter	(Appointed 28 January 2025)
A Sinclair	
K Sinclair	(Resigned 17 July 2024)
D Smith	(Appointed 30 June 2025)
G Smith	(Appointed 13 December 2024 and resigned 2 October 2025)
J Traynor	(Resigned 8 May 2024)
P Williams	(Appointed 24 June 2025 and resigned 16 September 2025)

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 one wholly-owned subsidiary company, Hoy Energy Limited, which operates a community wind turbine. Hoy and Walls Community Transport Limited, was previously a wholly owned subsidiary and was dissolved on 1 October 2024.

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 35.

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.

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2025

Disclosure of information to auditor

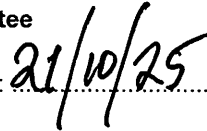
Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware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

.....

Trustee

Date: 

THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2025

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.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the 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 financial statements, 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 financial statements; and
- prepare the financial statements 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 financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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

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 2025 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 2025 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 37 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

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:

- 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 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 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

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.

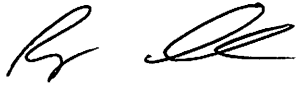
Use of our report

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



Ryan Allan (Senior Statutory Auditor)

For and on behalf of A.J.B. Scholes Ltd, Statutory Auditor

Chartered Accountants

8 Albert Street

Kirkwall

Orkney

KW15 1HP

Date:27/10/2025.....

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2025

		Unrestricted funds 2025 £	Restricted funds 2025 £	Total Unrestricted funds 2025 £	Restricted funds 2024 £	Total 2024 £
Notes						
Income and endowments from:						
Grants and donations	3	2,210	144,899	147,109	861	215,095
Charitable activities	4	35,614	-	35,614	27,049	27,049
Other trading activities	5	739,451	-	739,451	758,881	758,881
Investments	6	15,071	-	15,071	11,951	11,951
Other income	7	2,460	-	2,460	287	287
Total income		794,806	144,899	939,705	214,234	1,013,263
Expenditure on:						
Raising funds	8	293,503	-	293,503	319,195	319,195
Charitable activities	10	285,200	129,166	414,366	243,988	493,311
Other	16	307	-	307	-	-
Total expenditure		579,010	129,166	708,176	243,988	812,506
Net income/(expenditure) for the year before transfers and tax		215,796	15,733	231,529	230,511	200,757
Gross transfers between funds	29	58,879	(58,879)	-	3	-
Net income/(expenditure) for the year before tax		274,675	(43,146)	231,529	230,514	200,757
Taxation	18	86,682	-	86,682	(109,878)	(109,878)
Other recognised gains and losses	19	(3,169)	-	(3,169)	(2,766)	(2,766)
Net movement in funds		358,188	(43,146)	315,042	(29,757)	88,113
Fund balances at 1 April 2024		1,559,268	115,835	1,675,103	145,592	1,586,990
Fund balances at 31 March 2025		1,917,456	72,689	1,990,145	115,835	1,675,103

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 2025

		Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Notes							
Income and endowments from:							
Grants and donations	3	2,210	144,899	147,109	861	214,234	215,095
Charitable activities	4	35,614	-	35,614	27,049	-	27,049
Investments	6	509,972	-	509,972	180,874	-	180,874
Other income	7	2,460	-	2,460	287	-	287
Total income		550,256	144,899	695,155	209,071	214,234	423,305
Expenditure on:							
Charitable activities	10	285,200	129,166	414,366	249,323	243,988	493,311
Other	16	307	-	307	-	-	-
Total expenditure		285,507	129,166	414,673	249,323	243,988	493,311
Net incoming/(outgoing) resources before transfers		264,749	15,733	280,482	(40,252)	(29,754)	(70,006)
Gross transfers between funds	29	58,879	(58,879)	-	3	(3)	-
Net income/(expenditure) for the year/ Net movement in funds		323,628	(43,146)	280,482	(40,249)	(29,757)	(70,006)
Fund balances at 1 April 2024		702,605	115,835	818,440	742,855	145,592	888,447
Fund balances at 31 March 2025		1,026,233	72,689	1,098,922	702,606	115,835	818,441

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 2025

	Notes	2025 £	£	2024 £	£
Fixed assets					
Tangible assets	20		946,881		1,071,111
Current assets					
Debtors	23	181,123		144,798	
Cash at bank and in hand		1,383,639		1,242,858	
		1,564,762		1,387,656	
Creditors: amounts falling due within one year	24	(275,846)		(368,690)	
Net current assets			1,288,916		1,018,966
Total assets less current liabilities			2,235,797		2,090,077
Creditors: amounts falling due after more than one year	25		(125,850)		(284,491)
Provisions for liabilities	26		(119,803)		(130,483)
Net assets			1,990,144		1,675,103
Income funds					
Funds retained within subsidiary			891,222		856,662
Restricted funds	29		72,689		115,835
<u>Unrestricted funds</u>					
Designated funds	30	583,938		223,714	
General unrestricted funds		442,295		478,892	
			1,026,233		702,606
			1,990,144		1,675,103

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 21/10/25



Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

BALANCE SHEET

AS AT 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
Fixed assets					
Tangible assets	20	425,735		477,597	
Investments	21	100		101	
		<u>425,835</u>		<u>477,698</u>	
Current assets					
Debtors falling due after one year	23	42,770		53,413	
Debtors falling due within one year	23	35,865		47,914	
Cash at bank and in hand		634,283		265,032	
		<u>712,918</u>		<u>366,359</u>	
Creditors: amounts falling due within one year	24	(39,831)		(25,616)	
Net current assets			673,087		340,743
Total assets less current liabilities			<u>1,098,922</u>		<u>818,441</u>
Income funds					
Restricted funds	29	72,689		115,835	
<u>Unrestricted funds</u>					
Designated funds	30	583,938		223,714	
General unrestricted funds		442,295		478,892	
		<u>1,026,233</u>		<u>702,606</u>	
			<u>1,098,922</u>		<u>818,441</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 21/10/25



Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
Cash flows from operating activities					
Cash generated from operations	36	338,220		319,431	
Taxes paid		-		(4,788)	
Interest paid		(26,593)		(35,160)	
Net cash generated from operating activities		311,627		279,483	
Investing activities					
Purchase of tangible fixed assets		(34,594)		(40,255)	
Proceeds on disposal of tangible fixed assets		-		10,542	
Interest received		15,071		11,951	
Net cash used in investing activities		(19,523)		(17,762)	
Financing activities					
Repayment of bank loans		(148,323)		(138,674)	
Net cash used in financing activities		(148,323)		(138,674)	
Net increase in cash and cash equivalents		143,781		123,047	
Cash and cash equivalents at beginning of year		1,242,858		1,119,811	
Cash and cash equivalents at end of year		1,386,639		1,242,858	

THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 £	£	2024 £	£
Cash flows from operating activities					
Cash absorbed by operations	36		(118,937)		(149,140)
Investing activities					
Purchase of tangible fixed assets		(33,514)		(39,906)	
Proceeds from disposal of tangible fixed assets		-		692	
Repayment of loans		11,730		10,332	
Investment income received		509,972		180,874	
Net cash generated from investing activities			488,188		151,992
Net cash generated from financing activities			-		-
Net increase in cash and cash equivalents			369,251		2,852
Cash and cash equivalents at beginning of year			265,032		262,180
Cash and cash equivalents at end of year			634,283		265,032

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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 2025

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 - 20% 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	15% - 25% straight line

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 2025

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 2025

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 2025

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 2025

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 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Donations and gifts	2,210	-	2,210	142	-	142
Grants receivable for core activities	-	144,899	144,899	719	214,234	214,953
	<u>2,210</u>	<u>144,899</u>	<u>147,109</u>	<u>861</u>	<u>214,234</u>	<u>215,095</u>
Grants receivable for core activities						
Orkney Islands Council - community bus service	-	15,331	15,331	-	9,530	9,530
VAO - wellbeing co-ordinator	-	19,360	19,360	-	12,687	12,687
Community Energy Scotland - CNI	-	-	-	-	5,993	5,993
The National Lottery - Larder	-	-	-	-	(833)	(833)
Scottish Government - CNI revenue	-	47,843	47,843	-	44,687	44,687
Scottish Government - CNI capital	-	49,025	49,025	-	140,891	140,891
CC - YM Insurance	-	1,280	1,280	-	-	-
Rural Housing	-	12,060	12,060	-	-	-
Other	-	-	-	719	1,279	1,998
	<u>-</u>	<u>144,899</u>	<u>144,899</u>	<u>719</u>	<u>214,234</u>	<u>214,953</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

4 Charitable activities - group and charity

	Bus income 2025 £	Bus income 2024 £
Non-performance related income	20,759	17,145
Services provided under contract	4,408	460
Performance related grant income	10,447	9,444
	<u>35,614</u>	<u>27,049</u>

5 Other trading activities - group

	2025 £	2024 £
Energy sales	739,451	758,881
Other trading activities	<u>739,451</u>	<u>758,881</u>

6 Investments - group

	2025 £	2024 £
Interest receivable	15,071	11,951
	<u>15,071</u>	<u>11,951</u>

Investments - charity

	2025 £	2024 £
Rental income	5,000	5,000
Income from unlisted investments	496,231	168,000
Interest receivable	8,741	7,874
	<u>509,972</u>	<u>180,874</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

7 Other income - group and charity

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Net gain on disposal of tangible fixed assets	-	287
Insurance claims	1,940	-
User definable other income heading 2	520	-
	<u>2,460</u>	<u>287</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:

	2025 £	2024 £
Turnover	739,451	758,881
Cost of sales and administration	(304,039)	(330,863)
Interest receivable	11,866	10,745
Net profit	447,278	438,763
Taxation	136,682	(109,878)
Other recognised gains and losses	(3,169)	(2,766)
Donations of profit gift aided to charity	(496,231)	(168,000)
Retained in subsidiary	<u>84,560</u>	<u>158,119</u>
Assets	1,428,791	1,682,341
Liabilities	(487,469)	(825,579)
Funds	<u>941,322</u>	<u>856,762</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 2025

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 2025 £	Bus service 2025 £	Total 2025 £	Community benefit 2024 £	Bus service 2024 £	Total 2024 £
Staff costs	78,491	42,859	121,350	91,453	35,925	127,378
Depreciation and impairment	48,080	-	48,080	25,142	42,826	67,968
Community events	13,617	-	13,617	42,552	-	42,552
Bus running costs	-	31,118	31,118	-	26,847	26,847
	<u>140,188</u>	<u>73,977</u>	<u>214,165</u>	<u>159,147</u>	<u>105,598</u>	<u>264,745</u>
Grant funding of activities (see note 12)	54,628	-	54,628	124,205	-	124,205
Share of support costs (see note 14)	86,591	48,993	135,584	61,675	33,210	94,885
Share of governance costs (see note 14)	6,296	3,693	9,989	6,159	3,317	9,476
	<u>287,703</u>	<u>126,663</u>	<u>414,366</u>	<u>351,186</u>	<u>142,125</u>	<u>493,311</u>
Analysis by fund						
Unrestricted funds	173,868	111,332	285,200	136,100	113,223	249,323
Restricted funds	113,835	15,331	129,166	215,086	28,902	243,988
	<u>287,703</u>	<u>126,663</u>	<u>414,366</u>	<u>351,186</u>	<u>142,125</u>	<u>493,311</u>

11 Trustees

Three people connected with trustees, received remuneration totalling £44,963 from the charity during the year (2024: £nil). In addition, three directors of the charity did receive remuneration from the subsidiary company totalling £46,190 (2024: two directors received £4,000). One director of the charity was reimbursed for expenses incurred in the course of their duties by the subsidiary company totalling £4,316 (2024: £nil).

During the year, no trustees were reimbursed for expenses incurred in the course of their duties (2024: none).

During the year, the charity paid no grants to trustees (2024: £nil).

During the year, the charity paid no trustees during the year (2024: one trustee £6,000) for work done and capitalised as land and buildings.

During the year, the charity paid an associated company of one trustee £2,160 (2024: £nil) for work done in relation to community activities.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

12 Grants payable - group and charity

	2025 £	2024 £
Grants to institutions:		
YM Empower - Computer club	312	10,000
Hoy Kirk - employment	8,047	9,152
Gable End Theatre - TBC/Twelfth Day	-	6,500
Longhope Lifeboat Museum - custodian	-	5,000
North Walls Community School - circus trip; Hoy outdoor programme	1,794	-
Hoy Energy Matters - CNI grants	-	65,825
HWCG - CNI grants	23,700	14,514
Haey Hope Club	1,000	-
LLMT Employment	6,000	-
HEM SCIO - Cabling	4,380	-
Other	-	3,026
	<u>45,233</u>	<u>114,017</u>
Grants to individuals	9,395	10,188
	<u>54,628</u>	<u>124,205</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, 54 training bursaries totalling £9,395 (2024: 27 bursaries totalling £10,188) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2025 £	2024 £
In respect of:		
Property, plant and equipment	<u>4,043</u>	<u>-</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

14 Support costs - group and charity

	Support costs	Governance costs	2025	Support costs	Governance costs	2024
	£	£	£	£	£	£
Staff costs	60,055	-	60,055	50,364	-	50,364
Depreciation	36,991	-	36,991	8,673	-	8,673
Rent & rates	3,730	-	3,730	4,686	-	4,686
Insurance	6,037	-	6,037	5,652	-	5,652
Heat, light & power	6,903	-	6,903	6,467	-	6,467
Office costs	8,815	-	8,815	9,738	-	9,738
Travelling expenses	3,401	-	3,401	4,778	-	4,778
Sundry & subscriptions	3,942	-	3,942	2,206	-	2,206
Legal & professional fees	3,981	-	3,981	979	-	979
Repairs & renewals	1,729	-	1,729	1,342	-	1,342
Audit fees	-	9,000	9,000	-	8,930	8,930
Accountancy	-	520	520	-	424	424
Other governance costs	-	469	469	-	122	122
	<u>135,584</u>	<u>9,989</u>	<u>145,573</u>	<u>94,885</u>	<u>9,476</u>	<u>104,361</u>
Analysed between						
Charitable activities	<u>135,584</u>	<u>9,989</u>	<u>145,573</u>	<u>94,885</u>	<u>9,476</u>	<u>104,361</u>

15 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2025	2024
	£	£
Fees payable to the charity's auditor and its associates for the audit of the annual accounts:	7,500	7,300
Other services to the group		
- the audit of the charity's subsidiaries and other services - included in expenditure on raising funds	9,044	8,686
Total audit fees	<u>16,544</u>	<u>15,986</u>
Non-audit services - charity		
All other non-audit services	<u>510</u>	<u>647</u>

16 Other - group and charity

	2025	2024
	£	£
Net loss on disposal of tangible fixed assets	307	-
	<u>307</u>	<u>-</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

17 Employees

Number of employees

The average monthly number of employees during the year was:

	Group 2025 Number	Group 2024 Number	Charity 2025 Number	Charity 2024 Number
Administration	3	4	3	4
Direct charitable activities	10	11	10	11
Engaged in subsidiary operating activities	6	6	-	-
	<u>19</u>	<u>21</u>	<u>13</u>	<u>15</u>

Employment costs

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Wages and salaries	239,381	237,128	163,862	161,050
Social security costs	12,597	11,387	6,284	5,451
Other pension costs	15,299	15,062	11,259	11,241
	<u>267,277</u>	<u>263,577</u>	<u>181,405</u>	<u>177,742</u>

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

18 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.

19 Other recognised gains and losses - group only

	Total 2025 £	Total 2024 £
Cash flow hedge (loss)/gain	(4,225)	(3,688)
Tax relating to other gains/losses	1,056	922
	<u>(3,169)</u>	<u>(2,766)</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

20 Tangible fixed assets - group

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2024	470,588	1,531,312	174,875	243,332	2,420,107
Additions	32,925	4,079	589	-	37,593
Disposals	-	(158)	(12,894)	-	(13,052)
At 31 March 2025	503,513	1,535,233	162,570	243,332	2,444,648
Depreciation and impairment					
At 1 April 2024	200,917	936,502	96,921	114,656	1,348,996
Depreciation charged in the year	8,883	76,547	26,552	45,404	157,386
Impairment losses	-	-	-	4,043	4,043
Eliminated in respect of disposals	-	(70)	(12,588)	-	(12,658)
At 31 March 2025	209,800	1,012,979	110,885	164,103	1,497,767
Carrying amount					
At 31 March 2025	293,713	522,254	51,685	79,229	946,881
At 31 March 2024	269,671	594,810	77,954	128,676	1,071,111

Tangible fixed assets - charity

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2024	470,588	3,740	174,875	243,332	892,535
Additions	32,925	-	589	-	33,514
Disposals	-	-	(12,894)	-	(12,894)
At 31 March 2025	503,513	3,740	162,570	243,332	913,155
Depreciation and impairment					
At 1 April 2024	200,917	2,444	96,921	114,656	414,938
Depreciation charged in the year	8,883	188	26,552	45,404	81,027
Impairment losses	-	-	-	4,043	4,043
Eliminated in respect of disposals	-	-	(12,588)	-	(12,588)
At 31 March 2025	209,800	2,632	110,885	164,103	487,420
Carrying amount					
At 31 March 2025	293,713	1,108	51,685	79,229	425,735
At 31 March 2024	269,671	1,296	77,954	128,676	477,597

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

20 Tangible fixed assets - group

(Continued)

Impairment tests have been carried out where appropriate and impairment losses of £4,043 (2024: £nil) in respect of motor vehicles have been recognised in the statement of financial activities (both group and parent) within expenditure on charitable activities.

21 Fixed asset investments - charity

Other
investments

Cost or valuation

At 31 March 2025

101

Disposals

(1)

At 31 March 2025

100

Carrying amount

At 31 March 2025

100

At 31 March 2024

101

	Notes	2025 £	2024 £
Other investments comprise:			
Investments in subsidiaries	28	100	101

22 Financial instruments - group

2025
£

2024
£

Carrying amount of financial assets

Instruments measured at fair value through profit or loss

2,615

6,840

23 Debtors

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Amounts falling due within one year:				
Trade debtors	46,394	1,516	2,977	1,516
Amounts due from subsidiary undertakings	-	-	13,031	14,118
Other debtors	85,278	97,088	10,492	21,245
Prepayments and accrued income	49,451	46,194	9,365	11,035
	181,123	144,798	35,865	47,914

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

23 Debtors (Continued)

	2025 £	2024 £	2025 £	2024 £
Amounts falling due after more than one year:				
Amounts due from subsidiary undertakings	-	-	42,770	53,413
Total debtors	181,123	144,798	78,635	101,327

Other debtors include grants receivable totalling £10,128 (2024: £20,958).

24 Creditors: amounts falling due within one year

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Bank loans	158,646	148,328	-	-
Other taxation and social security	70,778	192,679	3,992	4,339
Trade creditors	23,032	3,157	18,979	2,841
Other creditors	2,303	3,446	2,303	3,446
Accruals and deferred income	21,087	21,080	14,557	14,990
	275,846	368,690	39,831	25,616

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

	Notes	2025 £	2024 £
Bank loans		125,850	284,491

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 £284,496 (2024: £432,819). 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 (2024: £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.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

26	Provisions for liabilities - group	Notes	2025 £	2024 £
	Decommissioning liability		18,000	15,000
	Deferred tax liabilities	27	101,803	115,483
			<u>119,803</u>	<u>130,483</u>

A provision of £18,000 (2024: £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.

27 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:

	Liabilities 2025 £	Liabilities 2024 £
Balances:		
ACAs	101,149	113,773
Hedging reserve	654	1,710
	<u>101,803</u>	<u>115,483</u>

28 Subsidiaries

Details of the charity's subsidiaries at 31 March 2025 are as follows:

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

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

29 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.

	Movement in funds				Movement in funds				Balance at 31 March 2025 £
	Balance at 1 April 2023 £	Incoming resources £	Resources expended £	Transfers £	Balance at 1 April 2024 £	Incoming resources £	Resources expended £	Transfers £	
Arctic convoy memorial	9,148	-	(174)	-	8,974	-	(147)	-	8,827
Energy Saving Trust - electric bus	77,487	-	(19,372)	-	58,115	-	-	(58,115)	-
OIC - CTGS	-	9,530	(9,530)	-	-	15,331	(15,331)	-	-
Corra Foundation - wellbeing fund	256	-	(256)	-	-	-	-	-	-
VAO - wellbeing co-ordinator	-	12,687	(12,687)	-	-	14,543	(14,543)	-	-
Community Energy Scotland - carbon neutral	933	5,993	(6,926)	-	-	-	-	-	-
Community Fund - community development	35,819	1,379	(24,294)	-	12,904	-	(12,138)	(766)	-
National Lottery - community anchors fund	20,434	(2,212)	(18,222)	-	-	-	-	-	-
Scottish Government - CNI (revex)	-	44,687	(43,103)	-	1,584	47,843	(48,317)	-	1,110
Scottish Government - CNI (capex)	-	140,891	(107,713)	-	33,178	49,025	(24,772)	2	57,433
Other funds	1,515	1,279	(1,711)	(3)	1,080	18,157	(13,918)	-	5,319
	<u>145,592</u>	<u>214,234</u>	<u>(243,988)</u>	<u>(3)</u>	<u>115,835</u>	<u>144,899</u>	<u>(129,166)</u>	<u>(58,879)</u>	<u>72,689</u>

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. The fund balance was transferred to unrestricted funds as there are no ongoing restrictions on the asset.

OIC CTGS – this fund is the OIC grant for the "Community Transport Grant Scheme". It represented a 12.3% grant up to a maximum of £10,000 plus an additional grant up to a maximum of £7,782 for an additional service to Moaness during May to October. It is paid on production of invoices and a grant claim form.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

29 Restricted funds - group and charity

(Continued)

VAO Well-Being Coordinator (RF) – this fund was to support the post of a wellbeing co-ordinator on the island. The grant is claimed in arrears on the production of payroll and expenses records, the grant also allows for an admin contribution of £100 per month to be claimed.

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.

Scottish Government CNI revenue - funding awarded for the Carbon Neutral Islands initiative. It was revenue funding of £60,000 for employment and other revenue support costs for the project.

Scottish Government CNI capital - funding of £50,000 awarded for the Carbon Neutral Islands initiative for capital projects. The Island of Hoy Development Trust projects funded by this were a new charge point for the electric vehicles and the underdrawing and insulation of the YM community hall. Two external groups were also awarded funding. Hoy Energy Matters for the Legacy Project for further installations and recommissioning and YM Empower for equipment for the Wastestation at the YM Community Hall.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

30 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.

	Movement in funds				Movement in funds				
	Balance at 1 April 2023	Incoming resources	Resources expended	Transfers	Balance at 1 April 2024	Incoming resources	Resources expended	Transfers	Balance at 31 March 2025
	£	£	£	£	£	£	£	£	£
Well-being coordinator	5,352	-	(7,928)	6,003	3,427	1,000	(9,100)	11,069	6,396
Operating reserve	56,625	-	-	20,000	76,625	28,231	-	13,000	117,856
Priority projects	16,233	168,000	(1,757)	(144,000)	38,476	168,000	-	(203,476)	3,000
YM operation	14,426	719	(10,892)	14,000	18,253	2,940	(15,465)	19,962	25,690
Buses	95,750	26,718	(66,992)	17,000	72,476	28,291	(90,691)	96,557	106,633
Electric vehicles	4,368	-	(6,255)	10,500	8,613	492	(8,493)	6,000	6,612
Arctic Convoy memorial	1,950	-	-	-	1,950	-	-	-	1,950
Pop up shop	-	-	-	-	69	-	-	(69)	-
YM development project	4,732	-	(838)	-	3,894	-	-	(3,894)	-
Expert Community Practice	-	-	-	-	-	4,308	(1,956)	-	2,352
Community Development Officer	-	-	-	-	-	-	(3,595)	14,500	10,905
E-Bike Operations	-	-	-	-	-	-	(468)	3,012	2,544
Turbine repowering	-	-	-	-	-	300,000	-	-	300,000
	<u>199,436</u>	<u>195,437</u>	<u>(94,662)</u>	<u>(76,497)</u>	<u>223,783</u>	<u>533,262</u>	<u>(129,768)</u>	<u>(43,339)</u>	<u>583,938</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 – The funds held in the operating reserve represent between 3 and 6 months cover excluding the cost of any potential redundancy payments.

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).

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

30 Designated funds - group and charity

(Continued)

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

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 the purpose of delivering medical prescriptions to residents on the island and to transport young people to the Hoy Youth Hub.

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

Pop-up Shop - this was a sub-section of the Wellbeing Co-ordinator role.

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.

Expert Community of Practice - This fund represents a Memorandum of Understanding with Community Energy Scotland whereby the principal aims of the consortium is to share learnings, obstacles and opportunities specifically on community mobility; inclusive of transport and active travel.

Community Development Officer - This fund is for the IoHDT funded portion of the CDO position, matched to the National Lottery awarded amount for 6 months to allow the position a 12 month fixed term, ending 4 August 2025.

E-bike Operations - This fund is for the hiring of the e-bikes and the costs associated with the bikes and e-bike shed.

Turbine Repowering - This fund was set up to ring-fence part of the gift aid donation from HEL for specific costs relating to the refurbishment of the Turbine.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

31 Analysis of net assets between funds - group

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2025 are represented by:			
Tangible assets	953,940	65,309	1,019,249
Investments	(1)	-	(1)
Current assets/(liabilities)	1,343,930	7,380	1,351,310
Long term liabilities	(284,491)	-	(284,491)
Provisions	(130,483)	-	(130,483)
	<u>1,882,895</u>	<u>72,689</u>	<u>1,955,584</u>

Analysis of net assets between funds - charity

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2025 are represented by:			
Tangible assets	360,426	65,309	425,735
Investments	100	-	100
Current assets/(liabilities)	665,707	7,380	673,087
	<u>1,026,233</u>	<u>72,689</u>	<u>1,098,922</u>

32 Operating lease commitments

Lessee - group and charity

The Trust 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.

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:

	2025 £	2024 £
Within one year	5,000	5,000
Between two and five years	20,000	20,000
In over five years	32,500	37,500
	<u>57,500</u>	<u>62,500</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2025

33 Related party transactions

Remuneration of key management personnel

Remuneration of key management personnel of the parent charity and group during the year was £nil (2024: £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:

	2025 £	2024 £
Distributions receivable	496,231	168,000
Rental income	5,000	5,000
Interest receivable	5,536	6,668
	<u>506,767</u>	<u>179,668</u>

At the balance sheet date, debtors include a loan of £55,801 (2024: £67,531) 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.

34 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.

35 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 £600 (2024: £440). At the balance sheet date, the charity held £5,554 for the Playpark Group (2024: £6,154).

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 2025

36 Cash generated from operations - group

	2025 £	2024 £
Surplus/(deficit) for the year	315,041	88,114
Adjustments for:		
Investment income	(15,071)	(11,951)
Taxation charged	(86,682)	109,878
Loss on disposal of tangible fixed assets	395	10,743
Finance costs	26,593	35,160
Depreciation and impairment of tangible fixed assets	161,429	152,660
Net gain on other comprehensive income	3,169	2,766
Movements in working capital:		
(Increase)/decrease in debtors	(40,550)	12,914
(Decrease) in creditors	(29,104)	(80,853)
Cash generated from operations	335,220	319,431

Cash generated from operations - charity

	2025 £	2024 £
Surplus/(deficit) for the year	280,481	(70,006)
Adjustments for:		
Investment income recognised in statement of financial activities	(509,972)	(180,874)
Loss/(gain) on disposal of tangible fixed assets	307	(287)
Depreciation and impairment of tangible fixed assets	85,070	76,641
Movements in working capital:		
Decrease in debtors	10,962	25,001
Increase in creditors	14,215	385
Cash absorbed by operations	(118,937)	(149,140)

37 Non-audit services provided by auditor

In common with many businesses of our size and nature we use our auditor to assist with the preparation of the financial statements.