Company registration number SC306586 (Scotland)

Charity registration number SC038909 (Scotland)

THE ISLAND OF HOY DEVELOPMENT TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

THE ISLAND OF HOY DEVELOPMENT TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	B Clegg	
	M Collop	
	P Hall	
	C Heugh	
	D Smith	(Appointed 30 June 2025)
Charity number (Scotland)	SC038909	
Company number	SC306586	
Registered office	Y M Community Hall Longhope Stromness Orkney Scotland 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 2026

The trustees present their annual report and financial statements for the year ended 31 March 2026.

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.
- Prov de - 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.
- Prov de 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
- Prov de 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

Outlined below are our plans and objectives for the year ending 31 March 2026. As in previous years, the Trust aimed to support the community in 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 YM Empower, who deal with 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 heat pumps in the main hall.
- Ebike hire scheme

Community Bus Service

- To continue to seek and apply for funds to keep the service operational.
- 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
- 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

- To create an alternative office space for meetings and administrative support and release the 'Revenge' Naval Hall 2 bedroom family property back to the domestic rental market.

Environment and sustainability

- To continue involvement in the Carbon Neutral Islands project, supporting the CNI Development Officer, recruiting a Youth, Leisure and Heritage Support Officer and delivering various projects as outlined in the Carbon Neutral Islands Action plan (Community Carbon Neutral Pathway).

Youth, Leisure and Heritage

- To provide financial support for opportunities such as the outdoor activity programme.
- To continue to provide financial support for heritage organisations to enable employment
- To continue to assist with transport to youth activities

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 July 2026 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 continued to review 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 community wind turbine. A review of all Trust operations, governance, policies and procedures was undertaken by The Development Trust Association and The Impact Hub, with new trustees receiving valuable training via both bodies, however the level of time commitment required proved challenging for some of the new trustees and by the end of the year the board was back to 5 strong members.

Office staffing remained stable, The CNI Development Officer left in July and a replacement was successfully recruited and in post by October, with a CNI Support Officer also recruited in November. Unfortunately funding for the CDO position came to an end at the start of August and no new funding was found to continue the role, however the Trust will continue to look for funding to reinstate this post in the future. An additional relief Bus Driver was recruited.

Community Engagement and Development plan: The Community Development Plan was not completed following a low response rate to the community survey and the ending of the CDO position. The emergence of local authority (OIC) Local Place Plans seems destined to replace the older development plan format.

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 £9,553. Twenty-six awards were made, benefiting individuals across a range of ages. These awards helped individuals cover expenses related to university accommodation, driving lessons, dancing and music essons, Continuing Professional Development (CPD) training and vocational training in various fields. Some of the specific training areas supported included energy efficiency, electrical qualifications, management qualifications, sea survival, marine mammal medic, yoga and support for the quilting group. 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 £31,967. Eight awards were granted to community groups, funding various initiatives. The Hoy Heritage Centre, YM Empower and the Longhope Lifeboat Museum were awarded grants to support Employment, with YM Empower also receiving funding to support the Computer club and Craft Club. Grants were also made to North Walls School to enable school student participation in outdoor activities and to support the Dance Programme for the school year. The Haey Hope Club received funding towards bus insurance and the North Walls Centre received a grant for the Levy Charge payable for their use of the centre. North Walls School Parent Council secured funding for a programme of summer activities. The Community Fund was closed to applications in February to allow for a review of the procedures and paperwork with the intention of reopening in 2027.

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.

Minor repairs continued to be undertaken using isles based contractors, with the major repairs of replacement air to air heat pumps in the hall along with the fire doors being replaced within the year using Trust funds.

Community Transport: Following a community wide consultation undertaken in March 2025, the bus operations team analysed the results and presented to both the IoHDT Board and a collection of community groups participating in Community Energy Scotland's 'Expert Communities of Practice (ECoP)'. Based upon the data collected they suggested changes to the island's community transport provision, moving away from the scheduled service to a demand responsive model for the most part, to enable every resident on the island to have access to transport every day. With board approval they also submitted a successful bid to the Scottish Governments CNI Capital Fund for three smaller electric vehicles to allow this service to be operated. The new service was designed and readied for a 1 April 2026 start.

In its eleventh year of operation, the Community Bus service continued to provide essential transportation, including a pilot project which was run between November and March to enable travel to social groups, the shop and the doctors on a weekly basis for some of the islands most remote residents which helped to shape the new service. These services were 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. Rising expenses for vehicle maintenance, fuel, and salaries have continued to strain the Trust's finances.

The Trust continued to participate in the ECoP exercise, sharing experience of community transport operations with colleagues in the both the Orkney and Shetland Isles.

Enhancing Health & Wellbeing: Voluntary Action Orkney (VAO) support for the Wellbeing Officer Role finished at the end of September, with the Trust taking over the financial shortfall (2 days a week) and creating the position of **Community Support Officer**. The IoHDT trustees resolved to fully fund this 3 days a week posit on until 31.03.27 in order for the CSO to get established and source external funding for this role on an ongoing basis.

The CSO continued the community larder working in collaboration with YM Empower and FareShare throughout the financial year and with the help of Orkney Islands Councils ICCEF funding this was expanded to visit Hoy as well as being available in Longhope.

Funding received via VAO's Mental Health and Wellbeing Fund continued to allow CSO social and fitness groups to take place along with offering support to YM Empower to keep their Lunch Club affordable for attendees. More fitness groups were made available as the year progressed which also led to a very successful Line Dancing Night supported by Orkney Dance and Fitness.

Referrals have continued to come from the GP and Community Nurse, with the CSO signposting people to the services they need. The podiatry visits, now based at the Surgery also continue to be well attended and are booked up within days of a date being publicised.

The CSO has also continued her personal development, taking a range of courses within the year to enable her to better support the residents of the island.

Carbon Neutral Islands Project: Funding was secured to extend the position of the Carbon Neutral Island Development Officer (CNIDO) until March 2026 and to employ a Carbon Neutral Support Officer (CNSO) to work alongside. Unfortunately, the CNIDO left in July 2026 which necessitated recruitment for both positions. The CNIDO position was successfully filled at the start of October and the CNSO role filled at the start of November.

In January 2026 a Domestic Energy Survey was sent to all residents to capture the needs of the island's residents for future project development. Work then concentrated on the preparation of two funding applications to be submitted to the CNI Capital pot (which was open to applications from all five CNI Islands) one for the replacement of the YM roof with the focus on the installation of Solar PV panels and battery storage and the second title Carbon Cancel looking to replace oil boilers with air source heating coupled with solar PV panels and battery storage to continue towards the 2040 goal for carbon neutrality.

A small funding pot was allocated to support community projects focused on carbon reduction and sustainability, aligning with the finalised CNI Action Plan. These include the installation of Air Source heating for Hoy Youth Hub, installation of Air Source heating and PV solar and battery storage at IoHDTs new front of house facility, feasibility funding and professional fees to the Hoy Heritage Centre, and professional fees for St Johns Kirk. Work has been completed by local contractors wherever possible in line with Trust local spend policy.

Housing: The trust obtained funding from HIE and CNI to create the new porta-a-cabin office in the YM Carpark allowing the Revenge property to return to the rental market. The new office benefits from solar panels, batteries and air source heat pumps to support of grid operations.

Youth, Leisure, and Heritage: The provision of transport to and from the Hoy Youth Hub sessions continued throughout this financial year, allowing children to attend without putting the financial burden on families. Financial support for the Hoy Heritage Centre and Longhope Lifeboat Museum enabled these organisations to continue their valuable work.

Investment performance

Hoy Energy Ltd - summary report for financial year ending March 2026:

Another successful year, despite the energy sales prices being far lower than the previous year, the higher wind level brought some compensation, however as a result the financial performance is lower than that of the year ending March 2025.

The company reports a pre-tax profit of £297k on a turnover of £683k, compared to a profit of £447k on a turnover of £739k in the previous year.

Operating costs totalled £374k compared with £271k in the previous year, much of which was depreciation and impairment losses.

Finance costs totalled £19k compared to £32k 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 2026/27 years are reduced by 25%, with the future outlook continuing to show decline according to industry projections, we will continue to monitor the situation.

Financial planning for 'end of useful life' remains a high priority / risk item throughout the industry and has featured heavily in our management responsibilities over the last 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.

Finally, I would like to extend the gratitude of the HEL board to the trustees of the IoHDT for the continued unwavering support extended to us throughout the year.

Maxwell Collop (Chair)
Hoy Energy Ltd

September 2026

Financial review

The charity had total incoming resources of £651,994 (2025: £695,155) and total resources expended of £413,146 (2025: £414,673, giving a net surplus for the year of £238,848 (2025: £280,482). Total funds as at the balance sheet date amounted to £1,337,770 (2025: £1,098,922), of which £254,088 (2025: £72,689) are restricted funds.

Reserves policy

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

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

Principal funding sources

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

Major risks

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

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 for the Trust's operations and financial stability. As part of ongoing efforts to enhance organisational effectiveness, the Trust will continue to conduct regular reviews of its operations, including staff structure and employee well-being.

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

While YM Empower has responsibility for the day-to-day operations of the Community Hall, the Trust remains committed to providing ongoing support and repairs to keep the building available for community use.

A new bus service began on 1 April 2026, this will hopefully remove barriers to accessing transport enabling all island residents to travel where and when they want/need. Whilst this is an unknown just now, in terms of uptake and cost, the Trust will remain proactive in seeking and applying for funding to ensure the ongoing operation of the entire bus service.

The Community Support Officer is an important part of supporting island residents in a multitude of ways, 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.

Structure, governance and management

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

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

C Bolton	(Resigned 4 August 2025)
B Clegg	
M Collop	
G Flaws	(Resigned 12 January 2026)
P Hall	
C Heugh	
S Johnston	(Resigned 26 June 2025)
Z Nicholson	(Resigned 5 May 2026)
S Rhodes	(Resigned 8 July 2025)
H Seatter	(Resigned 6 June 2026)
A Sinclair	(Resigned 7 May 2026)
D Smith	(Appointed 30 June 2025)
G Smith	(Resigned 2 October 2025)
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.

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

P Hall
Trustee

9 November 2026

THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2026

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

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;

- observe the methods and principles in the Charities SORP;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

THE ISLAND OF HOY DEVELOPMENT TRUST

INDEPENDENT AUDITOR'S REPORT

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

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 2026 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 2026 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.

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.

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.

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
18 November 2026

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	Unrestricted funds 2026 £	Restricted funds 2026 £	Total 2026 £	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £
Income and endowments from:							
Grants and donations	3	611	301,774	302,385	2,210	144,899	147,109
Charitable activities	4	33,376	-	33,376	35,614	-	35,614
Other trading activities	5	684,769	-	684,769	739,451	-	739,451
Investments	6	13,815	-	13,815	15,071	-	15,071
Other income	7	500	-	500	2,460	-	2,460
Total income		733,071	301,774	1,034,845	794,806	144,899	939,705
Expenditure on:							
Raising funds	8	384,159	-	384,159	293,503	-	293,503
Charitable activities	11	288,713	120,375	409,088	285,200	129,166	414,366
Other	15	4,058	-	4,058	307	-	307
Total expenditure		676,930	120,375	797,305	579,010	129,166	708,176
Net income/(expenditure) for the year before transfers and tax		56,141	181,399	237,540	215,796	15,733	231,529
Gross transfers between funds	29	-	-	-	58,879	(58,879)	-
Net income for the year before tax		56,141	181,399	237,540	274,675	(43,146)	231,529
Taxation	17	(81,113)	-	(81,113)	86,682	-	86,682
Other recognised gains and losses	18	(1,535)	-	(1,535)	(3,169)	-	(3,169)
Net movement in funds		(26,507)	181,399	154,892	358,188	(43,146)	315,042
Fund balances at 1 April 2025		1,917,456	72,689	1,990,145	1,559,268	115,835	1,675,103
Fund balances at 31 March 2026		1,890,949	254,088	2,145,037	1,917,456	72,689	1,990,145

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 2026

	Notes	Unrestricted funds 2026 £	Restricted funds 2026 £	Total 2026 £	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £
Income and endowments from:							
Grants and donations	**3**	611	301,774	302,385	2,210	144,899	147,109
Charitable activities	**4**	33,376	-	33,376	35,614	-	35,614
Other trading activities	**5**	784	-	784	-	-	-
Investments	**6**	314,949	-	314,949	509,972	-	509,972
Other income	**7**	500	-	500	2,460	-	2,460
Total income		350,220	301,774	651,994	550,256	144,899	695,155
Expenditure on:							
Charitable activities	**11**	288,713	120,375	409,088	285,200	129,166	414,366
Other	**15**	4,058	-	4,058	307	-	307
Total expenditure		292,771	120,375	413,146	285,507	129,166	414,673
Gross transfers between funds	**29**	-	-	-	58,879	(58,879)	-
Net income for the year/ Net movement in funds		57,449	181,399	238,848	323,628	(43,146)	280,482
Fund balances at 1 April 2025		1,026,233	72,689	1,098,922	702,605	115,835	818,440
Fund balances at 31 March 2026		1,083,682	254,088	1,337,770	1,026,233	72,689	1,098,922

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 2026

	Notes	2026 £	2026 £	2025 £	2025 £
Fixed assets					
Tangible assets	**20**		1,067,738		946,881
Current assets					
Debtors	**23**	179,629		181,123	
Cash at bank and in hand		1,454,989		1,383,639	
		1,634,618		1,564,762	
Creditors: amounts falling due within one year	**24**	(286,708)		(275,846)	
Net current assets			1,347,910		1,288,916
Total assets less current liabilities			2,415,648		2,235,797
Creditors: amounts falling due after more than one year	**25**		-		(125,850)
Provisions for liabilities	**26**		(270,612)		(119,803)
Net assets			2,145,036		1,990,144
Income funds					
Funds retained within subsidiary			807,266		891,222
Restricted funds	**29**		254,088		72,689
Unrestricted funds					
Designated funds	**30**	701,386		583,938	
General unrestricted funds		382,296		442,295	
			1,083,682		1,026,233
			2,145,036		1,990,144

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 9 November 2026

P Hall
Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

BALANCE SHEET

AS AT 31 MARCH 2026

	Notes	2026 £	2026 £	2025 £	2025 £
Fixed assets					
Tangible assets	**20**		533,874		425,735
Investments	**21**		100		100
			533,974		425,835
Current assets					
Debtors falling due after one year	**23**	21,285		42,770	
Debtors falling due within one year	**23**	80,477		35,865	
Cash at bank and in hand		728,942		634,283	
		830,704		712,918	
Creditors: amounts falling due within one year	**24**	(26,908)		(39,831)	
Net current assets			803,796		673,087
Total assets less current liabilities			1,337,770		1,098,922
Income funds					
Restricted funds	**29**		254,088		72,689
Unrestricted funds					
Designated funds	**30**	701,386		583,938	
General unrestricted funds		382,296		442,295	
			1,083,682		1,026,233
			1,337,770		1,098,922

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 9 November 2026

P Hall
Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026		2025	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**36**		466,567		335,220
Taxes paid			(50,000)		-
Interest paic			(14,522)		(26,593)
Net cash generated from operating activities			402,045		308,627
Investing activities					
Purchase of tangible fixed assets		(192,365)		(34,594)	
Proceeds on disposal of tangible fixed assets		6,500		-	
Interest received		13,814		15,071	
Net cash used in investing activities			(172,051)		(19,523)
Financing activities					
Repayment of bank loans		(158,644)		(148,323)	
Net cash used in financing activities			(158,644)		(148,323)
Net increase in cash and cash equivalents			71,350		140,781
Cash and cash equivalents at beginning of year			1,383,639		1,242,858
Cash and cash equivalents at end of year			1,454,989		1,383,639

THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 £	2026 £	2025 £	2025 £
Cash flows from operating activities					
Cash absorbed by operations	**36**		(45,237)		(118,937)
Investing activities					
Purchase of tangible fixed assets		(187,523)		(33,514)	
Proceeds from disposal of tangible fixed assets		6,500		-	
Repayment of loans		5,970		11,730	
Investment income received		314,949		509,972	
Net cash generated from investing activities			139,896		488,188
Net cash generated from financing activities			-		-
Net increase in cash and cash equivalents			94,659		369,251
Cash and cash equivalents at beginning of year			634,283		265,032
Cash and cash equivalents at end of year			728,942		634,283

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

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 Y M Community Hall, Longhope, Stromness, Orkney, KW16 3PG, Scotland.

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.

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).

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.

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 osses' 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.

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 egal 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.

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 2026 £	Restricted funds 2026 £	Total 2026 £	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £
Donations and gifts	611	-	611	2,210	-	2,210
Grants receivable for core activities	-	301,774	301,774	-	144,899	144,899
	611	301,774	302,385	2,210	144,899	147,109
Grants receivable for core activities						
Orkney Islands Council - community bus service	-	20,000	20,000	-	15,331	15,331
VAO - Community Mental Health and Wellbeing	-	5,488	5,488	-	-	-
VAO - wellbeing coordinator	-	7,156	7,156	-	19,360	19,360
Highland and Island Enterprise - new community facility	-	33,945	33,945	-	-	-
Orkney Islands Council - CNI capital	-	131,484	131,484	-	-	-
Scottish Government - CNI revenue	-	59,383	59,383	-	47,843	47,843
Scottish Government - CNI capital	-	39,560	39,560	-	49,025	49,025
CC - YM Insurance	-	1,258	1,258	-	1,280	1,280
Rural Housing	-	-	-	-	12,060	12,060
Orkney Islands Council - Island Cost Crisis Fund	-	3,500	3,500	-	-	-
	-	301,774	301,774	-	144,899	144,899

4 Charitable activities - group and charity

	Bus income 2026 £	Bus income 2025 £
Non-performance related income	18,318	20,759
Services provided under contract	4,667	4,408
Performance related grant income	10,391	10,447
	33,376	35,614

5 Other trading activities - group

	2026 £	2025 £
E-bike hire	554	-
Energy sales	683,985	739,451
Fundraising events	230	-
Other trading activities	684,769	739,451

6 Investments - group

	2026 £	2025 £
Interest receivable	13,815	15,071
	13,815	15,071

Investments - charity

	2026 £	2025 £
Rental income	5,000	5,000
Income from unlisted investments	298,850	496,231
Interest receivable	11,099	8,741
	314,949	509,972

7 Other income - group and charity

	Unrestricted funds 2026 £	Unrestricted funds 2025 £
Insurance claims	-	1,940
Contribution towards office costs	500	520
	500	2,460

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:

	2026 £	2025 £
Turnover	683,985	739,451
Cost of sales and administration	(393,606)	(304,039)
Interest receivable	7,163	11,866
Net profit	297,542	447,278
Taxation	(81,113)	86,682
Other recognised gains and losses	(1,535)	(3,169)
Donations of profit gift aided to charity	(298,850)	(496,231)
Retained in subsidiary	(83,956)	34,560
Assets	1,387,609	1,428,791
Liabilities	(580,243)	(537,469)
Funds	807,366	891,322

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 Trustees

During the year, three people connected with trustees received remuneration and benefits from the charity. R Bolton, spouse of C Bolton; N Budge, child of B Clegg; and K Sinclair, child of A Sinclair received a total of £37,372 (2025: £44,963). N Budge also received remuneration and benefits from the subsidiary company totalling £25,622 (2025: £22,996)

Three trustees of the charity received remuneration and benefits from the subsidiary company, Hoy Energy Ltd. B Clegg, M Collop and P Hall received amounts totalling £47,965 (2025: £46,190). B Clegg was also reimbursed for expenses incurred in the course of their duties by the subsidiary company, totalling £nil (2025: £4,316).

During the year, no trustees were reimbursed for expenses incurred in the course of their duties (2025: none).

During the year, the charity paid no grants to trustees (2025: £nil).

During the year, the charity paid Catalyst, a business associated with trustee B Clegg £nil (2025: £2,160) for work done in relation to community activities. The subsidiary company paid the business £4,139 (2025: £nil) for services provided.

10 Description of charitable activities

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

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

11 Charitable activities - group and charity

	Community benefit 2026	Bus service 2026	Total 2026	Community benefit 2025	Bus service 2025	Total 2025
	£	£	£	£	£	£
Staff costs	78,515	55,275	133,790	78,491	42,859	121,350
Depreciation and impairment	9,773	29,616	39,389	48,080	-	48,080
Community events	5,958	-	5,958	13,617	-	13,617
Bus running costs	-	28,161	28,161	-	31,118	31,118
	94,246	113,052	207,298	140,188	73,977	214,165
Grant funding of activities (see note 12)	71,080	-	71,080	54,628	-	54,628
Share of support costs (see note 13)	70,892	47,262	118,154	86,591	48,993	135,584
Share of governance costs (see note 13)	7,534	5,022	12,556	6,296	3,693	9,989
	243,752	165,336	409,088	287,703	126,663	414,366
Analysis by fund						
Unrestricted funds	146,103	142,610	288,713	173,868	111,332	285,200
Restricted funds	97,649	22,726	120,375	113,835	15,331	129,166
	243,752	165,336	409,088	287,703	126,663	414,366

12 Grants payable - group and charity

	2026 £	2025 £
Grants to institutions:		
YM Empower - Computer Club and Craft Club	486	312
Hoy Kirk - Employment	-	8,047
YM Empower - Employment	10,000	-
Longhope Lifeboat Museum - Employment	6,800	-
North Walls Community School - Dance Programme and Outdoor Education	2,500	1,794
Friends of the Hoy Kirk - Employment and CNI Grant	12,456	-
North Walls Centre - Levy Payment	2,435	-
Hoy Youth Hub - CNI Grant	13,560	-
St Johns Kirk - CNI Grants	13,000	-
HWCG - CNI grants	-	23,700
Haey Hope Club	-	1,000
LLMT Employment	-	6,000
HEM SCIO - Cabling	-	4,380
	290	-
	61,527	45,233
Grants to individuals	9,553	9,395
	71,080	54,628

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.

Grants awarded under the Carbon Neutral Islands (CNI) project also require approval by the funder.

During the year, 26 training bursaries totalling £9,553 (2025: 54 bursaries totalling £9,395) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.

13 Support costs - group and charity

	Support costs	Governance costs	2026	Support costs	Governance costs	2025
	£	£	£	£	£	£
Staff costs	50,964	-	50,964	60,055	-	60,055
Depreciation	33,306	-	33,306	36,991	-	36,991
Rent & rates	3,681	-	3,681	3,730	-	3,730
Insurance	6,229	-	6,229	6,037	-	6,037
Heat, light & power	4,913	-	4,913	6,903	-	6,903
Office costs	9,653	-	9,653	8,815	-	8,815
Travelling expenses	1,080	-	1,080	3,401	-	3,401
Sundry & subscriptions	1,952	-	1,952	3,942	-	3,942
Legal & professional fees	2,626	-	2,626	3,981	-	3,981
Repairs & renewals	3,750	-	3,750	1,729	-	1,729
Audit fees	-	12,030	12,030	-	9,000	9,000
Accountancy	-	306	306	-	520	520
Other governance costs	-	220	220	-	469	469
	118,154	12,556	130,710	135,584	9,989	145,573
Analysed between						
Charitable activities	118,154	12,556	130,710	135,584	9,989	145,573

14 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2026	2025
	£	£
Fees payable to the charity's auditor and its associates for the audit of the annual accounts:	9,400	7,500
Other services to the group		
- the audit of the charity's subsidiaries and other services - included in expenditure on raising funds	9,249	9,044
Total audit fees	18,649	16,544
Non-audit services - charity		
All other non-audit services	570	510

15 Other - group and charity

	2026	2025
	£	£
Net loss on disposal of tangible fixed assets	4,058	307
	4,058	307

16 Employees

Number of employees

The average monthly number of employees during the year was:

	Group 2026 Number	Group 2025 Number	Charity 2026 Number	Charity 2025 Number
Administration	3	3	3	3
Direct charitable activities	10	10	10	10
Engaged in subsidiary operating activities	5	6	-	-
	18	**19**	**13**	**13**

Employment costs	Group 2026 £	Group 2025 £	Charity 2026 £	Charity 2025 £
Wages and salaries	240,482	239,381	167,056	163,862
Social security costs	14,713	12,597	6,400	6,284
Other pension costs	15,459	15,299	11,298	11,259
	270,654	267,277	184,754	181,405

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

17 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.

18 Other recognised gains and losses - group only

	Total 2026 £	Total 2025 £
Cash flow hedge (loss)/gain	(2,047)	(4,225)
Tax relating to other gains/losses	512	1,056
	(1,535)	(3,169)

19 Impairments - group

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in the statement of financial activities:

	2026	2025
	£	£
In respect of:		
Property, plant and equipment	71,731	4,043

Impairments - charity

	2026	2025
	£	£
In respect of:		
Property, plant and equipment	-	4,043

20 **Tangible fixed assets - group**

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2025	503,513	1,535,233	162,570	243,332	2,444,648
Additions	81,770	186,843	6,268	103,354	378,235
Disposals	(11,328)	-	(6,226)	(47,269)	(64,823)
At 31 March 2026	573,955	1,722,076	162,612	299,417	2,758,060
Depreciation and impairment					
At 1 April 2025	209,800	1,012,979	110,885	164,103	1,497,767
Depreciation charged in the year	9,310	102,582	23,433	39,764	175,089
Impairment losses	-	71,731	-	-	71,731
Eliminated in respect of disposals	(6,226)	-	(6,063)	(41,976)	(54,265)
At 31 March 2026	212,884	1,187,292	128,255	161,891	1,690,322
Carrying amount					
At 31 March 2026	361,071	534,784	34,357	137,526	1,067,738
At 31 March 2025	293,713	522,254	51,685	79,229	946,881

Tangible fixed assets - charity

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2025	503,513	3,740	162,570	243,332	913,155
Additions	81,770	-	6,268	103,354	191,392
Disposals	(11,328)	-	(6,226)	(47,269)	(64,823)
At 31 March 2026	573,955	3,740	162,612	299,417	1,039,724
Depreciation and impairment					
At 1 April 2025	209,800	2,632	110,885	164,103	487,420
Depreciation charged in the year	9,310	188	23,433	39,764	72,695
Eliminated in respect of disposals	(6,226)	-	(6,063)	(41,976)	(54,265)
At 31 March 2026	212,884	2,820	128,255	161,891	505,850
Carrying amount					
At 31 March 2026	361,071	920	34,357	137,526	533,874
At 31 March 2025	293,713	1,108	51,685	79,229	425,735

More information on the impairment arising in the year is given in note 19.

21 Fixed asset investments - charity

	Other investments
Cost or valuation	
At 1 April 2025 & 31 March 2026	100
Carrying amount	
At 31 March 2026	100
At 31 March 2025	100

Other investments comprise:	Notes	2026 £	2025 £
Investments in subsidiaries	28	100	100

22 Financial instruments - group

	2026 £	2025 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	568	2,615

23 Debtors

	Group 2026	Group 2025	Charity 2026	Charity 2025
Amounts falling due within one year:	£	£	£	£
Trade debtors	4,226	46,394	1,408	2,977
Amounts due from subsidiary undertakings	-	-	28,546	13,031
Other debtors	123,861	85,278	38,227	10,492
Prepayments and accrued income	51,542	49,451	12,296	9,365
	179,629	181,123	80,477	35,865
	2026	**2025**	**2026**	**2025**
Amounts falling due after more than one year:	**£**	**£**	**£**	**£**
Amounts due from subsidiary undertakings	-	-	21,285	42,770
Total debtors	179,629	181,123	101,762	78,635

Other debtors include grants receivable totalling £37,043 (2025: £10,128).

24 Creditors: amounts falling due within one year

	Group 2026 £	Group 2025 £	Charity 2026 £	Charity 2025 £
Bank loans	125,852	158,646	-	-
Other taxation and social security	128,002	70,778	1,966	3,992
Trade creditors	730	23,032	355	18,979
Other creditors	1,762	2,303	1,762	2,303
Accruals and deferred income	30,362	21,087	22,825	14,557
	286,708	275,846	26,908	39,831

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

	Notes	2026 £	2025 £
Bank loans		-	125,850

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 £125,852 (2025: £284,496). 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 (2025: £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.

26 Provisions for liabilities - group

	Notes	2026 £	2025 £
Decommissioning liability		200,000	18,000
Deferred tax liabilities	27	70,612	101,803
		270,612	119,803

A provision of £200,000 (2025: £18,000) 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:

Balances:	Liabilities 2026 £	Liabilities 2025 £
ACAs	70,470	101,149
Hedging reserve	142	654
	70,612	101,803

28 Subsidiaries

Details of the charity's subsidiaries at 31 March 2026 are as follows:

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

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 1 April 2024	Incoming resources	Resources expended	Transfers	Balance at 1 April 2025	Incoming resources	Resources expended	Balance at 31 March 2026
	£	£	£	£	£	£	£	£
Arctic convoy memorial	8,974	-	(147)	-	8,827	-	(447)	8,380
Energy Saving Trust - electric bus	58,115	-	-	(58,115)	-	-	-	-
OIC - CTGS	-	15,331	(15,331)	-	-	20,000	(20,000)	-
VAO - wellbeing co-ordinator	-	14,543	(14,543)	-	-	7,156	(7,156)	-
HIE - new community facility	-	-	-	-	-	33,945	-	33,945
OIC - Island Cost Crisis Fund	-	-	-	-	-	3,500	(429)	3,071
National Lottery Community Fund - community development	12,904	-	(12,138)	(766)	-	-	-	-
Scottish Government - CNI (revex)	1,584	47,843	(48,317)	-	1,110	59,383	(59,856)	637
Scottish Government - CNI (capex)	33,178	49,025	(24,772)	2	57,433	39,560	(19,709)	77,284
OIC - CNI (capex)	-	-	-	-	-	131,484	(6,897)	124,587
Other funds	1,080	18,157	(13,918)	-	5,319	6,746	(5,881)	6,184
	115,835	144,899	(129,166)	(58,879)	72,689	301,774	(120,375)	254,088

Arctic Convoy Memorial - this is restricted funding from OIC to provide maintenance for the memorial site for sailors of the arctic convoys. The majority of this fund balance relates to fixed assets.

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" up to a maximum of £20,000. It is paid on production of invoices and a grant claim form.

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. This grant ended during the year and is now funded internally under the new title of Community Support Officer.

HIE new community facility - funding awarded for the purchase and installation of a new office facility.

OIC island Cost Crisis Fund - awarded to assist with the Hoy and Walls Community Food Hub expansion.

Scottish Government CNI revenue - funding awarded for the Carbon Neutral Islands initiative. This was revenue funding of up to £80,237 (2025: £60,000) for employment and other revenue support costs for the project during the year.

Scottish Government CNI capital - funding of up to £40,000 (2025: £50,000) awarded for the Carbon Neutral Islands initiative for capital projects. The Island of Hoy Development Trust projects funded by this during the year were:
- purchase and installation of a new solar energy system at the new office facility
- purchase and installation of air source heating at the new office facility
- purchase and installation of air source heating at the Hoy Youth Club

Previous projects funded include 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.

OIC CNI (capex) - funding awarded for the purchase of three electric vehicles for use as community transport, along with charging points.

Included in Other Funds is the VAO Community Mental Health & Wellbeing funding used to support community based initiative that promote good mental health and wellbeing in the adult community. The other element in Other Funds is the Community Council grant towards the YM buildings insurance.

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 2024	Incoming resources	Resources expended	Transfers	Balance at 1 April 2025	Incoming resources	Resources expended	Transfers	Balance at 31 March 2026
	£	£	£	£	£	£	£	£	£
Wellbeing Coordinator/Community Support Officer	3,427	1,000	(9,100)	11,069	6,396	430	(17,517)	27,100	16,409
Operating reserve	76,625	28,231	-	13,000	117,856	-	-	-	117,856
Contingency Fund	38,476	168,000	-	(203,476)	3,000	-	(480)	119,846	122,366
YM operation	18,253	2,940	(15,465)	19,962	25,690	-	(10,734)	15,649	30,605
Buses	72,476	28,291	(90,691)	96,557	106,633	28,630	(87,750)	32,000	79,513
Electric vehicles	8,613	492	(8,493)	6,000	6,612	212	(8,235)	12,000	10,589
Arctic Convoy memorial	1,950	-	-	-	1,950	-	-	-	1,950
Pop up shop	69	-	-	(69)	-	-	-	-	-
YM development project	3,894	-	-	(3,894)	-	-	-	-	-
Expert Community Practice	-	4,308	(1,956)	-	2,352	4,667	(2,585)	-	4,434
Community Development Officer	-	-	(3,595)	14,500	10,905	-	(6,091)	9,000	13,814
E-Bike Operations	-	-	(468)	3,012	2,544	832	(526)	1,000	3,850
Trust Resilience Fund	-	300,000	-	-	300,000	-	-	-	300,000
	223,783	533,262	(129,768)	(43,339)	583,938	34,771	(133,918)	216,595	701,386

Wellbeing Coordinator/Community Support Officer - This is match funding agreed by IoHDT to enable an extra days employment plus 10% expenses for the Wellbeing Coordinator alongside the two days funded by VAO. Following the end of the VAO funding, at the end of Sept 2025, the title of the post became Community Support Officer and is now fully funded internally.

Operating Reserve – The funds held in the operating reserve represent between 3 and 6 months cover excluding the cost of any potential redundancy payments.

30 Designated funds - group and charity **(Continued)**

Contingency Fund (previously called 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). It was decided to rename the fund to more fully represent its use.

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

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.

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 Coordinator 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.

Trust Resilience Fund (previously Turbine Repowering Fund) - This fund was set up to ring-fence part of the gift aid donation from HEL, its main purpose being to aid in securing a future income stream for the Trust. The minutes of the October 2025 board meeting reflect the agreement to change the name of the fund.

31 Analysis of net assets between funds - group

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2026 are represented by:			
Tangible assets	828,866	238,872	1,067,738
Current assets/(liabilities)	1,332,694	15,216	1,347,910
Provisions	(270,612)	-	(270,612)
	1,890,948	254,088	2,145,036

Analysis of net assets between funds - charity

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2026 are represented by:			
Tangible assets	295,002	238,872	533,874
Investments	100	-	100
Current assets/(liabilities)	788,580	15,216	803,796
	1,083,682	254,088	1,337,770

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:

	2026 £	2025 £
Within one year	5,000	5,000
Between two and five years	20,000	20,000
In over five years	27,500	32,500
	52,500	57,500

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 (2025: £nil).

33 Related party transactions **(Continued)**

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:

	2026	2025
	£	£
Distributions receivable	298,850	496,231
Rental income	5,000	5,000
Interest receivable	4,447	5,536
	308,297	506,767

At the balance sheet date, debtors include a loan of £49,831 (2025: £55,801) 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 £nil (2025: £600). At the balance sheet date, the charity held £5,554 for the Playpark Group (2025: £5,554).

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

36 Cash generated from operations - group

	2026	2025
	£	£
Surplus for the year	156,427	315,041
Adjustments for:		
Investment income	(13,815)	(15,071)
Taxation charged	81,113	(86,682)
Loss on disposal of tangible fixed assets	4,058	395
Finance costs	14,522	26,593
Depreciation and impairment of tangible fixed assets	246,820	161,429
Net gain on other comprehensive income	-	3,169
Movements in working capital:		
(Increase) in debtors	(553)	(40,550)
(Decrease) in creditors	(22,005)	(29,104)
Cash generated from operations	466,567	335,220

Cash generated from operations - charity	2026	2025
	£	£
Surplus for the year	238,848	280,481
Adjustments for:		
Investment income recognised in statement of financial activities	(314,949)	(509,972)
Loss on disposal of tangible fixed assets	4,058	307
Depreciation and impairment of tangible fixed assets	72,695	85,070
Movements in working capital:		
(Increase)/decrease in debtors	(29,097)	10,962
(Decrease)/increase in creditors	(16,792)	14,215
Cash absorbed by operations	(45,237)	(118,937)

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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.