

Charity registration number SC038909 (Scotland)

Company registration number SC306586 (Scotland)

THE ISLAND OF HOY DEVELOPMENT TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

THE ISLAND OF HOY DEVELOPMENT TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	C Bolton	(Appointed 12 May 2021)
	M Collop	
	M Cossar	
	K Dobney	
	A Dobrzynski	(Appointed 16 June 2022)
	P Hall	
	S Jaques	
	S Johnston	
	A Sinclair	(Appointed 1 November 2021)
	K Sinclair	(Appointed 11 May 2022)
	J Traynor	
Charity number (Scotland)	SC038909	
Company number	SC306586	
Registered office	Revenge, 1 Naval Hall Longhope Stromness Orkney KW16 3PG	
Auditor	A.J.B. Scholes Limited 8 Albert Street Kirkwall Orkney KW15 1HP	
Bankers	Bank of Scotland 56 Albert Street Kirkwall Orkney KW15 1HJ	
	Royal Bank of Scotland 1 Victoria Street Kirkwall Orkney KW15 1DP	
	Nationwide Building Society PO Box 3 5-11 St. Georges Street Douglas Isle of Man IM99 1AS	

THE ISLAND OF HOY DEVELOPMENT TRUST

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THE ISLAND OF HOY DEVELOPMENT TRUST

DIRECTORS' REPORT (INCLUDING TRUSTEES' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

The accounts have been prepared in accordance with the accounting policies set out in note 2 to the accounts and comply with the charity's memorandum and articles of association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective from 1 January 2019)

Objectives and activities

The charity's objectives, as more fully detailed in its articles of association, are as follows:

- Manage community land and associated assets for the benefit of the community of the Island of Hoy ("the community") and the public in general;
- Provide - in the interests of social welfare - facilities within the community for recreation and other leisure time occupation;
- Advance education and, in particular, promote opportunities for learning for the benefit of the general public;
- Advance education through promotion of the arts
- Preserve, restore and improve the environment through the provision of public open space and other public amenities;
- Provide housing for people in necessitous circumstances within the community;
- 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
- Promote grass roots community involvement

Our objectives for this financial year were again limited by the continued impact of the Covid pandemic, although with the easing of restrictions, some of our activities were able to restart and facilities were reopened, albeit with some restrictions reintroduced for a short period at the end of 2021. Outlined below is what we had planned to achieve in the year ending 31st March 2022.

Community Fund

- To maintain good financial and risk management procedures to ensure that the funds can continue to operate successfully.
- To continue to encourage the community to apply for grants from the various community funds and continue to review the criteria and application process to ensure that it remains fit for purpose and is as community friendly as possible.
- To investigate introducing a fund to help some of our island groups recover after Covid 19 restrictions are lifted.

Community Hall

- To support the new Project Development Officer (PDO) to implement all the necessary health and safety procedures and policies, and risk assessments to ensure the Community Hall is fit for purpose and Covid 19 compliant.
- To support the PDO to engage with the community and to investigate all options available to establish a new management group for the Community Hall.

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2022

Community Bus Service

- To continue to source funding to keep the bus service operating.
- To work to increase the bus service's usage through greater promotion and the creation of a new dedicated website.
- To work to expand the service using smaller electric vehicles.
- To continue to seek funds to enhance the service with the purchase of a fully electric minibus.

Health and Wellbeing

- To continue to provide financial, administrative, and practical support to the Enhancing Wellbeing project and the Health and Wellbeing Coordinator.
- To use knowledge acquired during the pandemic to increase support to where it is most needed.
- To seek further funding to expand the activities of the coordinator.

Youth, Leisure, and Heritage

- To continue to support the Heritage project and consult with stakeholders to forward our heritage development plans.
- To progress the plans for the Longhope Playpark and support the subgroup with developing their ideas and advertising for a project manager.

Trust Structure and Development plan

- To continue to review the Trust's operations and ensure that the organisation is working effectively and will continue to review the current staffing structure and the welfare of its employees.
- To reflect on experiences of 2020 to identify areas that need improving or developing so that the organisation can adapt and be resilient under all circumstances
- To progress the work of the Community Action Planning Group and revise the development plan with a view to relaunching the development plan.

Achievements and performance

Community Funds: A few applications were made to the main Community fund despite Covid-19 restrictions still limiting the activities of community groups. As in previous years, two groups, the Friends of the Hoy Kirk and the Longhope Lifeboat Museum Trust requested funding for the continued employment of staff. Applications were also received from North Walls school for support for a school trip and the new management group, YM Empower to enable them to set up an operations fund. In total, £18,900 was awarded.

Interest in the Training and Learning Fund (TLF) remained high, with 23 individuals applying into the fund. The Trust awarded a total of £11,511 to members of the community to undertake a varied range of activities. These included amongst other things, piano/music lessons, vocational qualifications, agricultural training/experience, driving lessons, help towards university studies and a dance workshop. The training and learning fund enables island residents to gain qualifications, secure job opportunities and also undertaken recreational activities.

Applications to the event support fund were scarce as Covid 19 restrictions persisted until January 2022. Two groups did apply for support, the Gable End Theatre, and the Rural Youth project, together awarded a total of £1500.

Community Hall: The YM Community Hall was able to start operating again as the Covid-19 restrictions eased, although it was closed for a short period in December 2021 and January 2022 following an increase in the number of local Covid-19 infections. It was a very positive step to welcome back some of the groups who had previously used the facility and as social interaction continues to increase it is hoped that more groups will come forward to restart old activities or create new ones.

The Trust funded an extension to the temporary Project Development Officer post until 31st January 2022. During his time in this role Kieran Sinclair's commitment to the future of this Community asset ensured that a successful bid was submitted to the Islands Community Fund. The Trust was awarded £99,436.00 to allow investment to create a Community Café/Brunch Bar and an IT Hub. Work on the installation of new kitchen equipment and IT equipment and outdoor seating began in January 2021 and is expected to be completed by the end of May 2022. The Trust will be contributing funds to complete this installation work and providing further funding to extend the contract of the part-time cleaner/caretaker until 31st March 2022.

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2022

Working with VAO, the Project Development Officer was also able to identify a group of people who were supportive of plans to establish a new charity and be initially named as Trustees to take over the running of the YM Hall. The new SCIO, YM Empower, was registered with OSCR on the 5th January 2022 and work will now move forward to establish a new management team and Office Bearers. The plan is that YM Empower will become a tenant of the Trust and take over the day-to-day management of the YM Community Hall once a lease agreement has been finalised and agreed by both parties.

Community bus: Despite on-going covid restrictions for much of this financial year, the Community bus service continued to operate with minimal disruption. However, the mid-week service to Hoy has not yet resumed, a result of maintenance issues with the vehicles and problems with driver availability. Additional safety measures, introduced when Covid restrictions were tighter, were continued into 2022 for the safety of the community. Although passenger numbers increased, they did not return to pre-covid numbers, with some members of the community still unsure about travelling and visiting public places.

The funding required for running the service was provided by the Trust from the turbine fund, together with continued assistance from Transport Scotland's Covid Support grant. Additionally, in April 2021, the Trust was awarded a contract by Orkney Islands Council (OIC) to operate a one day per week public bus service on the island, to begin in August 2021. This, together with another small grant awarded from OIC's Community Transport Grant Scheme, contributed funds to keep the service operational.

The two electric people carriers continue to be used by the Trust for the delivery of prescriptions and helping elderly or those with mobility restrictions to attend appointments at the hospital in Kirkwall. One also supports renewable energy projects being undertaken by Hoy Energy Limited on behalf of the Trust. The use of the EVs was monitored by Community Energy Scotland as part of the ReFlex project. With covid restrictions on-going, other plans for their use remain on hold.

Although a pilot scheme was launched in mid-2021 to enable Community Transport groups to purchase Electric minibuses, the number of organisations involved was limited and the Trust did not pursue this. However, a second round of this grant later in 2022 appears to be highly likely.

Youth, Leisure, and Heritage: The development of the Longhope Playpark has again progressed little. The lease with OIC remains unsigned, in part because of negotiations with the OIC concerning the general state of disrepair of the playpark and because of the presence of equipment and a container relating to a maintenance contract being undertaken at the council's housing scheme. A lack of human resources to engage with the project was also an issue.

Enhancing Health & Wellbeing: The ongoing impact of the Covid pandemic on the wellbeing of members of our community has been evident both in terms of the financial impact but also on social isolation impacting on mental health and wellbeing. For people who have moved to Hoy and Walls during the pandemic it has been difficult to establish links with others in the community as many of the previous activities are yet to get re-established. There is also a nervousness amongst some residents of mixing in larger groups while there is still a risk of infection. Our Wellbeing Coordinator has continued to provide a high level of support to residents both in terms of one-to-one advice and support, and in enlisting the help of other organisations on mainland Orkney. The primary reason for support remains financial (63%), followed by health issues (33%) and social issues (4%).

The current funding for the Wellbeing Project ends on 31st March 2022 but Voluntary Action Orkney (VAO) have been able to announce that they were successful in their funding bids to extend the project to 31st March 2024.

A bid was submitted to the Healthy Islands Fund to pay for the construction of a large shed that would allow an Upcycling Project to be established similar to the model used for Men's Sheds. Unfortunately, this bid was unsuccessful, but funding was secured from VAO that will allow our Wellbeing Coordinator to progress her planned projects. These are firstly a chair-based exercise group to support people maintain or regain levels of fitness and improve balance. This type of exercise is known to improve fall prevention. The second group will be a discussion/activity group to support those experiencing issues related to social isolation.

Digital Connectivity: As stated many times in previous reports, poor connectivity issues have disadvantaged groups and residents on the island. The Scottish Government has still failed to provide any adequate and/or affordable options to address this serious and long-standing problem. The Trust will continue to consult with the Community Council, the local MSP, and other relevant organisations to push for a solution.

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2022

Community Engagement and Development plan: The scheduled launch of the draft island development plan was cancelled by lockdown in March 2020. Although attempts were made to bring this project to the fore, restrictions in December 2021 and January 2022 delayed the final consultation for a second time. With plans to apply for funding for a Community Development officer, it is hoped that the postholder will be able to progress the plan later in 2022.

Trust Structure: The Trust continues to review its operations to improve the effectiveness of the organisation. Several new directors joined the board providing new impetus and ideas. With the resumption of activities following the covid pandemic, it became increasingly apparent that some of the Trust's projects and initiatives were becoming difficult to deliver, particularly with the increased pressure of setting up a new management group for the Community Hall. As such, it was decided to apply for funds from the Big Lottery to enable the Trust to employ a dedicated community development officer (CDO). In December 2021, the Trust applied for the funding and in February 2022, were awarded funds to employ a CDO for 2 years. It is hoped that the postholder will be able to progress some of the projects that have stalled because of covid.

Investment performance

Hoy Energy Ltd - summary report for financial year ending March 2022:

Overall turbine reliability was poor, with Enercon availability for the year showing 96.42%, our second worst year – the SCADA data also shows that the year had an average wind speed of 7.0m/s, the lowest since the project went live in 2011, but crucially the low wind levels of 2021 disappeared and in January of 2022 were replaced by strong regular winds, but a recurring sensor fault meant 20 days of that month were lost waiting for an Enercon response – the accounts simply translated this reduced generation level into an unavoidably low turnover figure.

Ultimately, we created a pre-tax profit of £129k on a turnover of £375k, compared to £168k on a turnover of £411k in the previous year. The fall in turnover reflects the lower levels of generation compared to the prior year, but also a drop in the export rate during this period, to an average rate of approx. 4.6p per kWh from an average rate of 5.7p in the previous year.

Operating costs totalled £202k, compared to £194k in the previous year, with this increase being due essentially to economic inflation rather than any change in spending patterns.

Finance costs totalled £45k, compared to £50k in the previous year, a reduction due to interest charges continuing to fall as the loan balances diminish.

Corporation tax calculations for the year's trading show this exposure to be £21,314.20, although this will be extinguished by a donation of £112,180.00 to the IoHDT before December 31st 2022.

Financial review

The charity had total incoming resources of £423,527 (2021: £217,600) and total resources expended of £245,574 (2021: £238,999), giving net surplus for the year of £177,953 (2021: deficit of £21,399). Total funds as at the balance sheet date amounted to £893,858 (2021: £715,905), split between unrestricted reserves of £811,022 (2021: £694,668) and restricted reserves of £82,836 (2021: £21,237).

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 ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2022

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

Good financial and risk management procedures are key to maintaining the Trust's resilience. Given the current fluctuating economic situation, the Trust will be monitoring finances to ensure it maintains its ability to adapt under challenging circumstances and to keep the organisation running smoothly.

The Community funds support both individuals and organisations within Hoy and Walls and the Trust intends to continue to promote these funds to support the aspirations of island residents and to keep community organisations operational.

With the advent of the new management group for the Community Hall, the Trust is committed to providing support and encouragement to the new group and to help them to achieve their aims to set up a community café and a youth hub and to increase the hall's usage.

The bus service will soon have been running for 10 years and the Trust are committed to its continuation. Once the new CDO is employed, the Trust would like to review the service, and work towards increasing the services to Hoy. The Trust would also like to promote the service more widely and create a new dedicated website which has been a wish for several years but has yet to be achieved. Additionally, the Trust will continue to seek funds to enhance the service with the purchase of a fully electric minibus.

The Trust will continue to provide support to the Wellbeing project which has proved to be so crucial to our island community in these tough times. There is an ever-increasing need for help for the more vulnerable members of the community and the Trust will endeavour to find funding to support this need.

As members of the Community Action Planning Group, the Trust has identified the island development plan as a priority for progression once the CDO is in post. The other project that has not progressed at all since 2020 is the Longhope playpark and this project will also need reviewing and consultation conducted with the community.

As in previous years, the Trust will continue to review its operations to ensure that the organisation is working effectively and will continue to review the current staffing structure and the welfare of its employees.

Structure, governance and management

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

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

C Bolton	(Appointed 12 May 2021)
M Collop	
M Cossar	
I Davidson	(Resigned 12 May 2021)
K Dempsey	(Resigned 12 May 2021)
K Dobney	
A Dobrzynski	(Appointed 16 June 2022)
P Hall	
S Jaques	
S Johnston	
H Seatter	(Resigned 12 May 2021)
A Sinclair	(Appointed 1 November 2021)
K Sinclair	(Appointed 11 May 2022)
E Train	(Resigned 11 May 2022)
J Traynor	

THE ISLAND OF HOY DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2022

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


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Director
Dated: 12/12/22
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THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2022

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 AND DIRECTORS OF THE ISLAND OF HOY DEVELOPMENT TRUST

Opinion

We have audited the financial statements of The Island of Hoy Development Trust (the parent) and its subsidiaries (the group) for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent's affairs as at 31 March 2022 and of the group's and parent's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the accounts* section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 35 to the accounts, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent or group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE ISLAND OF HOY DEVELOPMENT TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

THE ISLAND OF HOY DEVELOPMENT TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- . the nature of the industry and sector, and control environment;
- . results of our enquiries of management;
- . any matters we identified having obtained and reviewed the parent and group's documentation of their policies and procedures relating to:
 - . identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - . detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - . the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- . the matters discussed among the audit engagement team.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and irregularities. Income recognition was a key area of focus. In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the parent and group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, such as the UK Companies Act 2006, tax legislation, and relevant charities acts.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These include laws and regulations pertaining to public transport and employment.

In addition to the above, our procedures to respond to risks identified included the following:

- . reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- . enquiring of management concerning actual potential litigation and claims;
- . performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- . reading minutes of meetings of those charged with governance; and
- . in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE ISLAND OF HOY DEVELOPMENT TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

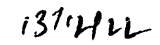
TO THE MEMBERS AND DIRECTORS OF THE ISLAND OF HOY DEVELOPMENT TRUST

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charity and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.


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

Chartered Accountants
Statutory Auditor


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8 Albert Street
Kirkwall
Orkney
KW15 1HP

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total Unrestricted funds 2022 £	Restricted funds 2021 £	Total 2021 £
	Notes					
<u>Income and endowments from:</u>						
Grants and donations	3	915	189,567	190,482	24,621	95,388
Charitable activities	4	54,113	-	54,113	47,602	47,602
Other trading activities	5	375,472	-	375,472	410,571	410,571
Investments	6	162	-	162	1,433	1,433
Other income	7	2,500	-	2,500	1,477	1,477
Total income		433,162	189,567	622,729	485,704	556,471
<u>Expenditure on:</u>						
Raising funds	8	238,995	-	238,995	236,074	236,074
Charitable activities	10	195,982	49,592	245,574	178,340	238,999
Total expenditure		434,977	49,592	484,569	414,414	475,073
Net income/(expenditure) for the year before transfers and tax		(1,815)	139,975	138,160	71,290	81,398
Gross transfers between funds	26	78,376	(78,376)	-	3,183	-
Net income/(expenditure) for the year before tax		76,561	61,599	138,160	74,473	81,398
Taxation	16	(2,400)	-	(2,400)	(19,675)	(19,675)
Other recognised gains and losses	17	16,037	-	16,037	6,960	6,960
Net movement in funds		90,198	61,599	151,797	61,758	68,683
Fund balances at 1 April 2021		1,351,440	21,237	1,372,677	1,289,682	1,303,994
Fund balances at 31 March 2022		1,441,638	82,836	1,524,474	1,351,440	1,372,677

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 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total Unrestricted funds 2022 £	Restricted funds 2021 £	Total 2021 £
	Notes					
<u>Income and endowments from:</u>						
Grants and donations	3	915	189,567	190,482	24,621	95,388
Charitable activities	4	54,113	-	54,113	47,602	47,602
Other trading activities	5	77	-	77	-	-
Investments	6	176,355	-	176,355	73,133	73,133
Other income	7	2,500	-	2,500	1,477	1,477
Total income		233,960	189,567	423,527	146,833	217,600
<u>Expenditure on:</u>						
Charitable activities	10	195,982	49,592	245,574	178,340	238,999
Total expenditure		195,982	49,592	245,574	178,340	238,999
Net incoming/(outgoing) resources before transfers		37,978	139,975	177,953	(31,507)	(21,399)
Gross transfers between funds	26	78,376	(78,376)	-	3,183	-
Net income/(expenditure) for the year/						
Net movement in funds		116,354	61,599	177,953	(28,324)	(21,399)
Fund balances at 1 April 2021		694,668	21,237	715,905	722,992	737,304
Fund balances at 31 March 2022		811,022	82,836	893,858	694,668	715,905

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

All income and expenditure derive from continuing activities.

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

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	18		1,186,928		1,144,506
Current assets					
Debtors	21	212,830		146,376	
Cash at bank and in hand		1,060,948		1,119,837	
		<u>1,273,778</u>		<u>1,266,213</u>	
Creditors: amounts falling due within one year	22	<u>(214,844)</u>		<u>(205,322)</u>	
Net current assets			1,058,934		1,060,891
Total assets less current liabilities			2,245,862		2,205,397
Creditors: amounts falling due after more than one year	23		(572,390)		(721,775)
Provisions for liabilities	24		(148,998)		(110,945)
Net assets			<u>1,524,474</u>		<u>1,372,677</u>
Income funds					
Funds retained within subsidiary			630,616		656,772
Restricted funds	26		82,836		21,237
<u>Unrestricted funds</u>					
Designated funds	27	232,294		164,706	
General unrestricted funds		578,728		529,962	
			<u>811,022</u>		<u>694,668</u>
			<u>1,524,474</u>		<u>1,372,677</u>

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

The accounts were approved by the Directors on 25/11/22



Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	18		433,215		355,222
Investments	19		101		101
			<u>433,316</u>		<u>355,323</u>
Current assets					
Debtors falling due after one year	21	65,387		74,499	
Debtors falling due within one year	21	101,280		51,478	
Cash at bank and in hand		335,987		376,627	
		<u>502,654</u>		<u>502,604</u>	
Creditors: amounts falling due within one year	22	<u>(42,112)</u>		<u>(142,022)</u>	
Net current assets			<u>460,542</u>		<u>360,582</u>
Total assets less current liabilities			<u>893,858</u>		<u>715,905</u>
Income funds					
Restricted funds	26		82,836		21,237
<u>Unrestricted funds</u>					
Designated funds	27	232,294		164,706	
General unrestricted funds		<u>578,728</u>		<u>529,962</u>	
			<u>811,022</u>		<u>694,668</u>
			<u>893,858</u>		<u>715,905</u>

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

The accounts were approved by the Directors on 25/11/22



Director

Company Registration No. SC306586

THE ISLAND OF HOY DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	34		284,120		244,248
Taxes paid			-		(12,445)
Interest paid			(42,063)		(47,178)
			<u> </u>		<u> </u>
Net cash generated from operating activities			242,057		184,625
Investing activities					
Purchase of tangible fixed assets		(152,873)		(29,523)	
Proceeds on disposal of tangible fixed assets		625		23,215	
Interest received		162		1,433	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(152,086)		(4,875)
Financing activities					
Repayment of bank loans		(121,222)		(113,339)	
Payment of obligations under finance leases		(27,638)		(30,036)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(148,860)		(143,375)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(58,889)		36,375
Cash and cash equivalents at beginning of year			1,119,837		1,083,462
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>1,060,948</u>		<u>1,119,837</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	34		12,800		(53,457)
Investing activities					
Purchase of tangible fixed assets		(111,817)		(13,080)	
Proceeds on disposal of tangible fixed assets		625		23,215	
Repayment of investment loans and receivables		9,035		11,900	
Investment income		176,355		73,133	
Net cash generated from investing activities			74,198		95,168
Financing activities					
Repayment of borrowings		(100,000)		-	
Payment of obligations under finance leases		(27,638)		(30,036)	
Net cash used in financing activities			(127,638)		(30,036)
Net (decrease)/increase in cash and cash equivalents			(40,640)		11,675
Cash and cash equivalents at beginning of year			376,627		364,952
Cash and cash equivalents at end of year			<u>335,987</u>		<u>376,627</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2 Accounting policies

Charity information

The Island of Hoy Development Trust is a private company limited by guarantee incorporated in Scotland. The registered office is Revenge, 1 Naval Hall, Longhope, Stromness, Orkney, KW16 3PG.

2.1 Accounting convention

The accounts have been prepared in accordance with the charity's memorandum and articles of association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective from 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

2.2 Going concern

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

2.3 Charitable funds

Unrestricted funds are available for use at the discretion of the directors in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the directors for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

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

2.4 Incoming resources

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

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.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies

(Continued)

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

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

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

Income from other trading activities includes the fair value of the consideration received or receivable and represents amounts receivable for electricity produced and exported in the period and associated government subsidies, net of VAT.

2.5 Resources expended

Expenditure is included in resources expended on an accruals basis.

Costs of raising funds comprise the costs associated with attracting voluntary income, the costs of fundraising events, and the running costs incurred by non-charitable subsidiaries.

Charitable expenditure comprises those costs incurred in the delivery of the charity's activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

2.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, 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 the statement of financial activities.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies

(Continued)

2.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at cost less provisions for impairment.

Investments in subsidiaries are classed as fixed asset investments. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

2.8 Impairment of fixed assets

At each reporting period end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure).

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

2.9 Cash and cash equivalents

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

2.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including creditors and other payables are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

2.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in income/(expenditure) immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in income/expenditure depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies

(Continued)

Hedge accounting

The charity's subsidiary has designated certain hedging instruments, including derivatives, as cash flow hedges.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

2.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2.13 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Accounting policies

(Continued)

2.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.15 Retirement benefits

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

2.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

2.18 Distributions

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

2.19 Group Accounts

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

3 Grants and donations - group and charity

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Donations and gifts	15	-	15	100	-	100
Grants receivable for core activities	900	189,567	190,467	24,521	70,767	95,288
	<u>915</u>	<u>189,567</u>	<u>190,482</u>	<u>24,621</u>	<u>70,767</u>	<u>95,388</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Grants and donations - group and charity

(Continued)

Grants receivable for core activities - group and charity

Orkney Islands Council - community bus service	-	8,565	8,565	-	12,381	12,381
Corra Foundation - wellbeing fund	-	-	-	-	18,400	18,400
VAO - wellbeing co-ordinator	-	11,983	11,983	-	11,586	11,586
HIE - supporting communities fund	-	-	-	-	12,500	12,500
HIE - communities recovery fund	-	-	-	-	7,900	7,900
Foundation Scotland - community response and resilience fund	-	-	-	-	5,000	5,000
Orkney Islands Council - business support grant	-	-	-	11,000	-	11,000
Scottish Government - job retention scheme	-	-	-	4,121	-	4,121
Orkney Islands Council - business support grant (YM)	-	-	-	8,250	-	8,250
Inspiring Scotland - island communities fund	-	99,437	99,437	-	-	-
Cycling Scotland - bike shelter	-	12,580	12,580	-	-	-
Community Fund - Community Development	-	53,688	53,688	-	-	-
Other	900	3,314	4,214	1,150	3,000	4,150
	<u>900</u>	<u>189,567</u>	<u>190,467</u>	<u>24,521</u>	<u>70,767</u>	<u>95,288</u>

4 Charitable activities - group and charity

	Hall hire	Bus income	Total	Hall hire	Bus income	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Non-performance related income	890	14,363	15,253	636	4,612	5,248
Services provided under contract	-	29,568	29,568	-	33,145	33,145
Performance related grant income	-	9,292	9,292	-	9,209	9,209
	<u>890</u>	<u>53,223</u>	<u>54,113</u>	<u>636</u>	<u>46,966</u>	<u>47,602</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5	Other trading activities - group	2022	2021
		£	£
	Energy sales	375,395	410,571
	Fundraising events	77	-
		<u>375,472</u>	<u>410,571</u>
	Other trading activities - charity		
		2022	2021
		£	£
	Fundraising events	77	-
		<u>77</u>	<u>-</u>
6	Investments - group	2022	2021
		£	£
	Interest receivable	162	1,433
		<u>162</u>	<u>1,433</u>
	Investments - charity		
		2022	2021
		£	£
	Rental income	5,000	5,000
	Income from unlisted investments	168,361	65,000
	Interest receivable	2,994	3,133
		<u>176,355</u>	<u>73,133</u>
7	Other income - group and charity	2022	2021
		£	£
	Net gain on disposal of tangible fixed assets	-	1,477
	Insurance claims	2,500	-
		<u>2,500</u>	<u>1,477</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Raising funds - group and charity

The wholly owned trading subsidiary Hoy Energy Limited, is incorporated in the United Kingdom (company number SC365871) and distributes post-tax profits to the charity under the gift aid scheme. Hoy Energy Limited owns and operates a wind turbine situated on land leased to it by the charity. A summary of the trading results is shown below.

A summary of the financial performance of the trading subsidiary alone is:

	2022 £	2021 £
Turnover	375,395	410,571
Cost of sales and administration	(246,961)	(244,174)
Interest receivable	134	1,400
Net profit	128,568	167,797
Taxation	(2,400)	(19,675)
Other recognised gains and losses	16,037	6,960
Donations of profit gift aided to charity	(168,361)	(65,000)
Retained in subsidiary	(26,156)	90,082
Assets	1,613,483	1,753,074
Liabilities	(982,767)	(1,096,202)
Funds	630,716	656,872

Income and expenditure on raising funds in the consolidated SOFA includes the results of Hoy Energy Limited (HEL) excluding transactions with the charity and grant income receivable by HEL.

9 Description of charitable activities

Community benefit

Costs associated with supporting projects and grant applications that directly come under the charitable aims of the charity, including organising events (such as the Hoy Hoolie) and hire of the community hall. All grant funding of activities in the current and prior year were for the benefit of the community.

Bus service

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

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Charitable activities - group and charity

	Community benefit 2022 £	Bus service 2022 £	Total 2022 £	Community benefit 2021 £	Bus service 2021 £	Total 2021 £
Staff costs	32,462	43,599	76,061	36,801	31,962	68,763
Depreciation and impairment	7,254	17,436	24,690	2,061	36,435	38,496
Community events	10,958	-	10,958	15,020	-	15,020
Bus running costs	-	18,998	18,998	-	15,541	15,541
	<u>50,674</u>	<u>80,033</u>	<u>130,707</u>	<u>53,882</u>	<u>83,938</u>	<u>137,820</u>
Grant funding of activities (see note 12)	27,426	-	27,426	30,835	-	30,835
Share of support costs (see note 13)	48,110	31,879	79,989	37,656	24,755	62,411
Share of governance costs (see note 13)	4,698	2,754	7,452	5,156	2,777	7,933
	<u>130,908</u>	<u>114,666</u>	<u>245,574</u>	<u>127,529</u>	<u>111,470</u>	<u>238,999</u>
Analysis by fund						
Unrestricted funds	96,379	99,603	195,982	80,403	97,937	178,340
Restricted funds	34,529	15,063	49,592	47,126	13,533	60,659
	<u>130,908</u>	<u>114,666</u>	<u>245,574</u>	<u>127,529</u>	<u>111,470</u>	<u>238,999</u>

11 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 (2021: two directors received £4,000).

During the year, no directors were reimbursed for expenses incurred in the course of their duties (2021: no directors).

During the year, the charity paid grants to two trustees totalling £654 (2021: none).

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Grants payable - group and charity

	2022	2021
	£	£
Grants to institutions:		
YM Empower - continuity project	7,000	-
Hoy Kirk - employment	6,000	2,820
Gable End Theatre - Budapest Cafe	454	-
Longhope Lifeboat Museum - custodian	5,000	5,000
	<u>18,454</u>	<u>7,820</u>
Grants to individuals	8,972	23,015
	<u>27,426</u>	<u>30,835</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, 20 training bursaries totalling £8,672 (2021: 31 bursaries totalling £9,075) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.

During the year, the charity received funding to provide grants to families suffering financial hardship due to Covid-19. The charity awarded grants to three households and paid out £300 (2021: 27 households, £13,940 paid) in respect of those awards.

The charity awarded grants totalling £nil (2021: 7 grants totalling £500) from the Response Recovery and Resilience fund, which aims to support individuals and families in continuing financial need.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Support costs - group and charity

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Staff costs	40,630	-	40,630	25,242	-	25,242
Depreciation	8,509	-	8,509	6,984	-	6,984
Rent & rates	3,253	-	3,253	3,775	-	3,775
Insurance	9,362	-	9,362	9,652	-	9,652
Heat, light & power	3,561	-	3,561	2,619	-	2,619
Office costs	6,389	-	6,389	6,575	-	6,575
Travelling expenses	-	-	-	29	-	29
Sundry & subscriptions	2,124	-	2,124	2,009	-	2,009
Legal & professional fees	1,662	-	1,662	3,685	-	3,685
Repairs & renewals	4,499	-	4,499	1,841	-	1,841
Audit fees	-	6,960	6,960	-	6,620	6,620
Accountancy	-	475	475	-	1,296	1,296
Other governance costs	-	17	17	-	17	17
	<u>79,989</u>	<u>7,452</u>	<u>87,441</u>	<u>62,411</u>	<u>7,933</u>	<u>70,344</u>
Analysed between						
Charitable activities	<u>79,989</u>	<u>7,452</u>	<u>87,441</u>	<u>62,411</u>	<u>7,933</u>	<u>70,344</u>

14 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2022	2021
	£	£
Fees payable to the charity's auditor and its associates for the audit of the annual accounts:	5,650	5,400
Other services to the group - the audit of the charity's subsidiaries - included in expenditure on raising funds	6,830	6,195
Total audit fees	<u>12,480</u>	<u>11,595</u>
Non-audit services - charity All other non-audit services	598	1,411

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Employees

Number of employees

The average monthly number of employees during the year was:

	Group 2022 Number	Group 2021 Number	Charity 2022 Number	Charity 2021 Number
Administration	4	3	4	3
Direct charitable activities	11	8	11	8
Engaged in subsidiary operating activities	6	6	-	-
	<u>21</u>	<u>17</u>	<u>15</u>	<u>11</u>

Employment costs

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Wages and salaries	157,201	135,172	109,404	87,420
Social security costs	3,849	3,755	357	252
Other pension costs	9,129	8,536	6,930	6,333
	<u>170,179</u>	<u>147,463</u>	<u>116,691</u>	<u>94,005</u>

The average number of the charity's employees during the year, calculated on the full time equivalent basis, was 5 (2021: 4).

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 8.

There is no taxation charge in the charity's individual accounts as the Trust is a registered charity and all of its income is charitable in nature and is applied for its charitable purposes.

17 Other recognised gains and losses - group only

	Total 2022 £	Total 2021 £
Cash flow hedge (loss)/gain	19,731	8,593
Tax relating to other gains/losses	(3,694)	(1,633)
	<u>16,037</u>	<u>6,960</u>

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Tangible fixed assets - group

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2021	434,396	1,502,540	59,768	211,763	2,208,467
Additions	20,202	41,056	91,615	-	152,873
Disposals	-	-	-	(59,352)	(59,352)
At 31 March 2022	454,598	1,543,596	151,383	152,411	2,301,988
Depreciation and impairment					
At 1 April 2021	179,474	711,396	49,131	123,960	1,063,961
Depreciation charged in the year	6,684	76,815	8,891	17,436	109,826
Eliminated in respect of disposals	-	-	-	(58,727)	(58,727)
At 31 March 2022	186,158	788,211	58,022	82,669	1,115,060
Carrying amount					
At 31 March 2022	268,440	755,385	93,361	69,742	1,186,928
At 31 March 2021	254,922	791,144	10,637	87,803	1,144,506

Tangible fixed assets - charity

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2021	434,396	3,740	59,768	211,763	709,667
Additions	20,202	-	91,615	-	111,817
Disposals	-	-	-	(59,352)	(59,352)
At 31 March 2022	454,598	3,740	151,383	152,411	762,132
Depreciation and impairment					
At 1 April 2021	179,474	1,880	49,131	123,960	354,445
Depreciation charged in the year	6,684	188	8,891	17,436	33,199
Eliminated in respect of disposals	-	-	-	(58,727)	(58,727)
At 31 March 2022	186,158	2,068	58,022	82,669	328,917
Carrying amount					
At 31 March 2022	268,440	1,672	93,361	69,742	433,215
At 31 March 2021	254,922	1,860	10,637	87,803	355,222

Impairment tests have been carried out where appropriate and impairment losses of £nil (2021: £11,617) in respect of motor vehicles have been recognised in the statement of financial activities (both group and parent) within expenditure on charitable activities.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Fixed asset investments - charity

		2022	2021
		£	£
Cost or valuation			Other investments
At 1 April 2021 & 31 March 2022			101
Carrying amount			<u>101</u>
At 31 March 2022			<u>101</u>
At 31 March 2021			<u>101</u>
Other investments comprise:			
Investments in subsidiaries	Notes 29	<u>101</u>	<u>101</u>

20 Financial instruments - group

	2022	2021
	£	£
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	<u>902</u>	<u>20,633</u>

21 Debtors

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	70,629	48,533	3,001	111
Amounts due from subsidiary undertakings	-	-	23,260	23,183
Other debtors	108,822	62,850	66,287	18,845
Prepayments and accrued income	33,379	34,993	8,732	9,339
	<u>212,830</u>	<u>146,376</u>	<u>101,280</u>	<u>51,478</u>
Amounts falling due after more than one year:				
Amounts due from subsidiary undertakings	<u>-</u>	<u>-</u>	<u>65,387</u>	<u>74,499</u>
Total debtors	<u>212,830</u>	<u>146,376</u>	<u>166,667</u>	<u>125,977</u>

Other debtors include grants receivable totalling £66,033 (2021: £15,296).

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

22 Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Bank loans	129,658	121,226	-	-
Obligations under finance leases	-	27,638	-	27,638
Other taxation and social security	11,338	38,459	3,066	1,533
Trade creditors	35,108	4,096	6,411	3,346
Amounts due to subsidiary undertakings	-	-	-	100,000
Other creditors	1,013	1,735	1,013	1,735
Accruals and deferred income	37,727	12,168	31,622	7,770
	<u>214,844</u>	<u>205,322</u>	<u>42,112</u>	<u>142,022</u>

Creditors falling due within one year include finance leases of £nil (2021: £27,638), which are secured over the leased assets.

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

	Notes	2022 £	2021 £
Bank loans		571,488	701,142
Derivative financial instruments		902	20,633
		<u>572,390</u>	<u>721,775</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 £701,146 (2021: £822,368). 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 £902 (2021: £20,633). The directors obtained confirmation of this valuation directly from Co-operative Bank PLC.

Bank loans payable by instalments due in over five years	<u>22,816</u>	<u>157,759</u>
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THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

24 Provisions for liabilities - group	Notes	2022 £	2021 £
Decommissioning liability		15,000	15,000
Deferred tax liabilities	25	133,998	95,945
		<u>148,998</u>	<u>110,945</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.

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 2022 £	Liabilities 2021 £
ACAs	134,224	99,865
Hedging reserve	(226)	(3,920)
	<u>133,998</u>	<u>95,945</u>

THE ISLAND OF HOY DEVELOPMENTS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

26 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:

	Balance at 1 April 2020		Movement in funds			Movement in funds			Balance at 31 March 2022	
	£	£	Incoming resources	Resources expended	Transfers	Balance at 1 April 2021	Incoming resources	Resources expended	Transfers	£
Arctic convoy memorial	9,589	-	-	(147)	-	9,442	-	(147)	-	9,295
Foundation Scotland - RRR	-	5,000	5,000	(2,165)	(2,835)	-	-	-	-	-
OIC - CTGS	-	12,381	12,381	(13,533)	1,152	-	8,565	(15,063)	6,498	-
Corra Foundation - wellbeing fund	-	18,400	18,400	(17,399)	-	1,001	-	(300)	-	701
VAO - wellbeing co-ordinator	4,353	11,586	11,586	(11,409)	-	4,530	11,983	(16,513)	-	-
HIE - communities recovery fund	-	7,900	7,900	(2,420)	-	5,480	-	(5,480)	-	-
HIE - supporting communities fund	-	12,500	12,500	(12,500)	-	-	-	-	-	-
Cycling Scotland - bike shelter	-	-	-	-	-	-	12,580	(243)	-	12,337
Inspiring Scotland - Island Communities Fund	-	-	-	-	-	-	-	-	-	-
Community Fund - Community Development	-	-	-	-	-	-	99,437	(10,791)	(84,874)	3,772
Other funds	370	3,000	3,000	(1,086)	(1,500)	784	53,688	-	-	53,688
	<u>14,312</u>	<u>70,767</u>	<u>70,767</u>	<u>(60,659)</u>	<u>(3,183)</u>	<u>21,237</u>	<u>189,567</u>	<u>(49,592)</u>	<u>(78,376)</u>	<u>82,836</u>

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

Foundation Scotland RRR - funding awarded from the Community Response, Recovery and Resilience fund to develop and co-ordinate a volunteer group to deliver groceries and prescriptions to vulnerable people during COVID, to organise support calls and a hub and to develop a means of providing emergency financial support to those in need and to coordinate contact between staff and volunteers using online meeting methods. A transfer of £2,835 was made to unrestricted funds in the prior year in respect of tangible fixed assets purchased in the fund which have no further restriction.

THE ISLAND OF HOY DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

26 Restricted funds

(Continued)

OIC CTGS – 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 14.5% grant up to a maximum of £9,500 for the year 2021-22 and is paid on production of invoices and a grant claim form. £6,498 was transferred from unrestricted funds to cover for resources expended in excess of the grant received.

Corra Foundation Wellbeing Fund - funding awarded to set up a grant fund for those most in need to help with household bills through COVID and also for additional staff hours to achieve this.

VAO Well-Being Coordinator (RF) – The fund is to support the post of a wellbeing co-ordinator on the island. The grant was awarded from the Scottish Government by Voluntary Action Orkney which enabled the funding of 4 posts across the outer isles. The grant is passed on to us in arrears by VAO on production of payroll and pension costs, the grant also allows for 40% admin contribution to be claimed. The post on the island started in March 2019 and was originally to run for twelve months, however VAO have achieved further funding to keep the post running until 31 March 2022.

HIE Communities Recovery Fund - Funding awarded to continue the community larder work (see below), for volunteer costs and community engagement costs, for the post of a cleaner for the community hall, for cleaning equipment and consumables for the community hall and some of the costs for the YM Project Development Officer

HIE Supporting Communities Fund - The fund is to set up a community larder for those most in need due to COVID, to support volunteers and to fund additional administrative staff hours.

Cycling Scotland – This was a capital funding grant achieved to purchase and erect a bike shelter. Cycling Scotland then provide the bikes on loan as and when they are available.

Inspiring Scotland Island Communities Fund – This was a capital funding grant achieved to provide and install new equipment at the YM. A transfer was made to unrestricted funds for capital expenditure to which restrictions no longer apply.

Community Fund Community Development – This is funding to employ a Community Development Officer and cover some of the expenses associated with the post for a period of 2 years.

THE ISLAND OF HOY DEVELOPMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

27 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:

	Balance at 1 April 2020		Movement in funds		Balance at 1 April 2021		Movement in funds		Balance at 31 March 2022	
	£	£	Incoming resources	Resources expended	Transfers	£	Incoming resources	Resources expended	Transfers	£
Well-being coordinator	12,811	-	-	(5,179)	-	7,632	4,500	(5,966)	-	6,166
Operating reserve	38,125	-	-	-	-	38,125	-	-	18,500	56,625
Priority projects	22,671	21,667	21,667	-	-	44,338	96,361	(1,378)	(46,202)	93,119
YM operation	16,684	1,605	1,605	(6,295)	-	11,994	5,790	(7,952)	402	10,234
Buses	82,557	19,194	19,194	(46,886)	(1,152)	53,713	49,665	(50,468)	4,483	57,393
Arctic Convoy memorial	1,950	-	-	-	-	1,950	-	-	-	1,950
YM development project	-	8,250	8,250	(1,296)	-	6,954	-	(15,899)	15,752	6,807
	<u>174,798</u>	<u>50,716</u>	<u>50,716</u>	<u>(59,656)</u>	<u>(1,152)</u>	<u>164,706</u>	<u>156,316</u>	<u>(81,663)</u>	<u>(7,065)</u>	<u>232,294</u>

Well-being coordinator – This is match funding agreed by loHDT to enable an extra days employment plus 10% expenses for the Wellbeing Co-ordinator alongside the two days funded by VAO.

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

Priority Projects - This fund was agreed on and set up by the board as a support for the Trusts priority projects should it be needed (as evidenced in the minutes of March 2015).

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, however the COVID pandemic has left the community hall without income since March 2020. The board are monitoring this and will make whatever decisions are necessary to enable the facility to re-open.

THE ISLAND OF HOY DEVELOPMENT TRUST

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

27 Designated funds

(Continued)

Buses – This funding was achieved through Transport Scotland for the on-going operation of the community bus, from concessions and fares, and from the charity's own funds. It is based on mileage and the mileage records require audit prior to being submitted to Transport Scotland. The fund includes a transfer to cover the deficit in the OIC CTGS restricted fund.

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

YM Development Project - a YM Development Project Officer was engaged to get the hall to a COVID safe state to open and to look at community engagement re the future operation of the facility. The business support grant from the Scottish Government for the community hall has been used towards funding this project.

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

28 Analysis of net assets between funds - group

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2022 are represented by:			
Tangible assets	1,165,065	21,863	1,186,928
Current assets/(liabilities)	997,961	60,973	1,058,934
Long term liabilities	(572,390)	-	(572,390)
Provisions	(148,998)	-	(148,998)
	<u>1,441,638</u>	<u>82,836</u>	<u>1,524,474</u>

Analysis of net assets between funds - charity

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2022 are represented by:			
Tangible assets	411,352	21,863	433,215
Investments	101	-	101
Current assets/(liabilities)	399,569	60,973	460,542
	<u>811,022</u>	<u>82,836</u>	<u>893,858</u>

29 Subsidiaries

Details of the charity's subsidiaries at 31 March 2022 are as follows:

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

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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:

	2022	2021
	£	£
Within one year	2,631	2,365

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:

	2022	2021
	£	£
Within one year	5,000	5,000
Between two and five years	20,000	20,000
In over five years	47,500	52,500
	<u>72,500</u>	<u>77,500</u>

31 Analysis of changes in net funds

The charity repaid finance leases totalling £27,638 (2021: £30,036), and creditors falling due within one year includes £nil (2021: £27,638) in respect of those leases.

The group also has bank loans as described at note 22, which shows the movements of those loans in the year.

32 Related party transactions

Remuneration of key management personnel

Remuneration of key management personnel of the parent charity and group during the year was £nil (2021: £nil).

THE ISLAND OF HOY DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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:

	2022 £	2021 £
Distributions receivable	168,361	65,000
Rental income	5,000	5,000
Interest receivable	2,966	3,100
	<u>176,327</u>	<u>73,100</u>

At the balance sheet date, debtors include a loan of £88,647 (2021: £97,682) receivable from HEL. Interest is chargeable on the loan at a rate of 2.25% over LIBOR from April 2013 onwards.

Debtors also include £nil (2021: £2,500) for rent receivable from HEL.

All the above transactions were on normal commercial terms.

Creditors due within one year include loans from HEL totalling £nil (2021: £100,000). The loan is interest free and has no formal repayment terms.

33 Funds held as custodian trustee

The charity holds funds on behalf of third parties. The third parties are responsible for approving grant applications and instructing the charity to process payments from funds held by the charity on their behalf.

The details of these bodies and the movements on funds held by the charity as custodian trustee are as follows:

Your Island, Your Choice 2

This fund is held on behalf of the Lego Club and the Playpark Group, who were awarded grants through the Your Island, Your Choice programme. During the year, the charity paid costs totalling £575 (2021: £nil). At the balance sheet date, the charity held £40 for the Lego Club (2021: £120) and £7,144 for the Playpark Group (2021: £7,639).

Hoolie Group of Hoy and Walls (HGHW)

This fund is held on behalf of HGHW until such time as they open their own bank account. During the year, the charity paid costs totalling £435 (2021: £1,496). At the balance sheet date the charity held £5,011 (2021: £5,446) in cash funds as custodian for HGHW.

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 2022

34 Cash generated from operations - group

	2022	2021
	£	£
Surplus/(deficit) for the year	151,797	68,683
Adjustments for:		
Investment income	(162)	(1,433)
Taxation charged	2,400	19,675
Gain on disposal of tangible fixed assets	-	(1,054)
Finance costs	42,063	47,178
Depreciation and impairment of tangible fixed assets	109,826	118,299
Net gain on other comprehensive income	(16,037)	(6,960)
Movements in working capital:		
(Increase)/decrease in debtors	(63,954)	30,155
Increase/(decrease) in creditors	58,187	(30,295)
Cash generated from operations	<u>284,120</u>	<u>244,248</u>

Cash generated from operations - charity

	2022	2021
	£	£
Surplus/(deficit) for the year	177,953	(21,399)
Adjustments for:		
Investment income recognised in statement of financial activities	(176,355)	(73,133)
Gain on disposal of tangible fixed assets	-	(1,477)
Depreciation and impairment of tangible fixed assets	33,199	45,480
Movements in working capital:		
(Increase)/decrease in debtors	(49,725)	3,800
Increase/(decrease) in creditors	27,728	(6,728)
Cash generated from/(absorbed by) operations	<u>12,800</u>	<u>(53,457)</u>

35 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.