

Charity Registration No. SC038909

Company Registration No. SC306586 (Scotland)

THE ISLAND OF HOY DEVELOPMENT TRUST
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

THE ISLAND OF HOY DEVELOPMENT TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	T Bird M Budge A Clark M Collop I Davidson K Dobney P Hall S Jaques H Seatter J Traynor
Secretary	A J B Scholes Ltd
Charity number	SC038909
Company number	SC306586
Registered office	8 Albert Street Kirkwall Orkney KW15 1HP
Auditors	A J B Scholes Ltd 8 Albert Street Kirkwall Orkney KW15 1HP
Bankers	Bank of Scotland 56 Albert Street Kirkwall Orkney KW15 1HJ

THE ISLAND OF HOY DEVELOPMENT TRUST

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THE ISLAND OF HOY DEVELOPMENT TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and accounts for the year ended 31 March 2015.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the memorandum and articles of association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

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:

T Bird

M Budge

A Clark

M Collop

I Davidson

(Appointed 20 August 2014)

K Dobney

P Hall

S Jaques

A Morris

(Resigned 26 May 2014)

H Seatter

G Simpson

(Appointed 20 August 2014 and resigned 1 April 2015)

T Thomson

(Resigned 14 January 2015)

J Traynor

(Appointed 14 January 2015)

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.

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.

THE ISLAND OF HOY DEVELOPMENT TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

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 focused
- Promote & sustain local business and activities
- Promote grass roots community involvement

The charity's main objectives for the year ending 31 March 2015 were as follows:

Community fund: The Trust planned to review the procedures for the allocation of grants from this fund following the pilot funding scheme which begun in August 2013.

Community Bus Service: Our objectives for the year were to gain feedback on the bus service from the community, evaluate the service following a full year of operation, and also to formulate a strategy to move the operation towards financial independence.

Community Hall: Main objectives for the community hall were to complete the extension (funding provided by Leader and Big Lottery) and other aspects of the refurbishment, including proposals to provide a car park. It was also a priority to encourage increased use of the hall by other island community charities, organisations and enterprises and to investigate training opportunities using the new facilities.

Affordable Warmth: This year the objectives of the Trust were to continue the promotion of the 'Measurement and Information' phase of the project, funded by the Climate Challenge Fund until March 2015 and the formulation of an ongoing strategy to facilitate the funding and installation phase of the project.

Home Care: The Trust's objectives for the year were to gain an increased understanding of the current home care provision on the island and to develop a strategy to provide a service or services which better meet the needs of the islanders.

Youth, Leisure and Heritage: The Trust's objectives for the year was to complete The Legacies of Conflict: Hoy & Walls Wartime Heritage Project.

Trust Structure: The Trust planned to continue to review the policies and systems to ensure that all the essentials are in place to improve the effectiveness and efficiency of the Trust. Another objective was to encourage new directors to the board, particularly those interested in promoting and encouraging projects concerned with youth and leisure.

THE ISLAND OF HOY DEVELOPMENT TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Achievements and performance

Community fund: Community awareness and understanding of the procedures and processes for the community fund are currently being reviewed. The Trust decided to split this fund with the purpose of developing a training grant scheme. The Training and Learning fund was established and has proved very successful, broadening the reach of the funds and benefitting a larger proportion of the community. This fund was largely aimed at fulfilling our objective 'to advance education and, in particular, promote opportunities for learning for the benefit of the general public'. By the end of January 2015 over 30 people had benefitted from this scheme with funds being used for a range of courses and activities, many cases, to further their employment opportunities. These included fire prevention and safety courses, food and hygiene courses, aquatic and lifeguard qualifications and computing.

Community Bus Service: The community bus service has continued to run reliably throughout the year and it has seen an increase in the number of passengers. The service also continued its association with the Haey Hope Club, supporting their lunch club and was used for a variety of community needs including transport to and from public meetings and support for the Hoy Half Marathon. Consultations with the community (including a suggestion box on the bus) and a public meeting in September 2014 provided feedback and ideas for the continuation and improvement of the service. Following a review of the feedback, and of the performance of the service (from usage statistics), some minor changes were implemented at the end of March 2015. Additional funding was applied for to support the community buses from April 2015 until March 2016 and this was awarded to the Trust at the end of March 2015.

Community Hall: The extension and interior refurbishment of the Community Hall were largely finished by September 2014. The work undertaken at the hall has provided a new function room with integral bar area, a new heating system for the hall as a whole, a hearing loop, new kitchen equipment and the installation of broadband and computing equipment which will be available to the community to use and for training in the near future. Officially opened with a 1940's themed dance towards the end of March 2015, the new function room, named The Shore, has proved very popular and has already been used by a variety of community groups for IT classes, computing and crafting clubs, musical activities and fundraising events.

Affordable warmth: The Affordable warmth scheme has continued to provide further information/advice events and survey/assessment services in conjunction with a certified service provider on a free of charge basis available to all island residents. During the year many homes on the island benefitted from grant funded energy efficiency measures efficiency measures, such as loft insulation, LED lighting and boiler control upgrades. Others have had additional heating devices and wall insulation fitted. Various properties have been surveyed and registered with EPC's in readiness for the release of grant funding such as HEEPS via the local authority – again to obtain energy efficiency upgrades. Continued collaboration and dialogue with the Orkney Island Council and with local contractors and likely candidates for fund management has been undertaken to try to ensure that Hoy residents are early recipients of the release of HEEPS funding.

Home Care: This year, a feasibility study, funded by a grant provided by the Community Benefit Fund, was conducted to assess the local provision of personal care and living support on the island, with the aim of identifying the needs of both the client and the carer. The report outlined the financial implications of running the current service, and researched possible funding streams for the provision of an improved service. Examples and advice from other communities in Orkney for managing home care were sought. The study was finalised in November 2014 and initial results will be disseminated to the community through a series of planned drop-in sessions around the island.

Youth, Leisure and Heritage: The trust's objectives were achieved through completion of an intensive range of core activities and events:

- A desk based archaeological assessment of historical sources
- The production of a community accessible aerial photographic collection and archaeological GIS database
- A program of community supported archaeological survey
- A dedicated teaching programme with North Walls Community School
- The development of an outdoor educational geocache orienteering trail
- A series of evening talks
- A series of guided walks

In addition, a study of relevant historical archive documents, aerial photographs and published literature was undertaken to provide a historical framework summarising Hoy's significant involvement in World War Two.

THE ISLAND OF HOY DEVELOPMENT TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Youth, Leisure and Heritage (cont.): A full and detailed development document was submitted to the funders (Orkney Islands Council, Highlands and Islands Enterprise and the Heritage Lottery Fund), which included a comprehensive section presenting a series of recommendations for developing wartime tourism and engagement initiatives in the future. Finally, a dedicated website was created for the project: <http://www.hoyorkney.com/attractions/hoy-history/war-time-heritage>. This also included broader wartime and heritage information and information about the Island. The development document outlined previously is summarized (and can be downloaded in full) from the project website.

Trust Structure: Throughout the year, all policies have been reviewed and those relating to employment have been updated and renewed. Financial policies have also been reviewed, with the audit processes and procedures fully documented. Following a strategy meeting day with the Development Trust Association Scotland, the governing documents were reviewed and a number of changes were made to the Articles. These changes were adopted at the AGM in January 2015. Although new directors have joined the board, gaps in skills and interests are still apparent. The Trust continues to participate with PQASSO accreditation but progression in this area has not significantly progressed.

Other: The Trust has engaged in consultation with other Development Trusts in Orkney, with HIE and with Community Broadband Scotland with regards to the roll out by BT of superfast broadband and its provision in areas not supported by BT.

The Trust has granted a lease to Hoy Energy Limited for the erection of its wind turbine, investment income of £5,000 was received in the year to 31 March 2015 in respect of this property.

The Trust has granted a loan to Hoy Energy Limited with an interest rate to be applied of 2.25% over LIBOR from April 2013 onwards. In the year to 31 March 2015 investment income includes £13,000 in respect of this loan.

Factors outside the charity's control which are relevant to the achievement of the objectives:

Delays in the progress of projects can be the result of working within the criteria and constraints of different grant funding bodies.

Financial review

The charity had total incoming resources of £301,259 (2014: £638,509) and total resources expended of £338,510 (2014: £204,162), giving a net deficit for the year of £37,251 (2014: surplus of £434,347). Total funds as at the balance sheet date amounted to £734,807 (2014: £772,058), split between unrestricted reserves of £360,988 (2014: £347,726) and restricted reserves of £373,819 (2014: £424,332).

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. Projects have been held within budget or unrestricted funds have been utilised to complete them.

THE ISLAND OF HOY DEVELOPMENT TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Subsidiary Performance

Hoy Energy Ltd (HEL) is a wholly owned trading subsidiary of the Island of Hoy Development Trust (IoHDT).

HEL's objectives are primarily to manage the operation of the community wind turbine project at Ore Brae, Lyness, Hoy. The responsibilities associated with these objectives include ensuring its long term viability in terms of energy production and financial criteria for the project funders and relevant stakeholders/authorities such as HMRC and OFGEM, whilst creating surplus profits for tax efficient transfer to the parent company for community benefit.

Following completion of the objectives in any given financial year; all surplus funds from the trading operations of this company are transferred to the IoHDT as 'gift aid' under HMRC rules to maximise on the charitable status of the IoHDT and also afford the largest potential for community benefit.

HEL's main objectives for the year ended 31 March 2015 were to complete building the targeted operational reserves to be held within the company whilst also having a trading surplus to transfer to the community benefit fund from the same trading period. The company's activities this year have focused on maximising operational parameters and reducing cost centres whilst targeting these main objectives. Additional development work has been undertaken in conjunction with the parent company and other Development Trusts within Orkney to investigate and prototype 'Demand Side Management' systems and loads to maximise generation opportunity under the non-firm grid connection utilised by large community generators in Orkney.

Achievements and Performance

The accounting and audit procedures regarding Hoy Energy Ltd for the trading year of 2014/15 have been completed smoothly and as such the accounts were adopted by the HEL board at our AGM on the 28th of August.

The year has been a challenging one, particularly with operational items following the storm damage suffered early in December 2014 which left the turbine out of action and unable to generate until mid February 2015.

Management challenges have also been in abundance with items such as finalising modifications to the Co-op Facilities Agreement, and re-negotiation of the NPower Power Purchase Agreement being particularly difficult and time consuming.

Settlement of the 'miss-selling' challenge to the Co-op was a timely achievement which brought in circa £32.4k in compensation, a meaningful amount which helped largely to offset the 'low wind year' and the uninsured losses incurred with the storm damage. This is plain to see in the accounts as our turnover is, as expected, lower than the previous year, but net profit remained similar.

This healthy level of trading surplus left Hoy Energy with a corporation tax exposure of some £20,273 – a liability that could be relieved by 20% of any gift aid donation made to the IoHDT as a charitable organisation.

The directors of HEL considered the financial challenges being faced for the current year and reviewed current cash-flow and reserve levels before resolving to recommend that the IoHDT receive a donation of £101,366 before the 31st of December 2015, thus completely resolving this tax exposure

The HEL annual review confirmed that the previously set levels of operational reserves and cash-flow were sorely tested in the storm damage period but proved to be appropriate and sufficient. As such HEL will only increase its reserves by the agreed 2.5% annual top-up to cover year on year increases and the current account float level will remain the same to support month on month cash flow requirements.

Challenges for HEL in the 2015/16 year are already upon us with the recent announcement of the removal of LEC's revenue and renegotiation of operational insurance with added costs of mitigation measures for future storm damage, but the board remain enthused and ready to meet these confidently.

Factors outside the control of HEL which are relevant to the performance of the project centred mainly around wind yield and grid connection availability from RPZ/ANM system under which the turbine is connected to the Orkney distribution grid.

THE ISLAND OF HOY DEVELOPMENT TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

Financial Review

Total revenue generated by HEL invoices for this financial year ending 31 March 2015 was £443,920 (2014: £491,401). The targeted operational reserve fund for the project has been completed and currently stands at £329,000

Targeted performance and expected costs, when compared to the project finance model, remain within projected limits for the period and also project forward as:

- Annual loan repayments to project funders are circa £76,000 to the Co-op bank; and £18,000 to the loHDT
- Annual lease payments to the loHDT are circa £5,000
- Annual operating/maintenance costs are circa £115,000

Plans for the future

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 funds. To investigate the possibilities of setting up a loan scheme. The Trust also need to attract further community members to sit on the independent panel which reviews applications to the main fund.

Community Bus Service: 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 Enhanced Demand Responsive Transport Initiative.

Community Hall: To finish the car park and landscaping associated with the community hall. To continue to expand the use of the hall involving other island community charities, organisations and enterprises and to progress with setting up a community café to make the most of the new facilities and equipment.

Affordable Warmth: To continue dialogue with all relevant and related agencies and authorities, particularly those with funding, to ensure qualifying ground work such as surveys etc are completed and known so that funding can be channelled efficiently once available.

Home Care: 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. There is also a need to gain further support and feedback from the island community.

Youth, Leisure and Heritage: To work with wider stakeholders in Orkney, Scotland and the UK and to secure funding to take forward some of the staged recommendations in the Development Document.

Trust Structure: The Trust will work towards restructuring, recording, reporting and record keeping. There is also the intention to conduct an IT assessment, in particular the remote storing of documents and backups. The Trust need to attract new directors to the board including specific directors concerned with youth and leisure, and IT awareness.

Disclosure of information to auditors

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 auditors are 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: 11-11-2015

THE ISLAND OF HOY DEVELOPMENT TRUST

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 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 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 AUDITORS' 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 2015 set out on pages 10 to 30. 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).

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. 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 auditors

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.

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 group's and the parent 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 24 to the accounts.

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 2015 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent'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

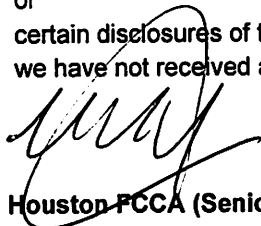
INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

Chartered Accountants
Statutory Auditor

8 Albert Street
Kirkwall
Orkney
KW15 1HP

Dated: 17/11/15

A. J. B. Scholes Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2015 £	Total 2014 £
<u>Incoming resources from generated funds</u>						
Voluntary income	2	518,877	290	187,066	706,233	1,067,880
Activities for generating funds		12,408	-	-	12,408	6,880
Investment income	3	2,404	8	-	2,412	2,719
		<u>533,689</u>	<u>298</u>	<u>187,066</u>	<u>721,053</u>	<u>1,077,479</u>
Incoming resources from charitable activities	4	-	6,485	8,038	14,496	8,713
Total incoming resources		<u>533,689</u>	<u>6,756</u>	<u>195,104</u>	<u>735,549</u>	<u>1,086,192</u>
<u>Resources expended</u>						
Charitable activities	5					
Cost of generating funds		286,701	-	-	286,701	250,232
Community activities		125,026	2,621	205,439	333,086	196,802
Governance costs		10,702	-	-	10,702	10,875
Total resources expended		<u>422,429</u>	<u>2,621</u>	<u>205,439</u>	<u>630,489</u>	<u>457,909</u>
Net incoming/(outgoing) resources before transfers and taxation		<u>111,260</u>	<u>4,135</u>	<u>(10,335)</u>	<u>105,060</u>	<u>628,283</u>
Gross transfers between funds		<u>3</u>	<u>40,175</u>	<u>(40,178)</u>	<u>-</u>	<u>-</u>
Net income for the year before taxation		<u>111,263</u>	<u>44,310</u>	<u>(50,513)</u>	<u>105,060</u>	<u>628,283</u>
Taxation	6	<u>(28,612)</u>	<u>-</u>	<u>-</u>	<u>(28,612)</u>	<u>(38,937)</u>
Net income for the year after taxation		<u>82,651</u>	<u>44,310</u>	<u>(50,513)</u>	<u>76,448</u>	<u>589,346</u>
Fund balances at 1 April 2014		<u>533,414</u>	<u>6,791</u>	<u>424,332</u>	<u>964,537</u>	<u>375,191</u>
Fund balances at 31 March 2015		<u>616,065</u>	<u>51,101</u>	<u>373,819</u>	<u>1,040,985</u>	<u>964,537</u>

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

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

All incoming resources and resources expended derive from continuing activities.

THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

		Unrestricted funds	Designated funds	Restricted funds	Total 2015	Total 2014 as restated
	Notes	£	£	£	£	£
<u>Incoming resources from generated funds</u>						
Voluntary income	2	3,784	290	187,066	191,140	573,506
Activities for generating funds		12,408	-	-	12,408	6,880
Investment income	3	83,207	8	-	83,215	49,410
		<u>99,399</u>	<u>298</u>	<u>187,066</u>	<u>286,763</u>	<u>629,796</u>
Incoming resources from charitable activities	4	-	6,458	8,038	14,496	8,713
Total incoming resources		<u>99,399</u>	<u>6,756</u>	<u>195,104</u>	<u>301,259</u>	<u>638,509</u>
<u>Resources expended</u>						
Charitable activities	5					
Community activities		125,026	2,621	205,439	333,086	196,802
Governance costs		5,424	-	-	5,424	7,360
Total resources expended		<u>130,450</u>	<u>2,621</u>	<u>205,439</u>	<u>338,510</u>	<u>204,162</u>
Net (outgoing)/incoming resources before transfers		<u>(31,051)</u>	<u>4,135</u>	<u>(10,335)</u>	<u>(37,251)</u>	<u>434,347</u>
Gross transfers between funds		3	40,175	(40,178)	-	-
Net (expenditure)/income for the year/ Net movement in funds		<u>(31,048)</u>	<u>44,310</u>	<u>(50,513)</u>	<u>(37,251)</u>	<u>434,347</u>
Fund balances at 1 April 2014		<u>340,935</u>	<u>6,791</u>	<u>424,332</u>	<u>772,058</u>	<u>337,711</u>
Fund balances at 31 March 2015		<u>309,887</u>	<u>51,101</u>	<u>373,819</u>	<u>734,807</u>	<u>772,058</u>

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

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

All incoming resources and resources expended derive from continuing activities.

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	12	1,495,323		1,523,083	
Investments	13	1		1	
		<u>1,495,324</u>		<u>1,523,084</u>	
Current assets					
Debtors	14	286,075		340,883	
Cash at bank and in hand		<u>794,164</u>		<u>677,737</u>	
		1,080,239		1,018,620	
Creditors: amounts falling due within one year	15	<u>(143,303)</u>		<u>(127,724)</u>	
Net current assets			936,936		890,896
Creditors: amounts falling due after more than one year	16		1,319,982		1,400,969
Provisions for liabilities	17		71,293		48,474
Total assets less current liabilities			<u>1,040,985</u>		<u>964,537</u>
Income funds					
Funds retained within non-charitable subsidiary			306,278		192,579
Restricted funds	18		373,819		424,332
Unrestricted funds:					
Designated funds	19		51,101		6,791
Other charitable funds			<u>309,787</u>		<u>340,835</u>
			<u>1,040,985</u>		<u>964,537</u>

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

The accounts were approved by the Board on 11-11-2015

S. D. Jaques

S Jaques
Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	12		359,171		315,296
Investments	13		101		101
			<u>359,272</u>		<u>315,397</u>
Current assets					
Debtors	14	207,983		375,389	
Cash at bank and in hand		198,289		101,689	
		<u>406,272</u>		<u>477,078</u>	
Creditors: amounts falling due within one year	15	(30,737)		(20,417)	
Net current assets			<u>375,535</u>		<u>456,661</u>
Total assets less current liabilities			<u>734,807</u>		<u>772,058</u>
Income funds					
Restricted funds	18		373,819		424,332
Unrestricted funds:					
Designated funds	19		51,101		6,791
Other charitable funds			<u>309,887</u>		<u>340,935</u>
			<u>734,807</u>		<u>772,058</u>

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

The accounts were approved by the Board on 11-11-2015

S. D. Jaques

S Jaques
Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The results of the group include those of Hoy Energy Limited.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

1.2 Changes in accounting policies

The charity has adopted a change in the classification of donations received from its subsidiary, Hoy Energy Limited (HEL), a company.

In line with new guidance issued by UK accounting bodies in October 2014, the charity no longer recognises such receipts as voluntary income; they are now recognised as investment income. The adoption of this guidance represents a change in accounting policy.

Donations received from HEL during the year have been recognised in line with the new accounting policy. The effect of the change in policy is to reduce voluntary income and increase investment income by £73,400 (2014: £40,000). There is no impact on net funds reported in either period.

This change in accounting policy does not affect the consolidated accounts.

1.3 Incoming resources

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.

Income from grants is included in incoming resources when receivable, except when donors specify that grants given to the charity must be used in future accounting periods, the income is deferred until those periods.

Investment income, including donations from wholly owned subsidiaries, is recognised as incoming resources when receivable.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Resources expended

Expenditure is included in resources expended on an accruals basis, inclusive of any VAT that cannot be recovered.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of fundraising events.

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.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.6 Tangible fixed assets and depreciation

Expenditure on fixed assets held for ongoing use by the charity is capitalised and depreciated over the life of each asset. Tangible fixed assets other than freehold land 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:

Freehold land is not depreciated

Freehold buildings

Plant & machinery

2 - 5% straight line

5% straight line (wind turbines); 25% reducing balance (other plant)

Fixtures, fittings & equipment

Motor vehicles

20 - 33% straight line

20% reducing balance

1.7 Investments

Fixed asset investments are stated at historic cost.

1.8 Deferred taxation

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.

1.9 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

1.10 Accumulated funds

Unrestricted funds are available for use at the discretion of the members in furtherance of the general objectives of the charity.

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.

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.

1.11 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.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

2 Voluntary income - group

	Unrestricted funds	Designated funds	Restricted funds	Total 2015	Total 2014 as restated
	£	£	£	£	£
Incoming resources from generated	515,093	-	-	515,093	494,374
Donations and gifts	1,877	290	-	2,167	226,701
Legacies receivable	-	-	4,762	4,762	-
Grants receivable for core activities	1,907	-	182,304	184,211	346,805
	<u>518,877</u>	<u>290</u>	<u>187,066</u>	<u>706,233</u>	<u>1,067,880</u>

Generated funds

Unrestricted funds:

Income generated from subsidiary

515,093 494,374

515,093 494,374

Voluntary income - charity

	Unrestricted funds	Designated funds	Restricted funds	Total 2015	Total 2014 as restated
	£	£	£	£	£
Donations and gifts	1,877	290	-	2,167	226,701
Legacies receivable	-	-	4,762	4,762	-
Grants receivable for core activities	1,907	-	182,304	184,211	346,805
	<u>3,784</u>	<u>290</u>	<u>187,066</u>	<u>191,140</u>	<u>573,506</u>

Donations and gifts

Unrestricted funds:

Donations

1,877 212,000

1,877 212,000

Designated funds:

Donations

290 -

290 -

Restricted funds:

Donations and gifts

- 14,701

- 14,701

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

2 (cont.) Voluntary income - charity

Grants receivable include amounts received from Big Lottery Fund totalling £48,603 (2014: £152,090).

	Total 2015 £	Total 2014 £
Grants receivable for core activities		
Unrestricted funds:		
Orkney Islands Council/ Leader	1,500	2,500
Development Trusts Association Scotland Grant	407	297
	<u>1,907</u>	<u>2,797</u>
Restricted funds:		
Community bus	52,380	46,155
Admin & finance officer/ community devt officer	-	22,881
Arctic convoy memorial	652	6,975
Big Lottery - community hall ("YM")	-	100,174
Big Lottery - affordable warmth	-	9,760
Community generators	-	426
CCF - fuel poverty reduction	70,913	40,063
Leader - community hall ("YM")	(2,208)	65,160
Electric cars	-	21,234
Heritage graduate placement	8,314	18,148
YM operation	-	600
Big Lottery - office	-	12,000
HIE - project manager	24,158	-
Community Council - youth	-	432
Big Lottery Fund - YM Phase 2	26,720	-
Community Council – YM operations	1,375	-
	<u>182,304</u>	<u>344,008</u>

3 Investment income - group

	Unrestricted funds £	Designated funds £	Total 2015 £	Total 2014 £
Rental income	-	-	-	-
Income from unlisted investments	-	-	-	-
Interest receivable	2,404	8	2,412	2,719
	<u>2,404</u>	<u>8</u>	<u>2,412</u>	<u>2,719</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

3 (cont.) Investment Income - charity

	Unrestricted funds	Designated funds	Total 2015	Total 2014 as restated
	£	£	£	£
Rental income	5,000	-	5,000	5,000
Income from unlisted investments	78,207	-	78,207	44,405
Interest receivable	-	8	8	5
	<u>83,207</u>	<u>8</u>	<u>83,215</u>	<u>49,410</u>

4 Incoming resources from charitable activities – group and charity

	Designated funds	Restricted funds	Total 2015	Total 2014
	£	£	£	£
Fundraising	4,971	-	4,971	2,281
Hall hire	1,487	-	1,487	582
Bus income	-	8,038	8,038	5,850
	<u>6,458</u>	<u>8,038</u>	<u>14,496</u>	<u>8,713</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

5 Total resources expended - group

	Staff costs £	Depreciation £	Other costs £	Grant funding £	Total 2015 £	Total 2014 £
Charitable activities						
<u>Community activities</u>						
Activities undertaken directly	75,365	17,814	94,098	-	187,277	156,452
Grant funding of activities	-	-	-	16,917	16,917	15,681
Support costs	13,494	80,785	34,613	-	128,892	24,669
Total	88,859	98,599	128,711	16,917	333,086	196,802
<u>Generated funds</u>						
Direct costs – subsidiary company	-	71,215	141,781	-	212,996	188,602
Support costs – subsidiary company	44,022	280	29,403	-	73,705	61,630
Total	44,022	71,495	171,184	-	286,701	250,232
Governance costs	-	-	10,702	-	10,702	10,875
	132,881	170,094	310,597	16,917	630,489	457,909

Governance costs include payments to the auditor of £4,800 (2014: £6,200) for audit work, and £5,802 (2014: £4,675) for accounts preparation and other services.

Total resources expended - charity

	Staff costs £	Depreciation £	Other costs £	Grant funding £	Total 2015 £	Total 2014 £
Charitable activities						
<u>Community activities</u>						
Activities undertaken directly	75,365	17,814	94,098	-	187,277	156,452
Grant funding of activities	-	-	-	16,917	16,917	15,681
Support costs	13,494	80,785	34,613	-	128,892	24,669
Total	88,859	98,599	128,711	16,917	333,086	196,802
Governance costs	-	-	5,424	-	5,424	7,360
	88,859	98,599	134,135	16,917	338,510	204,162

Governance costs include payments to the auditor of £3,500 (2014: £5,000) for audit work, and £1,924 (2014: £2,360) for accounts preparation and other services.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

6	Taxation			2015	2014
				£	£
	Domestic current year tax				
	U.K. corporation tax			20,273	15,421
	Adjustment for prior years			(14,480)	-
	Total current tax			5,793	15,421
	Deferred tax				
	Origination and reversal of timing differences			22,819	23,516
				28,612	38,937
7	Activities undertaken directly – group and charity			2015	2014
				£	£
	Other costs relating to Community activities comprise:				
	Fundraising expenses			4,855	745
	Bus running costs			18,309	14,929
	Other costs			70,934	55,641
				94,098	71,315
8	Grants payable – group and charity				
		Unrestricted funds	Restricted funds	Total 2015	Total 2014
		£	£	£	£
	Grants to institutions - 9 grants (2014: 7 grants):				
	Friends of Hoy Kirk	5,432	-	5,432	-
	Arctic Convoy	1,950	-	1,950	-
	Hoy Trust	-	1,000	1,000	-
	North Walls School	495	-	495	900
	Hoy Half Marathon	480	-	480	4,348
	North Walls Youth Club	-	-	-	1,232
	Longhope Lifeboat	-	-	-	5,100
	Summer Activities	-	-	-	1,848
	Hoy Centre	-	-	-	2,000
	Other	775	35	810	253
		9,132	1,035	10,167	15,681
	Grants to individuals (20 grants)	6,750	-	6,750	-
		15,882	1,035	16,917	15,681

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

8 (cont.) Grants payable – group and charity

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, 20 training bursaries totalling £6,750 (2014: no bursaries) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.

During the year, the Trust authorised grants for which the conditions were not met until after the year end. At the balance sheet date, the Trust had committed to grants of up to £4,130 to individuals, and £10,864 to institutions.

Payment of these grants will be made in future periods once the relevant conditions are met by the respective applicant.

9 Support costs

	Group		Charity	
	£	£	£	£
Overheads	64,016	34,066	34,613	9,741
Staff costs	57,516	50,601	13,494	13,717
Depreciation	81,065	1,632	80,785	1,211
	<u>202,597</u>	<u>86,299</u>	<u>128,892</u>	<u>24,669</u>

10 Directors

None of the directors (or any persons connected with them) received any remuneration during the year from the charity. However, two directors of the charity did receive remuneration from the subsidiary company totalling £4,000 (2014: two directors received £4,000).

During the year, no directors' were reimbursed for expenses incurred in the course of their duties (2014: no directors).

11 Employees

Number of Employees

The average monthly number of employees during the year was:

	Group		Charity	
	2015	2014	2015	2014
	Number	Number	Number	Number
Engaged in direct charitable activities	4	3	4	3
Engaged in subsidiary operating activities	2	2	-	-
	<u>6</u>	<u>5</u>	<u>4</u>	<u>3</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

11 (cont.) Employee costs	Group		Charity	
	2015 £	2014 £	2015 £	2014 £
Wages and salaries	128,230	107,785	85,355	72,799
Social Security costs	4,651	6,473	3,504	4,575
	<u>132,881</u>	<u>114,258</u>	<u>88,859</u>	<u>77,374</u>

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

12 Tangible fixed assets - group	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2014	246,375	1,421,630	14,745	96,240	1,778,990
Additions	114,374	-	28,099	-	142,473
Disposals	-	(333)	-	-	(333)
At 31 March 2015	360,749	1,421,297	42,844	96,240	1,921,130
Depreciation					
At 1 April 2014	-	210,667	6,746	38,494	255,907
On disposals	-	(193)	-	-	(193)
Charge for the year	80,648	71,683	9,291	8,471	170,093
At 31 March 2015	80,648	282,157	16,037	46,965	425,807
Net book value					
At 31 March 2015	280,101	1,139,140	26,807	49,275	1,495,323
At 31 March 2014	246,375	1,210,963	7,999	57,746	1,523,083

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

12 (cont.) Tangible fixed assets - charity

	Land and buildings	Wind Turbine	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2014	246,375	3,740	14,745	96,240	361,100
Additions	114,374	-	28,099	-	142,473
At 31 March 2015	360,749	3,740	42,844	96,240	503,573
Depreciation					
At 1 April 2014	-	564	6,746	38,494	45,804
Charge for the year	80,648	188	9,291	8,471	98,598
At 31 March 2015	80,648	752	16,037	46,965	144,402
Net book value					
At 31 March 2015	280,101	2,988	26,807	49,275	359,171
At 31 March 2014	246,375	3,176	7,999	57,746	315,296

Following the completion of a building extension during the year, land and building assets were revalued by a third party surveyor. The valuation indicated that the realisable value of the property was £250,000. Consequently, additional depreciation was recognised in accordance with UK GAAP.

13 Fixed asset investments

	Investment in subsidiary companies £
Historical cost:	
At 31 March 2015	101
At 31 March 2014	101

Investments are shown at historic cost because, in the opinion of the trustees, the costs of obtaining meaningful market valuations outweigh the benefit to users of the accounts. The investments are held for income rather than resale.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

13 (cont.) Fixed asset investments

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Hoy Energy Limited	Scotland	Ordinary	100
Hoy and Walls Community Transport Ltd	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principle Activities	Capital and reserves	Profit/(loss) for the year
		£	£
Hoy Energy Limited	Renewable energy production	306,278	187,099
Hoy and Walls Community Transport Ltd	Dormant	1	-

14 Debtors

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Amounts owed by group undertakings	-	-	156,658	164,352
Trade debtors	16,384	59,644	1,850	-
Other debtors	264,992	264,163	44,776	193,961
Prepayments and accrued income	4,699	17,076	4,699	17,076
	<u>286,075</u>	<u>340,883</u>	<u>207,983</u>	<u>375,389</u>
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due after more than one year and included in the debtors above are:				
Amounts owed by group undertakings	-	-	138,354	145,711

Other debtors include grants receivable of £44,122 (2014: £193,346).

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

15 Creditors: amounts falling due within one year

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	80,972	75,705	-	-
Trade creditors	-	266	-	-
Taxes and social security costs	24,218	29,673	1,713	1,197
Other creditors	17,409	5,708	8,320	2,848
Accruals	10,161	6,608	10,161	6,608
Deferred income	10,543	9,764	10,543	9,764
	<u>143,303</u>	<u>127,724</u>	<u>30,737</u>	<u>20,417</u>

Deferred income includes a proportion of grants awarded as follows:

- Scottish Natural Heritage, in respect of the south isles ranger £3,554 (2014: £3,554), and;
- Highlands and Islands Enterprise, in respect of the project manager £6,989 (2014: £6,210).

16 Creditors: amounts falling due after more than one year

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Bank loans				
Bank loans	1,319,982	1,400,969	-	-
	<u>1,319,982</u>	<u>1,400,969</u>	<u>-</u>	<u>-</u>
Analysis of loans				
Not wholly repayable within five years by instalments	1,400,954	1,476,674	-	-
Included in current liabilities	(80,972)	(75,705)	-	-
	<u>1,319,982</u>	<u>1,400,969</u>	<u>-</u>	<u>-</u>
Instalments not due within five years	935,701	1,041,685	-	-

The subsidiary company 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 charity, as security for all sums advanced by the bank.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

17 Provisions for liabilities - group

	Deferred tax liability	Decommissioning	Total
	£	£	£
Balance at 1 April 2014	33,474	15,000	48,474
Profit and loss account	22,819	-	22,819
Balance at 31 March 2015	56,293	15,000	71,293

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

The provision of £56,293 (2014: £33,374) for deferred tax related to accelerated capital allowances.

18 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 1 April 2014	Incoming resources	Resources expended	Transfers	Balance at 31 March 2015
	£	£	£	£	£
Arctic convoy memorial	10,628	652	(398)	1,146	12,028
CCF - fuel poverty reduction	-	70,913	(70,913)	-	-
Big Lottery - community bus	101,430	21,883	(58,798)	5,000	69,515
Community Hall	167,626	(2,208)	(6,288)	(16,175)	142,955
Electric vehicles	10,574	-	(11,806)	2,125	893
Big Lottery - community outcomes	92,955	-	(144)	(8,315)	84,496
Big Lottery - office	11,712	-	(5,679)	-	6,033
Big Lottery - affordable warmth	6,692	-	(1,383)	-	5,309
Big Lottery - YM phase 2	-	26,720	(2,340)	12,628	37,008
BSOG	-	38,535	-	(38,535)	-
Project manager	-	24,158	(24,230)	72	-
YM Operation	13,132	6,137	(7,721)	-	11,548
Other funds	9,583	8,314	(15,739)	1,876	4,034
	424,332	195,104	(205,439)	(40,178)	373,819

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

18 (cont.) Restricted funds

Big Lottery - community outcomes - this fund exists to promote the charitable objectives of the Trust, as laid out in the directors report.

Big Lottery - community bus - this is a BLF fund 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 will be incurred in May 2015, from which point the fund's value will solely comprise of the net book value of the respective fixed assets.

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 2015.

Big Lottery - affordable warmth (AWSS) - this was fully funded by the Big Lottery Fund and was the pre-stage to the current climate challenge fund project.

Electric vehicles - the contract is for two years funded by Community Energy Scotland, and will come to an end in April 2015. One vehicle is used within Hoy Energy Limited due to the nature of the various tests that the manufacturers require to be performed, the other is with has been used by various members of the community along with Trust employees (this has helped reduce mileage claims significantly). Data has to be kept and reported back to the manufacturers as a condition of the grant.

CCF - fuel poverty reduction - This project was the next phase after the AWSS scheme. Its purpose was to help to reduce fuel poverty on the island. This phase provided a free energy survey for every domestic property on the island carried out by a qualified assessor and then entered into the register. Without this survey, households did not have access to the relevant grants. In addition to carrying out the survey, help was also available to apply for grants. The project ended in March 2015 having reached its targets, the final report and claim have been submitted to and accepted by the grant body.

Community Hall - this fund represents the South Walls and Brims Community Hall extension project, and includes income from the BLF and HIE Leader programme. The main build was completed during the year within budget and was part of the BLF and HIE Leader outcomes. There are still some capital funds in hand from BLF that will be spent and claimed before the deadline of 31 January 2016. The Leader side of this project was closed during the year, with final grant claims submitted and received.

BLF YM Phase 2 (RF) – This fund is part of the main BLF funding and is the next stage of the 'Community Hall' fund, above. A car park will be extended in year ended 31 March 2016. With the remainder of the funds available it is intended to carry out further works on the community hall (as this is part of the overall BLF outcomes). Work is currently ongoing to obtain quotes and costs of the project. The deadline for this funding is 31 January 2016.

Big Lottery - office - This is currently funded by BLF to a total spend allowable of £12,000, thereafter the Trust will need to find funds to continue with the office facility. The aim is to provide a central point for the Trusts operations and also to provide a central point for members of the community to drop in to. The remaining BLF funding will be used in the year ended 31 March 2016.

Project Manager – This post was part funded by HIE at 90% for the first twelve months and 60% for the second twelve months which runs to 31 March 2016.

Bus Service Operators Grant (BSOG) – This funding was achieved through Transport Scotland for the ongoing operation of the community bus. It is based on mileage and the mileage records require audit prior to being submitted to Transport Scotland. The balance of the fund was transferred to unrestricted reserves at the year end, as agreed with Transport Scotland.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

19 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 1 April 2014	Incoming resources	Resources expended	Transfers	Balance at 31 March 2015
	£	£	£	£	£
Blether	21	-	(21)	-	-
Homecare	4,820	-	(2,600)	-	2,220
Arctic Convoy	1,950	-	-	(1,950)	-
Operating reserve	-	-	-	28,125	28,125
Priority projects	-	-	-	14,000	14,000
YM operation	-	6,756	-	-	6,756
	<u>6,791</u>	<u>6,756</u>	<u>(2,621)</u>	<u>40,175</u>	<u>51,101</u>

Blether – This fund was designated to cover the cost of the ink for producing the “Blether” which is the island newsletter. Final expenditure on this fund was in December 2014, it was decided by the board that the costs for the Blether into the future would be budgeted for in unrestricted core costs.

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 £2600, 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 of £2,220 remain designated for the homecare purpose.

Arctic Convoy Memorial – this is an ongoing project to complete the memorial for sailors of the Arctic Convoy. This project is part funded by an OIC grant, and part funded through the Community Fund. The funding relating to the OIC is under a restricted fund, whilst the funding from the Community Fund is designated as match funding to the project. Work is still to be carried out at the memorial, the current deadline for the OIC grant is the 9th October 2016. The transfer during the year was in respect of project expenditure incurred from unrestricted funds.

Operating Reserve – This fund was agreed on and set up by the board as a 12 month core operating reserve for the Trust. Minutes of the March 2015 board meeting confirm the Directors' agreement to the designation of these funds.

Priority Projects - At the same board meeting as the Operating Reserve, this fund was agreed on and set up by the board as a support for the Trusts priority projects should it be needed.

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.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

20 Analysis of net assets between funds - group

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 31 March 2015 are represented by:				
Tangible fixed assets	1,269,386	-	225,937	1,495,323
Investments	1	-	-	1
Current assets	857,152	51,101	171,986	1,080,239
Creditors: amounts falling due within one year	(119,199)	-	(24,104)	(143,303)
Creditors: amounts falling due after more than one year	(1,319,982)	-	-	(1,319,982)
Provisions for liabilities	(71,293)	-	-	(71,293)
	<u>616,065</u>	<u>51,101</u>	<u>373,819</u>	<u>1,040,985</u>

Analysis of net assets between funds - charity

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 31 March 2015 are represented by:				
Tangible fixed assets	133,234	-	225,937	359,171
Investments	101	-	-	101
Current assets	183,185	51,101	171,986	406,272
Creditors: amounts falling due within one year	(6,633)	-	(24,104)	(30,737)
	<u>309,887</u>	<u>51,101</u>	<u>373,819</u>	<u>734,807</u>

THE ISLAND OF HOY DEVELOPMENT TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

21 Commitments under operating leases – group and charity

At 31 March 2015 the charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within one year	1,192	1,192	791	-
Between two and five years	-	-	-	11,475
	1,192	1,192	791	11,475

The Trust leases the Revenge Naval Hall for office accommodation. The other operating lease commitment refers to the Trust's obligation in respect of the leased electric car.

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.

22 Capital commitments – group and charity

	2015	2014
	£	£
At 31 March 2015 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	-	69,874

23 Related parties

Incoming resources from trading activities includes amounts totalling £12,408 (2014: £6,880) charged to Catalyst, a business owned by Mr B Clegg, a director in Hoy Energy Limited.

Costs of generating funds includes amounts totalling £895 (2014: £604) charged by Catalyst for administrative services provided to the charity.

Voluntary income includes amounts totalling £33,483 (2014: £nil) charged to Catalyst in respect of the Demand Side Management project. Costs of generating funds includes £70,913 (2014: £41,950) in respect of amounts charged by Catalyst in connection with the same project.

At the balance sheet date, debtors included £556 (2014: £nil) due from Catalyst, and creditors due within one year included £3,175 (2014: £nil) due to Catalyst. All transactions between the group and Catalyst were on normal commercial terms.

The charity is controlled by the directors.

Advantage has been taken of the FRS 8 exemption from disclosure of intra group transactions with the fully owned subsidiary Hoy Energy Limited.

24 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 auditors to assist with the preparation of the accounts.