

Charity registration number SC040407 (Scotland)

Company registration number SC318527 (Scotland)

**ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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Directors	C Flaws	
	M Hull	
	C Maguire	
	A Mainland	
	G Mainland	(Appointed 28 May 2022)
	H Mainland	(Appointed 28 May 2022)
	P Roebuck	
	E Shortland	
	K Tipper	
	R Tipper	
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	

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# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## CONTENTS

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	Page
Directors' report	1 - 6
Statement of directors' responsibilities	7
Independent auditor's report	8 - 11
Consolidated statement of financial activities	12
Statement of financial activities	13
Consolidated balance sheet	14
Balance sheet	15
Consolidated statement of cash flows	16
Statement of cash flows	17
Notes to the accounts	18 - 44

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# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## DIRECTORS' REPORT (INCLUDING TRUSTEES' REPORT)

**FOR THE YEAR ENDED 31 MARCH 2022**

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

The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the financial statements 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 1 January 2019)".

### **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.

### **Achievements and performance**

The Trust continues to make use of the report produced following the community survey conducted in the year ended 31 March 2018, 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.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

### FOR THE YEAR ENDED 31 MARCH 2022

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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 2022, the Trust funded the following projects and activities:

- Covid-19 Projects. For the first two months of this financial year, we had funding carried forward to finish the COVID project, this covered the continuation of free delivery for essential foods and a hot meal for our vulnerable residents. We also provided activity packs for all of the children and any adults that wanted to learn something new, plus run online quizzes and other activities for residents to engage socially but safely.
  - Education Grants & Bursaries Scheme. This scheme continues to enable local people to attend a variety of academic, vocational, and professional development courses, as well as driving lessons, leading to improved skills and employment opportunities.
  - Wellbeing 100 Fund. This scheme covers wellbeing activities and courses, including sporting and craft activities.
  - Support for the installation of satellite broadband equipment where there is either no other source to access broadband or where the source is 5mb or less.
  - Grants for books of child ferry tickets, to improve access to activities by local people.
- Subsidising the provision of 'help in the home' services for elderly residents, in partnership with Age Scotland Orkney and its 'Here2Help' project and Crossroads, which has also led to the creation of local jobs.
- Electric Vehicle. The car is available to all residents via our Car Club scheme for hire. Residents must become Car Club members, there is no charge for membership.

General Grant Funding Scheme. This fund covers a wide range of projects and activities including:

- Supporting the travel costs for those attending education courses.
- Support funding for the local Guides, Rainbows and Brownies Groups for annual subscriptions
- Triangle club contributions to the costs of a hot-meal provision for the community members post-pandemic.
- Paying for the Rousay Community Association's annual levy.
- Grant awarded to the Rousay School Parent Council for outdoor educational activities.
- Final grant payment to the Rousay Sailing Club for their Skiff boat building project.
- Grant to the REW&G Community Council for a contribution to the improvements to the track to the Wasbister Loch/Wasbister graveyard, to make this track more accessible to community members.

The following grants were awarded in this financial year but not paid out:-

- Yoga Community Kickstart Grant - £500
- UHI REW Podcasts - £1,755
- Regional Screen Machine - £200 for a contribution towards their transport costs.
- Wi-Fi Broadband Centre. 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 continues to support the Allotment Association's allotment site and the Community Garden at Rousay Community School, with funding for the maintenance and grass cutting during the year.

The employment of the Ranger has meant that the sub-projects that the community voted on can progress, during this financial year this included the designing of the boardwalk as part of the Heart of Rousay project.

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 2022 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;

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2022

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### Heat Smart Orkney

HSO Ltd, is a wholly owned subsidiary of the Rousay, Egilsay & Wyre Development Trust (REWDT) and was set up to support the Trust, its revenue generating turbine, and the wider community, through active involvement in projects testing solutions to combat the curtailment of energy production and high costs of heating in community homes. Initially it did this through the delivery of the community engagement and operational element of the Heat Smart Orkney project, and then subsequently provided further operational support, experience and lessons learned for further work to others, e.g. during the SMILE, TraDER and ReFLEX projects. As a result, it has provided REWDT and the wider community with the opportunity to access Scottish Government, and other, funding and resource over an extended period of time.

Although it was decided to finish current live activities at the end of March 2022, after more than 6 years of continuous operation and employment. HSO has produced a significant legacy, including new heating equipment across the community, and continued to give some employment to REW community members over the past year as part of the winding up and post project work.

Last year's financial report expected that operations would cease during the 2021-2022 financial year. But, with careful management, all staff and activities continued to the end of the financial year. This ensured that final data could be gathered, all households and sites with HSO systems could be adjusted and supported to made good for future use, and also that the HSO office and systems could be sorted to prepare for the end of active operation, and all this has been responsible for a large part of the activity over this reporting period.

Thanks again for those who have continued to provide support to its activities.

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

- Education Grants & Bursaries - Advancement of education including the grants for access to the education.
- Well-Being Grants - Improve access to sporting and cultural activities & the provision of recreational facilities,
- Electric Vehicle - Transport links
- Grants for Child Ferry tickets - Transport links & Improve facilities and access to activities for young people
- Here2Help & Crossroads - Enhanced local care for our elderly residents
- Travel Costs - Improved access to facilities and activities
- Wi-Fi Broadband Centre - Community facilities; Tourism opportunities
- Parent Council Grants - Activities for young people; Advancement of Education
- Triangle Club provision of hot meals for members post-pandemic - 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.
- Rousay Sailing Club grant for Skiff - Advancement of education, Improve access to sporting and cultural activities, Improve facilities and access to activities for young people & the provision of recreational facilities.
- Improvements to the track to Wasbister Loch and graveyard - Improve community facilities.
- 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
- Rousay Community Association insurance and levy – provision of recreational activities
- Girl Guides, Rainbows and Brownies – Activities for Young People
- 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.
- Various externally (and part REW DT) funded COVID projects, covering health and well-being - 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 and the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.
- Trumland Land development and sub-projects - The Trust's objectives 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 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. This has benefitted from the employment of a Ranger.
- Hall Turbines, the trust owns 2 hall turbines, the revenue from which is used for projects, this covers any or all our aims and objectives.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

FOR THE YEAR ENDED 31 MARCH 2022

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### 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 £385,438 (2021: £341,751) and total resources expended of £183,429 (2021: £739,095), giving a surplus for the year of £202,009 (2021: deficit of 397,344). Total funds as at the balance sheet date amounted to £1,501,377 (2021: £1,299,368).

After removal of inter-group transactions, the group had total incoming resources of £759,736 (2021: £769,262) and total resources expended of £450,097 (2021: £961,573). Total funds as at the balance sheet date amounted to £2,414,358 (2021: £2,094,990).

The main sources of external funding received in the year to 31 March 2022 were

- the Aspiring Communities Funding (via VAO) supporting the costs of a Community Led Care Co-ordinator post from March 2019 through to the end of March 2022.
- Inspiring Scotland funding for the creation of a car park and boardwalk on land at Trumland.
- Life Changes Trust funding for a Dementia Coordinator, the position is fully funded up to December 2022, to support people on RE&W with memory loss.
- FITS payments and OIC payment for electricity connected to the 2 Hall Turbines.

These funds have been used to promote projects of a charitable nature for the benefit of the residents of the community, including the promotion, operation, co-ordination, monitoring and support of projects and programmes which further the aims of the charity.

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.

### 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 2022, our turbine produced 2,992,276 kWh (2021: 3,323,097 kWh), which is just over 330kWh less than last year but still in excess of our target.

2021/22 saw curtailment reach 20.32%, which is more than 5% over our target curtailment levels.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

### FOR THE YEAR ENDED 31 MARCH 2022

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Total revenue generated by REWIRED for the financial year ending 31 March 2022 was £514,808 (2021: £609,214). Total comprehensive income for the year was £309,436 (2021: £349,822).

REWIRED holds at least six months' operational costs as contingency against income instability, plus a further sum against possible expenditure required reducing curtailment and hence securing a greater continuing income to the trust.

Heat Smart Orkney Ltd (HSO) is a wholly-owned trading subsidiary of the Trust.

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

For the period ending 31 March 2022, HSO had total income of £60,205 (2021: £89,509) and total expenses (before tax) of £78,524 (2021: £60,447). The loss for the period after tax was £12,076 (2021: profit of £29,062). The company reported net assets of £7,068 (2021: net assets of £19,144).

#### Risk assessment

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 investigate and support the improvement of broadband speeds on the islands.
- Now that the Heat Smart Orkney Ltd project has finished to finalise the work and close the company during 2022/23 financial year.
- 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 (EV Car Club)
- To apply for a Rural Housing Fund grant to build 2 houses at the end of Johnstons Road to help the housing situation on RE&W following the Housing Needs Survey results. The Board has engaged consultants to take this project through to the funding application stage.
- To use the information from the 2017 survey of all residents to plan new projects and to produce a new Development Plan.
- To try to stop the reduction of residents on Wyre
- To develop the land purchased from the Trumland land estate to open it up for residents and visitors to use by the creation of a boardwalk, to develop a better understanding of the land and to ensure its sustainability and protect the natural environment for the benefit for the community.
- To hold the Rousay Lap half marathon and the 5K Peedie Lap race in 2023.
- To develop the former Pier Restaurant site
- To upgrade the Pier Store using REW Heritage SCIO NILPS grant as an archive display centre, to purchase the land adjacent to the building to create a safe entrance point and seating area. To support the Heritage SCIO with other NILPS projects.
- The installation of a bike shelter at the Pier.
- To develop and improve our website, ensuring residents have better and easier access to REW DT information.
- To provide a youth club style regular activity.
- To start a Community Group Kick Start Grant fund to encourage new or existing groups to begin again post COVID.
- To start a Fuel Crisis Grant fund to help those in extreme fuel poverty with rising electricity costs
- To engage with other Development Trusts and external organisations to support the aspiration to hit the Government targets for Net Zero and climate change.

#### 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 and up to the date of signature of the financial statements were:

C Flaws

S Foulds

(Resigned 8 August 2022)



# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## DIRECTORS' REPORT (CONTINUED)(INCLUDING TRUSTEES' REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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M Hull

C Maguire

A Mainland

G Mainland

(Appointed 28 May 2022)

H Mainland

(Appointed 28 May 2022)

P Roebuck

E Shortland

K Tipper

R Tipper

C Tunbridge

(Resigned 28 May 2022)

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. If vacancies become available during the year the board can appoint a director but this director has to 'stand down' at the next AGM and can re-apply for the members to consider at the AGM elections.

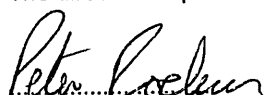
Additional directors are co-opted as deemed necessary up to a number not exceeding the permitted maximum to ensure adequate representation from each of the three islands and/or, in the judgement of the board of directors to broaden and/or deepen the available experience and expertise.

### 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.



P Roebuck

Director

Dated: 20 DEC 2022

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 MARCH 2022**

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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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the directors to prepare financial statements 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 financial statements, 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 financial statements; and
- prepare the financial statements 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 financial statements 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.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS AND DIRECTORS OF ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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#### Opinion

We have audited the financial statements of Rousay, Egilsay & Wyre 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 39 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 charity 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.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS AND DIRECTORS OF ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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

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

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

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

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

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS AND DIRECTORS OF ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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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 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.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS AND DIRECTORS OF ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

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



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

Chartered Accountants  
Statutory Auditor



.....

8 Albert Street  
Kirkwall  
Orkney  
KW15 1HP

# ROUSAY, EGILSAY & WYRE 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					
<b>Income from:</b>						
Grants and donations	3	-	128,089	128,089	87,826	87,826
Charitable activities	4	54,916	-	54,916	-	14,343
Other trading activities	5	575,796	-	575,796	-	664,705
Investments	6	935	-	935	-	2,388
<b>Total income</b>		<b>631,647</b>	<b>128,089</b>	<b>759,736</b>	<b>87,826</b>	<b>769,262</b>
<b>Expenditure on:</b>						
Raising funds	8	266,668	-	266,668	-	257,061
Charitable activities	9	136,114	47,315	183,429	502,709	702,512
Other	17	-	-	-	-	2,000
<b>Total resources expended</b>		<b>402,782</b>	<b>47,315</b>	<b>450,097</b>	<b>502,709</b>	<b>961,573</b>
<b>Net incoming/(outgoing) resources before transfers and tax</b>		<b>228,865</b>	<b>80,774</b>	<b>309,639</b>	<b>(414,883)</b>	<b>(192,311)</b>
Gross transfers between funds		(7,203)	7,203	-	(266,329)	-
<b>Net income/(expenditure) for the year before tax</b>		<b>221,662</b>	<b>87,977</b>	<b>309,639</b>	<b>(681,212)</b>	<b>(192,311)</b>
Taxation	19	(9,687)	-	(9,687)	-	(33,625)
<b>Other recognised gains and losses</b>	20	<b>19,416</b>	<b>-</b>	<b>19,416</b>	<b>-</b>	<b>7,476</b>
<b>Net movement in funds</b>		<b>231,391</b>	<b>87,977</b>	<b>319,368</b>	<b>(681,212)</b>	<b>(218,460)</b>
Fund balances at 1 April 2021		2,072,050	22,940	2,094,990	704,152	2,313,450
<b>Fund balances at 31 March 2022</b>		<b>2,303,441</b>	<b>110,917</b>	<b>2,414,358</b>	<b>22,940</b>	<b>2,094,990</b>

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

All income and expenditure derive from continuing activities, except for the income and expenditure of the subsidiary Heat Smart Orkney Ltd, the results of which are stated at note 8.

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

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total Unrestricted funds 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
<b><u>Income from:</u></b>							
Grants and donations	3	-	128,089	128,089	-	87,826	87,826
Charitable activities	4	59,151	-	59,151	21,809	-	21,809
Other trading activities	5	861	-	861	621	-	621
Investments	6	197,337	-	197,337	231,495	-	231,495
<b>Total income</b>		<b>257,349</b>	<b>128,089</b>	<b>385,438</b>	<b>253,925</b>	<b>87,826</b>	<b>341,751</b>
<b><u>Expenditure on:</u></b>							
Charitable activities	10	136,114	47,315	183,429	234,386	502,709	737,095
Other	17	-	-	-	2,000	-	2,000
<b>Total resources expended</b>		<b>136,114</b>	<b>47,315</b>	<b>183,429</b>	<b>236,386</b>	<b>502,709</b>	<b>739,095</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>121,235</b>	<b>80,774</b>	<b>202,009</b>	<b>17,539</b>	<b>(414,883)</b>	<b>(397,344)</b>
Gross transfers between funds		(7,203)	7,203	-	266,329	(266,329)	-
<b>Net income/(expenditure) for the year/</b>							
<b>Net movement in funds</b>		<b>114,032</b>	<b>87,977</b>	<b>202,009</b>	<b>283,868</b>	<b>(681,212)</b>	<b>(397,344)</b>
Fund balances at 1 April 2021		1,276,428	22,940	1,299,368	992,560	704,152	1,696,712
<b>Fund balances at 31 March 2022</b>		<b>1,390,460</b>	<b>110,917</b>	<b>1,501,377</b>	<b>1,276,428</b>	<b>22,940</b>	<b>1,299,368</b>

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

All income and expenditure derive from continuing activities.

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



# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	22	1,272,975	1,346,819
<b>Current assets</b>			
Tangible assets	22	88	110
Debtors	25	223,283	227,371
Cash at bank and in hand		1,694,031	1,489,564
		1,917,402	1,717,045
<b>Creditors: amounts falling due within one year</b>	26	(166,156)	(234,292)
Net current assets		1,751,246	1,482,753
<b>Total assets less current liabilities</b>		3,024,221	2,829,572
<b>Creditors: amounts falling due after more than one year</b>	27	(480,944)	(633,140)
<b>Provisions for liabilities</b>	28	(128,831)	(101,332)
<b>Deferred income</b>	29	(88)	(110)
<b>Net assets</b>		2,414,358	2,094,990
<b>Income funds</b>			
Funds retained within non-charitable subsidiary		912,981	795,622
Restricted funds	31	110,917	22,940
Unrestricted funds - general		1,390,460	1,276,428
		2,414,358	2,094,990

These financial statements 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 20 Dec 2022 and are signed on its behalf by:



P Roebuck

Director

Company Registration No. SC318527

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

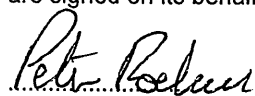
## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	22	544,700		538,134	
Investments	23	200		200	
		<u>544,900</u>		<u>538,334</u>	
<b>Current assets</b>					
Debtors	25	168,433		143,389	
Cash at bank and in hand		799,770		639,930	
		<u>968,203</u>		<u>783,319</u>	
<b>Creditors: amounts falling due within one year</b>	26	(11,726)		(22,285)	
Net current assets		<u>956,477</u>		<u>761,034</u>	
<b>Total assets less current liabilities</b>		<u>1,501,377</u>		<u>1,299,368</u>	
<b>Income funds</b>					
Restricted funds	31	110,917		22,940	
Unrestricted funds - general		1,390,460		1,276,428	
		<u>1,501,377</u>		<u>1,299,368</u>	

These financial statements 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 20 DEC 2022 and are signed on its behalf by:



P Roebuck  
Director

Company Registration No. SC318527

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	38	440,409		679,360	
Corporation tax paid		(38,993)		(34,835)	
Interest paid		(32,035)		(37,886)	
Net cash inflow generated from operating activities		369,381		606,639	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(7,595)		(258,943)	
Increase in loan receivables		(20,358)		-	
Repayment of investment loans and receivables		-		3,000	
Investment income received		935		2,388	
Net cash used in investing activities		(27,018)		(253,555)	
<b>Financing activities</b>					
Repayment of bank loans		(137,896)		(129,166)	
Net cash used in financing activities		(137,896)		(129,166)	
Net increase in cash and cash equivalents		204,467		223,918	
Cash and cash equivalents at beginning of year		1,489,564		1,265,646	
Cash and cash equivalents at end of year		1,694,031		1,489,564	

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	38		(22,468)		139,826
<b>Investing activities</b>					
Purchase of tangible fixed assets		(7,055)		(258,943)	
Increase/repayment in loan receivables		(20,358)		-	
Repayment of investment loans and receivables		12,384		15,323	
Investment income received		197,337		231,495	
<b>Net cash generated from/(used in) investing activities</b>			182,308		(12,125)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			159,840		127,701
Cash and cash equivalents at beginning of year			639,930		512,229
<b>Cash and cash equivalents at end of year</b>			<u>799,770</u>		<u>639,930</u>

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Critical accounting estimates and judgements

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

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

### 2 Accounting policies

#### Charity information

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.

#### 2.1 Accounting convention

The financial statements 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 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 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.

#### 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.

# ROUSAY, EGILSAY & WYRE 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 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 subsidiaries are recognised as investment income in accordance with published accounting guidance.

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.

#### 2.5 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.

#### 2.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
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# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 2 Accounting policies

(Continued)

#### 2.7 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/ 25% straight line basis (computer equipment)
Motor vehicles	20% reducing balance 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 the statement of financial activities.

#### 2.8 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.

#### 2.9 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.

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.

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.

#### 2.10 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.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 2 Accounting policies

(Continued)

#### 2.11 Financial instruments

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

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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.

##### **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.



# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 2 Accounting policies

(Continued)

#### **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.

### 2.12 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.

### 2.13 Taxation

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

#### **Current tax**

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

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 2 Accounting policies

(Continued)

#### **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.

#### **2.14 Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period it arises.

#### **2.15 Employee benefits**

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

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

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

#### **2.16 Retirement benefits**

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

#### **2.17 Leases**

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

#### **2.18 Foreign exchange**

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

#### **2.19 Distributions**

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

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 2 Accounting policies

(Continued)

#### 2.20 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.

### 3 Grants and donations - group and charity

	Restricted funds	Restricted funds
	2022	2021
	£	£
Grants receivable for core activities	128,089	87,826
<b>Grants receivable for core activities</b>		
Life Changes Trust - dementia salary	14,984	-
HIE - Trumland PO	1,440	8,940
HIE - healthy islands fund	98,716	-
HIE - supporting communities fund	-	22,069
Hunter Foundation - wellbeing	-	16,872
HIE - community recovery fund	-	25,406
VAO - Wellbeing coordinator	9,865	12,054
VAO - mental health & wellbeing	2,500	-
Other	584	2,485
	128,089	87,826

### 4 Charitable activities

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Management services to subsidiaries	-	-	4,235	7,466
Energy sales	12,440	13,415	12,440	13,415
Allotment fees	300	370	300	370
Contribution to premises costs	176	558	176	558
Other income - decommission HSO equipment	42,000	-	42,000	-
	54,916	14,343	59,151	21,809

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 5 Other trading activities

	Group 2022 £	2021 £	Charity 2022 £	2021 £
Non-charitable trading activities	575,796	664,705	861	621
	<u>575,796</u>	<u>664,705</u>	<u>861</u>	<u>621</u>

### 6 Investments

	Group 2022 £	2021 £	Charity 2022 £	2021 £
Rental income	-	(200)	14,585	27,567
Distributions from subsidiaries	-	-	180,000	200,000
Interest receivable	935	2,588	2,752	3,928
	<u>935</u>	<u>2,388</u>	<u>197,337</u>	<u>231,495</u>

### 7 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 2022

### 8 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 subsidiary 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.

	2022 £	2021 £
<u>REWIRED Ltd</u>		
Turnover and other operating income	514,808	609,214
Cost of sales and administration	(209,090)	(234,159)
Interest receivable	231	916
Net profit	305,949	375,971
Taxation	(15,930)	(33,625)
Other recognised gains and losses	19,416	7,476
Donations of profit to charity	(180,000)	(200,000)
Retained in subsidiary	129,435	149,822
Assets	1,761,467	1,822,655
Liabilities	(855,354)	(1,045,977)
Funds	906,113	776,678
<u>Heat Smart Orkney Ltd</u>		
Sales	60,183	47,144
Other operating income	22	42,365
Cost of sales and administration	(78,524)	(60,447)
Net profit	(18,319)	29,062
Taxation	6,243	-
Retained in subsidiary	(12,076)	29,062
Assets	13,028	29,185
Liabilities	(5,960)	(10,041)
Funds	7,068	19,144

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 8 Raising funds - Group

(Continued)

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.

The operations of HSO ceased on 31 March 2022 and the directors intend to wind up the company.

### 9 Charitable activities - group

	Community Benefit £	Energy Curtailment £	Total 2022 £	Total 2021 £
Staff costs	84,917	-	84,917	70,850
Depreciation and impairment	1,611	(3,974)	(2,363)	483,408
Local projects	46,446	-	46,446	88,009
Heat Smart Orkney Ltd expenses recharged	-	-	-	3,233
	<u>132,974</u>	<u>(3,974)</u>	<u>129,000</u>	<u>645,500</u>
Grant funding of activities (see note 11)	11,369	-	11,369	8,100
Share of support costs (see note 13)	28,754	1,364	30,118	38,644
Share of governance costs (see note 13)	12,295	647	12,942	10,268
	<u>185,392</u>	<u>(1,963)</u>	<u>183,429</u>	<u>702,512</u>
<b>Analysis by fund</b>				
Unrestricted funds - general	138,077	(1,963)	136,114	
Restricted funds	47,315	-	47,315	
	<u>185,392</u>	<u>(1,963)</u>	<u>183,429</u>	
<b>For the year ended 31 March 2021</b>				
Unrestricted funds - general	140,304	59,499		199,803
Restricted funds	89,501	413,208		502,709
	<u>229,805</u>	<u>472,707</u>		<u>702,512</u>

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 10 Charitable activities - charity

	Community Benefit £	Energy Curtailment £	Total 2022 £	Total 2021 £
Staff costs	84,917	-	84,917	70,850
Depreciation and impairment	1,611	(3,974)	(2,363)	483,408
Local projects	46,446	-	46,446	88,009
Heat Smart Orkney Ltd expenses recharged	-	-	-	3,233
	<u>132,974</u>	<u>(3,974)</u>	<u>129,000</u>	<u>645,500</u>
Grant funding of activities (see note 12)	11,369	-	11,369	42,683
Share of support costs (see note 13)	28,754	1,364	30,118	38,644
Share of governance costs (see note 13)	12,295	647	12,942	10,268
	<u>185,392</u>	<u>(1,963)</u>	<u>183,429</u>	<u>737,095</u>
<b>Analysis by fund</b>				
Unrestricted funds - general	138,077	(1,963)	136,114	
Restricted funds	47,315	-	47,315	
	<u>185,392</u>	<u>(1,963)</u>	<u>183,429</u>	
<b>For the year ended 31 March 2021</b>				
Unrestricted funds - general	140,304	94,082		234,386
Restricted funds	89,501	413,208		502,709
	<u>229,805</u>	<u>507,290</u>		<u>737,095</u>

### 11 Grants payable - group

All community benefit	2022 £	2021 £
Grants to institutions:		
Rousay Sailing Club	147	304
Rousay Music Group	-	390
Rousay Guides	142	129
Rousay Community Association	-	370
Triangle Club	1,435	-
Rousay, Egilsay and Wyre Community Council	2,500	-
Rousay School	985	-
Rousay Rainbows and Brownies	249	257
Other	-	8
	<u>5,458</u>	<u>1,458</u>
Grants to individuals	5,911	6,642
	<u>11,369</u>	<u>8,100</u>

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 11 Grants payable - group

(Continued)

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, the charity awarded the following grants to individuals:

- Five education bursaries totalling £1,770 (2021: four totalling £1,895) were issued to help local residents to undertake training and learn new skills to continue to live in the islands.
- Five grants totalling £1,250 (2021: 16 totalling £4,080) were paid for upgrading broadband connections.
- 13 grants totalling £1,822 were awarded for the wellbeing of local residents (2021: five grants totalling £273).
- 19 grants were awarded to assist with travel costs for children totalling £1,069 (2021: six grants totalling £394).

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 £4,285 (2021: £450) of grants had been committed but not awarded.

### 12 Grants payable - charity

	Community Benefit £	Energy Curtailment £	Total £	2021 £
Grants to institutions:				
Rousay Sailing Club	147	-	147	304
Heat Smart Orkney Ltd	-	-	-	34,583
Rousay Music Group	-	-	-	390
Rousay Guides	142	-	142	129
Rousay Community Association	-	-	-	370
Triangle Club	1,435	-	1,435	-
Rousay, Egilsay and Wyre Community Council	2,500	-	2,500	-
Rousay School	985	-	985	-
Rousay Rainbows and Brownies	249	-	249	257
Other	-	-	-	8
	5,458	-	5,458	36,041
Grants to individuals	5,911	-	5,911	6,642
	11,369	-	11,369	42,683



# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 12 Grants payable - charity

(Continued)

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, the charity awarded the following grants to individuals:

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- Five grants totalling £1,250 (2021: 16 totalling £4,080) were paid for upgrading broadband connections.
- 13 grants totalling £1,822 were awarded for the wellbeing of local residents (2021: five grants totalling £273).
- 19 grants were awarded to assist with travel costs for children totalling £1,069 (2021: six grants totalling £394).

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 £4,285 (2021: £450) of grants had been committed but not awarded.

### 13 Support costs - group and charity

	Support costs	Governance costs	2022	2021	Basis of allocation
	£	£	£	£	
Depreciation	2,852	-	2,852	3,077	Assets employed
Insurance	10,320	-	10,320	5,554	Staff time
Postage and stationary	1,747	-	1,747	5,145	Staff time
Telephone and fax	1,253	-	1,253	1,432	Staff time
Travelling expenses	962	-	962	239	Staff time
Staff training	2,697	-	2,697	300	Staff time
Sundry	443	-	443	788	Staff time
Bank charges	60	-	60	85	Staff time
Rent	3,593	-	3,593	18,879	Actual
Repairs	6,011	-	6,011	3,145	Staff time
Legal and professional	180	-	180	-	Staff time
Audit fees	-	5,400	5,400	5,200	Governance
Accountancy	-	7,192	7,192	4,154	Governance
Legal and professional	-	-	-	465	Governance
Director training	-	350	350	449	Governance
	<u>30,118</u>	<u>12,942</u>	<u>43,060</u>	<u>48,912</u>	
Analysed between					
Charitable activities	<u>30,118</u>	<u>12,942</u>	<u>43,060</u>	<u>48,912</u>	

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 14 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 35.

### 15 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2022 £	2021 £
Audit of the financial statements	4,600	4,850
Preparation of the financial statements	2,400	2,600
Other services	1,571	1,393
Total auditors fees to the parent	8,571	8,843
Audit of other group company financial statements	4,980	4,650
<b>Total auditors fees</b>	<b>13,551</b>	<b>13,493</b>

### 16 Employees

#### Number of employees

The average monthly number of employees during the year was:

	Group 2022 Number	2021 Number	Charity 2022 Number	2021 Number
Administration	1	1	1	1
Engaged in direct charitable activities	5	4	5	4
Engaged in operating subsidiary activities	6	5	-	-
	12	10	6	5

Employment costs	Group 2022 £	2021 £	Charity 2022 £	2021 £
Wages and salaries	128,481	113,991	78,780	65,857
Social security costs	2,174	2,519	1,005	401
Other pension costs	7,790	7,626	5,132	4,592
	138,445	124,136	84,917	70,850

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

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 17 Other - group and charity

	2022 £	2021 £
Impairment of loan receivable	-	2,000
	<u>-</u>	<u>2,000</u>
	<u>-</u>	<u>2,000</u>

### 18 Impairments

Impairment tests have been carried out where appropriate and impairment losses of £nil for the group (2021: £4,604) in respect of intangible fixed asset and a reversal of £3,974 for the group (2021: loss of £409,464) and reversal of £3,964 (2021: loss of £408,785) for the charity in respect of tangible fixed assets have been recognised in the statement of financial activities.

### 19 Taxation - group only

	2022 £	2021 £
<b>Domestic current year tax</b>		
U.K. corporation tax	19,863	73,193
Adjustments in respect of prior periods	(33,022)	(38,000)
<b>Total current tax</b>	<u>(13,159)</u>	<u>35,193</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,193)	(1,568)
Change of tax rates	26,039	-
	<u>9,687</u>	<u>33,625</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.

### 20 Other recognised gains and losses - group only

	Total 2022 £	Total 2021 £
Cash flow hedge (loss)/gain	24,069	9,229
Tax relating to other gains/losses	(4,653)	(1,753)
	<u>19,416</u>	<u>7,476</u>

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 21 Intangible fixed assets - group only

	Software £
<b>Cost</b>	
At 1 April 2021 and 31 March 2022	11,510
<b>Amortisation and impairment</b>	
At 1 April 2021 and 31 March 2022	11,510
<b>Carrying amount</b>	
At 31 March 2022	-
At 31 March 2021	-

More information on the impairment arising in the year is given in note 18.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

### 22 Tangible fixed assets - group

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Other assets £	Total £
<b>Cost</b>					
At 1 April 2021	616,710	2,395,386	25,981	595	3,038,672
Additions	5,378	2,217	-	-	7,595
At 31 March 2022	622,088	2,397,603	25,981	595	3,046,267
<b>Depreciation and impairment</b>					
At 1 April 2021	91,466	1,580,683	18,999	595	1,691,743
Depreciation charged in the year	669	83,370	1,396	-	85,435
Reversal of past impairment	-	(3,974)	-	-	(3,974)
At 31 March 2022	92,135	1,660,079	20,395	595	1,773,204
<b>Carrying amount</b>					
At 31 March 2022	529,953	737,524	5,586	-	1,273,063
At 31 March 2021	525,244	814,703	6,982	-	1,346,929

Tangible fixed assets of the group in the above table include plant and machinery with a net book value of £88 (2021: £110) which is held in current assets.

### Tangible fixed assets - charity

	Freehold buildings £	Plant and machinery £	Motor vehicles £	Other assets £	Total £
<b>Cost</b>					
At 1 April 2021	616,710	773,980	25,981	595	1,417,266
Additions	5,378	1,677	-	-	7,055
At 31 March 2022	622,088	775,657	25,981	595	1,424,321
<b>Depreciation and impairment</b>					
At 1 April 2021	91,466	768,072	18,999	595	879,132
Depreciation charged in the year	669	2,398	1,396	-	4,463
Reversal of past impairment	-	(3,974)	-	-	(3,974)
At 31 March 2022	92,135	766,496	20,395	595	879,621
<b>Carrying amount</b>					
At 31 March 2022	529,953	9,161	5,586	-	544,700
At 31 March 2021	525,244	5,908	6,982	-	538,134

More information on the impairment reversal arising in the year is given in note 18.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 23 Fixed asset investments - charity

	Other investments
<b>Cost or valuation</b>	
At 1 April 2021 & 31 March 2022	200
<b>Carrying amount</b>	
At 31 March 2022	200
At 31 March 2021	200

	Notes	2022 £	2021 £
Other investments comprise:			
Investments in subsidiaries	32	200	200

### 24 Financial instruments - group

	2022 £	2021 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through other comprehensive income	1,332	-
<b>Carrying amount of financial liabilities</b>		
Other financial instruments measured through other comprehensive income	-	22,737

### 25 Debtors

	Group 2022 £	2021 £	Charity 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	97,960	89,898	122	6,088
Amounts due from subsidiary undertakings	-	-	13,307	13,293
Other debtors	117,198	130,680	85,713	42,319
Prepayments and accrued income	6,793	6,793	6,793	6,793
	221,951	227,371	105,935	68,493
<b>Amounts falling due after more than one year:</b>				
Amounts due from subsidiary undertakings	-	-	62,498	74,896
Other debtors	1,332	-	-	-
	1,332	-	62,498	74,896
<b>Total debtors</b>	223,283	227,371	168,433	143,389

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 26 Creditors: amounts falling due within one year - group and charity

	Group 2022 £	2021 £	Charity 2022 £	2021 £
Borrowings	112,274	120,711	-	-
Other taxation and social security	34,181	84,818	1,245	1,262
Payments received on account	200	200	200	200
Trade creditors	1,436	3,572	959	3,067
Other creditors	377	3,261	-	3,261
Accruals and deferred income	17,688	21,730	9,322	14,495
	<u>166,156</u>	<u>234,292</u>	<u>11,726</u>	<u>22,285</u>

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

	2022 £	2021 £
Bank loans	480,944	610,403
Derivative financial instruments	-	22,737
	<u>480,944</u>	<u>633,140</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 £593,218 (2021: £731,114). 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 asset in respect of the hedging instrument was £1,332 (2021: liability of £22,737). 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	-	118,813
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# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 28 Provisions for liabilities - group only

	Notes	2022 £	2021 £
Decommissioning		20,000	20,000
Deferred tax liabilities	19	108,831	81,332
		<u>128,831</u>	<u>101,332</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 £108,831 for deferred tax relates to accelerated capital allowances and other timing differences.

Movements in deferred tax liabilities included losses of £4,653 (2021: losses of £1,753) recognised in other gains and losses in respect of changes in the value of the hedging instrument referred to in note 27.

### 29 Deferred income - group only

	2022 £	2021 £
Arising from government grants	<u>88</u>	<u>110</u>

### 30 Financial commitments, guarantees and contingent liabilities

Premises owned by the charity was subject to an oil leak, which the charity is required to make good (including any damage to neighbouring premises). The cost of repairing premises and removing the oil cannot be estimated until such time as consultants assess the extent of the damage. It is also not yet known whether the cost will be covered by the charity's insurance.

No provision has been recognised in the financial statements for the above issue as the cost to the charity cannot be reliably estimated.



# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 31 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 2020 £	Movement in funds			Balance at 1 April 2021 £	Movement in funds			Transfers £	Balance at 31 March 2022 £
		Incoming resources £	Resources expended £	Transfers £		Incoming resources £	Resources expended £	Transfers £		
Heat Smart Orkney	413,208	-	(413,208)	-	-	-	-	-	-	-
Social outcomes - Big Lottery Fund	10,619	-	(10,619)	-	-	-	-	-	-	-
Trumland - Scottish Land Fund	266,389	-	-	(266,389)	-	-	-	-	-	-
Wellbeing coordinator - VAO	2,509	12,054	(14,023)	(540)	-	9,865	(9,865)	-	-	-
Trumland project officer - HIE	11,427	8,940	(8,131)	2,231	14,467	1,440	(20,710)	8,284	3,481	-
Supporting communities - HIE	-	22,069	(19,681)	(2,388)	-	-	-	-	-	-
Community wellbeing - Hunter Foundation	-	16,872	(17,629)	757	-	-	-	-	-	-
Communities recovery - HIE	-	25,406	(16,933)	-	8,473	-	(11,427)	2,954	-	-
Dementia coordinator - Life Changes Trust	-	-	-	-	-	14,984	(4,819)	-	10,165	-
Trumland development - Inspiring Scotland	-	-	-	-	-	98,716	-	(4,067)	94,649	-
Mental health & wellbeing - VAO	-	-	-	-	-	2,500	(104)	-	2,396	-
Other	-	2,485	(2,485)	-	-	584	(390)	32	226	-
	704,152	87,826	(502,709)	(266,329)	22,940	128,089	(47,315)	7,203	110,917	

**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. The grant was awarded by the Scottish Government through the Energy Saving Trust which 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.

**Scottish Land Fund** - Funds were awarded initially for land survey and valuation for the potential purchase of land. Funding was then awarded for the purchase of that land, which completed during the year.

**VAO Wellbeing coordinator** - Funding provided by VAO via the Scottish Government Aspiring Communities Fund, to employ a wellbeing coordinator.

**Trumland project officer - HIE** - Funds were awarded from HIE to cover 60% of salary costs for a project officer for Trumland. Funds of £8,284 were transferred from unrestricted to cover the remaining 40% of costs.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 31 Restricted funds - group and charity

(Continued)

**Supporting Communities - HIE** - Funds were awarded from HIE to support the local community , particularly those that are elderly, disabled or shielding, through the Covid-19 pandemic.

**Community wellbeing - Hunter Foundation** - Funds were awarded from the Hunter Foundation to support the community during the Covid-19 pandemic.

**Communities recovery - HIE** - Funds were awarded from HIE to support the community during the Covid-19 pandemic. Funds of £2,954 were transferred from unrestricted to cover the deficit in this fund.

**Dementia coordinator - Life Changes Trust** - Funds awarded to fund a dementia coordinator, to run activities and consult with those affected by dementia.

**Trumland development - Inspiring Scotland** - Funds awarded to deliver the creation of a car park and boardwalk on land at Trumland. Funds of £4,067 were transferred to unrestricted funds for capital expenditure during the year.

**Mental health & wellbeing - VAO** - Funds awarded for the Coming Back Together project.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 32 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
Heat Smart Orkney	Scotland	Heating devices	Ordinary	100.00	
REWIRED	Scotland	Energy production	Ordinary	100.00	

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

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

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 March 2022 are represented by:			
Tangible assets	1,272,975	-	1,272,975
Current assets/(liabilities)	1,640,329	110,917	1,751,246
Long term liabilities	(480,944)	-	(480,944)
Provisions	(128,831)	-	(128,831)
Deferred income	(88)	-	(88)
	<u>2,303,441</u>	<u>110,917</u>	<u>2,414,358</u>

### Analysis of net assets between funds - charity

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 March 2022 are represented by:			
Tangible assets	544,700	-	544,700
Investments	200	-	200
Current assets/(liabilities)	845,560	110,917	956,477
	<u>1,390,460</u>	<u>110,917</u>	<u>1,501,377</u>

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 34 Operating lease commitments

#### Lessor

The company leases land to its subsidiary company, REWIRED, owner under the terms of a 25 year leases expiring on 8 May 2036. The figure is determined by reference to the turnover of the subsidiary company subject to a minimum rent of £2,000 per annum. An access track is also leased under the agreement for £360 per annum.

At the reporting end date the charity had contracted with tenants for the following minimum lease payments:

	2022 £	2021 £
Within one year	2,360	2,360
Between two and five years	9,440	9,440
In over five years	21,480	23,840
	<u>33,280</u>	<u>35,640</u>

### 35 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation - charity	<u>21,088</u>	<u>20,869</u>

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 35 Related party transactions

(Continued)

#### Transactions with REWIRED - charity

Incoming resources from charitable activities include £3,600 (2021: £3,626) for management and administrative services.

Investment income includes £14,155 (2021: £26,047) 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 £14,432 (2021: £14,579). Interest charged and payable in the period amounted to £2,048 (2021: £2,256). Debtors include £75,805 (2021: £88,189) 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 £13,795 (2021: £16,187) for rent receivable from REWIRED.

Investment income includes distributions of profit of £180,000 (2021: £200,000) donated from REWIRED.

#### Transactions with Heat Smart Orkney Ltd (HSO) - charity

Incoming resources from charitable activities include £584 (2021: £3,840) for management and administrative services, and £129 (2021: £56) for car hire. Incoming resources from investments includes rental income of £430 (2021: £1,720).

Expenditure on charitable activities includes a grant of £nil (2021: £34,583) for the charity's contribution to the Heat Smart Orkney project.

During the period, HSO repaid loans totalling £nil (2021: £34,583).

Debtors falling due within one year include amounts due in respect of the above transactions totalling £nil (2021: £5,053). Loans to HSO are interest free and have no formal repayment terms.

#### Trustees - charity and group

During the year the charity awarded grants to its trustees, their families and their other interests:

##### Trustees:

- C. Flaws - £nil (2021: £246)
- P Roebuck - £nil (2021: £30) and
- C Tunbridge - £113 (2021: £250).

##### Other interests of trustees:

- Rousay Community Association - £nil (2021: £370).

### 36 Analysis of changes in net funds

The charity had no debt during the year. Debt for the group is disclosed at note 27.

# ROUSAY, EGILSAY & WYRE DEVELOPMENT TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 37 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 Rousay Past and Present, Rousay Teenage Social Group and Wyre Rat Eradication, they achieved this as a grant from the Your Islands Your Choice. REWDT pays expenditure on behalf of the groups. During the year, REWDT paid expenditure totalling £nil (2021: £1,002) from this fund. At the balance sheet date, the charity held £nil (2021: £nil) on behalf of those groups.

#### **Rousay, Egilsay & Wyre Heritage SCIO**

This fund is held on behalf of the above named charity from LEADER funding. During the year, REWDT paid expenditure totalling £nil (2021: £78) from this fund. At the balance sheet date, the charity held £nil (2021: £nil) on behalf of the charity.

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 2022

<b>38 Cash generated from operations - group</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the year	299,953	(225,936)
Adjustments for:		
Investment income recognised in statement of financial activities	(935)	(2,388)
Loss on disposal on tangible fixed assets	-	4,711
Taxation charged/(credited)	9,687	33,625
Finance costs	32,035	37,886
Impairment of loan receivable	-	2,000
Increase/(decrease) in deferred income	(22)	(7,782)
Depreciation and impairment of tangible fixed assets	81,461	575,151
Decrease in debtors	32,044	248,899
(Decrease)/increase in creditors	(13,814)	13,194
Cash generated from operations	<u>440,409</u>	<u>679,360</u>
<b>Cash generated from operations - charity</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the year	202,009	(397,344)
Adjustments for:		
Investment income recognised in statement of financial activities	(197,337)	(231,495)
Impairment of loan receivables	-	2,000
Depreciation and impairment of tangible fixed assets	489	486,485
Non-cash grant awarded	-	34,583
Movements in working capital:		
(Increase)/decrease in debtors	(17,070)	240,188
(Decrease)/increase in creditors	(10,559)	5,409
Cash (absorbed by)/generated from operations	<u>(22,468)</u>	<u>139,826</u>

### 39 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.