

KILFINAN COMMUNITY FOREST COMPANY
(A Company Limited by Guarantee)
Charity Number SC038908
Company Number SC333208

Directors Report and Accounts
For the year ended 31 March 2010

HENDERSON & COMPANY
CHARTERED ACCOUNTANTS
73 UNION STREET
GREENOCK

KILFINAN COMMUNITY FOREST COMPANY
(A Company Limited by Guarantee)

Registered Office - Dunbeag, Tighnabruaich , Argyll
Charity Registration No - SC038908
Company Registration No - SC333208

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and financial statements for the year ended 31st March 2010.

The organisation is a charitable company limited by guarantee. In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

Principal Activity

The principal activity of the company is to acquire 127 hectares of Acharossan Forest 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.

Directors

The directors during the year and up to the date of this report were:-

Vanessa Barlow
Peter Black
David Blair
Robert Blair
Ian Holt
Stuart Jack
Brian Leech (resigned October 2009)
Kirstin Leicht
Andrew Graham-Weall (appointed June 2009)
Penny Graham-Weall (appointed June 2009)
Roger Smith (appointed September 2010)
Ian Gamage (appointed September 2010)

Financial Review

The principal funding source of the company is by way of charitable donations and contributions from individuals and other interested parties and organisations.

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.

Review of the Period's Activities

Due to the lack of clear funding streams to buy 447 hectares of Acharossan Forest, the Board decided to acquire a reduced area of 127 hectares from the Forestry Commission Scotland in March 2009. This required further negotiation and finalisation of the Heads of Terms to conduct a new district valuation. This area of forest was revalued at £130,000 in July 2009 by the District Valuer.

The group then identified and conducted a range of community fundraising events in August, September, November and December to raise the funds to acquire the forest by January 2010. In December 2009 Highlands & Islands Enterprise offered a grant of £65,000 towards the acquisition and also granted funds to enable further fundraising and publicity material.

In/

In January 2010 the group submitted an application to the Climate Challenge Fund to provide initial access to be developed into the forest, a community composting facility and the installation of allotments. The application also included the employment of a full time development officer for one year.

A new business plan was finalised in February 2010. The group also secured an interest free loan from community member at £30k secured by a Letter of Undertaking.

In March 2010 the Kilfinan Trust awarded the group £5,000 towards the forest fund and the total sum of £130,000 was raised by 15th March 2010. £35,000 was transferred to Macleod & MacCallum, Inverness as the community contribution. The £30,000 community loan was transferred to them and Highlands & Islands Enterprise – Community Land Unit granted £65,000. The forest ownership was formally transferred to community on 26th March 2010 with confirmation of the Climate Challenge Fund application approval at £165,000 in the same week.

Future Developments

The Climate Challenge Fund contributes 100% funding towards the development of the initial forest access, community composting and allotments. It also supports one full-time development officer and one part-time project administrator. The group also applied to the Future Jobs Fund to secure 3 full-time employees to help develop the infrastructure in the forest.

Reserves Policy

Funds of £4,124 are currently held in unrestricted funds to meet the general operations of the Charity.

Risk Management

The directors have considered the major strategic and operational risks which the Charity faces and are satisfied that these risks are reduced by the implementation of management controls and procedures.

Statement of Directors' Responsibilities

Company law requires the directors to prepare a statement of accounts for each financial year. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

Michaela Hunter
Secretary

5 November 2010

**INDEPENDENT EXAMINER'S REPORT TO THE DIRECTORS
OF KILFINAN COMMUNITY FOREST COMPANY**

I report on the accounts of Kilfinan Community Forest Company for the year ended 31 March 2010 which are set out on pages 4 to 7.

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 Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees consider that the audit requirement of Regulation 10(1)(c) of the Accounts Regulations does 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 Independent Examiner's 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

1. 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 Regulationshave not been met or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



ERIC MARSHALL
CHARTERED ACCOUNTANT

Henderson & Company
73 Union Street
Greenock

5 November 2010

KILFINAN COMMUNITY FOREST COMPANY
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR YEAR ENDED 31 MARCH 2010

	Restricted Funds £	2010 Unrestricted Funds £	Total Funds £	2009 Total Funds £	Notes
INCOMING RESOURCES					
Voluntary Income -					
Donations	27,000	85	27,085	715	
Grant	70,000	6,718	76,718	5,000	2
Activities for Generating Funds					
Fundraising		2,834	2,834	519	
Interest Receivable		3	3	2	
TOTAL INCOMING RESOURCES	97,000	9,640	106,640	6,236	
RESOURCES EXPENDED					
Costs of Generating Funds					
Fundraising Expenses	-	601	601	80	
Charitable Activities					
Administration Expenses	-	6,558	6,558	102	3
Costs of Community Consultation		360	360	-	4
Governance Costs	-	764	764	287	
TOTAL RESOURCES EXPENDED	-	8,283	8,283	469	
NET INCOMING RESOURCES	97,000	1,357	98,357	5,767	
Balances brought forward	3,000	2,767	5,767	-	
Balances carried forward	100,000	4,124	104,124	5,767	

**KILFINAN COMMUNITY FOREST COMPANY
BALANCE SHEET AS AT 31 MARCH 2010**

	£	2010 £	2009 £	Notes
FIXED ASSET				
Tangible Fixed Asset – Freehold Land		130,000	-	6
CURRENT ASSETS				
Cash at Bank	4,888		6,054	
CREDITORS: Amounts falling due within one year				
Accrued Charges	764		287	
NET CURRENT ASSETS		4,124	5,767	
		134,124	5,767	
CREDITORS: Amounts falling due after more than one year				
		30,000	-	7
		104,124	5,767	
REPRESENTED BY:				
Restricted Funds		100,000	-	
Unrestricted Funds		4,124	5,767	
		104,124	5,767	8

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2010.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2010 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which 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 company as at the end of each financial year and of its profit or loss 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 company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 5 November 2010 and were signed on its behalf by:

Vanessa Barlow
Director

5 November 2010

**KILFINAN COMMUNITY FOREST COMPANY
NOTES ON FOREGOING ACCOUNTS**

1. ACCOUNTING POLICIES

a) The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Statement of Recommended Practice for Accounting and Reporting by Charities issued in 2005 and the Companies Act 2006.

b) Grants Received

All grants are credited to the Income and Expenditure Account when received. Any grants received for specific purposes are reflected as Restricted Funds in the Statement of Financial Activities.

c) Tangible Fixed Assets

The directors consider that no depreciation requires to be written off the cost of the land purchased during the year.

2. GRANTS RECEIVED

The following grants were received during the year

	£
Land purchase- Highlands and Islands Enterprise	65,000
The Kilfinnan Trust	5,000
	70,000
Other Grants - Highlands and Islands Enterprise	5,718
Forestry Commission	1,000
	76,718

3. ADMINISTRATION EXPENSES

	2010	2009
	£	£
Motor Expenses	116	59
Insurance	495	-
Hall Hire	109	-
Postages, Stationery and Advertising	1,313	13
Website Design and Management	642	-
Computer Equipment	424	-
Professional Fees	3,296	-
General Expenses	163	30
	6,558	102

4. REMUNERATION PAID TO OFFICE BEARERS

One of the directors, Vanessa Barlow, received a payment of £110 for time spent on dealing with community consultations and handling queries raised by local residents about the Charity's activities. £100 has been repaid by way of donation to the Company.

The Secretary, Michaela Hunter, received a payment of £250 for carrying out similar work. £200 was repaid by way of donation to the Company.

In the view of the committee it would not have been possible for this work to be carried out by an outside agency.

5. TAXATION

No taxation is payable due to the Company's charitable status.

6. FIXED ASSET

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

**7. CREDITOR FALLING DUE AFTER MORE THAN ONE YEAR
LOAN FROM DIRECTOR**

A loan of £30,000 was received from Mr David Blair in March 2010 towards the cost of the land purchase. The loan will initially be interest free and is due for repayment between 2012 and 2014.

8. MOVEMENT IN RESERVES

	Balance at 31/3/09	Incoming Resources	Expenditure	Balance at 31/3/10
	£	£	£	£
Restricted Funds-Purchase of Land	3,000	97,000	-	100,000
Unrestricted Funds	2,767	9,640	(8,283)	4,124
	5,767	106,640	(8,283)	104,124

£3,000 of the Unrestricted Reserves at 31 March 2009 has been reallocated to Restricted Reserves as part of the funds towards the cost of the land purchased.

Restricted Funds consist of grant funding and donations towards the cost of land purchased at Acharossan Forest. The land was purchased in March 2010 and capitalised in the Balance Sheet. The funds raised will be carried forward as restricted funds in the Balance Sheet.

9. COMPANY LIMITED BY GUARANTEE

Kilfinan Community Forest Company is a charitable company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up.

**KILFINAN COMMUNITY FOREST COMPANY
 DETAILED INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 2010**

	2010	2009
	£	£
INCOME		
Donations	27,085	715
Grant Received	76,718	5,000
Fundraising Income	2,834	519
Bank Interest	3	2
	106,640	6,236
 EXPENDITURE		
Office Bearers' Remuneration	360	-
Motor Expenses	133	59
Fundraising Expenses	601	80
Insurance	495	-
Hall Hire	109	-
Postages, Stationery and Advertising	1,313	13
Website Design and Management	642	-
Computer Equipment	424	-
Independent Examiner's Fees	764	287
Professional Fees	3,296	-
General Expenditure	146	30
	8,283	469
 SURPLUS FOR PERIOD	 98,357	 5,767