

Kilfinan Community Forest Company  
Report and Financial Statements  
for the year ended 31 March 2011

Registered charity no: SC038908  
Company no: SC333208

# Kilfinan Community Forest Company

## Financial Statements for the year ended 31 March 2011

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# Kilfinan Community Forest Company

## Legal and Administrative Information

Trustees: Vanessa Barlow  
David Blair  
Robert Blair  
Stuart Jack  
Kirstin Leicht  
Andrew Graham-Weall  
Penny Graham-Weall

Charity Number: SC038908

Company Number: SC333208

Registered Office: Dunbeag  
Tighnabruaich  
Argyll

Independent Examiner: Ailsa E Close  
Argyll Accounting  
Chartered Accountants  
53 Hillfoot Street  
Dunoon  
PA23 7DR

# Kilfinan Community Forest Company

## **Trustees' report** for the year ended 31 March 2011

The trustees are pleased to present their report and the financial statements of the charity for the year ended 31 March 2011. 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:-

Vanessa Barlow	David Blair	Robert Blair	Stuart Jack
Andrew Graham-Weall	Penny Graham-Weall	Kirstin Leicht	
Roger Smith (Appointed 12/8/10)	Iain Gamage (Appointed 12/8/10)		

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

Peter Black & Ian Holt (30/11/10) Roger Smith (3/8/11) Iain Gamage (28/3/11)

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 2011 (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

Full forest ownership of 127ha of Acharossan Forest was formally transferred to the Kilfinan community on 26th March 2010 with confirmation of the Climate Challenge Fund approval just under £165k in the same week. David Blair expressed a huge amount of thanks to the Board and the local community for their hard work, generosity and support in achieving this fantastic goal. A community celebration event was held on Saturday 3<sup>rd</sup> April 2010 at the Kames Hotel with a bonfire and disco.

#### *Developments and Progress since Forest Acquisition Climate Challenge Fund 2010*

The CCF award in March 2010 of £164,624 helped to support the initial access in to the forest, the development of the communal polytunnel and allotments, the infrastructure for a community composting facility, job creation and the overall reduction of community carbon footprint. To help deliver this KCFC recruited Sara MacLean, Carbon Savings Project Officer and Jean Donaldson, Project Administrator. Office space was secured in the recently vacated Doctor Surgery in August 2010 to manage and promote the Carbon Savings Initiative within the local community.

This year's CCF programme aimed to use the forest as a catalyst to develop and deliver carbon savings initiatives in the local community. Sara introduced the W.A.T.C.H. acronym - Woodfuel, Allotments, Transport, Composting and Home Energy. In the 11 months of development, the programme has installed a community access road and parking in the forest, a network of paths within the site, all the utilities necessary to provide facilities for volunteers, visitors and staff with office, kitchen, meeting space, workshop, tool store, and toilets. A 9m x 30m community Polytunnel was erected and contains 16 raised beds with resources to complete a further 28 beds. The allotment site was cleared, and a machinery shed to house the community composting facility was purchased. The composting toilet is ready to go and is just awaiting planning approval.

# Kilfinan Community Forest Company

## **Trustees' report for the year ended 31 March 2011 (cont'd)**

### *Developments and Progress since Forest Acquisition (cont'd)*

Approved alterations to budget spending included additional ways to fund site clearance which proved challenging, a change in plan from proposed timber buildings, due to time constraints and the terrible December weather, to purchase of recycled office units (Portacabin) and the unforeseen shallow water main which disrupted the installation of the forest main access road and the deterioration of the road itself.

There have been regular and popular monthly local Producers Markets at Kames Recreational Hall which have showcased local food and crafts; these have been highly attended, enjoyable events, providing the local community with an opportunity to support small local producers and businesses and 'shop' locally.

In January and February a further bid for £164k was made to Climate Challenge Fund for the next year's activities and an application for £130k was made to HIE and Argyll & Islands Leader for a two year Development Officer role.

In mid-March 16 raised beds in the Polytunnel were completed, ready to be filled and allocated to community members. The Kyles Allotment Group was formed and constituted on 5th March 2011. Kilfinan Community Forest, one year on from purchase, is a busy, vibrant workplace and community asset, with volunteers, members of the public, contractors, directors and employees all cooperatively working to achieve the aims and objectives. Affiliations have been made between new and existing organisations, such as Kyles Allotment Group and the Kyles of Bute Horticultural Society; Kyles Marketing Group and Kilfinan Community Forest and also Tighnabraich Primary Parent Council. The Maxie Richards Foundation supported project at Kings Court has also, with their volunteering efforts, been able to improve their general well being and feeling of belonging to the community. Socially, there has been a significant 'feel-good' factor.

Local employment has been achieved; local companies, goods and services have been used, all contributing to the local economy. Energy saving measures adopted by the community have saved money. The community green space now achieved in the Forest, although still freshly carved out of the landscape, strives to maintain and enhance the natural balance by improving biodiversity, recycling, composting and leading by example.

### *Future Jobs Fund*

The KCFC board applied to the Future Jobs Fund, and secured funding for 6 months to support the recruitment of three long term unemployed local people. The Forestry Operations Team helped prepare the forest site by assisting in the installation of services, clearing the proposed allotments site and developing the Polytunnel. All team members received skills development training in Chainsaw and First Aid qualifications.

# Kilfinan Community Forest Company

## **Trustees' report for the year ended 31 March 2011 (cont'd)**

### *The Board of Directors, Staff and Volunteers*

Iain Gamage and Roger Smith (Treasurer) were co-opted onto the Board on 12 August 2010. Two public meetings were held in Kilfinan Hall and Kames in late November to help inform the public on the activities in the forest. Peter Black and Ian Holt resigned on 30<sup>th</sup> November 2010 due to work commitments. In December the board decided to create 4 subgroups to take forward the forest developments - Site Development, Renewable Energy, Future Funding and Marketing & Publicity - which are still operational. Iain Gamage resigned on 28<sup>th</sup> March 2011 due to increased work commitments taking him outwith the district.

Volunteers have been a crucial element of the project, from directors spending their time on site, in meetings, supervising, managing and labouring, to community members, employees and contractors all donating significant time, skills and resources.

#### 4. Financial Review

At 31 March 2011, the organisation has reserves of £109,887 of which £101,058 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 the Climate Challenge Fund. Grants were also received from Future Jobs Fund and HIE.

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

Another round of CCF funding was secured in 21<sup>st</sup> March 2011 to further develop carbon reducing strategies and keep developments moving in the forest. The funding for the Development Officer was confirmed in early March and a recruitment process initiated.

The CCF project's outcomes are listed as follows: Continued employment for the carbon savings officer and admin assistant; recruitment and full time employment for 6 months for a Community Forest Team (to replace the Forest Operations Team); a Home Energy Campaign, targeting a further 20 homes; upgrading the allotment site to include 28 raised beds outside; developing the new community composting site; installing footpaths linking the school to the allotment site, and providing an alternative route to walk to school; continued local markets; a low carbon transport event; and a Forest Event to celebrate the Forest as an asset to the community.

# Kilfinan Community Forest Company

## **Trustees' report for the year ended 31 March 2011 (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  
Chairperson  
Date:



# **Independent Examiner's report to the trustees on the accounts of Kilfinan Community Forest Company for the year ended 31 March 2011**

I report on the accounts for the year ended 31 March 2011 as set out on pages 7 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  
53 Hillfoot Street, Dunoon, PA23 7DR

Date:

# Kilfinan Community Forest Company

## Statement of Financial Activities

For the year ended 31 March 2011

	<u>Notes</u>	Unrestricted £	Restricted £	2011 Total £	2010 £
<b>Incoming Resources</b>					
Incoming resources from voluntary funds					
Investment income	2	19	-	19	3
Incoming resources from charitable activities	3	8,101	188,289	196,390	106,637
<b>Total Incoming Resources</b>		<u>8,120</u>	<u>188,289</u>	<u>196,409</u>	<u>106,640</u>
<b>Resources expended</b>					
Costs of generating funds					
Charitable activities	4	7,741	182,231	189,972	6,918
Governance costs	5	674	-	674	764
<b>Total Resources Expended</b>		<u>8,415</u>	<u>182,231</u>	<u>190,646</u>	<u>8,283</u>
<b>Net incoming/outgoing resources before transfers</b>		(295)	6,058	5,763	98,357
<b>Transfers</b>		5,000	(5,000)	-	-
<b>Net income for the year</b>		<u>4,705</u>	<u>1,058</u>	<u>5,763</u>	<u>98,357</u>
<b>Total reserves brought forward</b>		4,124	100,000	104,124	5,767
<b>Total funds carried forward</b>		<u><u>8,829</u></u>	<u><u>101,058</u></u>	<u><u>109,887</u></u>	<u><u>104,124</u></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 2011

	Notes	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	<u>136,058</u>	<u>130,000</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		9,099	4,888
Debtors & accrued income	9	<u>11,368</u>	<u>-</u>
		20,467	4,888
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	10	11,638	764
<b>NET CURRENT ASSETS</b>			
		<u>8,829</u>	<u>4,124</u>
Creditors: amounts falling due after more than one year	11	35,000	30,000
<b>NET ASSETS</b>			
		<u><u>109,887</u></u>	<u><u>104,124</u></u>
<b>TOTAL FUNDS</b>			
General Funds	12	8,829	4,124
Restricted Funds	13	101,058	100,000
		<u><u>109,887</u></u>	<u><u>104,124</u></u>

The trustees state:

For the year ended 31 March 2011 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:.....

# Kilfinan Community Forest Company

## Notes to the Accounts

For the year ended 31 March 2011

### 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 2011

### 2. Investment Income

	Unrestricted	Restricted	2011 Total	2010 Total
	£	£	£	£
Bank interest	19	-	19	3
	<u>19</u>	<u>-</u>	<u>19</u>	<u>3</u>

### 3. Incoming Resources from Charitable Activities

	Unrestricted	Restricted	2011 Total	2010 Total
	£	£	£	£
Fundraising	1,324	-	1,324	2,834
Donations	6,777	-	6,777	27,085
Grants	-	188,289	188,289	76,718
	<u>8,101</u>	<u>188,289</u>	<u>196,390</u>	<u>106,637</u>

### 4. Resources Expended - Charitable Activities

	Direct Costs	Support costs	2011 Total	2010
	£	£	£	£
Training & recruitment	866	-	866	-
Office bearers' remuneration	-	-	-	360
Volunteer expenses	486	-	486	133
Wages and salary costs	23,718	-	23,718	-
Management and admin staff	29,867	3,319	33,186	-
General expenses	-	74	74	-
Project costs	118,331	-	118,331	-
Insurance	805	-	805	495
Hall hire	335	-	335	109
Heat, light & cleaning	1,134	-	1,134	-
Rental	2,270	-	2,270	-
Postage, stat and advertising	4,719	-	4,719	1,313
Telephone & website	1,214	-	1,214	642
Equipment	1,346	-	1,346	424
Professional fees	715	-	715	3,296
Bank charges	-	70	70	-
Depreciation	673	-	673	-
General	30	-	30	146
	<u>186,509</u>	<u>3,463</u>	<u>189,972</u>	<u>6,918</u>

# Kilfinan Community Forest Company

## Notes to the Accounts For the year ended 31 March 2011

### 5. Resources Expended – Governance Costs

	Unrestricted	Restricted	2011 Total	2010
	£	£	£	£
Independent examination fee	674	-	674	764
	<u>674</u>	<u>-</u>	<u>674</u>	<u>764</u>

### 6. Employees

Employment costs	2011	2010
	£	£
Wages and salaries	22,568	-
Social security costs	1,150	-
	<u>23,718</u>	<u>-</u>

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

#### Number of employees

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

2011	2010
Number	Number
3	-
<u>3</u>	<u>-</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.

# Kilfinan Community Forest Company

## Notes to the Accounts

For the year ended 31 March 2011

### 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 2010	130,000	-	130,000
Additions	-	6,731	6,731
Disposals	-	-	-
At 31 March 2011	<u>130,000</u>	<u>6,731</u>	<u>136,731</u>
Depreciation			
At 1 April 2010	-	-	-
Charge for year	-	673	673
Disposals	-	-	-
At 31 March 2011	<u>-</u>	<u>673</u>	<u>673</u>
Written Down Value			
At 31 March 2011	<u>130,000</u>	<u>6,058</u>	<u>136,058</u>
At 31 March 2010	<u>130,000</u>	<u>-</u>	<u>130,000</u>

### 9. Debtors

	2011	2010
	£	£
Accrued income	<u>11,368</u>	<u>-</u>
	<u>11,368</u>	<u>-</u>

### 10. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	6,100	-
PAYE	690	-
Accruals and other creditors	<u>4,848</u>	<u>764</u>
	<u>11,638</u>	<u>764</u>

# Kilfinan Community Forest Company

## Notes to the Accounts

For the year ended 31 March 2011

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

	2011	2010
	£	£
Loans	<u>35,000</u>	<u>30,000</u>
	<u>35,000</u>	<u>30,000</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.

### 12. Unrestricted Funds

	Balance at 1 April 2010 £	Movement in funds			Balance at 31 March 2011 £
		Incoming resources £	Expenditure (gains)/losses £	Transfers £	
General charitable funds	<u>4,124</u>	<u>8,120</u>	<u>8,415</u>	<u>5,000</u>	<u>8,829</u>
Made up:				Current assets	<u>8,829</u>
					<u>8,829</u>

These funds are generated from donations, fundraising and bank interest. The fund transfer of £5k is from the restricted fund brought forward from last year, when the Kilfinan Trust loan of £5k was classed as a grant.

### 13. Restricted Funds

	Balance at 1 April 2010	Movement in funds			Balance at 31 March 2011 £
		Incoming resources £	Expenditure (gains)/losses £	Transfers £	
Climate Change Fund	-	164,624	158,566	-	6,058
HIE	-	2,427	2,427	-	-
Future Jobs Fund	-	21,238	21,238	-	-
Other	100,000	-	-	(5,000)	95,000
	<u>100,000</u>	<u>188,289</u>	<u>182,231</u>	<u>(5,000)</u>	<u>101,058</u>
Made up:				Fixed assets	136,058
				Long term liabs	<u>(35,000)</u>
					<u>101,058</u>

The CCF was provided for the development of the forest access, community composting and allotments, as well as costs for development officer and administrator.

HIE funding was provided for technical assistance and legal fees for forest acquisition.

Future Jobs Fund was provided for the employment costs of three full-time employees for part of the year.