

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 2017**

# THE ISLAND OF HOY DEVELOPMENT TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

---

<b>Directors</b>	A Clark M Collop I Davidson K Dobney P Hall S Jaques H Seatter J Traynor
<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

---

# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONTENTS

---

	<b>Page</b>
Directors' report	1 - 6
Statement of directors' responsibilities	7
Independent auditor's report	8 - 9
Consolidated statement of financial activities	10
Statement of financial activities	11
Consolidated balance sheet	12
Balance sheet	13
Consolidated statement of cash flows	14
Statement of cash flows	15
Notes to the accounts	16 - 40

---

# THE ISLAND OF HOY DEVELOPMENT TRUST

## DIRECTORS' REPORT (INCLUDING TRUSTEES' REPORT)

**FOR THE YEAR ENDED 31 MARCH 2017**

---

The directors present their report and accounts for the year ended 31 March 2017.

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)" (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 2017

---

The charity's main objectives for the year ended 31 March 2017 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.

#### 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.
- To continue consultation and dialogue with relevant bodies including Orkney Islands Council, and Age Concern, particularly with regards to the latter's *Here 2 Help* scheme.

#### Youth, Leisure and Heritage:

- To continue to support the Heritage project and consult with stakeholders in Orkney, Scotland and the UK to forward our Heritage development plans.

#### Trust Structure:

- 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 2017

---

### **Achievements and performance**

Community fund: We have continued to operate our funds which were set up to distribute income from the wind turbine to residents of the island. Grants from the main fund, the Community Fund (CF) are awarded to groups and organisations on Hoy and Walls to support community projects. This year fewer applications were received for the CF but grants were awarded to various organisations including the Hoy Kirk, the Parent Council, North Walls School, the Longhope Sailing Club and the Hoy Centre.

The Training and Learning Fund (TLF) has continued to be well supported and grants have been used by individuals for driving lessons, agricultural and other work-related courses, lifeguard and swimming instruction and fire safety, amongst other things.

Reviewing the funds, together with community consultation, has led to the scope of the TLF being widened to allow parents to apply for grants to support under 16s to undertake a variety of courses and activities (including help with travel costs). This has already been taken up by several families, with grants being awarded to fund horse riding and drum lessons and rugby training on mainland Orkney. Additionally, a third aspect of the fund was established to assist groups to set up workshops and bring course trainers to the island. So far, workshops as diverse as Tai Chi and machine embroidery have benefited from this fund. This year also saw the launch of the Event Support Fund, the Trust becoming aware of a need to assist community groups with the transport and accommodation costs of visiting acts and bands (where the outcome is for a charitable purpose or community benefit). Already, this fund has helped the Gable End Theatre and Haey Sound (choir).

A series of articles about each fund and the varying criteria has been put together and sent out to members and uploaded to our website to keep islanders informed about the different funds and to encourage applications, in particular to the CF.

The Trust's objective of exploring the possibility of introducing a loan scheme has not progressed far this year, although some consultation with other Development Trusts in Orkney regarding these schemes has been undertaken.

Community Hall: The hall's usage has increased over the year, with other community organisations making use of the new extension, The Shore, to hold their meetings. The popular IT and craft clubs have continued, with attendance at the latter increasing considerably and including a regular children's craft workshop. The Hoy Dancers and Hoy Hounds clubs have also continued to hold their weekly meet-ups in the main hall. The island's choir, Haey Sound, have been utilising the IT facilities to enable their choirmaster/composer to join them virtually via Skype. The Friday lunch club (in conjunction with the Haey Hope Club for the over 60s) has also relocated to the Hall, with staff, funded by Orkney Islands Council, providing a hot meal and social activities for between 15 and 25 people. Other community events such as ceilidhs, folk festivals, concerts, takeaway nights have made good use of all the available facilities. A review and assessment of the management of the hall, is being undertaken in collaboration with Voluntary Action Orkney and is still ongoing.

Community Bus: The scheduled community bus service has continued to run providing a punctual and efficient service to the people of Hoy and Walls, together with visitors to the island. Funding from Orkney Islands Council Community Transport Scheme has again provided support, as has the Bus Service Operators Grant from Transport Scotland (TS). This year, the Trust has been looking to the future and is currently investigating how to strengthen its existing green transport commitment to island residents. With the objective of reducing carbon emissions (and running costs) the Trust received funding from Transport Scotland to conduct a feasibility study into the establishment of rapid charging infrastructure on the island, together with a switch to a fully electric bus. This was undertaken in collaboration with Community Energy Scotland (CES). Although an initial grant application to TS's Low Carbon Travel and Transport Challenge Fund failed to secure funding, a second round of this fund has opened and match funding from other sources (including the Climate Challenge Fund) is being actively sought. 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 2017

---

Affordable warmth: Although this project remains important to the Trust, it 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 has continued to engage with relevant bodies regarding community led care. Various networking events have been attended and consultation with OIC and Orkney Health and Care has been undertaken. Further engagement with the community on these issues has yet to be undertaken.

Youth, Leisure and Heritage: The Trust is still working on ways to take forward some of the staged recommendations in the Heritage Development Document and investigating funding opportunities, in conjunction with OIC and other stakeholders in the region. The sub-group responsible for the maintenance and upkeep of the Arctic Convey at Lyness has been re-organised to involve other stakeholders including members of OIC, and the Royal British Legion.

Broadband: The situation with broadband and digital connectivity seems to worsen day by day and as such the Trust continues to keep abreast of developments and to investigate ways of improving the situation. It continues to engage with HIE and Community Broadband Scotland and other Development Trusts, as well as lobbying the local MSP and attending various local digital forums. However, despite community led options working well in other areas of the country, The Trust cannot commit to such a project whilst the Scottish Government continues to roll out its 'Reaching 100% project' – a commitment to deliver superfast broadband access to 100% of premises in Scotland.

Trust Structure: The Trust continues to review its operations to improve the effectiveness of the organisation. This year a Board health check and skill audit was undertaken by HISEZ and the Trust is currently implementing recommendations made following the review. 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.

The Trust has also endeavoured to enhance its profile and community engagement by the use of articles/newsletter, upgrading its website and engaging in social media activities such as facebook and twitter. Members of its staff have undertaken various digital skills workshops and this training is likely to continue.

### **Investment performance**

Hoy Energy Ltd have had a steady trading year which fell within expectations for both electricity and revenue generation considering the low levels of wind throughout the period.

The HEL management had concerns early in the year over the stability of the Co-op bank as the main funder, however recent events with the Co-op and its shareholders has brought them stability and a significant reduction in risk to our project financing costs. Financial performance was essentially punctuated by a decrease in turnover of 8.1% (£429,768 to £394,849) and a rise in sales costs from £92.6k to £118.3k, due largely to increasing servicing costs from £9.7k to £24.4k and insurance costs increasing from £10.3k to £13.6k. Admin costs remained similar falling slightly from £80.3k to £80.1k, but the bottom line profit before tax was significantly lower at £128.3k from last years £184.6k.

Whilst the donation level from HEL to loHDT is normally set at a level to offset the corporation tax, for this year that would be £74k, the HEL board have resolved to donate £85k in order to help cushion the loHDT from the effects of the annual low wind yield.

Moving forward, the HEL board will continue to participate in regional demand side management projects/initiatives to help stabilise grid conditions, and will also continue to assess market conditions/services for options to offset increasing operational costs as the turbine now enters its seventh year of generation.

# THE ISLAND OF HOY DEVELOPMENT TRUST

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

**FOR THE YEAR ENDED 31 MARCH 2017**

---

### Financial review

The charity had total incoming resources of £165,689 (2016: £225,034) and total resources expended of £160,140 (2016: £238,830), giving net surplus for the year of £5,549 (2016: deficit of £13,796). Total funds as at the balance sheet date amounted to £726,560 (2016: £721,011), split between unrestricted reserves of £694,119 (2016: £662,098) and restricted reserves of £32,441 (2016: £58,913).

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 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.
- To continue to increase the hall's usage and expand the activities undertaken within the building and its environs.
- To increase the effectiveness of the management of the hall.
- 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 investigate community led care and to engage further with the community for feedback and support.
- To continue to support the Heritage project and consult with stakeholders to forward our Heritage development plans.
- 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.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## DIRECTORS' REPORT (CONTINUED)(INCLUDING TRUSTEES' REPORT) FOR THE YEAR ENDED 31 MARCH 2017

---

### 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 were:

M Budge (Deceased 25 August 2017)  
A Clark  
M Collop  
I Davidson  
K Dobney  
P Hall  
S Jaques  
H Seatter  
J Traynor

\* A Clark resigned by rotation on 7 December 2016, and was subsequently reappointed on 18 January 2017.

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 Jaques**  
Director

Dated: 22 November 2017

# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

*FOR THE YEAR ENDED 31 MARCH 2017*

---

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;
- 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 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

---

We have audited the accounts of The Island of Hoy Development Trust for the year ended 31 March 2017 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group and Parent Charitable Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities, the directors, who also act as trustees for the charitable activities of The Island of Hoy Development Trust are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 36 to the financial statements.

#### **Scope of the audit of the accounts**

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

#### **Opinion on accounts.**

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, 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).

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

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

---

# THE ISLAND OF HOY DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

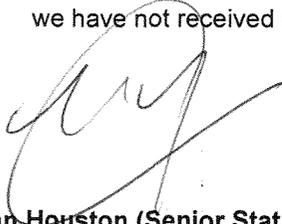
### TO THE MEMBERS OF THE ISLAND OF HOY DEVELOPMENT TRUST

---

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

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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.



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

*28/11/17*  
.....

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 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>Income from:</b>					
Grants and donations	3	1,665	21,230	22,895	90,732
Charitable activities	4	38,487	-	38,487	35,385
Other trading activities	5	394,849	-	394,849	429,768
Investments	6	878	-	878	692
<b>Total income</b>		<b>435,879</b>	<b>21,230</b>	<b>457,109</b>	<b>556,577</b>
<b>Expenditure on:</b>					
Raising funds	7	259,072	20	259,092	248,310
Charitable activities	9	123,959	35,039	158,998	238,830
<b>Total expenditure</b>		<b>383,031</b>	<b>35,059</b>	<b>418,090</b>	<b>487,140</b>
<b>Net incoming/(outgoing) resources before transfers and taxation</b>		<b>52,848</b>	<b>(13,829)</b>	<b>39,019</b>	<b>69,437</b>
Gross transfers between funds		12,643	(12,643)	-	-
<b>Net income/(expenditure) for the year before taxation</b>		<b>65,491</b>	<b>(26,472)</b>	<b>39,019</b>	<b>69,437</b>
Taxation	16	(2,505)	-	(2,505)	(16,797)
<b>Other recognised gains and losses</b>		<b>526</b>	<b>-</b>	<b>526</b>	<b>(6,608)</b>
<b>Net income/(expenditure) for the year after taxation</b>		<b>63,512</b>	<b>(26,472)</b>	<b>37,040</b>	<b>46,032</b>
Fund balances at 1 April 2016		994,327	58,913	1,053,240	1,007,208
<b>Fund balances at 31 March 2017</b>		<b>1,057,839</b>	<b>32,441</b>	<b>1,090,280</b>	<b>1,053,240</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 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b><u>Income from:</u></b>					
Grants and donations	3	1,665	21,230	22,895	78,615
Charitable activities	4	38,487	-	38,487	35,385
Investments	6	104,307	-	104,307	111,034
<b>Total income</b>		<b>144,459</b>	<b>21,230</b>	<b>165,689</b>	<b>225,034</b>
<b><u>Expenditure on:</u></b>					
Raising funds	8	1,122	20	1,142	-
Charitable activities	9	123,959	35,039	158,998	238,830
<b>Total expenditure</b>		<b>125,081</b>	<b>35,059</b>	<b>160,140</b>	<b>238,830</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>19,378</b>	<b>(13,829)</b>	<b>5,549</b>	<b>(13,796)</b>
Gross transfers between funds		12,643	(12,643)	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>32,021</b>	<b>(26,472)</b>	<b>5,549</b>	<b>(13,796)</b>
Fund balances at 1 April 2016		662,098	58,913	721,011	734,807
<b>Fund balances at 31 March 2017</b>		<b>694,119</b>	<b>32,441</b>	<b>726,560</b>	<b>721,011</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

## BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	17		328,716		352,554
Investments	18		101		101
			<u>328,817</u>		<u>352,655</u>
<b>Current assets</b>					
Stocks	20	706		717	
Debtors falling due after one year	21	117,434		127,712	
Debtors falling due within one year	21	47,265		47,506	
Cash at bank and in hand		243,304		206,313	
		<u>408,709</u>		<u>382,248</u>	
<b>Creditors: amounts falling due within one year</b>	22	<u>(10,966)</u>		<u>(13,892)</u>	
Net current assets			397,743		368,356
<b>Total assets less current liabilities</b>			<u>726,560</u>		<u>721,011</u>
<b>Income funds</b>					
Restricted funds	27		32,441		58,913
<u>Unrestricted funds</u>					
Designated funds	28	128,164		107,092	
General unrestricted funds		565,955		555,006	
			<u>694,119</u>		<u>662,098</u>
			<u>726,560</u>		<u>721,011</u>

These accounts 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 22 November 2017

S Jaques  
Director



Company Registration No. SC306586

# THE ISLAND OF HOY DEVELOPMENT TRUST

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	35	184,067		445,206	
Interest paid		(64,516)		(68,356)	
<b>Net cash generated from investing activities</b>		119,551		376,850	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,914)		(87,490)	
Interest received		878		692	
<b>Net cash used in investing activities</b>			(2,036)		(86,798)
<b>Financing activities</b>					
Repayment of bank loans		(86,605)		(80,972)	
<b>Net cash used in financing activities</b>			(86,605)		(80,972)
<b>Net increase in cash and cash equivalents</b>			30,910		209,080
Cash and cash equivalents at beginning of year			1,003,244		794,164
<b>Cash and cash equivalents at end of year</b>			<u>1,034,154</u>		<u>1,003,244</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

---

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	35		(72,389)		(34,193)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(605)		(77,152)	
Repayment of investment loans and receivables		5,678		8,335	
Investment income		104,307		111,034	
<b>Net cash generated from investing activities</b>			109,380		42,217
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			36,991		8,024
Cash and cash equivalents at beginning of year			206,313		198,289
<b>Cash and cash equivalents at end of year</b>			243,304		206,313

---

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

---

### 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 8 Albert Street, Kirkwall, Orkney, KW15 1HP.

#### 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

The accounts 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 accounts, 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 accounts.

#### 1.3 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 accounts.

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

#### 1.4 Incoming resources

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

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

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

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

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

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 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 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.

#### 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 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).

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

---

### 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 (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.

#### 1.9 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.

#### 1.10 Cash and cash equivalents

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

#### 1.11 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.

##### **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.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

(Continued)

#### ***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.

### 1.12 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 2017

---

### 1 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.

#### 1.13 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.

#### 1.14 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 it arises.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

---

### 1 Accounting policies

(Continued)

#### 1.15 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.

#### 1.16 Retirement benefits

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

#### 1.17 Leases

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

#### 1.18 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.

#### 1.19 Distributions

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

#### 1.20 Group Accounts

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

### 2 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.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 3 Grants and donations - group

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donations and gifts	940	-	940	3,729
Legacies receivable	-	7	7	1,945
Grants receivable for core activities	725	21,223	21,948	85,058
	<u>1,665</u>	<u>21,230</u>	<u>22,895</u>	<u>90,732</u>
<b>For the year ended 31 March 2016</b>	<u>16,331</u>	<u>74,401</u>		<u>90,732</u>

Grants and donations - charity	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donations and gifts	940	-	940	3,729
Legacies receivable	-	7	7	1,945
Grants receivable for core activities	725	21,223	21,948	72,941
	<u>1,665</u>	<u>21,230</u>	<u>22,895</u>	<u>78,615</u>
<b>For the year ended 31 March 2016</b>	<u>4,214</u>	<u>74,401</u>		<u>78,615</u>

Grants receivable for core activities - charity				
Orkney Islands Council - community bus service	-	12,553	12,553	10,295
HIE - project manager	-	-	-	17,010
Big Lottery Fund - YM phase 2	-	-	-	28,519
Big Lottery Fund - Hoy Hoolie	-	-	-	9,225
Community Council - YM operations	725	-	725	1,125
Cashback for communities	-	-	-	2,430
Heritage Lottery Fund - South Isles Ranger	-	-	-	3,554
Scottish Community Alliance - Ardroy	-	-	-	783
PASF Elec Hub	-	8,670	8,670	-
	<u>725</u>	<u>21,223</u>	<u>21,948</u>	<u>72,941</u>

In addition to the above grants receivable by the charity, unrestricted grants receivable by the group includes £nil (2016: £12,117) received by the charity's subsidiary in respect of the Demand Side Management project.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 4 Charitable activities - group and charity

	Hall hire	Community events	Bus income	Hoy Hoolie	Total 2017	Total 2016
	£	£	£	£	£	£
Non-performance related income	2,553	1,758	7,196	8,917	20,424	16,258
Performance related grant income	-	-	18,063	-	18,063	19,127
	<u>2,553</u>	<u>1,758</u>	<u>25,259</u>	<u>8,917</u>	<u>38,487</u>	<u>35,385</u>

### 5 Other trading activities - group

	2017	2016
	£	£
Energy sales	<u>394,849</u>	<u>429,768</u>

### 6 Investments - group

	2017	2016
	£	£
Interest receivable	<u>878</u>	<u>692</u>
	<u>878</u>	<u>692</u>

#### Investments - charity

	2017	2016
	£	£
Rental income	5,000	5,000
Income from unlisted investments	95,234	101,366
Interest receivable	4,073	4,668
	<u>104,307</u>	<u>111,034</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 7 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:

	2017 £	2016 £
Turnover	394,849	429,768
Cost of sales and administration	(267,385)	(245,859)
Interest receivable	876	689
Net profit	128,340	184,598
Taxation	(2,505)	(16,797)
Other recognised gains and losses	526	(6,608)
Donations of profit gift aided to charity	(95,234)	(101,366)
Grant income receivable	-	12,117
Costs relating to grant income	-	(12,117)
Retained in subsidiary	31,127	59,827
Assets	1,918,875	1,970,031
Liabilities	(1,555,420)	(1,637,703)
Funds	363,455	332,328

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 8.

Grant income receivable by HEL is included in income from grants and donations, as explained in note 3.

### 8 Raising funds - charity

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Fundraising and publicity</u>				
Staging fundraising events	1,122	20	1,142	-
	1,122	20	1,142	-
<b>For the year ended 31 March 2016</b>	-	-	-	-

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 9 Charitable activities - group and charity

	Community benefit £	Bus service £	Total 2017 £	Total 2016 £
Staff costs	5,412	29,027	34,439	57,546
Depreciation and impairment	1,592	7,883	9,475	25,326
Community events	15,162	-	15,162	14,014
Bus running costs	8,100	16,946	25,046	14,663
	<u>30,266</u>	<u>53,856</u>	<u>84,122</u>	<u>111,549</u>
Grant funding of activities (see note 11)	15,790	-	15,790	22,179
Share of support costs (see note 12)	46,695	5,357	52,052	98,916
Share of governance costs (see note 12)	6,331	703	7,034	6,186
	<u>99,082</u>	<u>59,916</u>	<u>158,998</u>	<u>238,830</u>
<b>Analysis by fund</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>	
<b>For the year ended 31 March 2016</b>				
Unrestricted funds	120,376	4,618		124,994
Restricted funds	57,431	56,405		113,836
	<u>177,807</u>	<u>61,023</u>		<u>238,830</u>

Support costs for the comparative period include a one-off impairment totalling £55,529, following a revaluation of the community hall.

### 10 Description of charitable activities

#### Community benefit

Costs associated with supporting projects and grant applications that directly come under the Trust's charitable aims. 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 2017

### 11 Grants payable - group and charity

	2017 £	2016 £
Grants to institutions (6 grants):		
Friends of Hoy Kirk	5,432	4,346
North Walls School	649	864
North Walls Centre	-	3,160
Hoy Hounds	-	491
Hoy Centre - Youth Activity Programme	2,191	2,691
Community Council - War Memorial	-	1,600
Haey Hope Community Fund	-	1,364
Sailing Club - yoal	1,300	-
North Walls Parent Council	3,100	-
Other	349	85
	<u>13,021</u>	<u>14,601</u>
Grants to individuals (31 grants)	2,769	7,578
	<u>15,790</u>	<u>22,179</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, 31 training bursaries totalling £2,769 (2016: 39 bursaries totalling £7,578) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 12 Support costs - group and charity

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Staff costs	19,346	-	19,346	18,717	Staff time
Depreciation	14,968	-	14,968	58,443	Assets employed
Rent & rates	3,737	-	3,737	4,183	Floor area
Insurance	4,404	-	4,404	4,318	Premium split
Heat, light & power	2,708	-	2,708	2,200	Floor area
Office costs	4,494	-	4,494	3,908	Staff time
Travelling expenses	374	-	374	1,716	100% community benefit
Sundry & subscriptions	996	-	996	4,154	Staff time
Legal & professional	312	-	312	370	Actual costs incurred
Repairs & renewals	713	-	713	907	Actual costs incurred
Audit fees	-	6,326	6,326	5,940	Governance
Accountancy	-	252	252	-	Governance
Legal and professional	-	456	456	246	Governance
	<u>52,052</u>	<u>7,034</u>	<u>59,086</u>	<u>105,102</u>	
Analysed between					
Charitable activities	<u>52,052</u>	<u>7,034</u>	<u>59,086</u>	<u>105,102</u>	

### 13 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2017	2016
	£	£
<b>Fees payable to the charity's auditor and its associates for the audit of the annual accounts:</b>	6,326	5,940
<b>Other services to the group</b>		
- the audit of the charity's subsidiaries - included in expenditure on raising funds	5,169	5,522
<b>Total audit fees</b>	<u>11,495</u>	<u>11,462</u>
<b>Non-audit services - charity</b>		
All other non-audit services	<u>252</u>	<u>-</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 14 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 (2016: two directors received £4,000).

During the year, no directors were reimbursed for expenses incurred in the course of their duties (2016: no directors).

### 15 Employees

#### Number of employees

The average monthly number employees during the year was:

	Group 2017 Number	Group 2016 Number	Charity 2017 Number	Charity 2016 Number
Administration	2	2	2	2
Direct charitable activities	3	4	3	4
Engaged in subsidiary operating activities	2	2	-	-
	<u>7</u>	<u>8</u>	<u>5</u>	<u>6</u>

#### Employment costs

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Wages and salaries	96,825	118,017	52,435	73,673
Social security costs	221	3,813	-	2,590
Other pension costs	3,065	-	1,350	-
	<u>100,111</u>	<u>121,830</u>	<u>53,785</u>	<u>76,263</u>

During the year, the company paid no redundancy payments (2016: one payment totalling £1,385).

The average number of the charity's employees during the year, calculated on the full time equivalent basis, was 3 (2016: 3).

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

### 16 Taxation

The group taxation charge relates solely to the trading subsidiary, as explained at note 7.

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 2017

### 17 Tangible fixed assets - group

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2016	434,396	1,430,062	46,349	96,240	2,007,047
Additions	-	2,309	605	-	2,914
Disposals	-	(323)	-	-	(323)
At 31 March 2017	434,396	1,432,048	46,954	96,240	2,009,638
<b>Depreciation and impairment</b>					
At 1 April 2016	144,969	353,430	25,442	56,820	580,661
Depreciation charged in the year	7,120	72,495	9,252	7,883	96,750
Eliminated in respect of disposals	-	(221)	-	-	(221)
At 31 March 2017	152,089	425,704	34,694	64,703	677,190
<b>Carrying amount</b>					
At 31 March 2017	282,307	1,006,344	12,260	31,537	1,332,448
At 31 March 2016	289,427	1,076,632	20,907	39,420	1,426,386

### Tangible fixed assets - charity

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2016	434,396	3,740	46,349	96,240	580,725
Additions	-	-	605	-	605
At 31 March 2017	434,396	3,740	46,954	96,240	581,330
<b>Depreciation and impairment</b>					
At 1 April 2016	144,969	940	25,442	56,820	228,171
Depreciation charged in the year	7,120	188	9,252	7,883	24,443
At 31 March 2017	152,089	1,128	34,694	64,703	252,614
<b>Carrying amount</b>					
At 31 March 2017	282,307	2,612	12,260	31,537	328,716
At 31 March 2016	289,427	2,800	20,907	39,420	352,554

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 18 Fixed asset investments - charity

	Other investments
<b>Cost or valuation</b>	
At 1 April 2015 & 31 March 2016	101
<b>Carrying amount</b>	
At 31 March 2017	101
At 31 March 2016	101

	Notes	2017 £	2016 £
Other investments comprise:			
Investments in subsidiaries	33	101	101

The group accounts include £1 (2016: £1) in respect of the charity's investment in Hoy and Walls Community Transport Limited, a dormant company.

### 19 Financial instruments - group

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,146,545	1,101,114
Equity instruments measured at cost less impairment	1	1
	<u>1,146,546</u>	<u>1,101,115</u>
<b>Carrying amount of financial liabilities</b>		
Debt instruments measured at amortised cost	1,371,667	1,450,290
Other financial instruments measured through other comprehensive income	49,209	50,481
	<u>1,420,876</u>	<u>1,500,771</u>
<b>Financial instruments - charity</b>	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	401,710	377,025
Equity instruments measured at cost less impairment	101	101
	<u>401,811</u>	<u>377,126</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	10,966	13,892

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

<b>20</b>	<b>Stocks</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Finished goods and goods for resale	706	717
		<u>706</u>	<u>717</u>

<b>21</b>	<b>Debtors</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>				
	Trade debtors	59,019	52,525	378	4,257
	Amounts due from subsidiary undertakings	-	-	25,212	20,612
	Other debtors	53,373	45,345	15,382	18,130
	Prepayments and accrued income	31,455	25,793	6,293	4,507
		<u>143,847</u>	<u>123,663</u>	<u>47,265</u>	<u>47,506</u>
		<u>143,847</u>	<u>123,663</u>	<u>47,265</u>	<u>47,506</u>
	<b>Amounts falling due after more than one year:</b>				
	Amounts due from subsidiary undertakings	-	-	117,434	127,712
		<u>-</u>	<u>-</u>	<u>117,434</u>	<u>127,712</u>
		<u>-</u>	<u>-</u>	<u>117,434</u>	<u>127,712</u>
	<b>Total debtors</b>	<u>143,847</u>	<u>123,663</u>	<u>164,699</u>	<u>175,218</u>
		<u>143,847</u>	<u>123,663</u>	<u>164,699</u>	<u>175,218</u>

Other debtors include grants receivable totalling £12,171 (2016: £12,183).

<b>22</b>	<b>Creditors: amounts falling due within one year</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Bank loans	92,631	86,605	-	-
	Other taxation and social security	22,941	28,745	595	-
	Trade creditors	13,716	3,869	-	-
	Other creditors	1,884	2,350	1,884	2,350
	Accruals and deferred income	13,044	16,125	8,487	11,542
		<u>144,216</u>	<u>137,694</u>	<u>10,966</u>	<u>13,892</u>
		<u>144,216</u>	<u>137,694</u>	<u>10,966</u>	<u>13,892</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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

	Notes	2017 £	2016 £
Bank loans		1,140,745	1,233,376
Derivative financial instruments		49,209	50,481
		<u>1,189,954</u>	<u>1,283,857</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 £1,233,376 (2016: £1,319,981). 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 £49,209 (2016: £50,481). The directors obtained confirmation of this valuation directly from Co-operative Bank PLC.

Bank loans payable by instalments		<u>718,247</u>	<u>822,362</u>
-----------------------------------	--	----------------	----------------

### 24 Provisions for liabilities - group

	Notes	2017 £	2016 £
Decommissioning liability		15,000	15,000
Deferred tax liabilities	25	71,706	64,220
		<u>86,706</u>	<u>79,220</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 2017

---

#### 25 Deferred taxation

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

Balances:	Liabilities	Liabilities
	2017	2016
	£	£
ACAs	81,056	74,316
Hedging reserve	(9,350)	(10,096)
	<u>71,706</u>	<u>64,220</u>

#### 26 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 15.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 27 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 2017 £
	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	
Arctic convoy memorial	10,922	-	(545)	-	10,377
Big Lottery - community bus	38,495	-	(7,883)	(11,366)	19,246
Big Lottery - office	106	-	-	(106)	-
Big Lottery - YM phase 2	1,819	-	(783)	-	1,036
Big Lottery - Hoy Hoolie	690	-	(690)	-	-
YM operation	3,501	7	(3,508)	-	-
Other funds	3,380	-	(1,598)	-	1,782
OIC CTGS (previously 'ERDTI - buses')	-	12,553	(11,952)	(601)	-
Transport Scotland - PASF LCTT	-	8,670	(8,100)	(570)	-
	<u>58,913</u>	<u>21,230</u>	<u>(35,059)</u>	<u>(12,643)</u>	<u>32,441</u>

Arctic Convoy Memorial - this is an ongoing project to complete the memorial for sailors of the arctic convoys. Donations were received from the Russian Federation with a very strong wish to have the memorial. There have been two ceremonies to date held there which the Russian Federation attended. This is part funded by an OIC grant, and part funded through the Community Fund. Work is still to be carried out at the memorial, the current deadline for the OIC grant is 9 October 2016.

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.

Big Lottery - office - This was a BLF fund up to £12,000. The trivial residual balance on this fund of £106 was transferred to unrestricted in the year, representing expenditure which had been made towards this project from unrestricted funds in previous periods.

BLF YM Phase 2 (RF) –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 2017 which BLF agreed could be used for any further capital expenditure on the YM.

BLF Awards for All (RF) – This grant was awarded for the Hoy Hoolie 2015; the balance on this fund bought forward was £690 which was agreed with BLF to be used for website development for the Hoolie. The website was completed during the year to 31 March 2017 and the fund balance is now zero.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 27 Restricted funds

(Continued)

YM Operations (RF) – 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). Since the year end, as no further restrictions applied, the YM fund has been reallocated as a designated fund.

OIC CTGS 2016 -17 (RF) – 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 £13,177 for the year 2016-17 and is paid on production of invoices and a grant claim form. IHDT have been awarded a maximum grant of £13,715 for the year 2017-18.

Transport Scotland LCTT (European Regional Development Fund “EDRF” Low Carbon Travel & Transport “LCTT” Pre application support fund “PASF” (RF) – This fund was a grant from Transport Scotland for a feasibility study to be carried out to look at the possibility of electric hubs for the island, both for the community bus and for general use. The feasibility study was completed and sent, along with the final grant report to Transport Scotland in February 2017 and was approved and paid in March 2017, leaving the balance at the 31 March 2017 at zero.

### 28 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 2017 £
	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	
Homecare	1,911	-	-	-	1,911
Operating reserve	28,125	-	-	-	28,125
Priority projects	47,518	31,744	-	(5,743)	73,519
YM operation	15,390	5,046	(4,004)	757	17,189
Buses - BSOG	7,752	25,510	(36,193)	5,160	2,229
Hoy Hoolie	6,396	9,165	(13,445)	3,075	5,191
	<u>107,092</u>	<u>71,465</u>	<u>(53,642)</u>	<u>3,249</u>	<u>128,164</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.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 28 Designated funds

(Continued)

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). £31,744 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, £5,743 was transferred to the bus operation.

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. This fund also includes income achieved through bus fares, concessions, donations and the top up from the Priority Projects fund.

Hoy Hoolie – This fund is made up of the net income from the 2015 & 2016 events and will be used towards the 2017 event.

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

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	1,303,629	28,819	1,332,448
Investments	1	-	1
Current assets/(liabilities)	1,030,869	3,622	1,034,491
Long term liabilities	(1,189,954)	-	(1,189,954)
Provisions	(86,706)	-	(86,706)
	<u>1,057,839</u>	<u>32,441</u>	<u>1,090,280</u>

### Analysis of net assets between funds - charity

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	299,897	28,819	328,716
Investments	101	-	101
Current assets/(liabilities)	394,121	3,622	397,743
	<u>694,119</u>	<u>32,441</u>	<u>726,560</u>

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 30 Operating lease commitments

#### Lessee - group and charity

The Trust leases the Revenge Naval Hall for office accommodation.

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

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

	2017 £	2016 £
Within one year	2,631	1,192

#### 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:

	2017 £	2016 £
Within one year	5,000	5,000
Between two and five years	20,000	20,000
In over five years	72,800	77,800
	<u>97,800</u>	<u>102,800</u>

### 31 Events after the reporting date

After the balance sheet date, the charity received a loan of £400,000 from its subsidiary, Hoy Energy Limited. This loan is interest-free, and is repayable on demand.

### 32 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation - group	41,165	39,466

Remuneration of key management personnel of the parent charity during the year was £nil (2016: £nil).

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 32 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:

	2017 £	2016 £
Distributions receivable	95,234	101,366
Rental income	5,000	5,000
Interest receivable	4,071	4,666
	<u>104,305</u>	<u>111,032</u>

At the balance sheet date, debtors include a loan of £142,646 (2016: £148,324) 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 (2016: £2,500) for rent receivable from HEL.

All transactions were on normal commercial terms.

### 33 Subsidiaries

Details of the charity's subsidiaries at 31 March 2017 are as follows:

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

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

---

### 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. At the balance sheet date, the Trust was waiting for the GP to set up his fund group and put into place procedures for the administration of this fund. This was transferred to this fund group after the year end.

During the year the charity received funds of £nil (2016- £36,617) from Health Centre. At the balance sheet date, the charity held funds of £36,617 (2016- £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. After the balance sheet date, Hoy Dancers moved this fund to another dance organisation. At the balance sheet date, the charity held £3,798 (2016: £3,487) 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. After the year end, this group opened a bank account, and this amount was paid across to them. At the balance sheet date, the charity held £1,000 (2016: £nil) 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.

# THE ISLAND OF HOY DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 35 Cash generated from operations - group

	2017 £	2016 £
Surplus/(deficit) for the year	36,514	52,640
Adjustments for:		
Investment income	(878)	(692)
Taxation charged	2,505	16,797
Finance costs	64,516	68,356
Loss on disposal of fixed assets	102	663
Depreciation and impairment of tangible fixed assets	96,750	155,763
Movements in working capital:		
Decrease/(increase) in stocks	11	(717)
(Increase)/decrease in debtors	(20,184)	159,912
Increase in creditors	4,731	3,027
(Decrease) in deferred income	-	(10,543)
<b>Cash generated from operations</b>	<u>184,067</u>	<u>445,206</u>

### Cash generated from operations - charity

	2017 £	2016 £
Surplus/(deficit) for the year	5,549	(13,796)
Adjustments for:		
Investment income recognised in statement of financial activities	(104,307)	(111,034)
Depreciation and impairment of tangible fixed assets	24,443	83,769
Movements in working capital:		
Decrease/(increase) in stocks	11	(717)
Decrease in debtors	4,841	24,430
(Decrease) in creditors	(2,926)	(6,302)
(Decrease) in deferred income	-	(10,543)
<b>Cash absorbed by operations</b>	<u>(72,389)</u>	<u>(34,193)</u>

### 36 Auditors' Ethical Standards

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.