

Charity Registration No. SC038909 (Scotland)

Company Registration No. SC306586 (Scotland)

**THE ISLAND OF HOY DEVELOPMENT TRUST  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

# THE ISLAND OF HOY DEVELOPMENT TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Directors</b>	M Collop M Cossar I Davidson K Dempsey K Dobney P Hall S Jaques H Seatter J Traynor	(Appointed 7 March 2018)  (Appointed 7 March 2018)
<b>Secretary</b>	A J B Scholes Ltd	
<b>Charity number (Scotland)</b>	SC038909	
<b>Company number</b>	SC306586	
<b>Registered office</b>	8 Albert Street Kirkwall Orkney KW15 1HP	
<b>Auditor</b>	A J B Scholes Ltd 8 Albert Street Kirkwall Orkney KW15 1HP	
<b>Bankers</b>	Bank of Scotland 56 Albert Street Kirkwall Orkney KW15 1HJ  Royal Bank of Scotland 1 Victoria Street Kirkwall Orkney KW15 1DP  Nationwide Building Society PO Box 3 5-11 St. Georges Street Douglas Isle of Man IM99 1AS	

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# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 6
Statement of directors' responsibilities	7
Independent auditor's report	8 - 10
Consolidated statement of financial activities	11
Statement of financial activities	12
Consolidated balance sheet	13
Balance sheet	14
Consolidated statement of cash flows	15
Statement of cash flows	16
Notes to the accounts	17 - 40

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# THE ISLAND OF HOY DEVELOPMENT TRUST

## DIRECTORS' REPORT (INCLUDING TRUSTEES' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their report and financial statements for the year ended 31 March 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 2 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)" (as amended for accounting periods commencing from 1 January 2016)

### 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;
- 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.

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

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



# THE ISLAND OF HOY DEVELOPMENT TRUST

## DIRECTORS' REPORT (CONTINUED)(INCLUDING TRUSTEES' REPORT) FOR THE YEAR ENDED 31 MARCH 2018

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The charity's main objectives for the year ended 31 March 2018 were as follows:

### Community fund:

- To continue to provide good financial and risk management procedures to maintain the operation of the turbine.
- To continue to review the processes and procedures associated with the Community funds.
- To investigate the possibilities of setting up a loan scheme.
- To continue to provide grants to community organisations.

### Community Bus Service:

- Continue to run the community bus service and to seek funds to support that service.
- To investigate and explore the possibility of establishing a low-carbon transport hub on the island that will significantly contribute to a sustainable transport solution for the island.
- To continue to promote and expand the service and to try to link the service more fully with other activities/organisations on the island.
- To continue to investigate funding sources and negotiate with the Orkney Islands Council to extend the support supplied by the Community Transport Grant Scheme

### Community Hall:

- To continue to increase the hall's usage and expand the activities undertaken within the building and its environs, involving other island community charities, organisations and enterprises where possible.
- To increase effectiveness of the management of the hall.

### Affordable Warmth:

- To continue dialogue with all relevant and related agencies and authorities (particularly those with funding) to ensure that funding can be channelled efficiently once available.
- To keep up-to-date with all developments and partakes in the Fuel Poverty Forums within the County

### Home Care:

- To investigate community led care and to engage further with the community for feedback and support.

### Youth, Leisure and Heritage:

- To continue to support the Heritage project and consult with stakeholders to forward our Heritage development plans.

### Other:

- Digital connectivity - to keep up-to-date with Orkney wide developments in this area as digital connectivity is significant to the sustainability of island life.

### Trust Structure:

- To engage with the community to produce a new updated Development plan.
- To continue to review the Trust's operations and ensure that the organisation is working effectively.
- To attract new Directors to the board, including those with specific interest/expertise with youth and leisure, and IT awareness.
- To attract further community members to sit on the independent panel that reviews applications to the main fund.
- To conduct an IT assessment, in particular, the remote storing of documents and backups.



# THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

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### Achievements and performance

**Community Fund:** The various funds created from income from the wind turbine have continued to be overseen by the Trust, with grants totalling over £32,000 being distributed to organisations and residents of the island. Applications this year to the main Community Fund were more numerous than last year, perhaps a result of the newsletter/article campaign instigated by members of the Trust board and staff to increase awareness of the Trust's funds and activities.

This year grants from the main fund were awarded to a range of groups and organisations, supporting a varied selection of projects promoting education, heritage, culture, wellbeing and employment. Funds were awarded to the Hoy Centre for a summer programme of outdoor activities for young people; to the Hoy Community Association to support their twentieth produce show in August 2018; to the Sailing Club to enable a shed to be built to house the new yoa (also purchased with financial support from the Trust); to the North Walls Centre and School to support children on a trip away and to clean up their tennis court; to the Hoy Hoolie Committee to support their weekend concerts and events; to Friends of the Hoy Kirk to employ essential staff to run their heritage centre.

As seen in previous years, the Training and Learning Fund (TLF) continued to be well supported and a further 16 grants were awarded to individuals for driving lessons, maritime and food hygiene courses and other work-related training. The broadening of this fund to include support for under 16s to undertake off island activities has provided a further 6 grants. These awards were to enable lessons in ballet, music, riding and rugby –all only available on mainland Orkney. The third aspect of the fund that was established last year was to assist groups to set up workshops and bring course trainers to the island. Workshops as diverse as Tai Chi and felting, singing and food hygiene, have benefitted from this fund.

Another fund established last year was the Event Support Fund – to benefit those groups needing to provide transport and accommodation for visiting artists and musicians. The main organisations to benefit from this fund have been the Gable End Theatre, Hoy and Walls Entertainment Group, Skaldic (heritage/culture/well being group), the Hoy Hoolie and the Community Hall Committees.

No further progress has been undertaken on the introduction of a loan scheme, although engagement with Highlands and Islands Enterprise and other Development Trusts did occur.

**Community Hall:** The review of the hall management has continued throughout this year with some progress, however, there is still much to do in this regard. Voluntary Action Orkney have supported the Trust with this review which is still ongoing.

The hall continues to be well used by many community organisations, with clubs (such as craft and IT), Hoy Sound ( the choir), Hoy Dancers and Hoy Hounds making regular use of the facilities. The Friday lunch club (in conjunction with the Haey Hope Club for the over 50s) which relocated to the hall last year, is increasingly popular; the staff, funded by Orkney Islands Council, producing hot lunches for upwards of 25 to 30 people. IT and broadband facilities at the hall are well used by individuals and clubs, but digital connectivity can be poor when large numbers of people are trying to use the internet at the same time. Some lobbying of the local MSP has been undertaken.

**Community Bus:** The Hoy and Walls Community Bus service continues to run its scheduled service operating from Monday to Friday principally to meet most of the ferry services from Houton. A bus service to Hoy on a Sunday is also scheduled to integrate with the ferry from Stromness. From the end of May each year to the end of September, a Wednesday bus service to Hoy is also provided. The Trust again secured funding from Orkney Islands Council Community Transport Scheme and from Transport Scotland's Bus Service Operators Grant. The Trust undertook an island wide survey which included questions on transport, whilst North Walls Community School also consulted, specifically with parents, on the transport arrangements for the island. Initial findings suggested a lot of support and praise for the community bus operation, however, some suggestions have been made and these will be considered in the long term.

The Trust's investigations into strengthening its green transport commitment to island residents continued this year. An application was submitted to the Climate Challenge in collaboration with Community Energy Scotland (CES), but unfortunately this was not successful. The Trust continues to pursue this project.



# THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

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**Affordable Warmth:** Addressing fuel poverty remains important to the Trust, however, this has not progressed significantly in the last year. However the Trust continues to keep up-to-date with all developments and engages in dialogue with local organisations, such as THAW (Tackling Household Affordable Warmth) and with the Orkney Islands Council (OIC).

**Health and Care:** The Trust, together with four other Development Trusts has been working collaboratively with HIE and VAO on a pilot project to examine community-led care in the various outer islands, which included consultations and workshops in each island. The resulting report has been used as a basis to apply for further funding for a project that will help to build capacity in the various island communities to reinforce and enhance existing community led well-being services.

**Youth, Leisure and Heritage:** Ongoing conversations with academic colleagues from the University of Liverpool resulted in a visit to the island by Dr Phil Freeman in March 2018. With Professor Keith Dobney of the IoHDT, they held discussions with museum staff at the Scapa Flow Interpretation Centre and officials at the Orkney Islands Council to explore possible future partnerships around wartime heritage and the 'Legacies of Conflict' (LoC) project. The visit was made possible by funding secured from the University of Liverpool's School of Languages, Histories and Cultures Research fund. Funding to support *circa* six months of Post-Doctoral salary is likely to be available from the same fund to support a future major funding application to undertake further research and deliver some of the outcomes of the previous LoC feasibility project.

**Broadband:** The situation with broadband and digital connectivity remains poor with much consternation in the community about the limited bandwidth and the painfully slow connection speeds. The Trust remains in contact with relevant stakeholders and has been linking with the Community Council to try and find solutions. It continues to engage with HIE and other Development Trusts, as well as lobbying the local MSP and MP, and attending various local digital forums.

**Community Engagement and Development plan:** The Trust has been aware for several years that its 2011 development plan needed updating. This year much time and effort has been spent on consulting with the community to renew and revise the plan to reflect what has already been achieved and also the ideas and needs of a changing community. Following a successful application to the Scottish Community Development Centre for support and advice, the Trust instigated a programme of community consultations, including putting together a community survey. The development officer from the SCDC has supported the Trust in this activity, with visits and online resources. Once analysis of the results is completed, the Trust, in collaboration with other groups on the island and with external stakeholders, such as Orkney Islands Council, Voluntary Action Orkney and Highlands and Islands Enterprise, will be working to create a community action plan.

**Trust Structure:** The Trust continues to review its operations to improve the effectiveness of the organisation. Financial procedures have been reviewed this year, particularly with a view to introduce some changes to the online banking to enable tighter security. Still a priority is attracting new Directors to the board (including those with specific interest/expertise with youth and leisure, and IT awareness) and this remains an ongoing activity.

As already stated, community engagement, including surveys, specific newsletters about Trust events and funds, focus groups and workshops (community led care) have been at the fore front of our activities, together with increasing our online presence and use of facebook. Preliminary results from the survey conducted in March 2018 have also provided some feedback, ideas and thoughts on the Trust's performance; these will be considered and taken forward in due course.



# THE ISLAND OF HOY DEVELOPMENT TRUST

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

### FOR THE YEAR ENDED 31 MARCH 2018

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#### Investment performance

Hoy Energy Ltd enjoyed a successful trading year with minimal disruption to business activities.

Perhaps the main point to note for the 2017/18 trading year was the return of higher wind averages and then also, due to the grid stability enjoyed by our zone of the RPZ, the higher yields accumulated by the turbine – up 13% on the previous year. Costs remained largely the same as the previous year due mainly to savings achieved in insurance and other operational expenses offsetting unavoidable cost increases in other areas of expense. The bottom line reflection of these factors was a 58% increase in pre-tax profits over the previous year, resulting in a final audited figure of £202,311.

This financial period has been the first full year where on-line banking and full digital accounting systems were used – all went well and a much smoother journey through the year-end audit process was enjoyed by all.

There have been no personnel changes within HEL and their Health and Safety record remains unblemished with no reported accidents or instances of regulatory non-compliance.

#### Financial review

The charity had total incoming resources of £141,054 (2017: £165,689) and total resources expended of £151,263 (2017: £160,140), giving net deficit for the year of £10,209 (2017: surplus of £5,549). Total funds as at the balance sheet date amounted to £716,351 (2017: £726,560), split between unrestricted reserves of £703,425 (2017: £694,119) and restricted reserves of £12,926 (2017: £32,441).

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.

Funding support from HIE, OIC etc has 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.

The directors 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 the future

- To continue to provide good financial and risk management procedures to maintain the operation of the turbine.
- To review the processes and procedures associated with the Community funds.
- To continue to provide grants to community organisations and enable access to training courses through our community funds.
- To progress, together with the Community Council and other island organisations, a community action plan reflecting the ideas, needs and thoughts of the community.
- To continue to support improved digital connectivity.
- To continue to run the community bus service and to seek funds to support that service.
- To investigate and explore the possibility of establishing a low-carbon transport hub on the island that will significantly contribute to a sustainable transport solution for the island.
- To increase the effectiveness of the management of the hall.
- To progress with the Enhancing wellbeing project in collaboration with HIE, VAO and other Development Trusts
- To progress the Heritage project and continue consultation with stakeholders to forward our Heritage development plans.
- To continue to review the Trust's operations and ensure that the organisation is working effectively.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## DIRECTORS' REPORT (CONTINUED)(INCLUDING TRUSTEES' REPORT) FOR THE YEAR ENDED 31 MARCH 2018

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### 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 directors who served during the year and up to the date of signature of the financial statements were:

M Budge	(Deceased 25 August 2017)
A Clark	(Resigned 7 March 2018)
M Collop	
M Cossar	(Appointed 7 March 2018)
I Davidson	
K Dempsey	(Appointed 7 March 2018)
K Dobney	
P Hall	
S Jaques	
H Seatter	
J Traynor	

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

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

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

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

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

### Disclosure of information to auditor

Each of the directors 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 directors

*S. D. Jaques*  
.....  
**S Jaques**  
Director  
Dated: *13-12-18*

# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

*FOR THE YEAR ENDED 31 MARCH 2018*

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

Company Law requires the directors 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 directors 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors 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 OF THE ISLAND OF HOY DEVELOPMENT TRUST

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#### Opinion

We have audited the financial statements of The Island of Hoy Development Trust (the parent) and its subsidiaries (the group) for the year ended 31 March 2018 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 2018 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 accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 36 to the accounts, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 OF THE ISLAND OF HOY DEVELOPMENT TRUST

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

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

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

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

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

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors 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 directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors 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 directors 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 directors 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 directors 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 auditors under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



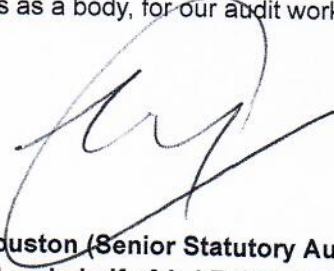
# THE ISLAND OF HOY DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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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.



Ivan Houston (Senior Statutory Auditor)  
for and on behalf of A J B Scholes Ltd

14/12/8  
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Chartered Accountants  
Statutory Auditor

8 Albert Street  
Kirkwall  
Orkney  
KW15 1HP

# THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b><u>Income from:</u></b>					
Grants and donations	3	1,540	13,767	15,307	22,895
Charitable activities	4	29,854	-	29,854	38,487
Other trading activities	5	460,425	-	460,425	394,849
Investments	6	1,493	-	1,493	878
<b>Total income</b>		<b>493,312</b>	<b>13,767</b>	<b>507,079</b>	<b>457,109</b>
<b><u>Expenditure on:</u></b>					
Raising funds	8	250,402	52	250,454	259,092
Charitable activities	10	129,333	20,291	149,624	158,998
Other	15	264	-	264	-
<b>Total expenditure</b>		<b>379,999</b>	<b>20,343</b>	<b>400,342</b>	<b>418,090</b>
<b>Net (outgoing)/incoming resources before transfers and taxation</b>		<b>113,313</b>	<b>(6,576)</b>	<b>106,737</b>	<b>39,019</b>
Gross transfers between funds		12,939	(12,939)	-	-
<b>Net income/(expenditure) for the year before taxation</b>		<b>126,252</b>	<b>(19,515)</b>	<b>106,737</b>	<b>39,019</b>
Taxation	17	(21,691)	-	(21,691)	(2,505)
<b>Other recognised gains and losses</b>		<b>19,351</b>	<b>-</b>	<b>19,351</b>	<b>526</b>
<b>Net income/(expenditure) for the year after taxation</b>		<b>123,912</b>	<b>(19,515)</b>	<b>104,397</b>	<b>37,040</b>
Fund balances at 1 April 2017		1,057,839	32,441	1,090,280	1,053,240
<b>Fund balances at 31 March 2018</b>		<b>1,181,751</b>	<b>12,926</b>	<b>1,194,677</b>	<b>1,090,280</b>

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 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>Income from:</b>					
Grants and donations	3	1,540	13,767	15,307	22,895
Charitable activities	4	29,854	-	29,854	38,487
Investments	6	95,893	-	95,893	104,307
<b>Total income</b>		<u>127,287</u>	<u>13,767</u>	<u>141,054</u>	<u>165,689</u>
<b>Expenditure on:</b>					
Raising funds	9	1,323	52	1,375	1,142
Charitable activities	10	129,333	20,291	149,624	158,998
Other	15	264	-	264	-
<b>Total expenditure</b>		<u>130,920</u>	<u>20,343</u>	<u>151,263</u>	<u>160,140</u>
<b>Net (outgoing)/incoming resources before transfers</b>		(3,633)	(6,576)	(10,209)	5,549
Gross transfers between funds		12,939	(12,939)	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<u>9,306</u>	<u>(19,515)</u>	<u>(10,209)</u>	<u>5,549</u>
Fund balances at 1 April 2017		694,119	32,441	726,560	721,011
<b>Fund balances at 31 March 2018</b>		<u><u>703,425</u></u>	<u><u>12,926</u></u>	<u><u>716,351</u></u>	<u><u>726,560</u></u>

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 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	18		1,239,573		1,332,448
Investments	19		-		1
			<u>1,239,573</u>		<u>1,332,449</u>
<b>Current assets</b>					
Stocks	20	540		706	
Debtors	22	137,436		143,847	
Cash at bank and in hand		1,167,911		1,034,154	
		<u>1,305,887</u>		<u>1,178,707</u>	
<b>Creditors: amounts falling due within one year</b>	23	(187,031)		(144,216)	
Net current assets			<u>1,118,856</u>		<u>1,034,491</u>
<b>Total assets less current liabilities</b>			<u>2,358,429</u>		<u>2,366,940</u>
<b>Creditors: amounts falling due after more than one year</b>	24		(1,066,990)		(1,189,954)
<b>Provisions for liabilities</b>	25		(96,762)		(86,706)
<b>Net assets</b>			<u><u>1,194,677</u></u>		<u><u>1,090,280</u></u>
<b>Income funds</b>					
Funds retained within subsidiary			478,326		363,819
Restricted funds	28		12,926		32,441
<u>Unrestricted funds</u>					
Designated funds	29	148,838		128,164	
General unrestricted funds		554,587		565,856	
		<u>703,425</u>		<u>694,020</u>	
			<u><u>1,194,677</u></u>		<u><u>1,090,280</u></u>

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

The accounts were approved by the Directors on 13-12-18

S. D. Jaques

S Jaques  
Director

Company Registration No. SC306586



# THE ISLAND OF HOY DEVELOPMENT TRUST

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	18		309,545		328,716
Investments	19		101		101
			<u>309,646</u>		<u>328,817</u>
<b>Current assets</b>					
Stocks	20	540		706	
Debtors falling due after one year	22	106,426		117,434	
Debtors falling due within one year	22	47,907		47,265	
Cash at bank and in hand		668,348		243,304	
		<u>823,221</u>		<u>408,709</u>	
<b>Creditors: amounts falling due within one year</b>	23	<u>(416,516)</u>		<u>(10,966)</u>	
Net current assets			406,705		397,743
<b>Total assets less current liabilities</b>			<u>716,351</u>		<u>726,560</u>
<b>Income funds</b>					
Restricted funds	28		12,926		32,441
<u>Unrestricted funds</u>					
Designated funds	29	148,838		128,164	
General unrestricted funds		554,587		565,955	
			<u>703,425</u>		<u>694,119</u>
			<u>716,351</u>		<u>726,560</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 Directors on 13-12-18

S. D. Jaques  
S Jaques  
Director

Company Registration No. SC306586

# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	35		287,366		184,067
Interest paid			(60,278)		(64,516)
<b>Net cash generated from operating activities</b>			<u>227,088</u>		<u>119,551</u>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,195)		(2,914)	
Interest received		1,494		878	
<b>Net cash used in investing activities</b>			<u>(701)</u>		<u>(2,036)</u>
<b>Financing activities</b>					
Repayment of bank loans		(92,630)		(86,605)	
<b>Net cash used in financing activities</b>			<u>(92,630)</u>		<u>(86,605)</u>
<b>Net increase in cash and cash equivalents</b>			<u>133,757</u>		<u>30,910</u>
Cash and cash equivalents at beginning of year			1,034,154		1,003,244
<b>Cash and cash equivalents at end of year</b>			<u><u>1,167,911</u></u>		<u><u>1,034,154</u></u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	35		(78,887)		(72,389)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,323)		(605)	
Repayment of investment loans and receivables		9,361		5,678	
Investment income		95,893		104,307	
<b>Net cash generated from investing activities</b>			103,931		109,380
<b>Financing activities</b>					
Proceeds from borrowings		400,000		-	
<b>Net cash generated from/(used in) financing activities</b>			400,000		-
<b>Net increase in cash and cash equivalents</b>			425,044		36,991
Cash and cash equivalents at beginning of year			243,304		206,313
<b>Cash and cash equivalents at end of year</b>			668,348		243,304



# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the directors 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.

### 2 Accounting policies

#### Charity information

The Island of Hoy Development Trust is a private company limited by guarantee incorporated in Scotland. The registered office is 8 Albert Street, Kirkwall, Orkney, KW15 1HP.

#### 2.1 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)" (as amended for accounting periods commencing from 1 January 2016). 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.

#### 2.2 Going concern

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

#### 2.3 Charitable funds

Unrestricted funds are available for use at the discretion of the directors in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the directors 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.

#### 2.4 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.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

### 2 Accounting policies

(Continued)

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.

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.

### 2.5 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.

### 2.6 Tangible fixed assets

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

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

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

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 2 Accounting policies

(Continued)

#### 2.7 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.

#### 2.8 Impairment of fixed assets

At each reporting period end date, the charity reviews the carrying amounts of its tangible and intangible 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).

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

#### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 2.10 Cash and cash equivalents

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

#### 2.11 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.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 2 Accounting policies

(Continued)

#### **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.

#### **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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **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.

### 2.12 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.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 2 Accounting policies

(Continued)

#### **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. However 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.

#### **2.13 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.

#### **2.14 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.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 2 Accounting policies

(Continued)

#### 2.15 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.

#### 2.16 Retirement benefits

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

#### 2.17 Leases

Rentals payable and receivable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

#### 2.18 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.

#### 2.19 Distributions

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

#### 2.20 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 2018

### 3 Grants and donations - group and charity

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Donations and gifts	825	-	825	940
Legacies receivable	-	52	52	7
Grants receivable for core activities	715	13,715	14,430	21,948
	<u>1,540</u>	<u>13,767</u>	<u>15,307</u>	<u>22,895</u>
For the year ended 31 March 2017	<u>1,665</u>	<u>21,230</u>		<u>22,895</u>

#### Grants receivable for core activities - group and charity

Orkney Islands Council - community bus service	-	13,715	13,715	12,553
Community Council - YM operations	715	-	715	725
PASF Elec Hub	-	-	-	8,670
	<u>715</u>	<u>13,715</u>	<u>14,430</u>	<u>21,948</u>

### 4 Charitable activities - group and charity

	Hall hire £	Community events £	Bus income £	Hoy Hoolie £	Total 2018 £	Total 2017 £
Non-performance related income	4,799	2,391	7,035	-	14,225	20,424
Performance related grant income	-	-	15,629	-	15,629	18,063
	<u>4,799</u>	<u>2,391</u>	<u>22,664</u>	<u>-</u>	<u>29,854</u>	<u>38,487</u>

### 5 Other trading activities - group

	2018 £	2017 £
Energy sales	<u>460,425</u>	<u>394,849</u>



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 6 Investments - group

	2018 £	2017 £
Interest receivable	1,493	878
	<u>1,493</u>	<u>878</u>

### Investments - charity

	2018 £	2017 £
Rental income	5,000	5,000
Income from unlisted investments	85,000	95,234
Interest receivable	5,893	4,073
	<u>95,893</u>	<u>104,307</u>

### 7 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 (such as the Hoy Hoolie) and hire of the community hall. 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.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 8 Raising funds - group

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:

	2018 £	2017 £
Turnover	460,425	394,849
Cost of sales and administration	(258,354)	(267,385)
Interest receivable	240	876
Net profit	202,311	128,340
Taxation	(21,691)	(2,505)
Other recognised gains and losses	19,351	526
Donations of profit gift aided to charity	(85,000)	(95,234)
Retained in subsidiary	114,971	31,127
Assets	1,948,478	1,918,875
Liabilities	(1,470,052)	(1,555,420)
Funds	478,426	363,455

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. In addition to the above, the charity incurred expenditure on raising funds as detailed in note 9.

### 9 Raising funds - charity

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Fundraising and publicity</u>				
Staging fundraising events	1,323	52	1,375	1,142
<b>For the year ended 31 March 2017</b>				
Fundraising and publicity	1,122	20		1,142



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 10 Charitable activities - group and charity

	Community benefit £	Bus service £	Total 2018 £	Total 2017 £
Staff costs	5,035	30,407	35,442	34,439
Depreciation and impairment	926	6,307	7,233	9,475
Community events	-	-	-	15,162
Bus running costs	104	18,065	18,169	25,046
	<u>6,065</u>	<u>54,779</u>	<u>60,844</u>	<u>84,122</u>
Grant funding of activities (see note 11)	25,446	-	25,446	15,790
Share of support costs (see note 13)	46,209	6,583	52,792	52,052
Share of governance costs (see note 13)	9,488	1,054	10,542	7,034
	<u>87,208</u>	<u>62,416</u>	<u>149,624</u>	<u>158,998</u>
<b>Analysis by fund</b>				
Unrestricted funds	86,059	43,274	129,333	
Restricted funds	1,149	19,142	20,291	
	<u>87,208</u>	<u>62,416</u>	<u>149,624</u>	
<b>For the year ended 31 March 2017</b>				
Unrestricted funds	84,029	39,930		123,959
Restricted funds	15,053	19,986		35,039
	<u>99,082</u>	<u>59,916</u>		<u>158,998</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 11 Grants payable - group and charity

	2018	2017
	£	£
Grants to institutions:		
Friends of Hoy Kirk	5,432	5,432
North Walls School	2,000	649
North Walls Centre	900	-
GG Productions	2,000	-
Hoy Centre - Youth Activity Programme	2,778	2,191
Sailing Club - shed	1,484	-
Gable End Theatre	680	-
Sailing Club - yoal	-	1,300
North Walls Parent Council	-	3,100
Hoy Community Association	500	-
Other	503	349
	<u>16,277</u>	<u>13,021</u>
Grants to individuals	9,169	2,769
	<u>25,446</u>	<u>15,790</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, 28 training bursaries totalling £9,169 (2017: 31 bursaries totalling £2,769) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.

### 12 Directors

None of the directors (or any persons connected with them) received any remuneration or benefits from the charity during the year. However, two directors of the charity did receive remuneration from the subsidiary company totalling £4,000 (2017: two directors received £4,000).

During the year, no directors were reimbursed for expenses incurred in the course of their duties (2017: no directors).



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 13 Support costs - group and charity

	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Staff costs	19,960	-	19,960	19,346	Staff time
Depreciation	12,997	-	12,997	14,968	Assets employed
Rent & rates	3,914	-	3,914	3,737	Floor area
Insurance	4,701	-	4,701	4,404	Premium split
Heat, light & power	3,294	-	3,294	2,708	Floor area
Office costs	5,353	-	5,353	4,494	Staff time
Travelling expenses	213	-	213	374	100% community benefit
Sundry & subscriptions	1,166	-	1,166	996	Staff time
Legal & professional fees (non-governance)	302	-	302	312	Actual costs incurred
Repairs & renewals	892	-	892	713	Actual costs incurred
Audit fees	-	6,180	6,180	6,326	Governance
Accountancy	-	331	331	252	Governance
Legal and professional	-	4,031	4,031	456	Governance
	<u>52,792</u>	<u>10,542</u>	<u>63,334</u>	<u>59,086</u>	
Analysed between					
Charitable activities	<u>52,792</u>	<u>10,542</u>	<u>63,334</u>	<u>59,086</u>	

### 14 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2018	2017
	£	£
<b>Fees payable to the charity's auditor and its associates for the audit of the annual accounts:</b>	5,170	6,326
<b>Other services to the group</b>		
- the audit of the charity's subsidiaries - included in expenditure on raising funds	4,636	5,169
<b>Total audit fees</b>	<u>9,806</u>	<u>11,495</u>
<b>Non-audit services - charity</b>		
All other non-audit services	<u>276</u>	<u>252</u>

### 15 Other - group and charity

	2018	2017
	£	£
Net loss on disposal of tangible fixed assets	<u>264</u>	<u>-</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 16 Employees

#### Number of employees

The average monthly number employees during the year was:

	Group 2018 Number	Group 2017 Number	Charity 2018 Number	Charity 2017 Number
Administration	2	2	2	2
Direct charitable activities	4	3	4	3
Engaged in subsidiary operating activities	2	2	-	-
	<u>8</u>	<u>7</u>	<u>6</u>	<u>5</u>

#### Employment costs

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Wages and salaries	96,812	96,825	52,033	52,435
Social security costs	286	221	-	-
Other pension costs	5,398	3,065	3,369	1,350
	<u>102,496</u>	<u>100,111</u>	<u>55,402</u>	<u>53,785</u>

The average number of the charity's employees during the year, calculated on the full time equivalent basis, was 2 (2017: 3).

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.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 18 Tangible fixed assets - group

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2017	434,396	1,432,048	46,954	96,240	2,009,638
Additions	-	872	1,323	-	2,195
Disposals	-	(4,968)	(1,288)	-	(6,256)
At 31 March 2018	434,396	1,427,952	46,989	96,240	2,005,577
<b>Depreciation and impairment</b>					
At 1 April 2017	152,089	425,704	34,694	64,703	677,190
Depreciation charged in the year	7,120	72,085	6,615	6,307	92,127
Eliminated in respect of disposals	-	(2,289)	(1,024)	-	(3,313)
At 31 March 2018	159,209	495,500	40,285	71,010	766,004
<b>Carrying amount</b>					
At 31 March 2018	275,187	932,452	6,704	25,230	1,239,573
At 31 March 2017	282,307	1,006,344	12,260	31,537	1,332,448

### Tangible fixed assets - charity

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2017	434,396	3,740	46,954	96,240	581,330
Additions	-	-	1,323	-	1,323
Disposals	-	-	(1,288)	-	(1,288)
At 31 March 2018	434,396	3,740	46,989	96,240	581,365
<b>Depreciation and impairment</b>					
At 1 April 2017	152,089	1,128	34,694	64,703	252,614
Depreciation charged in the year	7,120	188	6,615	6,307	20,230
Eliminated in respect of disposals	-	-	(1,024)	-	(1,024)
At 31 March 2018	159,209	1,316	40,285	71,010	271,820
<b>Carrying amount</b>					
At 31 March 2018	275,187	2,424	6,704	25,230	309,545
At 31 March 2017	282,307	2,612	12,260	31,537	328,716

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

<b>19</b>	<b>Fixed asset investments - charity</b>			
	<b>Cost or valuation</b>			<b>Other investments</b>
	At 1 April 2017 & 31 March 2018			101
	<b>Carrying amount</b>			
	At 31 March 2018			101
	At 31 March 2017			101
	Other investments comprise:		<b>2018</b>	<b>2017</b>
		<b>Notes</b>	<b>£</b>	<b>£</b>
	Investments in subsidiaries	<b>32</b>	101	101
<b>20</b>	<b>Stocks - group and charity</b>		<b>2018</b>	<b>2017</b>
			<b>£</b>	<b>£</b>
	Finished goods and goods for resale		540	706
<b>21</b>	<b>Financial instruments - group</b>		<b>2018</b>	<b>2017</b>
			<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>			
	Debt instruments measured at amortised cost		1,273,226	1,146,545
	Equity instruments measured at cost less impairment		-	1
			1,273,226	1,146,546
	<b>Carrying amount of financial liabilities</b>			
	Debt instruments measured at amortised cost		1,325,463	1,371,667
	Other financial instruments measured through other comprehensive income		25,320	49,209
			1,350,783	1,420,876
	<b>Financial instruments - charity</b>		<b>2018</b>	<b>2017</b>
			<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>			
	Debt instruments measured at amortised cost		147,886	401,710
	Equity instruments measured at cost less impairment		101	101
			147,987	401,811
	<b>Carrying amount of financial liabilities</b>			
	Measured at amortised cost		416,516	10,966



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 22 Debtors

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
<b>Amounts falling due within one year:</b>				
Trade debtors	44,992	59,019	866	378
Amounts due from subsidiary undertakings	-	-	26,859	25,212
Other debtors	60,324	53,373	13,735	15,382
Prepayments and accrued income	32,120	31,455	6,447	6,293
	<u>137,436</u>	<u>143,847</u>	<u>47,907</u>	<u>47,265</u>
	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
<b>Amounts falling due after more than one year:</b>				
Amounts due from subsidiary undertakings	-	-	106,426	117,434
	<u>-</u>	<u>-</u>	<u>106,426</u>	<u>117,434</u>
<b>Total debtors</b>	<u>137,436</u>	<u>143,847</u>	<u>154,333</u>	<u>164,699</u>

Other debtors include grants receivable totalling £10,554 (2017: £12,171).

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

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Bank loans	99,076	92,631	-	-
Other taxation and social security	40,315	22,941	724	595
Trade creditors	28,098	13,716	-	-
Amounts due to subsidiary undertakings	-	-	400,000	-
Other creditors	6,036	1,884	6,036	1,884
Accruals and deferred income	13,506	13,044	9,756	8,487
	<u>187,031</u>	<u>144,216</u>	<u>416,516</u>	<u>10,966</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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

	Notes	2018 £	2017 £
Bank loans		1,041,670	1,140,745
Derivative financial instruments		25,320	49,209
		<u>1,066,990</u>	<u>1,189,954</u>

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

HEL has a loan with Co-operative Bank PLC of £1,140,746 (2017: £1,233,376). 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 £25,320 (2017: £49,209). The directors obtained confirmation of this valuation directly from Co-operative Bank PLC.

Bank loans payable by instalments		<u>571,476</u>	<u>718,247</u>
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### 25 Provisions for liabilities - group

	Notes	2018 £	2017 £
Decommissioning liability		15,000	15,000
Deferred tax liabilities	26	81,762	71,706
		<u>96,762</u>	<u>86,706</u>

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



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 26 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	Liabilities
	2018	2017
	£	£
ACAs	86,573	81,056
Hedging reserve	(4,811)	(9,350)
	<u>81,762</u>	<u>71,706</u>

### 27 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to income/(expenditure) in respect of defined contribution schemes is set out in note 16.

### 28 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 March 2018
	Balance at 1 April 2017	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Arctic convoy memorial	10,377	-	(677)	-	9,700
Big Lottery - community bus	19,246	-	(6,307)	(12,939)	-
Big Lottery - YM phase 2	1,036	-	-	-	1,036
YM operation	-	52	(52)	-	-
OIC CTGS	-	13,715	(12,868)	-	847
Other funds	1,782	-	(439)	-	1,343
	<u>32,441</u>	<u>13,767</u>	<u>(20,343)</u>	<u>(12,939)</u>	<u>12,926</u>

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

Big Lottery - community bus - this is a BLF fund originally for running a community bus service which has been running since June 2013. The final revenue grant payment from BLF was received in December 2014. The final expenses associated with this fund occurred in May 2015, the fund is now closed with the balance remaining on the fund after final income and expenditure relating to asset balances. BLF's interest in those assets expires after five years, which has now passed.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 28 Restricted funds

(Continued)

BLF YM Phase 2 – The BLF project was completed by 31 January 2016; the only balance left related to this part of the project is the cash balance of £1,036 at 31 March 2018 which BLF agreed could be used for any further capital expenditure on the YM.

YM Operations – This fund was for the running of the community hall. The YM Operations is expected to produce its own income to cover its own costs as it has always done in the past and the day to day running remains with the YM Committee (previously the South Walls and Brims Community Association). A final receipt from a legacy of £52 was received and spent during the year.

OIC CTGS 2017-18 – This fund is the OIC grant for the “Community Transport Grant Scheme” which replaces the previous EDRTI “Enhanced Demand Responsive Transport Initiative”. It is a 25% grant up to a maximum of £13,715 for the year 2017-18 and is paid on production of invoices and a grant claim form. IHDT have been awarded a maximum grant of £13,761 for the year 2017-18.

### 29 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				Balance at 31 March 2018 £
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	
Homecare	1,911	-	-	-	1,911
Operating reserve	28,125	-	-	-	28,125
Priority projects	73,519	28,333	(5,600)	(2,787)	93,465
YM operation	17,189	7,905	(8,093)	-	17,001
Buses - BSOG	2,229	23,489	(39,088)	14,625	1,255
Hoy Hoolie	5,191	-	(60)	-	5,131
Arctic Convoy memorial	-	-	-	1,950	1,950
	<u>128,164</u>	<u>59,727</u>	<u>(52,841)</u>	<u>13,788</u>	<u>148,838</u>

Homecare – this is funding from the Community Fund for a feasibility study into the homecare provision on the island. The feasibility study is complete at a cost of £2,600, and further work is being done to assess the different options with the input of the community. It was agreed by the board that the balance of this fund remains designated for the homecare purpose.

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

Priority Projects - This fund was agreed on and set up by the board as a support for the Trusts priority projects should it be needed (as evidenced in the minutes of March 2015). £28,333 was added to the fund during the year per the agreement by the board that HEL's gift aid funds would be split 1/3 to unrestricted (for operating costs), 1/3 to the Community and Training funds, and 1/3 to Priority Projects. During the year, further to board agreement to top up the concession fares for the buses, £2,787 was transferred to the bus operation.



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 29 Designated funds

(Continued)

YM Operations – This fund is for the running of the community hall. The YM Operations is expected to produce its own income to cover its own costs as it has always done in the past and the day to day running remains with the YM Committee (previously the South Walls and Brims Community Association). Its income is from events held at the hall and hire by community groups of the hall.

Buses – Bus Service Operators Grant (BSOG) – This funding was achieved through Transport Scotland for the on-going operation of the community bus. It is based on mileage and the mileage records require audit prior to being submitted to Transport Scotland.

Hoy Hoolie – This fund is made up of the net income from previous events and will be used towards the 2018 event held in July 2018.

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

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

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible assets	1,231,336	8,237	1,239,573
Current assets/(liabilities)	1,114,167	4,689	1,118,856
Long term liabilities	(1,066,990)	-	(1,066,990)
Provisions	(96,762)	-	(96,762)
	<u>1,181,751</u>	<u>12,926</u>	<u>1,194,677</u>

### Analysis of net assets between funds - charity

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible assets	301,308	8,237	309,545
Investments	101	-	101
Current assets/(liabilities)	402,016	4,689	406,705
	<u>703,425</u>	<u>12,926</u>	<u>716,351</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 31 Operating lease commitments

#### Lessee - group and charity

The Trust leases the Revenge Naval Hall for office accommodation.

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

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

	2018 £	2017 £
Within one year	2,631	2,631

#### 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:

	2018 £	2017 £
Within one year	5,000	5,000
Between two and five years	20,000	20,000
In over five years	67,800	72,800
	92,800	97,800

### 32 Subsidiaries

Details of the charity's subsidiaries at 31 March 2018 are as follows:

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



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 33 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation - group	42,006	41,165

Remuneration of key management personnel of the parent charity during the year was £nil (2017: £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:

	2018 £	2017 £
Distributions receivable	85,000	95,234
Rental income	5,000	5,000
Interest receivable	4,640	4,071
	<u>94,640</u>	<u>104,305</u>

At the balance sheet date, debtors include a loan of £133,285 (2017: £142,646) receivable from HEL. Interest is chargeable on the loan at a rate of 2.25% over LIBOR from April 2013 onwards.

Debtors also include £2,500 (2017: £2,500) for rent receivable from HEL.

All the above transactions were on normal commercial terms.

Creditors due within one year include loans from HEL totalling £400,000 (2017: £nil) which were advanced during the year and has been repaid since the year end.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 34 Funds held as custodian trustee

The charity holds funds on behalf of several 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:

#### Health Centre

This fund is a legacy that was left to the Hoy and Walls Health Centre, and which they asked the Trust to hold, for it to be administered by a sub-group made up of a director of the Trust and the GP on the island, with other relevant members involved.

During the year the charity repaid funds of £36,617 (2017: £nil) to Health Centre. At the balance sheet date, the charity held funds of £nil (2017: £36,617) on behalf of Health Centre.

#### Hoy Dancers

This fund is held on behalf of the Hoy Dancers who previously held the fund within the South Walls and Brims Community Association for their dance and fundraising events. During the period, the charity repaid funds totalling £3,798. At the balance sheet date, the charity held £nil (2017: £3,798) on behalf of Hoy Dancers.

#### Your Island, Your Choice

This fund is held on behalf of the Hoy & Walls Health Centre, they achieved this as a grant from the Your Island, Your Choice. During the year, the charity repaid funds totalling £1,000. At the balance sheet date, the charity held £nil (2017: £1,000) on behalf of Hoy & Walls Health Centre.

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

### 35 Cash generated from operations - group

	2018 £	2017 £
(Deficit)/surplus for the year	85,046	36,514
Adjustments for:		
Investment income	(1,493)	(878)
Taxation charged	21,691	2,505
Loss on disposal of tangible fixed assets	2,943	102
Finance costs	60,278	64,516
Depreciation and impairment of tangible fixed assets	92,127	96,750
Movements in working capital:		
Decrease in stocks	166	11
Decrease/(increase) in debtors	6,412	(20,184)
Increase in creditors	20,196	4,731
<b>Cash generated from operations</b>	<b>287,366</b>	<b>184,067</b>



# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

		(Continued)	
Cash generated from operations - group		2018	2017
Cash generated from operations - charity		£	£
	(Deficit)/surplus for the year	(10,209)	5,549
Adjustments for:			
	Investment income recognised in statement of financial activities	(95,893)	(104,307)
	Loss on disposal of tangible fixed assets	264	-
	Depreciation and impairment of tangible fixed assets	20,230	24,443
Movements in working capital:			
	Decrease in stocks	166	11
	Decrease in debtors	1,005	4,841
	Increase/(decrease) in creditors	5,550	(2,926)
	<b>Cash absorbed by operations</b>	<u>(78,887)</u>	<u>(72,389)</u>
<b>36</b>	<b>Auditors' Ethical Standards</b>		

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