

**Kilfinan Community Forest Company
Report and Financial Statements
for the year ended 31 March 2013**

Registered charity no: SC038908
Company no: SC333208

Kilfinan Community Forest Company

Financial Statements for the year ended 31 March 2013

	Page
Trustees' Report	1-4
Independent Examiners Report	5
Statement of Financial Activities	6
Balance sheet	7
Notes to the financial statements	8 – 13

Kilfinan Community Forest Company

Legal and Administrative Information

Trustees: David Blair
Robert Borusso
Andrew Graham-Weall
Robert Blair
Eve Macfarlane
Steve Williamson
William McAllan
Stuart Jack
Vanessa Barlow

Charity Number: SC038908

Company Number: SC333208

Registered Office: Kilfinan Community Forest
Tighnabraich
Argyll
PA21 2BD

Independent Examiner: Ailsa E Close
Argyll Accounting
Chartered Accountants
41 Queen Street
Dunoon
PA23 8AU

Kilfinan Community Forest Company

Trustees' report for the year ended 31 March 2013

The trustees are pleased to present their report and the financial statements of the charity for the year ended 31 March 2013. The legal and administrative information forms part of this report. The committee members are the trustees of the organisation for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

Trustees

The directors serving during the year under review were:-

David Blair,	Andrew Graham-Weall,	Eve Macfarlane,
Robert Borusso (Appointed 18/07/12),		Steve Williamson (Appointed 08/08/12),
Robert Blair,		William McAllan (Appointed 08/08/12)

Directors resigning and the dates of resignation in the year were:-

Penny Graham-Weall (08/08/12) Stuart Jack (18/07/12)

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

1. Structure, Governance and Management

Governing document

The charity is an incorporated company limited by guarantee, and is governed by its Memorandum & Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

Recruitment and appointment of new trustees

Appointment of trustees is governed by the constitution of the charity. The trustees are authorised to appoint new Trustees to fill vacancies arising through resignation or death of an existing trustee.

Organisational structure

The Board of Directors meets approximately once a month and has responsibility for all the strategic decisions of the charity. Operational decisions are delegated to the office bearers and staff with the trustees having overall responsibility for day to day management of the charity.

Related parties

The organisation is a stand-alone charity, and the trustees are not aware of any related third parties.

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. The trustees continually review the major risks to which the charity is exposed, establishing appropriate systems and procedures to manage those risks where required.

Kilfinan Community Forest Company

Trustees' report for the year ended 31 March 2013 (Cont'd)

2. Objectives and Activities

Kilfinan Community Forest Company is a charitable enterprise formed to work with and for the local community to manage and develop their forest, creating opportunities for a sustainable future for the local economy, recreation and tourism, the environment and education. The principal activity of the company is to manage 127 hectares of Acharossan Forest acquired from the Forestry Commission to deliver a range of benefits to the community of Kilfinan, including the development of recreational activities, the creation of a valuable educational resource for environmental activities and the generation of employment opportunities in the management of the forest and development of the area.

3. Achievements and Performance

We continue to make progress regarding carbon saving activities and the exploration of the feasibility of renewable energy sources. The Climate Challenge Fund funding ceased on 31/03/12 with the consequence that the employment of the Carbon Savings Officer and Administrative Officer could not be continued. However the legacy of their work continues through the 'Cowal Car Share' scheme www.cowalcarshare.com which encourages car sharing and the energy saving advice previously given to 44 households within the PA21 postcode. A meteorological mast was raised as agreed at the community consultation event in September 2011 and data is presently being collected to determine if the area has enough wind to make it viable. A feasibility study conducted into the potential for a hydro scheme on the Allt Mor burn reported that this would be viable and work has commenced to achieve the required permissions.

The wood fuel and community composting operations have been a success. A part time post (12 hours/week) was created to support these services and sufficient income is now generated to cover the costs of these services. These are our first successes in self sustainability.

The support funding secured by the Development Officer (Eamon King) from Highlands & Islands Enterprise (HIE) and Argyll & Islands Leader allowed progress to be made towards the aims of the development of forest operations and employment. The main outcomes will be a timber milling operation, increased efficiency in wood fuel supply and an access road to allow the harvest and sale of timber. This funding support allowed the recruitment to the posts of Forest Operations Manager (Jamie Chaplin-Brice), Forest Operations Worker (Colin Willment) and Operations Administrator (Nikki Woolf). These posts will implement the Phase 3 priorities including the Forest Design Plan.

Work towards affordable housing and forest crofts will step up when the timber is cleared from this area of the forest and the topography is sufficiently clear to allow the identification of housing plots. The aim is encourage people to invest in our community by building their own homes using local timber.

Work has started to uncover the fantastic archaeological and historical heritage of our forest. When the timber is cleared it will be possible to identify archaeological features which may include raised platforms, boundary walls and possibly cup marked rocks. The historical heritage includes the curling pond, waterworks and the dams on the Allt Mor burn.

Kilfinan Community Forest Company

Trustees' report for the year ended 31 March 2013 (Cont'd)

The Kyles Allotment Group goes from strength to strength. This separately constituted partner organisation manages the polytunnel and allotment area and, since March 2012, has organised the regular Producers' Markets which provide the local community and visitors with an opportunity to support small local producers and businesses and 'shop' locally. The group now has a waiting list and has developed into an important local resource.

Volunteers played a crucial role over the year and volunteer time added value to the work in the forest and engaged people in a hands on way. The main focus of volunteering was improvements to the path network and some volunteers took the opportunity to learn skills to assist them find employment. These include experience on the operation of a mini-digger and clearance of rhododendron. One former volunteer is now a self-employed gardener and chainsaw operator.

4. Financial Review

At 31 March 2013, the organisation has reserves of £60,591 of which £61,266 are restricted reserves. These reserves are considered sufficient to meet the general operations of the organisation. The principal funding source of the company is by way of charitable donations and contributions from individuals and other interested parties and organisations. In this financial year, the principal funding of the organisation comes from grants from Highland and Islands Enterprise and Argyll & Islands Leader. We also received funding from BLF's Awards for All. Where funding is received for specific projects the income and expenditure will be grouped under the heading of Restricted Funds in the Statement of Financial Activities.

5. Plans for Future Periods

The overarching priority for 2013-14 is for the organisation to be come closer to being financially self-sustaining. We will implement the forest operations set out in our Phase 3 plans, continue to develop plans for wind and hydro energy and will maximise income from composting and wood fuel. We will advance the work towards affordable housing and forest crofts. We will continue to give priority to supporting local enterprise and creating employment.

We will increase path network and visitor attractions including developing the archaeological and historical aspects of forest and new picnic areas. An application will be made for Lottery funding to support this work. We also plan to upgrade the woodland path that provides pupils from Tighnabruaich Primary School with a safe walking route to school which avoids the main road. We will work to open up the Kilfinan Way and plan to develop a series of cycle paths throughout the forest and will begin the mammoth task of rhododendron control. We will continue to provide volunteers with opportunities to engage together in meaningful activity and to learn employment enhancing skills.

Kilfinan Community Forest Company

Trustees' report for the year ended 31 March 2013 (Cont'd)

Trustees' responsibilities

Charity law requires the Trustees to prepare financial statements for each financial year, which show a true and fair view of the state of affairs of the charity and its financial activities for the year in question. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements, and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps towards the prevention of fraud and other irregularities.

Approved by the Trustees and signed on their behalf by:

David Blair
Director

Date: 23 September 2013

Independent Examiner's report to the trustees on the accounts of Kilfinan Community Forest Company for the year ended 31 March 2013

I report on the accounts for the year ended 31 March 2013 as set out on pages 6 to 13.

Respective responsibilities of Trustees and Examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The trustees consider that the audit requirements of regulation 10(1) (a) to (c) of the Accounts Regulations do not apply. It is my responsibility to examine the accounts as required under Section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement

In the course of my examination no matter has come to my attention:

- a) Which gives me reasonable cause to believe that in any material respect the requirements :
 - To keep accounting records in accordance with Section 44 (1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and
 - To prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations have not been met, or

- b) To which in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed:

Ailsa E Close CA
Argyll Accounting
41 Queen Street, Dunoon, PA23 8AU

Date: 23 September 2013

Kilfinan Community Forest Company

Statement of Financial Activities

For the year ended 31 March 2013

	<u>Notes</u>	Unrestricted	Restricted	2013 Total	2012
		£	£	£	£
Incoming Resources					
Incoming resources from voluntary funds					
Investment income	2	5	-	5	19
Incoming resources from charitable activities	3	14,622	52,154	66,776	210,781
Total Incoming Resources		<u>14,627</u>	<u>52,154</u>	<u>66,781</u>	<u>210,800</u>
Resources expended					
Costs of generating funds	4	-	-	-	944
Charitable activities	4	21,137	69,866	91,003	232,995
Governance costs	5	710	-	710	1,225
Total Resources Expended		<u>21,847</u>	<u>69,866</u>	<u>91,713</u>	<u>235,164</u>
Net incoming/outgoing resources before transfers		(7,220)	(17,712)	(24,932)	(24,364)
Transfers		-	-	-	-
Net income for the year		<u>(7,220)</u>	<u>(17,712)</u>	<u>(24,932)</u>	<u>(24,364)</u>
Total reserves brought forward		6,545	78,978	85,523	109,887
Total funds carried forward		<u>(675)</u>	<u>61,266</u>	<u>60,591</u>	<u>85,523</u>

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

All incoming resources and resources expended derive from continuing activities.

Kilfinan Community Forest Company

Balance Sheet at 31 March 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Tangible fixed assets	8	<u>134,712</u>	<u>135,385</u>
CURRENT ASSETS			
Cash at bank and in hand		5,358	15,774
Debtors & accrued income	9	<u>11,183</u>	<u>4,261</u>
		16,541	20,035
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	10	8,056	13,490
NET CURRENT ASSETS			
		<u>8,485</u>	<u>6,545</u>
Creditors: amounts falling due after more than one year	11	(82,606)	(56,407)
NET ASSETS			
		<u>60,591</u>	<u>85,523</u>
TOTAL FUNDS			
General Funds	12	(675)	6,545
Restricted Funds	13	61,266	78,978
		<u>60,591</u>	<u>85,523</u>

The trustees state:

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

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476,

- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These accounts were approved by the Trustees and signed on their behalf by David Blair:

Signed:.....Date: 23 September 2013

Kilfinan Community Forest Company

Notes to the Accounts

For the year ended 31 March 2013

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) Fund accounting

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.
- Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

c) Incoming resources

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

- Investment income is included when receivable.
- Incoming resources from charitable trading activities are accounted for when earned.

d) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be recovered and is reported as part of the expenditure to which it relates:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its 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 and include the accountancy fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis

e) Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:

Portacabins	10 years
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Kilfinan Community Forest Company

Notes to the Accounts For the year ended 31 March 2013

2. Investment Income

	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Bank interest	5	-	5	19
	<u>5</u>	<u>-</u>	<u>5</u>	<u>19</u>

3. Incoming Resources from Charitable Activities

	Unrestricted	Restricted	2013 Total	2012 Total
	£	£	£	£
Fundraising	3,224	-	3,224	3,975
Donations	11,398	-	11,398	2,036
Grants	-	52,154	52,154	204,770
	<u>14,622</u>	<u>52,154</u>	<u>66,776</u>	<u>210,781</u>

4. Resources Expended - Charitable Activities

	Direct Costs	Support costs	2013 Total	2012
	£	£	£	£
Cost of generating funds	-	-	-	944
Training & recruitment	2,756	-	2,756	7,586
Volunteer & staff expenses	3,765	-	3,765	2,813
Salary costs	39,524	-	39,524	64,098
Management and admin staff	-	1,551	1,551	45,488
Wind turbine project costs	26,199	-	26,199	24,875
Project costs	13,717	-	13,717	74,944
Insurance	1,590	-	1,590	1,370
Hall hire	42	-	42	248
Heat, light & cleaning	(185)	-	(185)	2,074
Postage, stat and advertising	198	-	198	2,737
Telephone & website	273	-	273	4,626
Equipment	-	-	-	539
Professional fees	74	-	74	756
Bank charges	-	771	771	113
Depreciation	673	-	673	673
Subscriptions & general	57	-	57	55
	<u>88,683</u>	<u>2,322</u>	<u>91,005</u>	<u>233,939</u>

Kilfinan Community Forest Company

Notes to the Accounts For the year ended 31 March 2013

5. Resources Expended – Governance Costs

	Unrestricted	Restricted	2013	2012
	£	£	£	£
Independent examination fee	600	-	600	600
Director's expenses	110	-	110	625
	<u>710</u>	<u>-</u>	<u>710</u>	<u>1,225</u>

6. Employees

	2013	2012
	£	£
Employment costs		
Wages and salaries	36,132	59,161
Employer's NIC	3,392	4,937
	<u>39,524</u>	<u>64,098</u>

No employee received emoluments of more than £60,000.

Number of employees

The average number of employees during the year was as follows:

2013	2012
Number	Number
<u>4</u>	<u>4</u>
<u>4</u>	<u>4</u>

7. Trustees' Remuneration and Related Party Transactions

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

One trustee received travel expenses of £110.

Kilfinan Community Forest Company

Notes to the Accounts For the year ended 31 March 2013

8. Fixed Assets

Land at Acharossan Forest was purchased in March 2010 at a cost of £130,000. No depreciation has been written off this asset.

	Freehold Land	Portacabins	Total
Cost	£	£	£
At 1 April 2012	130,000	6,731	136,731
Additions	-	-	-
Disposals	-	-	-
At 31 March 2013	<u>130,000</u>	<u>6,731</u>	<u>136,731</u>
Depreciation			
At 1 April 2012	-	1,346	1,346
Charge for year	-	673	673
Disposals	-	-	-
At 31 March 2013	<u>-</u>	<u>2,019</u>	<u>2,019</u>
Written Down Value			
At 31 March 2013	<u>130,000</u>	<u>4,712</u>	<u>134,712</u>
At 31 March 2012	<u>130,000</u>	<u>5,385</u>	<u>135,385</u>

9. Debtors

	2013	2012
	£	£
Accrued income	<u>11,183</u>	<u>4,261</u>
	<u>11,183</u>	<u>4,261</u>

10. Creditors: Amounts falling due within one year

	2013	2012
	£	£
PAYE	1,870	3,776
Accruals and other creditors	<u>6,186</u>	<u>9,714</u>
	<u>8,056</u>	<u>13,490</u>

Kilfinan Community Forest Company

Notes to the Accounts For the year ended 31 March 2013

11. Creditors: Amounts falling due after more than one year

	2013	2012
	£	£
Loans	82,607	56,407
	<u>82,607</u>	<u>56,407</u>

A loan of £30,000 was received from Mr David Blair in March 2010 towards the cost of the land purchase at that time. The loan will be interest free for the first five years.

A loan of £5,000 was received from Kilfinan Trust towards the cost of land purchase. This loan is interest free and is fully repayable by March 2015, unless certain conditions are met at which point it may be reclassified as a grant by Kilfinan Trust.

A loan of £26,199 has been received from the Energy Savings Trust (EST) in the year. This loan provides up to 90% of the costs of the wind turbine project, and is drawn down on receipt of invoices for this project. Interest on the loan is at 10% from date of drawdown, but has not been charged by EST to date, and is not accrued in these accounts.

12. Unrestricted Funds

	Balance at 1 April 2012 £	Movement in funds			Balance at 31 March 2013 £
		Incoming resources £	Expenditure (gains)/losses £	Transfers £	
General charitable funds	<u>6,545</u>	<u>14,627</u>	<u>21,847</u>	<u>-</u>	<u>(675)</u>
Made up:				Current (liabilities)	<u>(675)</u>
					<u>(675)</u>

Incoming resources are generated from donations, fundraising and bank interest.

Kilfinan Community Forest Company

Notes to the Accounts For the year ended 31 March 2013

13. Restricted Funds

	Balance at 1 April 2012	Movement in funds			Balance at 31 March 2013
		Incoming resources £	Expenditure (gains)/losses £	Transfers £	
Climate Challenge Fund	5,385	-	673	-	4,712
LEADER	-	18,255	18,255	-	-
HIE	-	15,354	15,354	-	-
Awards for All - Into the Woods	-	10,000	840	-	9,160
LEADER/HIE Phase 3	-	8,545	8,545	-	-
EST Wind Turbine Project	(21,407)	-	26,199	-	(47,606)
Other	95,000	-	-	-	95,000
	<u>78,978</u>	<u>52,154</u>	<u>69,866</u>	<u>-</u>	<u>61,266</u>
Made up:				Fixed assets	134,712
				Current assets	9,160
				Long term liabs	(82,606)
					<u>61,266</u>

The CCF was provided for the purchase of portakabins.

HIE and LEADER funding was provided for part of the employment and related administration costs of the Development Officer's post.

Awards for All – Into the Woods has been awarded to provide picnic areas, interpretation panels, nesting boxes, path development and primary school workshops.

LEADER/HIE Phase 3 is for further forest development and employment of 3 members of staff.

EST Wind Turbine Project costs included as restricted funds are those paid through a loan from EST. When the project is up and running, it will be expected to generate sufficient income to repay the loan.