

REGISTERED COMPANY NUMBER: SC285953 (Scotland)
REGISTERED CHARITY NUMBER: SC041048

**Report of the Trustees and
Financial Statements for the Period 1 July 2016 to 31 May 2017
for
POINT AND SANDWICK DEVELOPMENT TRUST
(non-consolidated)**



Mann Judd Gordon Ltd
Registered Auditors &
Chartered Accountants
26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

POINT AND SANDWICK DEVELOPMENT TRUST

**Contents of the Financial Statements
for the Period 1 July 2016 to 31 May 2017**

	Page
Chairman's Report	1 to 2
Report of the Trustees	3 to 5
Report of the Independent Auditors	6 to 7
Statement of Financial Activities	8
Balance Sheet	9 to 10
Notes to the Financial Statements	11 to 19
Detailed Statement of Financial Activities	20 to 21

POINT AND SANDWICK DEVELOPMENT TRUST

Chairman's Report for the Period 1 July 2016 to 31 May 2017

This has been a year of consolidation. Beinn Ghrideag is operating well. It is providing an income of £2.7 million which, after operating costs, repaying our debts, paying the rent and various payments to crofters, makes a net profit of some £800,000. PST is one of the biggest private businesses in the Western Isles but all of our profits are spent in the community.

I became involved in the Beinn Ghrideag project in 2005. It was very exciting - our own wind farm. Could we do it? And at the same time other small wind farms were setting up all over the islands and all independent of one another. One by one they came on stream and demonstrated that they could be very productive. Ten years on Beinn Ghrideag began working and demonstrated that crofting communities could build a commercial wind farm borrowing £14 million in the process. If we could do it, anyone could, surely it would be better to have all the renewable developments in the islands built, owned and operated by the community, with all the benefits remaining locally? That really would be transforming for our community.

I welcome the UK government's determination that the inter-connector should go ahead. I think that Greg Clark, the Minister for Energy and Lord Duncan, the Scottish Under Secretary, are supportive of community renewables but I should like to have any dubiety about that removed, so I have written to Lord Duncan to ask if he will clarify. I support the crofters claims to have the right to develop their own land. It should not have been necessary to pursue 50B claims. It should have been possible, and it still is possible, for EDF and the Stornoway Trust to come to an agreement to share the wind farm development. That would allow for EDF to have a successful investment and the local crofters to have access to transformational receipts.

There is still time. PST wishes to have a good relationship with the Stornoway Trust. Right now PST is the Stornoway Trust's biggest funder. We wish to talk about how best we can use the money we are creating to benefit the Point and Sandwick area. Both organisations have a responsibility to do that and I look forward to an early meeting between PST and the Stornoway Trust.

Our office staff have been very busy dealing with a seemingly endless stream of applications for grant assistance, and to date we have paid out over £262,000 to a huge variety of groups in the Point and Sandwick area, and beyond.. In addition we have assisted key local projects to be taken forward, as detailed in the General Manager Report.

It has also been a year of innovation. Thanks to some persistent and patient work by our Development Director, we have halved our rates bill and persuaded the National Grid to pay us over £100,000 in compensation for times when our possible output has been curtailed. We are about to begin a similar discussion with SSE who have switched off our turbines far too often over the past year without explanation. Ian Irvine, formerly of Sgurr Energy and now on the board of PSP, notes, "of the nine operating months (this year to date) reported, two have effectively been lost due to grid outages, at 22% (on a time basis) this is extraordinary compared to the mainland. Typically, grid outages on the mainland will account for less than 1% wind farm downtime." We need to resolve this problem.

PSP is always looking at ways of using the electricity we produce. We have agreed an association with UHI to encourage innovative thinking. We have acquired a community bus. It is to be a significant resource which will allow us to engage directly with service provision in our community and it provides a visible reminder of PST. We have agreed to set up a new sub committee to investigate community projects which will be transformative in our own area and tonight our Development Director will announce our taking the lead on a significant groundbreaking national project which could, if successful, have international implications, to investigate the feasibility of having sea going ferries powered by hydrogen generated with community owned turbines.

The Beinn Ghrideag project has been a great success. The commitment of our staff is crucial. I wish to thank them all for all their hard work. They are all very committed to our project. I am pleased to report on the success of the LED project, tackling fuel poverty locally, and the Croft Woodland Project, establishing new native woodlands throughout the Western Isles. Both these projects have made significant progress in their first year of operation.

During the coming year we wish to build on our success, and we wish to enhance our public profile in a corporate way by revising our web presence and Facebook page and to assist us in that, we will engage Jo Dunn to augment the excellent work carried on our behalf by Katie Laing. Jo will run our web page, Twitter, Facebook page, and, most importantly, establish a quarterly newsletter to keep our members up to date with all the exciting work that we undertake.

Finally, I thank the members of the PSP and PST boards. Your support is essential to the progress we have made. I wish to thank my Vice Chair for his constant support. His advice is always worth having. He has gone through a difficult time of late so it is good to have him with us this evening.

POINT AND SANDWICK DEVELOPMENT TRUST

Chairman's Report for the Period 1 July 2016 to 31 May 2017

To board members, let me say that you give me strength. I value your good counsel and I am pleased that you are still up for taking the occasional risk. We have lost Jenny Pain, who moves to warmer climes. She was able to join our recent Away Day and we said goodbye. Donald Taylor also stood down from the board during the year, and their contribution, over many years, as founding Board members was suitably acknowledged. We have welcomed Steve Macdonald and Ian Irvine to the PSP board. They were our key advisers through Sgurr Energy and we are delighted that they have joined us.

Angus McCormack,
Chair,
Point and Sandwick Development Trust
21 November 2017

POINT AND SANDWICK DEVELOPMENT TRUST

Report of the Trustees for the Period 1 July 2016 to 31 May 2017

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 period 1 July 2016 to 31 May 2017. The trustees have adopted the provisions of 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 2015).

This report relates to the operations of the charity and its wholly owned subsidiary, in order to clearly show the achievements of the organisation. Consolidated accounts have been filed separately.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the charity are to promote the social, educational, cultural and environmental wellbeing of the people of the Western Isles and in particular the residents of the areas known as Point and Sandwick i.e. those areas otherwise known as Sandwick and the Eye Peninsula and for the purposes hereof defined as comprising the whole area from and including North Street in the west to Tiumpanhead in the East and by all or any of the following means:

- (i) the promotion of the community development, including rural regeneration, following principles of sustainable development, where "sustainable development" means development which meets the needs of the present without compromising the ability of the future generations to meet their own needs;
- (ii) the provision of assistance to people who are disadvantaged by reason of age, ill-health, disability, financial or other disadvantage;
- (iii) the promotion of education, including all forms of training for work and life skills;
- (iv) the advancement of the arts, culture, and heritage, including support for the gaelic arts and the protection of buildings and sites of architectural or historic importance;
- (v) the provision and support of recreational activities for the community, especially for disadvantaged or vulnerable groups, such as young people or the disabled;
- (vi) the protection and enhancement of the natural heritage and environment;
- (vii) the relief of poverty in such ways as may be thought fit.

Significant activities

In November 2015 the Beinn Ghrideag Wind Farm was fully commissioned and handed over to Point and Sandwick Power Limited, the Trusts wholly owned subsidiary, to operate.

The Trust will reap the benefits of the wind farm profits for the next 25 years to fund its charitable objectives for the benefit of the Isle of Lewis and the wider Western Isles.

The first distributions from the Trust took place during the period under review.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

These are covered in the Chairman's Report.

FUTURE PLANS

These are covered in the Chairman's Report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

POINT AND SANDWICK DEVELOPMENT TRUST

Report of the Trustees for the Period 1 July 2016 to 31 May 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

All the electors resident in the districts of Point and Sandwick (comprising 16 villages from Sandwick in the west of the Eye Peninsula to Tiumpan Head in the east) are eligible to register as members of the Point and Sandwick Trust. There is no deposit required for membership. The members elect the governing committee at the AGM. Sandwick North St Grazings Committee, Point Community Council, and Sandwick Community Council are entitled to ex-officio representation on the Board.

Organisational structure

Point and Sandwick Power is a trading company which is wholly owned by Point and Sandwick Development Trust. It is responsible for financing, building and operating the Beinn Ghrideag wind farm. All the net profit after the financing and running costs are deducted are gifted to the Point and Sandwick Development Trust for community benefit.

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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC285953 (Scotland)

Registered Charity number

SC041048

Registered office

26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

Trustees

A Mackenzie	Head of continuous improvement
K D Macdonald	Builder
Ms J Pain	Kennel Owner
Dr D C Taylor	Pharmacist
D M Mackay	Retired
A McCormack	None
Mrs E Chaplin	None
M L Bruce	Retired
E F Macgregor	None
Mrs A Carty	Company Director
Mrs S Macleod	Services Co-ordinator
Mrs A Munro	Retired

Auditors

Mann Judd Gordon Ltd
Registered Auditors &
Chartered Accountants
26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

POINT AND SANDWICK DEVELOPMENT TRUST

Report of the Trustees for the Period 1 July 2016 to 31 May 2017

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Point and Sandwick Development Trust for the purposes of company law) are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Approved by order of the board of trustees on 21 November 2017 and signed on its behalf by:

A McCormack - Trustee

Report of the Independent Auditors to the Trustees of Point and Sandwich Development Trust

Opinion

We have audited the financial statements of Point and Sandwich Development Trust (the 'charitable company') for the period ended 31 May 2017 on pages eight to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely 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 charitable company's 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 May 2017 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 18 to the financial statements, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

**Report of the Independent Auditors to the Trustees of
POINT AND SANDWICK 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 Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page five, 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, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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 a Report of the Independent Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Mann Judd Gordon Ltd
Registered Auditors &
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Chartered Accountants
26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

27 February 2018

POINT AND SANDWICK DEVELOPMENT TRUST

**Statement of Financial Activities
for the Period 1 July 2016 to 31 May 2017**

		Unrestricted fund	Restricted fund	Period 1.7.16 to 31.5.17 Total funds	Year Ended 30.6.16 Total funds
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	195,000	-	195,000	70,000
Investment income	3	-	78,256	78,256	96,838
Other income		<u>2,541</u>	<u>-</u>	<u>2,541</u>	<u>2,141</u>
Total		197,541	78,256	275,797	168,979
EXPENDITURE ON					
Charitable activities					
Grants disbursed		113,510	-	113,510	46,585
Charitable activities		89,290	-	89,290	52,814
Project Development Costs		6,859	3,869	10,728	22,176
Depreciation		-	-	-	1,331
Governance costs		2,248	-	2,248	1,919
Windfarm loan interest		<u>-</u>	<u>29,723</u>	<u>29,723</u>	<u>-</u>
Total		211,907	33,592	245,499	124,725
NET INCOME/(EXPENDITURE)		(14,366)	44,664	30,298	44,254
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>40,484</u>	<u>867,301</u>	<u>907,785</u>	<u>863,531</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>26,118</u></u>	<u><u>911,965</u></u>	<u><u>938,083</u></u>	<u><u>907,785</u></u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

POINT AND SANDWICK DEVELOPMENT TRUST

**Balance Sheet
At 31 May 2017**

		Unrestricted fund	Restricted fund	31.5.17 Total funds	30.6.16 Total funds
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	10	-	15,905	15,905	16,946
Investments	11	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>
		2	15,905	15,907	16,948
CURRENT ASSETS					
Debtors	12	4,796	1,517,987	1,522,783	1,526,060
Prepayments and accrued income		-	-	-	7,502
Cash at bank and in hand		<u>26,180</u>	<u>-</u>	<u>26,180</u>	<u>40,484</u>
		30,976	1,517,987	1,548,963	1,574,046
CREDITORS					
Amounts falling due within one year	13	<u>(4,860)</u>	<u>(76,083)</u>	<u>(80,943)</u>	<u>(111,252)</u>
NET CURRENT ASSETS		<u>26,116</u>	<u>1,441,904</u>	<u>1,468,020</u>	<u>1,462,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		26,118	1,457,809	1,483,927	1,479,742
CREDITORS					
Amounts falling due after more than one year	14	<u>-</u>	<u>(545,844)</u>	<u>(545,844)</u>	<u>(571,957)</u>
NET ASSETS		<u>26,118</u>	<u>911,965</u>	<u>938,083</u>	<u>907,785</u>
FUNDS					
Unrestricted funds	16			26,118	40,484
Restricted funds				<u>911,965</u>	<u>867,301</u>
TOTAL FUNDS				<u>938,083</u>	<u>907,785</u>

The notes form part of these financial statements

POINT AND SANDWICK DEVELOPMENT TRUST

Balance Sheet - continued
At 31 May 2017

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 May 2017.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These 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 statements were approved by the Board of Trustees on 21 November 2017 and were signed on its behalf by:

A McCormack -Trustee

D M Mackay -Trustee

POINT AND SANDWICK DEVELOPMENT TRUST

Notes to the Financial Statements for the Period 1 July 2016 to 31 May 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

The presentation currency is Pounds Sterling - £.

The accounts are rounded to the nearest £1.

The financial statements cover the eleven months to 31 May 2017 and therefore the comparative figures for the year ended 30 June 2016 are not entirely comparable. The reason for the change in the period end was in order to have the same reporting periods are required by the principal lender to the charity's wholly-owned subsidiary by Santander UK Plc.

Preparation of consolidated financial statements

These financial statements relate only to the charity Point and Sandwick Development Trust. Consolidated accounts incorporating the accounts of the parent charitable company, Point and Sandwick Development Trust and its wholly-owned subsidiary, Point and Sandwick Power Limited, are also prepared. All inter-company transactions and year-end balances are removed on consolidation.

Individual accounts are prepared for both Point and Sandwick Development Trust and Point and Sandwick Power Limited. These are filed at the Registrar of Companies. Both the consolidated accounts and the individual accounts for Point and Sandwick Development Trust are filed at Office of the Scottish Charity Regulator in order to comply with Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Financial reporting standard 102 - reduced disclosure exemptions

The charity has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

Critical accounting judgements and key sources of estimation uncertainty

Depreciation

The area of the accounts susceptible to the use of significant judgements or estimates is that of the area of Tangible Fixed Assets and the estimation of both useful economic life and residual value.

Useful economic life and residual value impact on the carrying value of the assets in the accounts and on the depreciation charged to the profit and loss account in the period.

The trustees have elected to depreciate fixed assets over 5 years on a straight line basis.

Net present value of inter-company loan

The transition to the new accounting framework has resulted in a material change to the opening reserves position, due to the restatement of the interest free element of the inter company loan, which is expected to be repaid once the subsidiary has repaid the bank loan facility. The loan has been restated to its expected net present value using a notional interest charge based on 3.75%.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

POINT AND SANDWICK DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Period 1 July 2016 to 31 May 2017

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 20% on cost
Computer equipment	- 20% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

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.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Investment income

The charity has loaned funds to its wholly owned subsidiary - Point and Sandwick Power Ltd - in order to further the charities objectives via income from a Community Wind farm being developed by Point and Sandwick Power Ltd. These funds include both grant funding received from BIG Lottery and Social Investment Scotland and loan funding received from Social Investment Scotland and Social Investment Scotland Community Finance.

The charity are charging the interest charges levied by Social Investment Scotland and Social Investment Scotland Community Finance at cost to Point and Sandwick Power Ltd.

The Trust are not charging interest to Point and Sandwick Power Ltd on grant based borrowings, as the loans are in furtherance of the Trusts charitable activities.

POINT AND SANDWICK DEVELOPMENT TRUST

**Notes to the Financial Statements - continued
for the Period 1 July 2016 to 31 May 2017**

2. DONATIONS AND LEGACIES

	Period 1.7.16 to 31.5.17 £	Year Ended 30.6.16 £
Donations	195,000	60,000
Grants	<u>-</u>	<u>10,000</u>
	<u>195,000</u>	<u>70,000</u>

Grants received, included in the above, are as follows:

	Period 1.7.16 to 31.5.17 £	Year Ended 30.6.16 £
BIG Lottery - Revenue Grant	<u>-</u>	<u>10,000</u>

3. INVESTMENT INCOME

	Period 1.7.16 to 31.5.17 £	Year Ended 30.6.16 £
Loan interest - paid	29,723	46,485
Loan interest - NPV adjustment	<u>48,533</u>	<u>50,353</u>
	<u>78,256</u>	<u>96,838</u>

4. GRANTS PAYABLE

	Period 1.7.16 to 31.5.17 £	Year Ended 30.6.16 £
Grants disbursed	<u>113,510</u>	<u>-</u>

POINT AND SANDWICK DEVELOPMENT TRUST

**Notes to the Financial Statements - continued
for the Period 1 July 2016 to 31 May 2017**

4. GRANTS PAYABLE - continued

The total grants paid to community development projects during the period were as follows:

	Period 1.7.16 to 31.5.17 £	Year Ended 30.6.16 £
Hebrides Alpha Project	15,000	-
An Lanntair	10,000	-
Western Isles Foyer	15,000	-
Bethesda	25,000	-
Woodland Trust	<u>29,000</u>	<u>-</u>
	<u>94,000</u>	<u>-</u>

The total revenue grants paid during the period were as follows:

	Period 1.7.16 to 31.5.17 £	Year Ended 30.6.16 £
Point Agricultural Society	500	-
Urras Eaglais na H-Aoidhe	300	-
Upper Bayble Community Trust	250	-
Tiumpan Young at Heart	500	-
Cairdean og Allt nan Gall	500	-
Sandwick Hall & Recreation Association	500	-
Advocacy Western Isles	2,500	-
Point Sport & Recreation Association	1,200	-
Point Community Council	500	-
Lewis & Harris Piping Society	2,500	-
Western Isles Association for Mental Health	2,500	-
Western Isles Island Games Association	1,000	-
Point Brownies	200	-
Western Isles Transport Preservation Group	4,570	-
Sandwick Community Council	1,000	-
Mossend Residents Association	<u>990</u>	<u>-</u>
	<u>19,510</u>	<u>-</u>

5. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	Period 1.7.16 to 31.5.17 £	Year Ended 30.6.16 £
Auditors' remuneration	1,800	1,800
Auditors' remuneration for non audit work	448	119
Depreciation - owned assets	<u>3,869</u>	<u>1,331</u>

POINT AND SANDWICK DEVELOPMENT TRUST

**Notes to the Financial Statements - continued
for the Period 1 July 2016 to 31 May 2017**

6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31 May 2017 nor for the year ended 30 June 2016.

Trustees' expenses

There were no trustees' expenses paid for the period ended 31 May 2017 nor for the year ended 30 June 2016.

The charity incurred £4,343 in hosting Board meetings during the year (£4,328 in 2016).

7. STAFF COSTS

The average monthly number of employees during the period was as follows:

	Period 1.7.16 to 31.5.17	Year Ended 30.6.16
Development Officer	1	1
Administration	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

No employees received emoluments in excess of £60,000.

8. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	60,000	10,000	70,000
Investment income	-	96,838	96,838
Other income	<u>2,141</u>	<u>-</u>	<u>2,141</u>
Total	62,141	106,838	168,979
EXPENDITURE ON			
Raising funds	-	46,485	46,485
Charitable activities			
Charitable activities	18,905	33,909	52,814
Project Development Costs	833	21,343	22,176
Depreciation	-	1,331	1,331
Governance costs	<u>1,919</u>	<u>-</u>	<u>1,919</u>
Total	<u>21,657</u>	<u>103,068</u>	<u>124,725</u>
NET INCOME/(EXPENDITURE)	40,484	3,770	44,254
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>-</u>	<u>863,531</u>	<u>863,531</u>
TOTAL FUNDS CARRIED FORWARD	<u>40,484</u>	<u>867,301</u>	<u>907,785</u>

POINT AND SANDWICK DEVELOPMENT TRUST

**Notes to the Financial Statements - continued
for the Period 1 July 2016 to 31 May 2017**

9. TANGIBLE FIXED ASSETS

	Freehold property £	Computer equipment £	Totals £
COST			
At 1 July 2016	15,322	2,955	18,277
Additions	<u>-</u>	<u>2,828</u>	<u>2,828</u>
At 31 May 2017	<u>15,322</u>	<u>5,783</u>	<u>21,105</u>
DEPRECIATION			
At 1 July 2016	346	985	1,331
Charge for year	<u>2,809</u>	<u>1,060</u>	<u>3,869</u>
At 31 May 2017	<u>3,155</u>	<u>2,045</u>	<u>5,200</u>
NET BOOK VALUE			
At 31 May 2017	<u>12,167</u>	<u>3,738</u>	<u>15,905</u>
At 30 June 2016	<u>14,976</u>	<u>1,970</u>	<u>16,946</u>

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
At 1 July 2016 and 31 May 2017	<u>2</u>
NET BOOK VALUE	
At 31 May 2017	<u>2</u>
At 30 June 2016	<u>2</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

POINT AND SANDWICK DEVELOPMENT TRUST

**Notes to the Financial Statements - continued
for the Period 1 July 2016 to 31 May 2017**

10. FIXED ASSET INVESTMENTS - continued

Point and Sandwick Power Ltd

Nature of business: Energy generation

Class of share:	% holding		
Ordinary	100		
		31.5.17	30.6.16
		£	£
Aggregate capital and reserves		1,302,209	816,076
Profit for the period/year		<u>486,133</u>	<u>221,390</u>

The charity has entered into a Share Pledge in respect of its shareholding in Point and Sandwick Power Ltd in favour of Santander UK Plc as security for the loan finance provided to Point and Sandwick Power to fund the development of the Community Owned Wind Farm.

11. DEBTORS

	31.5.17	30.6.16
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	<u>76,082</u>	<u>101,780</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>1,446,701</u>	<u>1,424,280</u>
Aggregate amounts	<u>1,522,783</u>	<u>1,526,060</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.5.17	30.6.16
	£	£
Other loans (see note 15)	76,082	101,780
Social security and other taxes	1,260	-
Other creditors	-	170
Accrued expenses	<u>3,601</u>	<u>9,302</u>
	<u>80,943</u>	<u>111,252</u>

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

	31.5.17	30.6.16
	£	£
Other loans (see note 15)	<u>545,844</u>	<u>571,957</u>

POINT AND SANDWICK DEVELOPMENT TRUST

**Notes to the Financial Statements - continued
for the Period 1 July 2016 to 31 May 2017**

14. LOANS

An analysis of the maturity of loans is given below:

	31.5.17	30.6.16
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>76,082</u>	<u>101,780</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>62,521</u>	<u>59,988</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>216,190</u>	<u>207,430</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans more 5yrs instal	<u>267,133</u>	<u>304,539</u>

15. MOVEMENT IN FUNDS

	At 1.7.16	Net movement in funds	At 31.5.17
	£	£	£
Unrestricted funds			
General fund	40,484	(14,366)	26,118
Restricted funds			
Restricted fund	867,301	44,664	911,965
	<u>907,785</u>	<u>30,298</u>	<u>938,083</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	197,541	(211,907)	(14,366)
Restricted funds			
Restricted fund	78,256	(33,592)	44,664
	<u>275,797</u>	<u>(245,499)</u>	<u>30,298</u>

POINT AND SANDWICK DEVELOPMENT TRUST

Notes to the Financial Statements - continued for the Period 1 July 2016 to 31 May 2017

16. RELATED PARTY DISCLOSURES

The charitable company owns 100% of the share capital of Point and Sandwick Power Limited, a company registered in Scotland, at 26 Lewis Street, Stornoway, Isle of Lewis, HS1 2JF.

At the balance sheet date the amount owed to Point and Sandwick Development Trust was £2,015,019 (2016 : £2,066,830). (These balances have been restated to the Net Present Values in the financial statements, of £1,446,701 and £1,424,280, respectively.) Interest is charged on the element of the balance representing funds loaned to Point and Sandwick Development Trust by Social Investment Scotland and Social Investment Scotland Community Finance. The interest is charged to the company at cost. The balance of funds does not attract interest. The interest charged in the year in the profit and loss account amounted to £36,229 and this is included within the sub-debt interest payable figure. The notional interest charge in relation to the Net Present Value calculation was £48,533.

Loan repayments amounting to £73,274 were repaid to Point and Sandwick Development Trust.

During the year the company paid a Donation to Point and Sandwick Development Trust of £195,000 (2016 : £60,000).

17. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other charities 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.

18. FIRST YEAR ADOPTION

The trustees have adopted the provisions of 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 2015).

The transition to this new accounting framework has resulted in a material change to the opening reserves position, due to the restatement of the interest free element of the inter company loan, which is expected to be repaid once the subsidiary has repaid the bank loan facility. The loan has been restated to its expected net present value using a notional interest charge based on 3.75%.

The effect of this adjustment is outlined below:

Inter-company balance at 30 June 2016 per published accounts	£2,066,829
Adjustment for net present value of loan at 30 June 2015	(£591,122)
Adjustment for interest for year ended 30 June 2016	<u>£50,353</u>
Inter-company balance at 30 June 2016 per accounts for the period ended 31 May 2017	<u><u>£1,526,060</u></u>
Net assets as at 30 June 2016 per published accounts	£1,448,554
Adjustment for net present value	<u>(£540,769)</u>
Net assets as at 30 June 2016 as per accounts for the period ended 31 May 2017	<u><u>£907,785</u></u>

Note 9 to the accounts replicates the figures which were published in the Statement of Financial Activities in the Financial statements for the year ended 30 June 2016 and includes the changes detailed above.

POINT AND SANDWICK DEVELOPMENT TRUST

**Detailed Statement of Financial Activities
for the Period 1 July 2016 to 31 May 2017**

	Unrestricted funds £	Restricted funds £	Period 1.7.16 to 31.5.17 Total funds £	Year Ended 30.6.16 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	195,000	-	195,000	60,000
Grants	-	-	-	10,000
	195,000	-	195,000	70,000
Investment income				
Loan interest - paid	-	29,723	29,723	46,485
Loan interest - NPV adjustment	-	48,533	48,533	50,353
	-	78,256	78,256	96,838
Other income				
Employment Allowance	2,541	-	2,541	2,141
Total incoming resources	197,541	78,256	275,797	168,979
EXPENDITURE				
Charitable activities				
Loan interest	-	29,723	29,723	46,585
Grants to community development projects	94,000	-	94,000	-
Revenue grants	19,510	-	19,510	-
	113,510	29,723	143,233	46,585
Support costs				
Management				
Wages	47,116	-	47,116	50,672
Social security	4,448	-	4,448	2,142
Pensions	5,076	-	5,076	833
Rent	6,000	-	6,000	-
Telephone	822	-	822	672
Printing, post and stationery	1,110	-	1,110	3,089
Sundries	119	-	119	500
Bank charges	260	-	260	406
Secretarial	-	-	-	314
Legal and professional fees	18,758	-	18,758	-
Meeting costs	4,343	-	4,343	4,328
Travel and accommodation	1,560	-	1,560	2,214
Carried forward	89,612	-	89,612	65,170

This page does not form part of the statutory financial statements

POINT AND SANDWICK DEVELOPMENT TRUST

**Detailed Statement of Financial Activities
for the Period 1 July 2016 to 31 May 2017**

	Unrestricted funds £	Restricted funds £	Period 1.7.16 to 31.5.17 Total funds £	Year Ended 30.6.16 Total funds £
Management				
Brought forward	89,612	-	89,612	65,170
Repairs	956	-	956	268
Media & website	5,581	-	5,581	4,313
Recruitment	-	-	-	450
Depreciation - Development costs	-	2,809	2,809	346
Depreciation - Computer equipment	-	1,060	1,060	985
	96,149	3,869	100,018	71,532
Governance costs				
Auditors' remuneration	1,800	-	1,800	1,800
Auditors' remuneration for non audit work	448	-	448	119
Legal fees	-	-	-	4,289
Professional fees	-	-	-	500
	2,248	-	2,248	6,708
Total resources expended	211,907	33,592	245,499	124,725
Net income	<u>(14,366)</u>	<u>44,664</u>	<u>30,298</u>	<u>44,254</u>