

Charity Registration No. SC040407 (Scotland)

Company Registration No. SC318527 (Scotland)

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	H Byland	
	C Cox	(Appointed 18 January 2017)
	C Daintith	
	J Garson	
	M Hull	
	C Maguire	
	B Milner	
	S Sailor	(Appointed 7 December 2016)
	E Shortland	(Appointed 12 November 2016)
	K Tipper	
G Wigley	(Appointed 28 October 2017)	
A Odling	(Appointed 28 October 2017)	
Secretary	H Castle	
Charity number (Scotland)	SC040407	
Company number	SC318527	
Registered office	The Manse Rousay Orkney KW17 2PR	
Auditor	A J B Scholes Ltd 8 Albert Street Kirkwall Orkney KW15 1HP	
Bankers	The Co-operative Bank PO Box 250 Skelmersdale WN08 6WT	
	Nationwide Building Society PO Box 3 5-11 St. Georges Street Douglas Isle of Man IM99 1AS	
	Royal Bank of Scotland 1 Victoria Street Kirkwall Orkney KW15 1DP	

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

DIRECTORS' REPORT (INCLUDING TRUSTEES' REPORT)

FOR THE YEAR ENDED 31 MARCH 2017

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

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum and articles of association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the 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 1 January 2015).

Objectives and activities

The charity's objective is to undertake activities within the terms of its governing documents for the benefit of the community of the islands of Rousay, Egilsay and Wyre.

The overarching aim of the Trust is to improve the quality of life for the islands' inhabitants of all ages, in ways that are both sustainable and environmentally sound.

The Charitable aims of the Trust are:

- to benefit the community via the advancement of community development, including the advancement of urban/rural regeneration;
- the advancement of education;
- the advancement of citizenship;
- the advancement of environmental protection or improvement;
- the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended; including the provision, maintenance and/or improvement of public open space and other public amenities;
- the advancement of the arts, heritage, culture or science;
- the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage;
- the prevention or relief of poverty; and
- the relief of unemployment.

The vision of the Trust through to 2025 is to strive for:

- a balanced population of all ages;
- vibrant economic activity with a range of job opportunities on the islands;
- increased population;
- a range of affordable housing options;
- regular and affordable transport on and between the islands and between the islands and the Orkney mainland;
- self-sufficiency in energy, resources, and vital services;
- good community facilities, such as schools, health, sports, postal services, shops, and hospitality trades;
- promotion of our islands' resources and produce;
- enhanced local care for our elderly;
- improved facilities for our youngsters;
- maximised benefits of tourism within the ecological limits of our islands.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

Achievements and performance

The Trust continues to make use of the report produced following the community survey conducted in the year ended 31 March 2013, in order to prioritise, research, and progress projects where the community has identified a strong need and/or benefit.

The report is also available for use by businesses, community groups, and individuals, who are able to submit applications for grant assistance to the Trust, where they are able to demonstrate a clear community need or benefit for their project.

The Trust benefits from monies gifted from its trading subsidiary - which operates a 900kW community turbine on Rousay - and also makes use of funding opportunities from a variety of funders, where possible, in order to provide the income necessary for delivering projects and awarding grants.

During the year ended 31 March 2017, the Trust funded the following projects and activities:

- Education Grants & Bursaries Scheme. This scheme continues to enable local people to attend a variety of academic, vocational, and professional development courses.
- Subsidising the provision of 'help in the home' services for elderly residents, in partnership with Orkney Age Scotland and its 'Here2Help' project. This has also led to the creation of local jobs. Plus providing rechargeable lanterns for residents issued by our local surgery.
- Electric Vehicle. The car was available to all residents via a Car Club scheme for hire.
- General Grant Funding Scheme. This fund covers a wide range of projects and activities:
 - Supported the travel costs for school age children attending cultural & sporting activities and events, outside of RE&W
 - Supporting the costs of the Skail Farm & Swandro archaeological digs and sharing the finds, information and opening up the ancestry of Rousay to residents
 - Organising of the eighth Rousay Lap, the Trust's annual half-marathon event.
 - Travel costs to training courses,
 - Providing Well Being taster courses and lessons to various groups including sessions at the Craithub
 - Provided equipment and maintenance to the Snooker Club and funding to support the Rousay Tai Chi Group's classes
 - the provision of stone chippings to individual households to aid access.
- Swimming - the board provided a budget to allow all RE&W residents to have free swim sessions at the Pickaquooy Pool,
- Wi-Fi Broadband Centres. The Trust continues to fund the cost of providing free computer and printing facilities, and wireless broadband internet connections, at its main office.
- The Trust continued to support the Allotment Associations site and school gardens with funding for the maintenance and grass cutting during the year
- The Trust worked on a 'Year of Learning' programme for all RE&W residents, this covered national recognised qualifications.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

The Trust's Project Manager ensures that each grant application does not violate the Trust's Charitable Aims and its objectives, before it is presented to the directors for discussion. Our project work in the year ended 31 March 2017 demonstrates our commitment to meet our aims, in particular:

- Improve access to sporting and cultural activities
- Improve community facilities
- Improve facilities and access to activities for young people
- Improve transport links
- Increase economic activity on our islands
- Increase tourism opportunities
- the advancement of the arts, heritage, culture or science;
- the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended;

Heat Smart Orkney

This exciting project was launched at the 2016 AGM (although the project started and the staff were employed from September 2016) and since then the team have been extremely busy recruiting households and conducting the technical assessments ready for the equipment to be installed. The Heat Smart Orkney project has been awarded just under £1.3M from the Scottish Government's high profile Local Energy Challenge Fund, administered by Local Energy Scotland. We know the community owned wind turbine on Kingarly Hill experiences curtailment at levels over and above what we were originally told. We also know from recent publications that fuel poverty in Orkney is now the highest in the country at 63% of all households, with this figure rising to 85% in retired households.

The aim of the Heat Smart Orkney project is to bring these two concepts together to divert the energy otherwise curtailed at the turbine, and use it in secondary heating systems installed in households who want to benefit from the project. This is a win-win situation: REWIRED Ltd can earn a greater income from generating more electricity and some of this extra income reaches participating households in the form of lower-cost electricity.

During the last year the team have recruited 84 households to participate in the scheme which involves remotely switched secondary electrical heating and hot water devices, installed and maintained for free, in properties across the islands in Zone 1, but prioritising REW households.

The aforementioned projects and activities fit into the Trust's aims and objectives as follows:

- Education Grants & Bursaries - Advancement of education
- Electric Vehicle - Transport links
- Here2Help - Enhanced local care for our elderly residents
- Rousay Lap - Activities for young people; Sporting activities; Tourism opportunities
- Swimming Pool - Activities for young people; Community facility
- Travel Costs - Improved access to facilities and activities
- Wi-Fi Broadband Centres - Community facilities; Tourism opportunities
- Year of Learning - Activities for young people; Advancement of Education
- Allotment Association & Community Garden - the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended & improved community facilities
- Heat Smart Orkney - to benefit the community via the advancement of community development, including the advancement of urban/rural regeneration, the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage, the prevention or relief of poverty.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

Investment performance

The loan repayment and interest received by the Trust from its trading subsidiary, REWIRED Limited (Rousay, Egilsay & Wyre Islands Renewable Energy Development Limited) has further increased the income received by the Trust, ensuring that the Trust is able to continue to deliver projects and award grants for the benefit of the community.

The subordinated loan from the Trust to its trading subsidiary, REWIRED Limited, continues to be repaid in accordance with the loan agreement between the two organisations. Commencing in 2013, the loan is to be repaid over 16 years, and the interest is calculated using the 3-month LIBOR rate as at the time of the loan repayment, plus 2.25%.

Factors which may affect the ability of the Trust to meet its objectives include an anticipated reduction in income received from its trading subsidiary, due to curtailment of the community turbine limiting the company's profit-earning potential.

The Trust also makes use of external funders, where appropriate. The current challenging environment sees the Trust competing for external funding along with a number of other, similar organisations.

Financial review

The charity had total incoming resources of £1,006,427 (2016: £364,535) and total resources expended of £177,800 (2016: £150,159), giving a net surplus for the year of £828,627 (2016: surplus of £214,376). Total funds as at the balance sheet date amounted to £1,616,468 (2016: £787,841).

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 sufficient to enable the trust to continue to operate while any unanticipated shortfall in funds is addressed.

The main source of external funding received in the year to 31 March 2017 was the Local Energy Challenge Fund for Heat Smart Orkney. These funds have been used to purchase equipment for the project, which is described above.

Subsidiary performance

REWIRED Limited is a wholly-owned trading subsidiary of the Trust.

REWIRED's objectives are primarily to manage the operation of the community wind turbine. The responsibilities associated with these objectives include ensuring its long-term operational and financial viability whilst generating surplus profits for tax-efficient transfer to the Trust.

During the year to 31 March 2017, our turbine produced 2,863,281 kWh (2016: 3,421,851 kWh) which is a significant drop on the previous year. This is due to the knock on effect of the December 2014 lightening storms due to turbines in Zone 1 being affected resulting in the 2016 year having a significant increase and reduction in curtailment. Consequently our output was 36.32% (a drop from 43.4%) against our 37% target with curtailment increased to 29.27% from the 2016 figure of 16.11%.

Total revenue generated by REWIRED for the financial year ending 31 March 2017 was £451,644 (2016: £566,208).

REWIRED holds at least six months' operational costs as contingency against income instability.

Heat Smart Orkney Ltd (HSO) is a wholly-owned trading subsidiary of the Trust, which was incorporated on 16 May 2016.

HSO's objectives are primarily to manage and deliver the Heat Smart Orkney project.

For the period ending 31 March 2017, HSO had operating income of £185,236, and administrative expenses of £179,540. Profit for the period after tax was £4,531.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2017

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

Plans for the future

- To continue to offer grants to local residents, community groups and businesses;
- To facilitate local training events on our islands;
- To investigate and support the improvement of broadband speeds on the islands;
- To deliver the Heat Smart Orkney project;
- To strive to put in place facilities and resources which will improve the lives of the residents within our community;
- To continue with an on-demand community transport scheme for our residents;
- To investigate the housing situation on RE&W following the Housing Needs Survey results;
- To undertake a new survey of all residents and produce a new Development Plan from the results of the survey, and;
- To try to stop the reduction of residents on Wyre.

Structure, governance and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association.

The directors who served during the year were:

H Byland	
D Compton	(Resigned 28 October 2017)
C Cox	(Appointed 18 January 2017)
C Daintith	
D Daintith	(Resigned 8 December 2016)
J Garson	
M Hull	
C Maguire	
A Mainland	(Resigned 12 November 2016)
B Milner	
B Noakes	(Appointed 7 December 2016 and resigned 20 June 2017)
A Odling	(Resigned 12 November 2016)
S Odling	(Resigned 12 November 2016)
S Sailor	(Appointed 7 December 2016)
E Shortland	(Appointed 12 November 2016)
K Tipper	
R Tipper	(Resigned 12 November 2016)
G Wigley	(Appointed 28 October 2017)

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.

Directors are elected and/or re-elected at the AGM as per the Trust's Articles of Association.

Additional directors are co-opted as deemed necessary up to a number not exceeding the permitted maximum to ensure adequate representation from each of the three islands and/or, in the judgement of the board of directors to broaden and/or deepen the available experience and expertise.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

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 are aware of such information.

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

The directors' report was approved by the Board of Directors.

.....
J Garson
Director
Dated:

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2017

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

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

In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

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

Respective responsibilities of directors and auditor

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 34 to the financial statements.

Scope of the audit of the accounts

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

Opinion on accounts.

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

Matters on which we are required to report by exception

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ivan Houston (Senior Statutory Auditor)

for and on behalf of A J B Scholes Ltd

.....

Chartered Accountants

Statutory Auditor

8 Albert Street

Kirkwall

Orkney

KW15 1HP

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

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income from:					
Grants and donations	3	21,839	724,177	746,016	260,082
Charitable activities	4	18,067	-	18,067	4,797
Other trading activities	5	638,830	-	638,830	568,168
Investments	6	1,834	-	1,834	719
Total income		680,570	724,177	1,404,747	833,766
Expenditure on:					
Raising funds	7	360,156	-	360,156	224,813
Charitable activities	8	165,354	12,446	177,800	149,863
Other	15	-	-	-	296
Total resources expended		525,510	12,446	537,956	374,972
Net income for the year before taxation		155,060	711,731	866,791	458,794
Taxation	16	(4,321)	-	(4,321)	(49,083)
Other recognised gains and losses		(1,707)	-	(1,707)	(10,319)
Net income for the year after taxation		149,032	711,731	860,763	399,392
Fund balances at 1 April 2016		1,032,868	55,081	1,087,949	688,557
Fund balances at 31 March 2017		1,181,900	766,812	1,948,712	1,087,949

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

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

All incoming resources and resources expended derive from continuing activities.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income from:					
Grants and donations	3	21,839	724,177	746,016	260,082
Charitable activities	4	57,963	-	57,963	9,055
Other trading activities	5	2,251	-	2,251	1,960
Investments	6	200,197	-	200,197	93,438
Total income		282,250	724,177	1,006,427	364,535
Expenditure on:					
Charitable activities	8	165,354	12,446	177,800	149,863
Other	15	-	-	-	296
Total resources expended		165,354	12,446	177,800	150,159
Net income for the year/ Net movement in funds		116,896	711,731	828,627	214,376
Fund balances at 1 April 2016		732,760	55,081	787,841	573,465
Fund balances at 31 March 2017		849,656	766,812	1,616,468	787,841

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.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	17		2,031,289		1,510,269
Current assets					
Debtors	20	1,006,074		146,545	
Cash at bank and in hand		1,170,323		1,111,718	
		<u>2,176,397</u>		<u>1,258,263</u>	
Creditors: amounts falling due within one year	21	<u>(829,226)</u>		<u>(168,520)</u>	
Net current assets			1,347,171		1,089,743
Total assets less current liabilities			3,378,460		2,600,012
Creditors: amounts falling due after more than one year	22		(1,343,987)		(1,448,618)
Provisions for liabilities	23		(77,841)		(63,445)
Deferred income	24		(7,920)		-
Net assets			<u>1,948,712</u>		<u>1,087,949</u>
Income funds					
Funds retained within non-charitable subsidiary			332,244		300,208
Restricted funds	25		766,812		55,081
<u>Unrestricted funds - general</u>					
Designated funds	27	165,000		70,000	
General unrestricted funds		684,656		662,660	
		<u>849,656</u>		<u>732,660</u>	
			<u>1,948,712</u>		<u>1,087,949</u>

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

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....
J Garson
Director

Company Registration No. SC318527

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	17		889,515		292,170
Investments	18		200		100
			<u>889,715</u>		<u>292,270</u>
Current assets					
Debtors	20	891,772		167,274	
Cash at bank and in hand		466,853		344,838	
		<u>1,358,625</u>		<u>512,112</u>	
Creditors: amounts falling due within one year	21	(631,872)		(16,541)	
Net current assets			<u>726,753</u>		<u>495,571</u>
Total assets less current liabilities			<u><u>1,616,468</u></u>		<u><u>787,841</u></u>
Income funds					
Restricted funds	25		766,812		55,081
<u>Unrestricted funds - general</u>					
Designated funds	27	165,000		70,000	
General unrestricted funds		684,656		662,760	
		<u>849,656</u>		<u>732,760</u>	
			<u><u>1,616,468</u></u>		<u><u>787,841</u></u>

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

The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:

.....

J Garson

Director

Company Registration No. SC318527

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

		2017		2016	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	33	259,995		737,846	
Interest paid		(68,602)		(72,770)	
Net cash inflow generated from operating activities		191,393		665,076	
Investing activities					
Purchase of tangible fixed assets		(25,196)		(246,944)	
Proceeds on disposal of tangible fixed assets		-		192	
Increase in loan receivables		(10,000)		-	
Investment income received		1,834		719	
Net cash used in investing activities		(33,362)		(246,033)	
Financing activities					
Repayment of bank loans		(99,426)		(93,130)	
Net cash used in financing activities		(99,426)		(93,130)	
Net increase in cash and cash equivalents		58,605		325,913	
Cash and cash equivalents at beginning of year		1,111,718		785,805	
Cash and cash equivalents at end of year		1,170,323		1,111,718	

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	33		(58,492)		165,499
Investing activities					
Purchase of tangible fixed assets		(18,738)		(237,419)	
Proceeds on disposal of tangible fixed assets		-		193	
Investment in subsidiary		(100)		-	
Increase in loan receivables		(13,157)		-	
Repayment of investment loans and receivables		12,305		12,305	
Investment income received		200,197		93,438	
Net cash generated from/(used in) investing activities			180,507		(131,483)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			122,015		34,016
Cash and cash equivalents at beginning of year			344,838		310,822
Cash and cash equivalents at end of year			<u>466,853</u>		<u>344,838</u>

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Charity information

Rousay, Egilsay & Wyre Development Trust is a private company limited by guarantee incorporated in Scotland. The registered office is The Manse, Rousay, Orkney, KW17 2PR.

1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 as applicable to companies subject to the small companies regime, and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The charity is a Public Benefit Entity as defined by FRS 102.

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

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

1.2 Going concern

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

1.3 Charitable funds

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

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

1.4 Incoming resources

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

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

Donations, legacies and other forms of voluntary income are recognised as incoming resources in the Statement of Financial Activities (SOFA) when receivable, except insofar as they are incapable of financial measurement. The value of services provided by volunteers has not been included in these accounts.

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. Grants received by subsidiaries are reported on the SOFA in other trading activities.

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

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Turnover is measured at 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.

Turnover also includes amounts receivable net of VAT for consultancy and administrative services performed in the period.

1.5 Resources expended

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

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

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

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

1.6 Tangible fixed assets

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

Expenditure on assets held for ongoing use by the charity is capitalised in the balance sheet. 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:

Freehold buildings	2 - 20% straight line basis
Plant and machinery	5 - 10% straight line basis (wind turbines) / 25% straight line basis (computer equipment)
Motor vehicles	20% straight line basis
Other assets	20% reducing balance basis

Freehold land and assets in the course of construction are not depreciated.

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

1.7 Fixed asset investments

Fixed asset investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in net income/(expenditure) for the year.

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

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in or , unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in or , unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 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, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables 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 and forward foreign exchange contracts, 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 or 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.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.11 Derivatives

Hedge accounting

The Company designates certain hedging instruments, including derivatives, embedded derivatives and non-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 cash flows of the hedged item.

Cash flow hedges

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

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

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

1.12 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 tax liabilities are generally recognised for all timing differences. Such liabilities are not recognised if the timing difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

The parent charitable company is exempt from corporation tax, and therefore does not provide for current or deferred tax.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.13 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 it arises.

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Leases

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

1.17 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.

1.18 Distributions

Donations from the charity's subsidiaries are classified as investment income in line with UK accounting guidance.

1.19 Group accounts

The consolidated financial statements include the results of the company and its subsidiaries, Rousay, Egilsay and Wyre Islands Renewable Energy Development Limited and Heat Smart Orkney Limited, drawn up to 31 March each year.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Critical accounting estimates and judgements

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

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

3 Grants and donations - charity and group

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	21,839	-	21,839	-
Grants receivable for core activities	-	724,177	724,177	260,082
	<u>21,839</u>	<u>724,177</u>	<u>746,016</u>	<u>260,082</u>
For the year ended 31 March 2016	<u>-</u>	<u>260,082</u>		<u>260,082</u>
Donations and gifts				
Donations	7,439	-	7,439	-
Gifted fixed assets	14,400	-	14,400	-
	<u>21,839</u>	<u>-</u>	<u>21,839</u>	<u>-</u>
Grants receivable for core activities				
Big Lottery Fund - social outcomes	-	-	-	233,719
Big Lottery Fund - project management	-	-	-	15,121
Government electric vehicle grant	-	-	-	5,000
Highlands & Islands Enterprise	-	-	-	4,474
SCVO	-	-	-	1,768
LECF - Heat Smart Orkney	-	724,177	724,177	-
	<u>-</u>	<u>724,177</u>	<u>724,177</u>	<u>260,082</u>

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

4 Charitable activities

	Group 2017	2016	Charity 2017	2016
	£	£	£	£
Management services to subsidiaries	-	-	39,896	3,765
Energy sales	18,032	4,671	18,032	5,164
Allotment fees	35	126	35	126
	<u>18,067</u>	<u>4,797</u>	<u>57,963</u>	<u>9,055</u>

5 Other trading activities

	Group 2017	2016	Charity 2017	2016
	£	£	£	£
Energy sales	450,935	563,623	-	-
Other sales	709	2,585	-	-
Non-charitable trading activities	1,950	1,960	2,251	1,960
Grant income - Heat Smart Orkney Ltd	185,236	-	-	-
	<u>638,830</u>	<u>568,168</u>	<u>2,251</u>	<u>1,960</u>

6 Investments

	Group 2017	2016	Charity 2017	2016
	£	£	£	£
Rental income	-	-	12,025	16,621
Distributions from subsidiaries	-	-	182,500	72,100
Interest receivable	1,834	719	5,672	4,717
	<u>1,834</u>	<u>719</u>	<u>200,197</u>	<u>93,438</u>

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

7 Raising funds - Group

The wholly owned trading subsidiary Rousay, Egilsay and Wyre Islands Renewable Energy Development Limited, trading as REWIRED, is incorporated in the United Kingdom (company number SC364249) and distributes post-tax profits to the charity under the gift aid scheme. REWIRED own and operate a wind turbine situated on land leased to it by the charity.

The wholly owned trading Heat Smart Orkney Limited, is incorporated in the United Kingdom (company number SC535744) and distributes post-tax profits to the charity under the gift aid scheme. Heat Smart Orkney Limited activities are further described in the Directors' Report.

A summary of the trading results for each company is shown below.

	2017	2016
	£	£
<u>REWIRED Ltd</u>		
Turnover	451,644	566,208
Cost of sales and administration	(237,415)	(249,819)
Interest receivable	739	129
Net profit	<u>214,968</u>	<u>316,518</u>
Taxation	(3,156)	(49,083)
Other recognised gains and losses	(1,707)	(10,319)
Donations of profit to charity	(182,500)	(72,100)
Retained in subsidiary	<u>27,605</u>	<u>185,016</u>
Assets	2,041,562	2,127,671
Liabilities	(1,713,749)	(1,827,463)
Funds	<u>327,813</u>	<u>300,208</u>
<u>Heat Smart Orkney Ltd</u>		
Other operating income	185,236	-
Cost of sales and administration	(179,540)	-
Net profit	5,696	-
Taxation	(1,165)	-
Retained in subsidiary	<u>4,531</u>	<u>-</u>
Assets	68,013	-
Liabilities	(63,382)	-
Funds	<u>4,631</u>	<u>-</u>

Income and expenditure on raising funds in the consolidated SOFA includes the results of REWIRED and HSO excluding transactions with the charity. The charity incurred no expenditure on raising funds.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Charitable activities - group and charity

	Community Benefit	Energy Curtailment	Total 2017	Total 2016
	£	£	£	£
Staff costs	31,511	11,456	42,967	35,283
Depreciation and impairment	23,670	22,793	46,463	25,925
Local projects	16,461	-	16,461	21,679
Heat Smart Orkney Ltd expenses recharged	-	15,877	15,877	-
	71,642	50,126	121,768	82,887
Grant funding of activities (see note 10)	15,636	-	15,636	20,913
Share of support costs (see note 11)	23,371	9,785	33,156	39,423
Share of governance costs (see note 11)	5,430	1,810	7,240	6,640
	116,079	61,721	177,800	149,863
Analysis by fund				
Unrestricted funds - general	103,692	61,662	165,354	
Restricted funds	12,387	59	12,446	
	116,079	61,721	177,800	
For the year ended 31 March 2016				
Unrestricted funds - general	56,482	4,959		61,441
Restricted funds	51,310	37,112		88,422
	107,792	42,071		149,863

9 Description of charitable activities

Community Benefit

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

Energy Curtailment

An ongoing project aimed at demonstrating that, rather than curtailing the generation of renewable energy produced by a wind turbine, electrical energy can be diverted into new heaters installed in homes located geographically close to the participating turbine, and can instead be used to help to tackle fuel poverty as part of a secondary heating system.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

10 Grants payable - group and charity

	2017 £	2016 £
Grants to institutions (10 grants):		
Orkney Care & Repair	-	4,000
Rousay Snooker Club	1,191	3,000
Rousay Bridge Club	-	200
Rousay Community Association	2,500	800
Riding Group	-	310
Rousay Tai Chi Group	443	455
Rousay Snooker Club	-	600
Crafthub	2,772	-
Rousay Parent Council	802	-
UHI Archaeology	2,960	-
	<u>10,668</u>	<u>9,365</u>
Grants to individuals (40 grants)	4,968	11,548
	<u>15,636</u>	<u>20,913</u>

Under the charity's objective to undertake activities within the terms of its governing documents for the benefit of the community of the islands of Rousay, Egilsay and Wyre, the charity has 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, 32 (2016: 53) education bursaries totalling £3,158 (2016: £6,574) were issued to help local residents to undertake training and learn new skills to continue to live in the islands. No grants were given towards local archaeological excavation totalling £nil (2016: 1 totalling £128).

In the current year, two residents were given grants towards the installation of satellite broadband totalling £700 (2016: no grants given). Six grants totalling £1,110 were given towards improving infrastructure on Rousay (2016: 16 grants totalling £4,846).

Each award being considered, by the board of trustees, for the benefit of the community of the islands of Rousay, Egilsay and Wyre.

Commitments

At the year end £5,609 (2016: £5,742) of grants had been committed but not awarded.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

11 Support costs - group and charity

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Depreciation	6,961	-	6,961	7,920	Assets employed
Insurance	1,291	-	1,291	1,821	Staff time
Postage and stationary	696	-	696	4,001	Staff time
Telephone and fax	1,611	-	1,611	1,797	Staff time
Travelling expenses	715	-	715	1,233	Staff time
Consultancy fees	-	-	-	600	Staff time
Sundry	44	-	44	191	Staff time
Bank charges	96	-	96	60	Community benefit
Rent	15,720	-	15,720	20,108	Community benefit
Repairs	3,271	-	3,271	1,240	Staff time
Legal and professional	2,751	-	2,751	452	Staff time
Audit fees	-	4,800	4,800	4,600	Governance
Accountancy	-	2,440	2,440	2,040	Governance
	<u>33,156</u>	<u>7,240</u>	<u>40,396</u>	<u>46,063</u>	
Analysed between					
Charitable activities	<u>33,156</u>	<u>7,240</u>	<u>40,396</u>	<u>46,063</u>	

12 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2017	2016
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	7,240	6,640
Fees payable to the company's auditor for other services to the Group - the audit of the company's subsidiaries - included in expenditure on raising funds	4,600	2,970
Total auditors fees	<u>11,840</u>	<u>9,610</u>

13 Directors

None of the directors of the charity (or any person connected with them) received any remuneration during the year.

Transactions with directors of the group are as detailed at note 30.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

14 Employees

Number of employees

The average monthly number employees during the year was:

	Group 2017 Number	2016 Number	Charity 2017 Number	2016 Number
Administration	2	1	1	1
Engaged in direct charitable activities	1	1	2	1
Engaged in operating subsidiary activities	3	2	-	-
	<u>6</u>	<u>4</u>	<u>3</u>	<u>2</u>

	Group 2017 £	2016 £	Charity 2017 £	2016 £
Wages and salaries	76,633	47,078	40,652	32,828
Social security costs	1,476	-	-	-
Other pension costs	4,763	2,455	2,315	2,455
	<u>82,872</u>	<u>49,533</u>	<u>42,967</u>	<u>35,283</u>

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

15 Other - group and charity

	2017 £	2016 £
Net loss on disposal of tangible fixed assets	-	296
	<u>-</u>	<u>296</u>

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

16 Taxation - group only	2017	2016
	£	£
Domestic current year tax		
U.K. corporation tax	27,078	36,485
Adjustments in respect of prior periods	(36,485)	(14,414)
	<u> </u>	<u> </u>
Total current tax	(9,407)	22,071
Deferred tax		
Origination and reversal of timing differences	17,266	27,012
Change of tax rates	(3,538)	-
	<u> </u>	<u> </u>
	<u>4,321</u>	<u>49,083</u>

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

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

17 Tangible fixed assets - group

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Other assets £	Total £
Cost					
At 1 April 2016	170,291	1,801,047	25,981	595	1,997,914
Additions	9,138	648,089	-	-	657,227
Disposals	-	(1,865)	-	-	(1,865)
At 31 March 2017	179,429	2,447,271	25,981	595	2,653,276
Depreciation and impairment					
At 1 April 2016	10,736	471,359	5,196	354	487,645
Depreciation charged in the year	16,156	114,706	5,196	59	136,117
Eliminated in respect of disposals	-	(1,775)	-	-	(1,775)
At 31 March 2017	26,892	584,290	10,392	413	621,987
Carrying amount					
At 31 March 2017	152,537	1,862,981	15,589	182	2,031,289
At 31 March 2016	159,555	1,329,688	20,785	241	1,510,269

Tangible fixed assets - charity

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Other assets £	Total £
Cost					
At 1 April 2016	170,291	180,302	25,981	595	377,169
Additions	9,138	641,631	-	-	650,769
Disposals	-	(1,646)	-	-	(1,646)
At 31 March 2017	179,429	820,287	25,981	595	1,026,292
Depreciation and impairment					
At 1 April 2016	10,736	68,713	5,196	354	84,999
Depreciation charged in the year	16,156	32,013	5,196	59	53,424
Eliminated in respect of disposals	-	(1,646)	-	-	(1,646)
At 31 March 2017	26,892	99,080	10,392	413	136,777
Carrying amount					
At 31 March 2017	152,537	721,207	15,589	182	889,515
At 31 March 2016	159,555	111,589	20,785	241	292,170

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

18 Fixed asset investments

	Other investments
Cost or valuation	
At 31 March 2017	100
Additions	100
	<hr/>
At 31 March 2017	200
	<hr/>
Carrying amount	
At 31 March 2017	200
	<hr/> <hr/>
At 31 March 2016	100
	<hr/> <hr/>

	Notes	2017 £	2016 £
Other investments comprise:			
Investments in subsidiaries	31	200	100
		<hr/> <hr/>	<hr/> <hr/>

19 Financial instruments - group

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,173,795	1,258,263
	<hr/> <hr/>	<hr/> <hr/>
Carrying amount of financial liabilities		
Debt instruments measured at amortised cost	2,162,912	1,632,702
Other financial instruments measured through other comprehensive income	49,397	47,881
	<hr/> <hr/>	<hr/> <hr/>
	2,212,309	1,680,583
	<hr/> <hr/>	<hr/> <hr/>
Financial instruments - charity	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,356,500	512,112
Equity instruments measured at cost less impairment	200	100
	<hr/> <hr/>	<hr/> <hr/>
	1,356,700	512,212
	<hr/> <hr/>	<hr/> <hr/>
Carrying amount of financial liabilities		
Measured at amortised cost	631,424	16,541
	<hr/> <hr/>	<hr/> <hr/>

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

20 Debtors	Group 2017 £	2016 £	Charity 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	125,344	80,238	-	1,897
Amounts due from subsidiary undertakings	-	-	17,218	14,400
Other debtors	878,128	45,541	748,933	14,091
Prepayments and accrued income	2,125	20,766	2,125	1,425
	<u>1,005,597</u>	<u>146,545</u>	<u>768,276</u>	<u>31,813</u>
Deferred tax asset	477	-	-	-
	<u>1,006,074</u>	<u>146,545</u>	<u>768,276</u>	<u>31,813</u>
	2017	2016	2017	2016
Amounts falling due after more than one year:	£	£	£	£
Amounts due from subsidiary undertakings	-	-	123,496	135,461
	<u>-</u>	<u>-</u>	<u>123,496</u>	<u>135,461</u>
Total debtors	<u>1,006,074</u>	<u>146,545</u>	<u>891,772</u>	<u>167,274</u>

21 Creditors: amounts falling due within one year - group and charity	Group 2017 £	2016 £	Charity 2017 £	2016 £
Borrowings	106,148	99,427	-	-
Corporation tax payable	27,078	36,485	-	-
Other taxation and social security	19,587	10,285	448	393
Payments received on account	900	-	900	-
Trade creditors	653,242	515	618,245	102
Other creditors	2,512	547	-	486
Accruals and deferred income	19,759	21,261	12,279	15,560
	<u>829,226</u>	<u>168,520</u>	<u>631,872</u>	<u>16,541</u>

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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

	2017	2016
	£	£
Bank loans	1,294,590	1,400,737
Derivative financial instruments	49,397	47,881
	<u>1,343,987</u>	<u>1,448,618</u>

The charity's subsidiary, REWIRED, has granted to The Co-operative Bank PLC a bond and floating charge over all property, and standard securities over its interest in two leases of land granted to it by the charity as a security for all sums advanced by the bank.

REWIRED has a loan with Co-operative Bank PLC of £1,400,738 (2016: £1,500,164). The loan is repayable over the period until December 2026 . The interest rate on the loan is LIBOR + 2.25%.

REWIRED 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 the company's liability in respect of the hedging instrument was £49,397 (2016: £47,881). The directors obtained confirmation of this valuation directly from Co-operative Bank PLC.

Amounts included above which fall due after five years:

Payable by instalments	<u>810,403</u>	<u>931,113</u>
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ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

22 Creditors: amounts falling due after more than one year - group (Continued)

23 Provisions for liabilities - group only	Notes	2017 £	2016 £
Decommissioning		20,000	20,000
Deferred tax liabilities	16	57,841	43,445
		<u>77,841</u>	<u>63,445</u>

A provision of £20,000 has been raised for the anticipated cost to REWIRED of fulfilling its obligation to decommission the Rousay community wind turbine at the end of its useful life.

The provision of £57,841 for deferred tax relates to accelerated capital allowances and other timing differences.

Movements in deferred tax liabilities included losses of £191 (2016: gains of £2,580) recognised in other gains and losses in respect of changes in the value of the hedging instrument referred to in note 22.

24 Deferred income

Arising from government grants		<u>7,920</u>	<u>-</u>
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ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

25 Restricted funds - group and charity

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 2016	Movement in funds		Balance at 31 March 2017
	£	Incoming resources £	Resources expended £	£
Heat Smart Orkney	-	724,177	-	724,177
Social outcomes - Big Lottery Fund	53,071	-	(10,613)	42,458
Revenue Big Lottery Fund	1,774	-	(1,774)	-
HIE Administration & Finance Officer	236	-	(59)	177
	<u>55,081</u>	<u>724,177</u>	<u>(12,446)</u>	<u>766,812</u>

Heat Smart Orkney - The purpose of this fund is to develop and install heating technology into households, which use electricity generated when wind turbines suffer from curtailment. REWDT was awarded the grant from the Scottish Government through the Energy Saving Trust. This funding was used to acquire project infrastructure.

Social Outcomes BLF - The purpose of this fund is to cover un-funded (by other sources not including the REWDT) project costs that the Trust has agreed with BLF. The balance of the fund at the year end represents the residual interest the funder has in fixed assets.

Revenue BLF - this fund was spent to support the Trust's un-funded (by other sources) staff salaries and office running costs up to an agreed amount for the year.

HIE - This fund supports the Admin and Finance Office post (staff costs and expenses).

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

26 Analysis of net assets between funds - group

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	1,361,423	669,866	2,031,289
Current assets/(liabilities)	1,250,225	96,946	1,347,171
Long term liabilities	(1,343,987)	-	(1,343,987)
Provisions	(85,761)	-	(85,761)
	<u>1,181,900</u>	<u>766,812</u>	<u>1,948,712</u>

Analysis of net assets between funds - charity

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible assets	219,649	669,866	889,515
Investments	200	-	200
Current assets/(liabilities)	629,807	96,946	726,753
	<u>849,656</u>	<u>766,812</u>	<u>1,616,468</u>

27 Designated funds

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

	Movement in funds				Balance at 31 March 2017 £
	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	
Heat Smart Orkney reserve	70,000	-	-	95,000	165,000
	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>165,000</u>

The directors designated certain unrestricted funds to cover potential future funding shortfalls on the Heat Smart Orkney project. This project commenced in the year.

28 Operating lease commitments

Lessee

The company leases land from a local land owner under the terms of two 25 year leases both expiring on 8 May 2036. The figure is determined by reference to the turnover of the subsidiary company.

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:

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

28 Operating lease commitments	(Continued)	
	2017 £	2016 £ as amended
Within one year	2,360	2,360
Between two and five years	9,440	9,440
In over five years	33,280	35,400
	<u>45,080</u>	<u>47,200</u>

The comparative amounts have been restated, to reflect the minimum payable under non cancellable operating leases, which was previously overstated.

29 Financial commitments, guarantees and contingent liabilities

During the year, the charity and Heat Smart Orkney Ltd entered into the Heat Smart Orkney Project, as described in the Trustees report. The total project budget committed to in the next year is approximately £195k for Heat Smart Orkney Ltd, and £270k for REWDT. The project is funded by grant funding and the charity's reserves.

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation - charity	35,254	31,042
Aggregate compensation - REWIRED (inc. directors)	8,190	8,190
	<u>43,444</u>	<u>39,232</u>

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

30 Related party transactions

(Continued)

Transactions with REWIRED - charity

Incoming resources from charitable activities include £3,600 (2016: £4,258) for management and administrative services.

Investment income includes £12,025 (2016: £16,621) charged to REWIRED for the rent of land & buildings and equipment.

The charity has entered into a subordinated loan agreement with REWIRED. Under the terms of this agreement, the charity received repayments of £16,882 (2016: £16,431). Interest charged and payable in the period amounted to £4,577 (2016: £4,127). Debtors include £137,556 (2016: £149,861) receivable from REWIRED. The loan is recoverable in sixteen annual instalments commencing in 2013 and interest is charged at a rate of three month LIBOR plus 2.25%.

Debtors also include £9,316 (2016: £13,560) for rent receivable from REWIRED.

Investment income includes distributions of profit of £182,500 (2016: £72,100) donated from REWIRED.

Transactions with Heat Smart Orkney Ltd (HSO) - charity

Incoming resources from charitable activities include £36,296 (2016: £nil) for management and administrative services, and £301 (2016: £nil) for car hire.

During the year, REWDT advanced to Heat Smart Orkney Ltd an interest free loan totalling £10,000. The loan has no formal repayment terms.

Debtors falling due within one year include amounts due in respect of the above transactions totalling £3,157.

Trustees - charity and group

During the year the charity had the following transactions with its trustees, their families and their other interests:

- H Byland training grant of £33 (2016: £nil)
- C. Daintith training grant £nil (2016: £48)
- H. Byland / C. Daintith / J. Garson, Rousay Primary School Parent Council, grants towards travel costs £144 (2016: £3,000)
- H. Byland / C. Cox / B. Noakes / S. Odling, The Craffhub Community Interest Company, grant for running costs £2,772 (2016: £nil)
- S. Sailor training grant of £160 (2016: £nil), and close relative of S Sailor received remuneration for employment of £5,198 (2016: £nil).

31 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
REWIRED	Scotland	Energy production	Ordinary	100.00	
Heat Smart Orkney	Scotland	Heating devices	Ordinary	100.00	

Investments in subsidiaries are stated at cost less provision for diminution in value.

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

32 Funds held as custodian trustee

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

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

Your Island, Your Choice

This fund is held on behalf of the Wyre Memorial Garden Project, Rousay Walking Guide, and Rousay Rack Cards, they achieved this as a grant from the Your Islands Your Choice. REWDT pays expenditure on behalf of the groups. At the balance sheet date, the charity held £3,031 on behalf of those groups.

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

ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

33 Cash generated from operations - group	2017	2016
	£	£
Surplus for the year	862,470	409,711
Adjustments for:		
Investment income recognised in statement of financial activities	(1,834)	(719)
Donated fixed assets	(14,400)	-
Loss on disposal on tangible fixed assets	90	296
Taxation charged/(credited)	4,321	49,083
Finance costs	68,602	72,771
Increase in deferred income	7,920	-
Depreciation and impairment of tangible fixed assets	136,117	115,177
(Increase)/decrease in debtors	(849,052)	75,818
Increase in creditors	45,761	15,709
Cash generated from operations	<u>259,995</u>	<u>737,846</u>
Cash generated from operations - charity	2017	2016
	£	£
Surplus for the year	828,627	214,376
Adjustments for:		
Investment income recognised in statement of financial activities	(200,197)	(93,438)
Donated fixed assets	(14,400)	-
(Gain)/loss on disposal of tangible fixed assets	-	296
Depreciation and impairment of tangible fixed assets	53,424	33,845
Movements in working capital:		
(Increase)/decrease in debtors	(723,646)	6,987
(Decrease)/increase in creditors	(2,300)	3,433
Cash (absorbed by)/generated from operations	<u>(58,492)</u>	<u>165,499</u>

34 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.