

REGISTERED COMPANY NUMBER: SC271553 (Scotland)
REGISTERED CHARITY NUMBER: SC038888

**Report of the Trustees and
Audited Consolidated Financial Statements for Year Ended 31 August 2013
for
Stronsay Development Trust and Subsidiaries**

The Long Partnership
Chartered Accountants
Registered Auditors
1 Castle Street
Kirkwall
Orkney
KW15 1HD
01856 878600

Stronsay Development Trust

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Stronsay Development Trust

Report of the Trustees For The Year Ended 31 August 2013

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC271553 (Scotland)

Registered Charity number

SC038888

Registered office

Unit 1
Wood's Yard
Whitehall
Stronsay
KW17 2AR

Trustees

C A Goodram		
M Addison	Retired	- resigned 25.4.13
Miss N A Gleed		
Mrs Y M Weaver	Pool Attendant	
Ms M Macleod		- resigned 3.9.12
Dr R F Neville-Smith	General Practitioner	- resigned 28.8.13
P J Riley	Retired	- resigned 14.8.13
	Cartographic surveyor	
A Miller		- resigned 22.10.12
A Cooke	Hotelier	- resigned 17.12.12
S Weaver	School Janitor	
I G Stevenson		- resigned 1.11.12
Mrs V J Erdman	Shop Keeper	
Mrs T A Boler	Radiographer	- appointed 24.4.13
Mrs C A Cotterill	Retired	- appointed 24.4.13
C D N Evans	Sales Manager	- appointed 24.4.13
J R Dennison	Retired	- appointed 24.4.13
P M Glaze	Retired	- appointed 24.4.13
		- resigned 29.10.13
Ms V S Stone-Lucas	Craft Worker	- appointed 24.4.13

Company Secretary

Mrs L M De Geer

Senior Statutory Auditor

Alan Long, F.C.A., C.T.A

Auditors

The Long Partnership
Chartered Accountants
Registered Auditors
1 Castle Street
Kirkwall
Orkney
KW15 1HD

Stronsay Development Trust

Report of the Trustees For The Year Ended 31 August 2013

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

The Royal Bank of Scotland
1 Victoria Street
Kirkwall
Orkney
KW15 1DP

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, the Memorandum and Articles of Association and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

Individuals on the island of Stronsay with the relevant skills are encouraged by the board to seek appointment as trustees. In addition, regular items appear in the Limpet and on local notice boards to explain the role and responsibilities of trustees and invite interested persons to come forward.

Induction and training of new trustees

Each new trustee is issued with a comprehensive induction pack which includes previous minutes, OSCR guidance on the role, the latest annual report and SDT policy documents. VAO training courses are offered frequently and several trustees have attended courses by the Social Enterprise Academy.

Organisational structure

Administration and Bookkeeping	Lisa De Geer
Administration and Finance Support Officer	Julia Crocker resigned 31 May 2013
Administration and Finance Support Officer	Roger Dart from 1 August 2013
Community Development Officer	Jacqueline Dennison from 21 January 2013
Community Development Officer	Anthony Withers resigned 31 December 2012
Company Secretary	Lisa De Geer
Project Officer	Anthony Withers from 14 February 2013
Turbine Development Officer	Anthony Withers resigned 13 February 2013
Youth Greenhouse Project Worker	Marion Miller from 1 September 2012 - 31 July 2013

Trustee's retiring and standing for re-election at the forthcoming AGM:

Christopher Evans

Trustee's retiring and not standing for re-election at the forthcoming AGM:

Nina Gleed
Stephen Weaver
Yvonne Weaver

Area of Benefit

"The Parish of Stronsay" namely the principal Islands of Auskerry, Papa Stronsay and Stronsay and other Holms and Skerries (including Holm of Huip, Linga Holm and Ingale Skerry).

Related parties

The charity has two wholly owned subsidiaries; Stronsay Renewable Energy Ltd, which is engaged in the operation of a wind turbine on the island, and Business Initiatives Stronsay CIC, which was set up to manage the Enterprise Zone and any other business initiatives on behalf of the Trust.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

Stronsay Development Trust

Report of the Trustees For The Year Ended 31 August 2013

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the Trust as set out in the Articles of Association are as follows:

1. To provide recreational facilities and organise recreational activities, with the object of improving the conditions of life for members of Stronsay.
2. To advance education through:
 - 2.1. the provision and supervision of learning-orientated extra-curricular activities for school and pre-school children;
 - 2.2. the promotion of opportunities for learning for the benefit of the general public; and
 - 2.3 the promotion of training, particularly among residents of Stronsay, and with particular reference to skills which assist the participants in obtaining paid employment.
3. To advance the arts, heritage and culture.
4. To advance environmental protection and improvement through the provision, maintenance and/or improvement of public open space and other public amenities and other environmental and regeneration projects (but subject to appropriate safeguards to ensure that the public benefits so arising clearly outweigh any private benefit thereby conferred on private landowners).
5. To provide, or assist in the provision of, housing for those in need by reason of age, ill-health, disability, financial hardship or other disadvantage within the Stronsay.
6. To prevent and relieve poverty particularly among the residents of Stronsay.
7. To advance citizenship within Stronsay by encouraging, stimulating and supporting volunteering projects.
8. To preserve, for the benefit of the general public, the historical, architectural and constructional heritage that may exist in and around Stronsay in buildings (including any structure or erection, and any part of a building as so defined) of particular beauty or historical, architectural or constructional interest.
9. To advance the health and wellbeing of the residents of Stronsay and to prevent or relieve ill-health among residents of Stronsay and provision of health education for such residents.
10. To promote, establish, operate and/or support other similar schemes which are in furtherance of charitable purposes for the benefit of the residents of Stronsay.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Limpet

The Limpet is the Trust's monthly newsletter. It is edited and distributed voluntarily by Bruce Fletcher and printed by the Orcadian. All households on Stronsay get a free copy on the last Thursday of every month, but it is also available online. The Limpet has a monthly print run of about 120 copies. The Limpet also has its own webpage and a Facebook page.

Community Wind Turbine

The community turbine project is being run by the Trust's subsidiary Stronsay Renewable Energy Ltd (SREL). The Community Turbine has been commissioned and is producing electricity and income. This project was brought in ahead of schedule and started earning its keep from mid November 2011. The current Turbine Development Officer, Anthony Withers, and the Chair of the Trust, Julia Crocker worked in conjunction with Community Energy Scotland to get the project to its operating phase within the umbrella of Community Power Orkney (CPO). The CPO proved invaluable for information, experience and reduced duplication of work by five islands all of whom were building community turbines.

Good communications with all on site contractors involved has helped SREL to achieve the goal; including Heddles, SSE and Enercon. Npower were selected as the power suppliers for both import and export of power. FiTs accreditation from Ofgem meant that Stronsay Renewable Energy Ltd has been paid the feed in tariff payments from mid November 2011 on top of power generation earnings.

Stronsay Development Trust

Report of the Trustees For The Year Ended 31 August 2013

Charitable activities - Continued

Community Interest Company

One of the Trust's main priorities for the year 2012-13 was to set up a Community Interest Company to manage the Enterprise Zone and any other business undertaken by the Trust. Business Initiatives Stronsay C.I.C. was incorporated on 26 April 2013 and is a wholly owned subsidiary of the Trust.

The objectives of Business Initiatives Stronsay C.I.C. are to carry on activities which benefit the community and in particular (without limitation) the provision of advice to local businesses, organisations and groups in respect of tourism and building and improving the economy of Stronsay.

The company is currently managing the build and subsequent running of the Enterprise Zone on behalf of the Development Trust, and will continue to investigate opportunities to establish other commercial operations on the island which will raise funds to further the aims and objectives of the company, while not competing with any similar established businesses located in Stronsay.

Stronsay Community Fund

Officially launched at the end of November 2012 this is the revenue gift aided to the Trust by Stronsay Renewable Energy Ltd to be used by the charity to support island community groups and new projects, and is open to any voluntary group, social enterprise or individual on Stronsay.

A total of £160,000 was paid as gift aid from the subsidiary from the year 2011/2012. During the financial year ending 31 August 2013, £31,789 was granted to various projects, including £8,687 towards the Trust's own running costs.

The Trust has approved of two pilot schemes; a fuel poverty grant of £150 to help relieve poverty for Stronsay residents by providing financial assistance towards home electricity costs, and an educational and skills training bursary up to £1,000 to support individual education and skills learning for residents of all ages. These pilot schemes will be monitored and reviewed by the Board in the light of take up, results and the funds available in future years.

Stronsay Tourism Group and Stronsay Fest

The Trust's Community Development Officer has helped with the founding and chairing of a tourism group. The group organised a well attended three-day event, Stronsay Fest in August 2013.

The Enterprise Zone

Funding for the purchase and building of a sustainable enterprise zone providing business, employment, social and training opportunities comes from a £435,000 'Growing Community Assets' BIG Lottery grant awarded to the Trust. The total cost of the build including land purchase has been estimated at £375,000.

The Trust has purchased Wood's Yard and the adjoining Lobster Ponds. The building will consist of 4 business units and the Trust's Office. The boardroom within the office will have Wi-Fi installed and will be available for business meetings etc to those renting units. This facility will also be available to others to use by prior arrangement for training and business purposes and will act as a mini "Business Hub" for Stronsay. The Trust has already received written expressions of interest in renting the units from various local parties. Nearer the completion date the units will be advertised to secure the tenancies.

The Trust instructed architect Peter Finnigan to submit new plans that utilise the existing Lobster Pond building and planning permission was granted. This process was hampered somewhat by various delays that resulted in the start date for work now commencing early 2014 with an anticipated completion date of December 2014.

Stronsay Development Trust

Report of the Trustees For The Year Ended 31 August 2013

Charitable activities - Continued

The build will be offered out to tender in a formal process. In order to assist local contractors and give them the opportunity and confidence to quote for such work, the Trust organised a workshop/training course in how to write a professional quote for a tender. The Trust will look favourably at contractors who make best effort to use local labour, particularly when employing youngsters to give them paid work experience and something to add to their CV's.

Affordable Warmth - Stronsay Community Hall Heating

SDT were initially looking at the potential funding for insulating and upgrading heating and insulation of old housing stock on the island to alleviate fuel poverty. However the situation has changed somewhat due to local Orkney Island Council and National initiatives with regard to tackling residential fuel poverty issues. These programs include extra loft insulation and internal wall insulation grants.

Therefore The Trust turned its attention to community buildings requiring upgrading. Using the heat loss audit carried out by the then SDT Powerdown Officer, the Stronsay Community Hall was identified as needing particular attention. £30,000 from the Trust's BIG Lottery 'Growing Community Assets' grant has been set aside to fund this project. Working in partnership with the Stronsay Community Association, a tender has gone out to interested parties to tender for improved insulation with works to commence March 2014. This improvement will make the Hall a far more comfortable place to be and will reduce the heating costs.

Stronsay Community Greenhouse

The greenhouse, purchased with a grant from the Climate Challenge Fund via Keep Scotland Beautiful, opened in October 2010 with 12 plots which all have been occupied by residents of Stronsay continuously since. The Eco Club has the exclusive use of one of the plots.

Youth Greenhouse Project

In June 2012 the sum of £9,450 was secured from Lottery's Awards for All to start a "youth greenhouse" project. This project will be aimed at children of secondary school age. In July a 3X4 meter Keder greenhouse was erected behind the large community greenhouse. This project also includes funding of a project officer from 1 September 2012 to 31 July 2013 to manage the build and to run the youth club.

In mid September 2012 the 'plot to plate group' with secondary children started having weekly sessions at the greenhouse. As the days got shorter and it was too dark after school to meet at the greenhouse, the group was offered the use of the Home Economics kitchen at Stronsay Junior High School.

A 'Burns Supper Event' was held together with the SOS (Support Our School) committee in the school hall in January 2013. In early February 2013, the group had the well known Orkney chef Paul Doull visiting for a whole day of cooking with local produce. The rest of the spring 2103 was spent planting and working on recipes.

The Plot to Plate group also went on a field trip to Eday and they also had the Eday ranger visiting Stronsay for a seaweed skills evening. The project ended with a barbeque in June 2013 together with the Eco club.

Eco Club

During the year 2012/13, the Eco club was coordinated by Marion Miller and entirely run by volunteers. During that autumn there were a range of other outdoor activities with an average of 6-8 of primary age children attended regularly. The Eco club had a break during the winter to resume their activities in the springtime when sessions were held monthly. Eco club held an end of term event together with the Plot to plate group in June 2013.

Stronsay Development Trust

Report of the Trustees For The Year Ended 31 August 2013

Charitable activities - Continued

Slipway

The Trust is presently looking into the feasibility of a concrete slipway at the Westside Pier. Once this has been carried out the Board will consider the options and consult with the community.

FINANCIAL REVIEW

Reserves policy

Most of the Trusts income is restricted meaning that it is received for a specific purpose or project. As such, most of the Trust's reserves are already earmarked for future spending. The trust is able to generate some funds which as unrestricted funds can be utilised as the Board decides but these have to be carefully monitored because of their limited size. The unrestricted funds balance is as shown on page 11.

Principal funding sources

The principal sources of funding are shown in the notes to the accounts.

FUTURE DEVELOPMENTS

The main priorities for the Trust the year 2013-14 are:

- Staff Review
- Updating of the Development Plan
- To build the Enterprise Zone / refurbish the Lobster ponds
- Community Hall Heating Project
- Slipway
- Housing for Elderly
- Amendment of the Articles of Association to comply with Companies Act 2006
- Financial Consolidation

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company`s auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company`s auditors are aware of that information.

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company`s auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company`s auditors are aware of that information.

Stronsay Development Trust

Report of the Trustees For The Year to 31 August 2013

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Stronsay Development Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Auditors for the coming year will be proposed for approval at the Annual General Meeting.

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

ON BEHALF OF THE BOARD:

.....
Mrs L M De Geer - Secretary

Date: 15th April 2014

Report of the Independent Auditors to the Trustees and Members of Stronsay Development Trust

We have audited the financial statements of Stronsay Development Trust for the year ended 31 August 2013 on pages ten to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and 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 and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 19 to the financial statements

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Trustees and Members of Stronsay Development Trust

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Report of the Trustees.

Alan E Long FCA, CTA (Senior Statutory Auditor)

for and on behalf of The Long Partnership

Chartered Accountants

Registered Auditors

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

1 Castle Street

Kirkwall

Orkney

KW15 1HD

15th April 2014

Stronsay Development Trust

**Consolidated Statement of Financial Activities
For The Year Ended 31 August 2013**

	Notes	Unrestricted funds £	Restricted funds £	31.8.13 Total funds £	31.8.12 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income:					
Grants Received	4	-	47,593	47,593	62,910
Activities for generating funds:					
Electricity Generation		498,572	-	498,572	397,107
Events		-	-	-	1,278
Management charges		-	-	-	1,560
Investment income		98	-	98	-
Sundry income		505	320	825	1,378
Total incoming resources		499,175	47,913	547,088	464,233
RESOURCES EXPENDED					
Costs of generating funds					
Electricity generation		175,512	-	175,512	101,695
Charitable activities					
Supporting community projects	5	12,961	-	12,961	-
General overheads	6	17,414	61,972	79,386	57,827
Governance costs	7	19,041	1,500	20,541	8,078
Interest payable		96,678	-	96,678	75,710
Taxation - Subsidiary		42,248	-	42,248	-
Total resources expended		363,854	63,472	427,326	243,310
NET INCOMING/(OUTGOING) RESOURCES before transfers					
	8	135,321	(15,559)	119,762	220,923
Gross transfers between funds		(2,274)	2,274	-	-
Net incoming/(outgoing) resources		133,047	(13,825)	119,762	220,923
RECONCILIATION OF FUNDS					
Total funds brought forward		282,255	181,023	463,278	242,355
TOTAL FUNDS CARRIED FORWARD		415,302	167,738	583,040	463,278

The notes form part of these consolidated financial statements

Stronsay Development Trust

Balance Sheet At 31 August 2013

	Notes	Group 2013 £	Group 2012 £	Charity 2013 £	Charity 2012 £
FIXED ASSETS					
Tangible assets	11	1,435,103	1,460,055	105,222	59,766
Investments	12	-	-	200	100
		1,435,103	1,460,055	105,422	59,866
CURRENT ASSETS					
Stocks		-	393	-	393
Debtors: amounts falling due within one year	13	71,615	86,563	21,519	58,049
Debtors: amounts falling due after more than one year	13	-	-	79,719	48,216
Cash at bank and in hand		687,382	539,242	168,572	94,882
		758,997	626,198	269,810	201,540
CREDITORS					
Amounts falling due within one year	14	129,809	111,693	12,336	4,174
NET CURRENT ASSETS/(LIABILITIES)		629,188	514,505	257,474	197,366
TOTAL ASSETS LESS CURRENT LIABILITIES					
		2,064,291	1,974,560	362,896	257,232
CREDITORS					
Amounts falling due after more than one year	15	1,439,003	1,511,282	-	-
Provision for liabilities – Deferred Taxation (SREL)		42,248	-	-	-
NET ASSETS		583,040	463,278	362,896	257,232
FUNDS					
Unrestricted funds		415,302	282,255	195,157	76,208
Restricted funds		167,738	181,023	167,739	181,024
		583,040	463,278	362,896	257,232

The notes form part of these consolidated financial statements

Stronsay Development Trust

Balance Sheet – continued

At 31 August 2013

The Trustees have prepared group accounts in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and associated Charities Accounts (Scotland) Regulations 2006.

These consolidated financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies, the Financial Reporting Standard for Smaller Entities (effective April 2008) and Accounting and Reporting by Charities: Statement of Recommended Practice (the Charities SORP 2005). They constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the Company.

For the year ended 31 August 2013 the company was entitled to exemption under section 477 of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The consolidated financial statements were approved by the Board of Trustees on 15th April 2014 and were signed on its behalf by:

- Mrs. C A Cotterill (Trustee – Chairman)

Stronsay Development Trust

Notes to the consolidated financial statements For The Year Ended 31 August 2013

1. ACCOUNTING POLICIES

Accounting convention

The consolidated financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Group financial statements

The financial statements consolidate the results of the charity and all its subsidiaries as listed below, both of which are wholly owned, on a line by line basis. A separate Statement of Financial Activities, and income and expenditure account, for the charity itself are not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

The subsidiaries consolidated are:

Stronsay Renewable Energy Limited

Business Initiatives Stronsay CIC (Incorporated 26/4/2013)

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of donations and donated assets and is included in the Statement of Financial Activities when receivable. Donated assets are capitalised at a value equivalent to market value at the date of donation.

Investment income comprises interest receivable on loaned funds to a wholly owned subsidiary. Interest is charged at a commercial rate.

Incoming resources from charitable activities comprises grants received related to a specific service to be carried out by the charity. These are accounted for as the charity earns the right to consideration by its performance.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions are not capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property (Buildings)	-2% on cost
Greenhouse	-10% on cost
Equipment	-25% on reducing balance
Turbine	-4% on cost

Investments held as fixed assets are valued at cost in accordance with company accounting requirements.

Stronsay Development Trust

Notes to the consolidated financial statements For The Year Ended 31 August 2013

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from Corporation Tax on its charitable activities.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Deferred Taxation (Subsidiaries)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Stronsay Development Trust

Notes to the consolidated financial statements – continued For The Year Ended 31 August 2013

2. FINANCIAL PERFORMANCE OF THE CHARITY

The consolidated statement of financial activities includes the results of the charity's wholly-owned subsidiaries. A summary of the financial performance of the charity alone is shown below:

	Notes	Unrestricted funds £	Restricted funds £	31.8.13 Total funds £	31.8.12 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income:					
Grants Received	4	-	47,593	47,593	62,910
Donation from subsidiary		160,000	-	160,000	-
Activities for generating funds:					
Events		-	-	-	1,278
Management charges		-	-	-	1,560
Investment income		3,829	-	3,829	330
Sundry income		505	320	825	1,378
Total incoming resources		164,334	47,913	212,247	67,456
RESOURCES EXPENDED					
Costs of generating funds					
Charitable activities					
Supporting community projects	5	12,961	-	12,961	-
General overheads	6	17,061	61,972	79,033	57,580
Governance costs	7	13,089	1,500	14,589	1,946
Total resources expended		43,111	63,472	106,583	59,526
NET INCOMING/(OUTGOING) RESOURCES before transfers					
		121,223	(15,559)	105,664	7,930
Gross transfers between funds		(2,274)	2,274	-	-
Net incoming/(outgoing) resources		118,949	(13,285)	105,664	7,930
RECONCILIATION OF FUNDS					
Total funds brought forward		76,208	181,024	257,232	249,302
TOTAL FUNDS CARRIED FORWARD		195,157	167,739	362,896	257,232

Stronsay Development Trust

Notes to the consolidated financial statements – continued For The Year Ended 31 August 2013

3. ACTIVITIES FOR GENERATING FUNDS – COMMERCIAL TRADING OPERATIONS

The charity has two wholly-owned trading subsidiaries, both incorporated in the United Kingdom. The summary financial performance of the subsidiaries alone is as follows:

	SRE Ltd		BIS CIC
	2013	2012	2013
	£	£	£
Turnover	498,572	397,107	-
Cost of sales, administrative costs and interest	282,226	184,113	-
Donation to SDT	160,000	-	-
Deferred Taxation	42,248	-	-
Net profit/ (loss)	14,098	212,994	-
The assets and liabilities of the subsidiaries were:			
Fixed assets	1,329,880	1,400,289	-
Current assets	574,901	521,092	-
Current liabilities	(123,566)	(155,736)	100
Long term liabilities	(1,518,722)	(1,559,498)	-
Provision for Deferred Tax	(42,248)	-	-
Total net assets	220,245	206,147	100
Aggregate share capital and reserves	220,245	206,147	100

4. Grants

Grants received are as follows:

	31.08.13	31.08.12
	£	£
Highlands & Islands Enterprise	20,447	43,460
Big Lottery	27,146	10,000
Awards For All	-	9,450
	<u>47,593</u>	<u>62,910</u>

Stronsay Development Trust

Notes to the consolidated financial statements – continued For The Year Ended 31 August 2013

5. Community Projects

Grants and donations made by Stronsay Development Trust in the year include:

		£
Stronsay Fish Mart	Fitting out Fishmart	3,960
Stronsay Games Club	Pool Table Purchased	1,000
Stronsay Parent Council	Trip to Loch Eli	4,500
Stronsay Tourism Group	3 Day Music Festival	2,679
First Responder	First Aid Doll	632
Tug – A – War Team	Rope	190
		<hr/>
		12,961
		<hr/> <hr/>

A further £18,828 of grants and donations was approved but not paid at 31 August 2013.

6. COSTS OF CHARITABLE ACTIVITIES

	31.8.13	31.8.12
	£	£
General overheads:		
Wages (SDT)	57,485	37,461
Travel and Subsistence	3,485	3,372
Postage and Stationery	4,505	3,216
Other general overheads	8,746	5,906
Depreciation:		
Greenhouse	3,974	3,551
Other equipment	269	366
Losses on disposal	569	3,708
	<hr/>	<hr/>
	79,033	57,580
	<hr/> <hr/>	<hr/> <hr/>

7. GOVERNANCE COSTS

	Group 31.08.13	Group 31.08.12	Charity 31.08.13	Charity 31.08.12
	£	£	£	£
Professional fees:				
Legal, accounting and audit	20,541	8,078	14,589	1,946
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Stronsay Development Trust

**Notes to the consolidated financial statements – continued
For The Year Ended 31 August 2013**

8. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.08.13	30.06.12
	£	£
Depreciation		
Turbines (included in cost of electricity generation)	72,304	45,906
Other assets (included in overheads)	4,596	4,163
Loss on disposal of fixed assets	<u>569</u>	<u>3,708</u>

9. TRUSTEES' AND DIRECTORS REMUNERATION AND BENEFITS

	31.08.13	31.08.12
	£	£
Directors' remuneration for services provided (subsidiary)	<u>17,080</u>	<u>6,026</u>

No trustee received remuneration as a trustee of Stronsay Development Trust.

Trustees' Expenses

The following expenses were reimbursed to Trustees in the year:

Name of Trustee	Nature of expense reimbursed	Amount £
J Dennison	Travel	760.80
J Dennison	Sundry expenses	120.00

10. STAFF COSTS

	31.08.13	31.08.12
	£	£
Trustees (SDT)	-	-
Directors(SREL)	17,080	6,026
Other staff	66,622	46,171
Social security costs	4,283	1,926
	<u>87,985</u>	<u>54,123</u>

Stronsay Development Trust

Notes to the consolidated financial statements – continued
For The Year Ended 31 August 2013

11. TANGIBLE FIXED ASSETS

	Enterprise Zone	Equipment	Greenhouse
	£	£	£
COST			
At 1 September 2012	25,309	4,238	39,313
Additions	48,752	376	1,516
Disposals	<u>-</u>	<u>(1,332)</u>	<u>-</u>
At 31 August 2013	<u>74,061</u>	<u>3,282</u>	<u>40,829</u>
DEPRECIATION			
At 1 September 2012	-	1,803	6,098
Charge for year	-	622	3,974
Eliminated on disposal	<u>-</u>	<u>(763)</u>	<u>-</u>
At 31 August 2013	<u>-</u>	<u>1,662</u>	<u>10,072</u>
NET BOOK VALUE			
At 31 August 2013	<u>74,061</u>	<u>1,620</u>	<u>30,757</u>
At 31 August 2012	<u>25,309</u>	<u>2,435</u>	<u>33,215</u>
	Turbine (SREL)		Totals
	£		£
COST			
At 1 September 2012	1,445,003		1,513,863
Additions	1,873		52,517
Disposals	<u>-</u>		<u>(1,332)</u>
At 31 August 2013	<u>1,446,876</u>		<u>1,565,048</u>
DEPRECIATION			
At 1 September 2012	45,907		53,808
Charge for year	72,304		76,900
Eliminated on disposal	<u>-</u>		<u>(763)</u>
At 31 August 2013	<u>118,211</u>		<u>129,945</u>
NET BOOK VALUE			
At 31 August 2013	<u>1,328,665</u>		<u>1,435,103</u>
At 31 August 2012	<u>1,399,096</u>		<u>1,460,055</u>

Stronsay Development Trust

Notes to the consolidated financial statements – continued For The Year Ended 31 August 2013

12. FIXED ASSET INVESTMENTS

The charity has two wholly owned subsidiaries, both of which are incorporated in the United Kingdom. The results of the Companies are shown in note 3.

Stronsay Renewable Energy Limited

Country of incorporation: Scotland

Nature of business: Wind energy production

Holding: 100 Ordinary shares of £1 each

Business Initiatives Stronsay CIC

Country of incorporation: Scotland

Nature of business: Dormant

Holding: 100 Ordinary shares of £1 each

13. DEBTORS

	Group 31.8.13 £	Group 31.8.12 £	Charity 31.8.13 £	Charity 31.8.12 £
Amounts falling due within one year				
Trade debtors	10,133	28,015	-	-
Amounts owed by group undertakings			5,611	48,216
Other debtors and prepayments	61,482	58,548	15,908	9,831
	<hr/>	<hr/>	<hr/>	<hr/>
	71,615	86,563	21,519	58,049
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	79,719	48,216
	<hr/>	<hr/>	<hr/>	<hr/>
Aggregate amounts	71,615	86,563	101,238	106,265

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31.8.13 £	Group 31.8.12 £	Charity 31.8.13 £	Charity 31.8.12 £
Trade creditors	11,561	-	9,736	-
Other creditors	45,969	44,621	2,600	4,174
Bank Loan (Secured)	72,279	67,072	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	129,809	111,693	12,336	4,174

Stronsay Development Trust

**Notes to the consolidated financial statements – continued
For The Year Ended 31 August 2013**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 31.8.13	Group 31.8.12	Charity 31.8.13	Charity 31.8.12
	£	£	£	£
Bank Loan (Secured)	1,439,003	1,511,282	-	-
	<u>1,439,003</u>	<u>1,511,282</u>	<u>-</u>	<u>-</u>
Bank Loan (repayable by instalment):				
Current liability	72,279	67,072	-	-
Repayable in 1 - 2 years	77,128	72,279	-	-
Repayable in 2 - 5 years	263,846	247,257	-	-
Repayable in more than 5 years	1,098,029	1,191,746	-	-
	<u>1,511,282</u>	<u>1,578,354</u>	<u>-</u>	<u>-</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group 31.08.13	Group 31.08.12	Charity 31.08.13	Charity 31.08.12
	£	£	£	£
The Co-Operative Bank PLC	1,511,282	1,578,354	-	-

The Co-Operative Bank PLC have been granted bond and floating charge over all property and assets of Stronsay Renewable Energy Limited and a standard security over property held under a sub-lease in Stronsay.

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	2,013 Total funds	2,012 Total funds
Fixed Assets	1,329,880	105,223	1,435,103	1,460,055
Current assets	696,416	62,581	758,997	626,198
Current liabilities	(129,743)	(66)	(129,809)	(111,693)
Long Term Liabilities and Deferred Taxation	(1,481,251)	-	(1,481,251)	(1,511,282)
	<u>415,302</u>	<u>167,738</u>	<u>583,040</u>	<u>463,278</u>

Stronsay Development Trust

**Notes to the consolidated financial statements – continued
For The Year Ended 31 August 2013**

18. MOVEMENT IN CHARITABLE FUNDS

	At 1.9.12	Net movement in funds	Transfers between funds	At 31.8.13
	£	£	£	£
Unrestricted funds				
General fund	76,208	121,223	(2,274)	195,157
Restricted funds				
Limpet	-	(1,976)	1,976	-
Leaflets Project	393	(393)	-	-
Community Development Officer	5,316	(4,563)	-	753
Turbine Development Officer	4,757	(2,971)	-	1,786
Green Project	29,091	-	-	29,091
Enterprise Zone	96,390	81	29,791	126,262
Big Lottery Fund	29,791	-	(29,791)	-
Eco Club	472	(354)	-	118
Green House Group	605	(491)	-	114
Admin and Finance Support Officer	4,794	(5,092)	298	-
Youth Greenhouse Project	9,415	(4,925)	-	4,490
Project Officer	-	5,125	-	5,125
	181,024	(15,559)	2,274	167,739
TOTAL FUNDS	<u>257,232</u>	<u>105,664</u>	<u>-</u>	<u>362,896</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	164,334	(43,111)	121,223
Restricted funds			
Community Development Officer	10,499	(15,062)	(4,563)
Turbine Development Officer	-	(2,971)	(2,971)
Enterprise Zone	731	(650)	81
Eco Club	-	(354)	(354)
Green House Group	321	(812)	(491)
Admin and Finance Support Officer	9,947	(15,039)	(5,092)
Youth Greenhouse Project	(1)	(4,924)	(4,925)
Project Officer	26,416	(21,291)	5,125
Limpet	-	(1,976)	(1,976)
Leaflets Project	-	(393)	(393)
	47,913	(63,472)	(15,559)
TOTAL FUNDS	212,248	(106,584)	105,664

Stronsay Development Trust

Notes to the Financial Statements – continued For The Year Ended 31 August 2013

19. MOVEMENT IN FUNDS – continued

Purposes of Restricted Funds:

Limpet

The purpose is to inform the community of what is happening by way of a free monthly newsletter. Non-islanders can pay for a subscription.

Enterprise Zone

Big Lottery funding goes towards the enterprise zone and the affordable warmth project.

Eco Club

The Eco Club is for small children, who meet regularly to engage in outdoor activities.

Greenhouse Group

The Greenhouse is split into 12 plots for which each plot holder can look after themselves.

Youth Greenhouse Project

As above but for children between 12-16 years old.

20. CONTINGENT LIABILITIES

Charity

Contingent liabilities exist in respect of grants received from various bodies which could become repayable if the conditions relating to the payment of these grants are not met.

21. RELATED PARTY DISCLOSURES

There were no related party transactions made in the year.

Expenses were paid by Stronsay Development Trust to Trustees as disclosed in note 9.

Stronsay Development Trust has loaned funds to a wholly owned subsidiary, Stronsay Renewable Energy Ltd under the terms of a loan agreement to provide financial assistance to develop a wind turbine on the island. The balance of £85,330 (2012 £96,432) at the balance sheet date, is unsecured. Interest is charged at a commercial rate.

22. APB ETHICAL STANDARD – PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

23. ULTIMATE CONTROLLING PARTY

Stronsay Development Trust is a Company limited by guarantee with no share capital. It is controlled by its members in accordance with the Memorandum and Articles of Association.

Stronsay Development Trust

Detailed Consolidated Statement of Financial Activities For The Year Ended 31 August 2013

	2,013 £	2,012 £
INCOMING RESOURCES		
Incoming resources from generated funds		
Grants	47,593	62,910
Activities for generating funds		
Electricity generation - SREL	498,572	397,107
Charitable activities		
Events	-	1,278
Limpet	290	280
Management charges	-	1,560
Investment income (interest)	98	-
Sundry income	535	1,098
Total incoming resources	547,088	464,233
RESOURCES EXPENDED		
Electricity generation - SREL:		
Wages and salaries	30,500	16,662
Repairs to equipment	17,539	-
Rent	27,345	19,855
Depreciation - Turbine	72,304	45,906
Other overheads	27,824	19,272
Charitable activities		
Community operations		
Grants to community projects	12,961	-
General overheads		
Wages (SDT)	57,485	37,461
Other general overheads	16,736	19,750
Depreciation:		
Greenhouse	3,974	133
Other equipment	622	442
Losses on disposal	569	41
Bank loan interest	96,678	75,710
Governance costs		
Professional fees	20,541	8,078
Taxation (Stronsay Renewable Energy Limited)		
Deferred Tax	42,248	-
Corporation Tax	-	-
Total resources expended	427,326	243,310
Net incoming/(outgoing) resources	119,762	220,923

This page does not form part of the statutory financial statements