

AIGAS COMMUNITY FOREST LIMITED

FINANCIAL STATEMENTS

28TH FEBRUARY 2015

Registered number: SC372685

AIGAS COMMUNITY FOREST
FINANCIAL STATEMENTS
for the year ended 28th February 2015

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AIGAS COMMUNITY FOREST**COMPANY INFORMATION****28th February 2015**

COMPANY NUMBER	SC372685
SCOTTISH CHARITY NUMBER	SC041614
DIRECTORS (at date of signing accounts)	Andrew Leaver Graeme Scott Calum Fraser John Graham Mark Hedderwick Peter Masheter Nick Ward Anne Forsyth Warwick Lister-Kaye David Garvie Peter Smith
COMPANY SECRETARY	Andrew Leaver North View Crask of Aigas Beauly Inverness-shire IV4 7AD
REGISTERED OFFICE	North View Crask of Aigas Beauly Inverness-shire IV4 7AD
TREASURER	John Graham Cluanie Farmhouse Teanassie By Beauly Inverness-shire IV4 7AE
BANKERS	The Bank of Scotland High Street Beauly Inverness-shire IV4 7BS
AUDITORS	MacKenzie Kerr Limited Chartered Accountants and Statutory Auditor Redwood 19 Culduthel Road Inverness IV2 4AA

AIGAS COMMUNITY FOREST

DIRECTORS' REPORT

28th February 2015

The directors (trustees) present their report and the financial statements for the period ended 28th February 2015. The financial statements comply with the requirements of the company's Memorandum and Articles of Association and have been prepared in accordance with the Statement of Recommended Practice, "Accounting by Charities" (revised 2005) and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Directors

The directors (trustees) of the company who served during the year and up to the date of signing the report were as follows:

Andrew Leaver	
Graeme Scott	
Calum Fraser	
John Graham	
Mark Hedderwick	
Peter Masheter	
Steve Byford	(resigned 28 May 2014)
Philip Webb	(appointed 7 April 2014; resigned 13 March 2015)
Nick Ward	(appointed 7 April 2014)
Anne Forsyth	(appointed 7 April 2014)
Alison McAllister	(appointed 7 April 2014; resigned 16 March 2015)
Warwick Lister-Kaye	(appointed 12 January 2015)
David Garvie	(appointed 16 March 2015)
Peter Smith	(appointed 16/March 2015)

None of the trustees has any beneficial interest in the company. The trustees do not receive any remuneration for their services as trustees.

Structure, governance and management

The overall management and policy decisions of the company are the responsibility of the board of directors (trustees) who are elected under the terms of the company's Articles of Association. The trustees are appointed by the members at the AGM and retire in rotation.

Objectives and Activities

The principle objects of the charitable company are: to manage community land and associated assets for the benefit of the community and the public in general; to provide or assist in providing recreational facilities for the community and public at large; to advance community development; and to advance environmental protection or improvement. The company was formed to benefit the community of Lower Strathglass, Inverness-shire, defined by the postcode units IV47AD, IV47AE, IV47AF, IV47AG, IV47AQ, IV47EY, IV47JJ, IV47JL, IV47JN, IV47JR and Eilean Aigas.

Achievements and performance

At the start of the year ACF were still pursuing plans to purchase three parcels of Aigas Forest surrounding the village of Crask of Aigas and to employ a Development Officer using a Scottish Land Fund grant secured for this purpose along with additional funds secured from the SSE Highland Sustainable Development Fund, The Highland Council and community donations. In July 2014, following discussions with Highlands and Islands Enterprise, it was confirmed that an application to the Scottish Land Fund to support purchase of the whole forest would not be judged "State Aid". With this news the purchase process for the smaller parcels was put on hold and in September 2014 an application was submitted to the Land Fund for 90% of the purchase price of £760,000 for the whole of Aigas Forest. This grant was approved in November 2014. Match funding was then secured from The Aigas Trust along with an additional contribution from The Highland Council. With all funding in place Macleod and MacCallum were contracted to provide legal representation and negotiations over purchase were initiated. At year end these were close to completion.

With the Scottish Land Fund grant secured, the post of Development Officer at ACF was advertised and filled with the successful candidate starting on 1st September 2014. In advance of the purchase of the forest the Development Officer undertook to consult with local stakeholders; developed contacts with other bodies in a position to support ACF activity e.g. Scottish Woodlands; and investigated options for inclusion in the long term forest design plan.

AIGAS COMMUNITY FOREST**DIRECTORS' REPORT**
(continued)

28th February 2015

Plans for future periods

The transfer of Aigas Forest to community ownership was completed on 5th March 2015. With ownership secured, focus will shift to delivering the economic, social and environmental benefits for the local community identified in early feasibility studies and grant applications.

During May a series of four community consultation walks were held which attracted over 70 people. These allowed community members to input to the development of the long term forest design plan at an early stage. The design plan, which requires formal consultation and then approval by the Forestry Commission Scotland Conservancy office, is due for completion in the Spring/Summer 2016. In terms of forest management ACF would like to convert Aigas Forest to a more diverse woodland incorporating public access, while still generating local jobs and income for management. The forest at present is very evenly aged having largely been planted in the 1960's. Traditional commercial management would see this clear felled in large blocks and restocked with predominantly conifer species. The aim is to move, where possible, to continuous cover forestry (CCF), retaining permanent tree cover but producing timber from thinning and selective felling. This will however take some time to achieve.

ACF are also developing partnerships with local education providers Aigas Field Centre and Teanassie Primary School. The Forest is being offered as a teaching resource to both organisations and discussions are ongoing regarding other partnership activities.

Financial review and Reserves

During the period ended 28th February 2015, the company recorded net incoming resources on Unrestricted Funds of £1,210 (2014, net outgoing resources £33) and net incoming resources on Restricted Funds of £775,474 (2014, net outgoing resources of £1,279). Total funds per the Balance Sheet at 28th February 2015 totalled £782,320 comprising Unrestricted Funds £1,610 and Restricted Funds of £780,710 (see notes 13 and 14 of the accounts). The trustees have reviewed the reserves of the charity at 28th February 2015 and consider that it will have adequate reserves/resources to support the continuation of its current activities for the foreseeable future.

Risk Management

The directors have assessed the major risks to which the charitable company is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

Statement of Directors' (Trustees') responsibilities

Company and charity law requires the directors (trustees) to prepare financial statements for each financial period 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 directors (trustees) are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Observe the methods and principles in the Charitable SORP; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors' (trustees) have overall responsibility for ensuring that the charitable company has appropriate systems of controls, financial and otherwise. They are also 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.

AIGAS COMMUNITY FOREST**DIRECTORS' REPORT**
(continued)**28th February 2015****Small company exemptions**

This report is prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

A handwritten signature in black ink, appearing to read 'John Graham', with a long horizontal flourish extending to the right.

John Graham
Director

Date: 27th November 2015

AIGAS COMMUNITY FOREST**Report of the Independent Auditors to the trustees and members of Aigas Community Forest**

We have audited the financial statements of Aigas Community Forest for the year ended 28 February 2015 on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and 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 members and 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 members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page 3, 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.

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 28 February 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been properly 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AIGAS COMMUNITY FOREST**Report of the Independent Auditors to the trustees and members of Aigas Community Forest continued****Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report



Mark Sanderson, Bsc(Hons) CA (Senior Statutory Auditor)
for and on behalf of MacKenzie Kerr Limited
Chartered Accountants and
Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Redwood
19 Culduthel Road
Inverness
IV2 4AA

27th November 2015

AIGAS COMMUNITY FOREST
INCOME AND EXPENDITURE ACCOUNT
(INCORPORATING STATEMENT OF FINANCIAL AFFAIRS)

for the year ended 28th February 2015

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Incoming resources					
Incoming resources from generated funds					
Voluntary Income	4	1,855	-	1,855	826
Incoming resources from charitable activities	5	-	789,000	789,000	10,688
Total incoming Resources		<u>1,855</u>	<u>789,000</u>	<u>790,855</u>	<u>11,514</u>
Resources expended					
Costs of generating voluntary income	6	34	-	34	7
Charitable activities	7	436	12,701	13,137	12,694
Governance costs	8	1,000	-	1,000	125
Total Resources expended		<u>1,470</u>	<u>12,701</u>	<u>14,171</u>	<u>12,826</u>
Net (outgoing)/incoming resources before transfers		385	776,299	776,684	(1,312)
Transfers between funds		<u>825</u>	<u>(825)</u>	-	-
Net movements in funds		1,210	775,474	776,684	(1,312)
Fund Balances carried forward at 1st March 2014	13	<u>400</u>	<u>5,236</u>	<u>5,636</u>	<u>6,948</u>
Fund Balances carried forward at 28th February 2015	13	<u><u>1,610</u></u>	<u><u>780,710</u></u>	<u><u>782,320</u></u>	<u><u>5,636</u></u>

The above statement shows all movements in members' funds during the year. Further details of Restricted Funds are provided at notes 12 and 13.

AIGAS COMMUNITY FOREST

BALANCE SHEET

at 28th February 2015

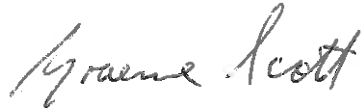
		2015	2014
	Note	£	£
Current assets			
Debtors	10	-	1,035
Cash at bank and in hand		783,445	9,650
		<u>783,445</u>	<u>10,685</u>
Creditors: amounts falling due within one year	11	(1,125)	(5,049)
Net assets		<u><u>782,320</u></u>	<u><u>5,636</u></u>
Funds and reserves			
Unrestricted	13	1,610	400
Restricted	13	780,710	5,236
Total members' funds		<u><u>782,320</u></u>	<u><u>5,636</u></u>

continued

AIGAS COMMUNITY FOREST**BALANCE SHEET**
(continued)**at 28th February 2015**

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 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 27 November 2015 and were signed on its behalf by:



Graeme Scott
Director

Registration number: SC372685

AIGAS COMMUNITY FOREST
NOTES ON FINANCIAL STATEMENTS

28th February 2015

1 Status of the company

Aigas Community Forest is a company limited by guarantee and does not have a share capital. The company is exempted from using the word limited in its name. The liability of the members is limited and will not exceed £1 in the event of the company being wound up.

2 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules, in accordance with the Statement of Recommended Practice, Accounting by Charities (revised 2005) and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements also comply with the terms of the Charities Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Donations and donated services and facilities

All donations received are credited to the Income and Expenditure account in the year to which they relate. Donations received or earmarked for specific purposes are accounted for as restricted funds. Donated services and facilities are recognised in the Income and Expenditure account at the estimated value to the charity of the service or facility provided.

Grants receivable

Grants receivable are credited to the Income and Expenditure account in the year to which they relate. Grants receivable or earmarked for specific purposes are accounted for as restricted funds.

Income

Income has been classified under the following headings:

Voluntary income – This comprises resources generated from voluntary sources including, for example donations and grants where the donor does not receive any direct return as a result of the donation.

Activities for generating funds – This comprises fund-raising activities carried out by the charity to generate incoming resources which will be used to undertake its charitable activities.

Investment income – This comprises incoming resources from investment assets, for example bank interest received.

Charitable activities – This comprises all incoming resources received, which are a payment for goods and services provided for the benefit of the charity's beneficiaries. It includes trading activities undertaken in furtherance of the charity's objects and those grants, which have conditions, which make them similar in economic terms to trading income.

Expenditure

Expenditure has been classified into the following headings:

Costs of generating voluntary income – This comprises costs, which are associated with generating incoming resources from all sources other than from undertaking charitable activities, for example the costs associated with fundraising activities.

Charitable activities – This comprises all resources expended by the charity in undertaking its work to meet its charitable objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken.

Governance costs – This comprises the cost of governance arrangements, which relate to the general running of the charity.

Capitalisation policy – Capital items costing less than £500 are not capitalised.

Fund accounting

Unrestricted funds - These are funds which the directors are free to use in accordance with the charitable objects.

Restricted funds - These are funds, which are restricted for use for specific purposes.

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2015

3 Taxation

The charitable company is recognised as a charity for the purposes of applicable taxation legislation and is therefore not subject to taxation on its charitable activities. The charity is not registered for VAT and resources expended therefore include irrecoverable input VAT.

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
4 Voluntary Income					
General donations		1,855	-	1,855	826
5 Incoming resources from charitable activities					
<i>Forest purchase fund</i>					
Highland Council Ward Discretionary grant		-	2,000	2,000	3,000
Scottish and Southern Energy grant		-	20,000	20,000	-
Scottish Land Fund grant		-	690,000	690,000	-
Aigas Trust grant		-	50,000	50,000	-
<i>Development Officer funding</i>					
Scottish Land Fund grant		-	25,000	25,000	-
<i>Bank of Scotland Community fund</i>					
Bank of Scotland Communities grant		-	2,000	2,000	-
<i>Development Worker project</i>					
Highlands and Islands Enterprise		-	-	-	3,488
Forestry Commission Scotland		-	-	-	4,200
			789,000	789,000	10,688
6 Costs of generating voluntary income					
Online donation costs		34	-	34	7
7 Charitable activities					
Development Officer's salary		-	10,500	10,500	-
Development Officer's expenses		-	1,184	1,184	-
Computer expenses		-	685	685	-
Insurance		-	39	39	-
Forestry consultancy fees		-	-	-	4,200
Development Worker's fees		-	-	-	5,500
Website		113	-	113	145
Valuation work re Aigas Forest		307	293	600	2,706
Postage and stationery		16	-	16	100
Subscriptions		-	-	-	30
General expenses		-	-	-	13
		436	12,701	13,137	12,694
8 Governance costs					
Auditor's fee		1,000	-	1,000	-
Independent Examiner's fee		-	-	-	125
		1,000	-	1,000	125

AIGAS COMMUNITY FOREST
NOTES ON FINANCIAL STATEMENTS

28th February 2015

9 Employees

The average monthly number of employees during the year was one.

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

No director (trustee) received any remuneration or benefits in kind during the year.

Employment costs:

	2015	2014
	£	£
Wages and salaries	10,500	-
Social Security costs	-	-
	<u>10,500</u>	<u>-</u>

10 Debtors

	2015	2014
	£	£
Trade debtors	-	1,035
	<u>-</u>	<u>1,035</u>

11 Creditors

	2015	2014
	£	£
Amounts falling due within one year		
Trade creditors	-	4,824
Accruals	1,125	225
	<u>1,125</u>	<u>5,049</u>

12 Analysis of Net Assets/(Liabilities) between Funds

	Unrestricted	Restricted	Total
	£	£	£
Current Assets	2,735	780,710	783,445
Current Liabilities	(1,125)	-	(1,125)
Net assets at 28th February 2015	<u>1,610</u>	<u>780,710</u>	<u>782,320</u>

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2015

13 Movements in Funds

	Balance b/f at 1st March 2014	Incoming Resources	Outgoing Resources	Transfers	Balance c/f at 28th February 2015
	£	£	£	£	£
Unrestricted Funds	400	1,855	(1,470)	825	1,610
Restricted Funds					
Valuation work re Aigas Forest	293	-	(293)	-	-
Development Worker project fund (including costs of lease/purchase of forest)	1,943	-	-	(825)	1,118
Forest purchase fund	3,000	756,000	-	-	759,000
Forest purchase fund re legal & prof. fees	-	6,000	-	-	6,000
Development Officer fund	-	25,000	(12,408)	-	12,592
Bank of Scotland Community fund	-	2,000	-	-	2,000
	5,236	789,000	(12,701)	(825)	780,710
Total Funds	5,636	790,855	(14,171)	-	782,320

Purposes of Restricted Funds**Valuation of Aigas Forest**

Funding of £2,900 was received during the year ended 28 February 2012 from Forestry Commission Scotland for the purposes of funding a valuation from the Valuation Office Agency along with related professional input to the valuation. As shown above, the final £293 of this funding was spent during the year.

Development worker project (including costs of lease/purchase of the forest)

During the year ended 28th February 2013, the company secured a package of financial assistance, totalling £15,000, comprising (maximum) grants of £3,000 from Highland Council Discretionary Budget, £4,500 from Forestry Commission Scotland Seedcorn Funding, £7,500 from Highlands and Islands Enterprise. The purposes of the project were: to employ a part time Development Worker; to cover the costs of obtaining professional advice on the development of a Scottish Land Fund grant application and effective business plan; and to help meet legal/valuation costs of lease/purchase of the forest. The balance carried forward at 28 February 2015 is £1,118.

Forest purchase fund

During the year, the company received further funding of £762,000 towards the purchase of Aigas forest, comprising; grants from: Scottish Land Fund, £690,000; the Aigas Trust, £50,000; Scottish and Southern Energy £20,000; and Highland Council Ward Discretionary grant £2,000. The balance carried forward towards the purchase of Aigas Forest in March 2015 is £765,000, of which £6,000 was provided to cover legal and professional fees (see note 14 Post Balance Sheet Events).

Development Officer fund

During the year, the Scottish Land Fund approved grant assistance of £50,000 towards the costs and expenses of employing a Development Officer for a two year period. The Development Officer commenced employment in September 2015. £25,000 was received during the period, of which £12,592 remained unspent at the year end.

Bank of Scotland Community fund

During the year, Aigas Community Forrest were awarded a grant of £2,000 from the Bank of Scotland Community fund towards the purchase of forest equipment. The balance carried forward at 28 February 2015 is £2,000.

14 Post Balance Sheet Events

Aigas Community Forest purchased Aigas Forest from the Forestry Commission on 5th March 2015 for £760,000 plus legal fees and costs totaling £5,039. The restricted fund balances of £759,000 (for forest purchase) and £6,000 (for legal and professional costs) carried forward at 28 February 2015 and comprising grants from several sources (as described in note 13 above) were applied towards the purchase and related legal costs.