

**Kilfinan Community Forest Company
Report and Financial Statements
for the year ended 31 March 2012**

Registered charity no: SC038908
Company no: SC333208

Kilfinan Community Forest Company

Financial Statements for the year ended 31 March 2012

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Kilfinan Community Forest Company

Legal and Administrative Information

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

Charity Number: SC038908

Company Number: SC333208

Registered Office: Kilfinan Community Forest
Tighnabraich
Argyll
PA21 2BD

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 2012

The trustees are pleased to present their report and the financial statements of the charity for the year ended 31 March 2012. 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 Robert Blair Stuart Jack Andrew Graham-Weall
Penny Graham-Weall Eve MaFarlane (Appointed 1/9/2011)

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

Vanessa Barlow (31/3/2012) Kirstin Leicht (31/3/2012)

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 2012 (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

Climate Challenge Fund

The second year of CCF funding enabled us to build on the previous year's work. The Carbon Savings Officer and Administrative Officer were retained and a team of forest workers, consisting of 1 supervisor and 2 workers, were also employed. We were also awarded funding for a two-year Development Officer role by HIE and Argyll Leader, and Eamon King came into post in July 2011.

Much of our work during the year focused on carbon saving activities and awareness-raising. The 'Cowal Car Share' scheme was launched to encourage car sharing and reduce carbon emissions. As well as promoting car sharing through various media, we set up www.cowalcarshare.com, a car-sharing website that quickly gathered members. A PA21 home energy check mail drop was carried out in September, followed up by a Home Energy event. Overall 44 households received energy saving advice and support. A path was built that provided pupils from Tighnabruaich Primary School with a safe shortcut through woodland for a walking and bus route to school.

We also investigated renewable energy sources and a wind turbine grid and access feasibility study and a hydro feasibility study were both carried out. The first looked at harnessing the water of the AlltMor Burn to generate electricity. The second looked at the viability of one community-owned wind turbine at Achacrossan Forest. At a community consultation meeting at the Kames Recreational Hall on 21st September 2011 the issue of a planning application for a meteorological mast was raised and the application was given unanimous support. We erected a meteorological mast to determine if the area has enough wind to make it viable. This will record data for a 12-18 month period after which the mast will be taken down. In January 2012 we started to sell wood fuel. As our first real bit of 'self-generating income', this felt like quite a milestone.

Kilfinan Community Forest Company

Trustees' report for the year ended 31 March 2012 (cont'd)

One of the highlights of the year was seeing the Kyles Allotment Group go from strength to strength. In total, 23 beds in the polytunnel were used by members who grew a variety of produce. In addition, outdoor beds were constructed for the members, including beds for the less able, and a cabin erected. Regular Producers' Markets were held throughout the year at the Kames Recreational Hall which showcased local food and crafts. These have been extremely popular, enjoyable events, providing the local community with an opportunity to support small local producers and businesses and 'shop' locally. In March 2012, the Kyles Allotment Group took on the running of the Producers' Markets.

A community compost facility was constructed with timber from the forest, providing a drop-off area, turning point, hot-boxes and maturation area. There was a big demand for this within the community and we are currently looking at how we can provide longer opening hours for the public.

A number of events were held over the year, including a hugely successful 'Tree to Table' event in July when around 750 people turned up to enjoy themselves in the forest. We rounded up the year with a Community Tree Planting event in March 2012, where the community planted native trees. We also organised a number of composting and wormery workshops that were very well attended.

Volunteers played a crucial role over the year. Over 3,420 hours of volunteer time added value to the work in the forest and engaged people in a hands on way. It built a real sense of community, bringing together people from all different background to work together.

4. Financial Review

At 31 March 2012, the organisation has reserves of £85,523 of which £78,978 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, HIE and Argyll & Islands Leader.

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.

Kilfinan Community Forest Company

Trustees' report for the year ended 31 March 2012 (cont'd)

5. Plans for Future Periods

Although CCF funding has now come to an end, work still very much continues at the forest. Funding is secured for Eamon King, our Development Officer, until July 2013. Eamon is working to deliver the next chapter in the sustainable development of the forest.

We will continue to develop the Forest Design Plan, which will include essential rhododendron control and timber felling for sale. We are also exploring how to generate income through the forest and have plans for a timber processing operation project and a garden retail outlet that would create and sustain local employment opportunities as a social enterprise.

Unlocking the renewable energy potential in the forest is one of our priorities. We are currently seeking financing to take the hydro project to the pre-planning stage and could see installation by autumn 2013. We will have completed the wind turbine pre-planning stage by autumn 2013 and, if all goes well, hope to have a wind turbine up and running by spring 2014.

We will be looking to release land for forest crofts and small self-build plots to the local community this year.

We are also looking at attracting funding to develop a project to uncover and protect the forest's heritage. This will include opening up the Kilfinan Way and re-establish the historic curling pond, footpaths and picnic areas. In addition, we plan to develop a series of cycle paths throughout the forest.

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.

Kilfinan Community Forest Company

Trustees' report for the year ended 31 March 2012 (cont'd)

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: 8 August 2012

Independent Examiner's report to the trustees on the accounts of Kilfinan Community Forest Company for the year ended 31 March 2012

I report on the accounts for the year ended 31 March 2012 as set out on pages 7 to 14.

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: 8 August 2012

Kilfinan Community Forest Company

Statement of Financial Activities

For the year ended 31 March 2012

	<u>Notes</u>	Unrestricted	Restricted	2012 Total	2011
		£	£	£	£
Incoming Resources					
Incoming resources from voluntary funds					
Investment income	2	19	-	19	19
Incoming resources from charitable activities	3	5,782	204,999	210,781	196,390
Total Incoming Resources		<u>5,801</u>	<u>204,999</u>	<u>210,800</u>	<u>196,409</u>
Resources expended					
Costs of generating funds	4	944	-	944	-
Charitable activities	4	6,541	226,454	232,995	189,972
Governance costs	5	600	625	1,225	674
Total Resources Expended		<u>8,085</u>	<u>227,079</u>	<u>235,164</u>	<u>190,646</u>
Net incoming/outgoing resources before transfers		(2,284)	(22,080)	(24,364)	5,763
Transfers		-	-	-	-
Net income for the year		<u>(2,284)</u>	<u>(22,080)</u>	<u>(24,364)</u>	<u>5,763</u>
Total reserves brought forward		8,829	101,058	109,887	104,124
Total funds carried forward		<u>(6,545)</u>	<u>78,978</u>	<u>85,523</u>	<u>109,887</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 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible fixed assets	8	<u>135,385</u>	<u>136,058</u>
CURRENT ASSETS			
Cash at bank and in hand		15,774	9,099
Debtors & accrued income	9	<u>4,261</u>	<u>11,368</u>
		20,035	20,467
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	10	13,490	11,638
NET CURRENT ASSETS			
		<u>6,545</u>	<u>8,829</u>
Creditors: amounts falling due after more than one year	11	(56,407)	(35,000)
NET ASSETS			
		<u>85,523</u>	<u>109,887</u>
TOTAL FUNDS			
General Funds	12	(14,862)	8,829
Restricted Funds	13	100,385	101,058
		<u>85,523</u>	<u>109,887</u>

The trustees state:

For the year ended 31 March 2012 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: 8 August 2012

Kilfinan Community Forest Company

Notes to the Accounts

For the year ended 31 March 2012

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 2012

2. Investment Income

	Unrestricted	Restricted	2012 Total	2011 Total
	£	£	£	£
Bank interest	19	-	19	19
	<u>19</u>	<u>-</u>	<u>19</u>	<u>19</u>

3. Incoming Resources from Charitable Activities

	Unrestricted	Restricted	2012 Total	2011 Total
	£	£	£	£
Fundraising	3,746	229	3,975	1,324
Donations	2,036	-	2,036	6,777
Grants	-	204,770	204,770	188,289
	<u>5,782</u>	<u>204,999</u>	<u>210,781</u>	<u>196,390</u>

4. Resources Expended - Charitable Activities

	Direct Costs	Support costs	2012 Total	2011
	£	£	£	£
Cost of generating funds	944	-	944	-
Training & recruitment	7,586	-	7,586	866
Volunteer & staff expenses	2,813	-	2,813	486
Wages and salary costs	64,098	-	64,098	23,718
Management and admin staff	40,939	4,549	45,488	33,186
Wind turbine project costs	24,875	-	24,875	-
Project costs	74,944	-	74,944	118,331
Insurance	1,370	-	1,370	805
Hall hire	248	-	248	335
Heat, light & cleaning	2,074	-	2,074	1,134
Rental	-	-	-	2,270
Postage, stat and advertising	2,737	-	2,737	4,719
Telephone & website	4,626	-	4,626	1,214
Equipment	539	-	539	1,346
Professional fees	756	-	756	715
Bank charges	-	113	113	70
Depreciation	673	-	673	673
Subscriptions & general	55	-	55	104
	<u>229,277</u>	<u>4,662</u>	<u>233,939</u>	<u>189,972</u>

Kilfinan Community Forest Company

Notes to the Accounts

For the year ended 31 March 2012

5. Resources Expended – Governance Costs

	Unrestricted	Restricted	2012	2011
	£	£	£	£
Independent examination fee	600	-	600	674
Director's expenses	-	625	625	-
	<u>600</u>	<u>625</u>	<u>1,225</u>	<u>674</u>

6. Employees

	2012	2011
	£	£
Employment costs		
Wages and salaries	59,161	22,568
Social security costs	4,937	1,150
	<u>64,098</u>	<u>23,718</u>

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

Number of employees

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

2012	2011
Number	Number
<u>4</u>	<u>3</u>
<u>4</u>	<u>3</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 £625.

Kilfinan Community Forest Company

Notes to the Accounts For the year ended 31 March 2012

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 2011	130,000	6,731	136,731
Additions	-	-	-
Disposals	-	-	-
At 31 March 2012	<u>130,000</u>	<u>6,731</u>	<u>136,731</u>
Depreciation			
At 1 April 2011	-	673	673
Charge for year	-	673	673
Disposals	-	-	-
At 31 March 2012	<u>-</u>	<u>1,346</u>	<u>1,346</u>
Written Down Value			
At 31 March 2012	<u>130,000</u>	<u>5,385</u>	<u>135,385</u>
At 31 March 2011	<u>130,000</u>	<u>6,058</u>	<u>136,058</u>

9. Debtors

	2012	2011
	£	£
Accrued income	<u>4,261</u>	<u>11,368</u>
	<u>4,261</u>	<u>11,368</u>

10. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	-	6,100
PAYE	3,776	690
Accruals and other creditors	<u>9,714</u>	<u>4,848</u>
	<u>13,490</u>	<u>11,638</u>

Kilfinan Community Forest Company

Notes to the Accounts For the year ended 31 March 2012

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

	2012	2011
	£	£
Loans	56,407	35,000
	<u>56,407</u>	<u>35,000</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.

A loan of £21,407 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. If the wind turbine project does **not** go ahead, the loan will **not** be repayable to EST. 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

	Movement in funds				Balance at 31 March 2012 £
	Balance at 1 April 2011 £	Incoming resources £	Expenditure (gains)/losses £	Transfers £	
General charitable funds	<u>8,829</u>	<u>5,801</u>	<u>(8,085)</u>	<u>-</u>	<u>6,545</u>
Made up:				Current assets	<u>6,545</u>
					<u>6,545</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 2012

13. Restricted Funds

	Balance at 1 April 2011	Movement in funds			Balance at 31 March 2012
		Incoming resources £	Expenditure (gains)/losses £	Transfers £	
Climate Challenge Fund	6,058	167,204	(167,877)	-	5,385
LEADER	-	12,701	(12,701)	-	-
Community Energy Scotland	-	4,500	(4,500)	-	-
HIE	-	11,398	(11,398)	-	-
Community Jobs Fund	-	4,987	(4,987)	-	-
Tree 2Table	-	4,209	(4,209)	-	-
EST Wind Turbine Project	-	-	(21,407)	-	(21,407)
Other	95,000	-	-	-	95,000
	<u>101,058</u>	<u>204,999</u>	<u>(227,079)</u>	<u>-</u>	<u>78,978</u>
Made up:				Fixed assets	135,385
				Long term liabs	(56,407)
					<u>78,978</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 and LEADER funding was provided for part of the employment and related administration costs of the Development Officer's post.

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

Community Energy Scotland grant was provided to fund a wind energy feasibility assessment.

Tree 2 Table was a separate project funded jointly from Seedcorn funding, International Year of the Forest funding, CCF and from KCFC funds.

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. However, if the project does not go ahead, then the loan will be written off by the loan provider.