

AIGAS COMMUNITY FOREST

FINANCIAL STATEMENTS

28TH FEBRUARY 2016

Registered number: SC372685

AIGAS COMMUNITY FOREST
FINANCIAL STATEMENTS
for the year ended 28th February 2016

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AIGAS COMMUNITY FOREST

DIRECTORS' REPORT

28th February 2016

The directors (trustees) present their report and the financial statements for the year ended 28th February 2016. The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the company's Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

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.

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

On 5th March 2015 ACF completed the purchase of Aigas Forest from Forestry Commission Scotland. The purchase price was £760,000 plus legal fees and expenses of £7,312. The total cost of £767,312 was funded through grants from the Scottish Land Fund, SSE Highland Sustainable Development Fund, The Highland Council and The Aigas Trust as well as income from community fundraising.

During May 2015 community members were invited to attend a series of consultation walks in order to inform the development of a new Long Term Forest Plan. These were led by our Development Officer and attracted over 70 people across four evenings. In June a celebration was held in the Forest to mark community ownership. The Development Officer also worked with the local primary school to support outdoor learning opportunities; led a small group of community volunteers to chop firewood for supply to those in fuel poverty in the area and worked with teams of volunteers from Lifescan Scotland to upgrade paths, clear verges and unblock drainage channels.

In January 2016 the ACF Long Term Forest Plan (LTFP) scoping document was put out to formal consultation and received a generally positive response allowing initiation of the development of the full LTFP.

Plans for future periods

Over the summer of 2016 the Development Officer undertook detailed surveys of the forest and completed the LTFP. This was put to formal consultation by FCS in September and received only positive response. The LTFP was finally approved by FCS at the start of November 2016. The Directors are now making plans for the harvest with a tender document drawn up and circulated and with the intention that the first harvest of timber will take place late in winter 2016/17.

The Directors expect to finalise a 20 year lease with CITL for the telecoms mast located in the forest. This will guarantee a small amount of annual income to underpin other activities.

In August 2016 funding from the Scottish Land Fund to employ a Development Officer ended. The Directors were able to extend the contract using ACF funds. Unfortunately the Development Officer has secured long term employment elsewhere and the Directors will seek to ensure appropriate professional support is provided in the future.

Financial review and Reserves

During the period ended 28th February 2016, the company recorded net income on Unrestricted Funds of £11,935 (2015, net income of £1,210) and net expenditure on Restricted Funds of £1,311 (2015, net income of £775,474). Total funds per the Balance Sheet at 28th February 2016 totalled £792,944 comprising Unrestricted Funds £13,545 and Restricted Funds of £779,399 (see note 13 of the accounts). The trustees have reviewed the reserves of the charity at 28th February 2016 and consider that the level of unrestricted funds held at balance sheet date is healthy and adequate to support the continuation of its current activities for the foreseeable future. The board closely monitors its financial performance and regularly updates cash flow forecasts for future periods to ensure that restricted funds are properly managed and that unrestricted funds are maintained in surplus at all times.

AIGAS COMMUNITY FOREST
DIRECTORS' REPORT CONTINUED

28th February 2016

Reference and Administrative details

Company and Charity details

Company number	SC372685
Scottish Charity Number	SC041614
Registered Office	North View Crask of Aigas Beauly Inverness-shire IV4 7AD

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	
John Graham	
Mark Hedderwick	
Peter Masheter	
Warwick Lister-Kaye	
David Garvie	(appointed 16 March 2015)
Peter Smith	(appointed 16 March 2015)
Russell Ross	(appointed 27 June 2016)
Simon Longman	(appointed 27 June 2016)
Stephen Robinson	(appointed 27 June 2016)
Roland Spencer-Jones	(appointed 27 June 2016)
Calum Fraser	(resigned 27 June 2016)
Anne Forsyth	(resigned 27 June 2016)
Philip Webb	(resigned 13 March 2015)
Nick Ward	(resigned 2 December 2015)
Alison McAllister	(resigned 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.

Company Secretary	Andrew Leaver North View Crask of Aigas Beauly Inverness-shire IV4 7AD
Treasurer	John Graham Cluanie Farmhouse Teanassie By Beauly Inverness-shire IV4 7AE
<i>Advisors</i>	
Bankers	The Bank of Scotland High Street Beauly Inverness-shire IV4 7BS

AIGAS COMMUNITY FOREST
DIRECTORS' REPORT CONTINUED

28th February 2016

Reference and Administrative details continued

Independent Examiner

Mark Sanderson, CA
MacKenzie Kerr Limited
Chartered Accountants and Statutory Auditor
Redwood
19 Culduthel Road
Inverness
IV2 4AA

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 Trustees' (Directors') responsibilities

The charity trustees (who are also directors of Aigas Community Forest for the purposes of company law) are responsible for preparing a trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors (charity 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:

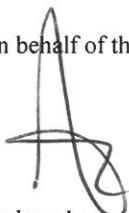
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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) are responsible for keeping proper accounting records that 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Small company exemptions

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

On behalf of the board



Andrew Leaver
Director and Company Secretary

Date: 29th November 2016

AIGAS COMMUNITY FOREST**Independent Examiner's report to the members
on the unaudited financial statements of Aigas Community Forrester**

I report on the financial statements of Aigas Community Forrester for the year ended 28th February 2016 set out on pages 5 to 11. These comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors (trustees) and independent examiner

The charity's directors (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 charity directors (trustees) consider that the audit requirement of Regulation 10(1) (a) to (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.

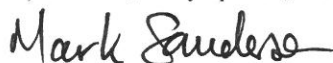
Basis of independent examiner's statement

My examination was 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 seeking explanations from you as directors (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 connection with my examination, no matter has come to my attention:

- i) 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 to comply with Regulation 8 of the 2006 Accounts Regulations
- have not been met; or
- ii) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Mark Sanderson
Chartered Accountant and Independent Examiner
MacKenzie Kerr Limited
Chartered Accountants and Statutory Auditor
Redwood
19 Culduthel Road
Inverness
IV2 4AA

29th November 2016

AIGAS COMMUNITY FOREST

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

for the year ended 28th February 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Income					
Donations and legacies	4	1,477	-	1,477	1,855
Charitable activities	5	-	25,000	25,000	789,000
Other trading activities	6	340	-	340	-
Investments	7	12,134	-	12,134	-
Total income		<u>13,951</u>	<u>25,000</u>	<u>38,951</u>	<u>790,855</u>
Expenditure					
Raising funds	8	335	-	335	34
Charitable activities	9	2,799	25,193	27,992	14,137
Total expenditure		<u>3,134</u>	<u>25,193</u>	<u>28,327</u>	<u>14,171</u>
Net income/(expenditure) before transfers		<u>10,817</u>	<u>(193)</u>	<u>10,624</u>	<u>776,684</u>
Transfers between funds		1,118	(1,118)	-	-
Net income/(expenditure) and net movement in funds for the year		<u>11,935</u>	<u>(1,311)</u>	<u>10,624</u>	<u>776,684</u>
Reconciliation of funds					
Total funds brought forward	14	1,610	780,710	782,320	5,636
Total funds carried forward	14	<u><u>13,545</u></u>	<u><u>779,399</u></u>	<u><u>792,944</u></u>	<u><u>782,320</u></u>

The above statement shows all movements in members' funds during the year. Further details of Restricted Funds are provided at note 14.

AIGAS COMMUNITY FOREST

BALANCE SHEET

at 28th February 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		767,312		-
Current assets					
Cash at bank and in hand		26,297		783,445	
		<u>26,297</u>		<u>783,445</u>	
Creditors: amounts falling due within one year	12	(665)		(1,125)	
Net current assets			25,632		782,320
Net assets			<u>792,944</u>		<u>782,320</u>
			<u><u>792,944</u></u>		<u><u>782,320</u></u>
Funds and Reserves					
Unrestricted	14		13,545		1,610
Restricted	14		779,399		780,710
Total members' funds			<u>792,944</u>		<u>782,320</u>

continued

AIGAS COMMUNITY FOREST**BALANCE SHEET**
(continued)**at 28th February 2016**

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

For the financial year ended 28th February 2016 the company was entitled to exemption from audit conferred by Section 477 of the Companies Act 2006; and no notice has been deposited at the registered office of the company pursuant to Section 476 requesting that an audit be conducted for the year.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus or deficit for the 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 were approved by the board of directors on 29th November 2016 and signed on its behalf by:



Graeme Scott
Director

Registration number: SC372685

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2016

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 in accordance with the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16/07/14, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Income

Items of income are recognised and included in the accounts when the charity has entitlement to the funds, any performance conditions are met (or are fully within the control of the charity), there is sufficient certainty that receipt of the income is considered probable and the amount can be measured reliably. Income is classified into the following categories:

Donations and Legacies – This comprises income received from sources including donations, membership fees, and grants, other than those whose conditions make them similar in economic terms to trading income (see Charitable activities below)

Charitable activities – This comprises all items of income 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.

Other trading activities – This comprises income from fundraising events and trading activities to raise funds for the charity.

Investment Income – This comprises dividends, interest receivable and rental income from a telecommunications mast.

Donated services are recognised on the basis of the value of the gift to the charity, where this can be measured reliably. The value of services provided by volunteers has not been included.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified into the following headings:

Raising funds – This comprises all expenditure incurred to raise funds for the charity and includes the costs of all non charitable trading activities.

Charitable Activities – This comprises all expenditure on charitable activities to further the purposes of the charity, together with those support costs incurred that enable these activities to be undertaken.

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

Fund accounting

Unrestricted funds – These are funds which the trustees are free to spend on activities that further any of the purposes of the charity.

Restricted funds – These are funds, which the donor has specified are to be solely used for particular purposes or areas of the charity's work.

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2016

2 Accounting policies continued**Tangible fixed assets**

Freehold land (comprising the Aigas Community Forest) is stated at cost and is not depreciated.

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.

	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015
	£	£	£	£
4 Income from donations and legacies				
General donations	1,477	-	1,477	1,855
	<u>1,477</u>	<u>-</u>	<u>1,477</u>	<u>1,855</u>
Income from donations and legacies was £1,477 (2015 £1,855), all of which was unrestricted.				
5 Income from charitable activities				
<i>Forest purchase fund</i>				
Highland Council Ward Discretionary grant	-	-	-	2,000
Scottish and Southern Energy grant	-	-	-	20,000
Scottish Land Fund grant	-	-	-	690,000
Aigas Trust grant	-	-	-	50,000
<i>Development Officer funding</i>				
Scottish Land Fund grant	-	25,000	25,000	25,000
<i>Bank of Scotland Community fund</i>				
Bank of Scotland Communities grant	-	-	-	2,000
	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>789,000</u>
	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>789,000</u>
Income from charitable activities was £25,000 (2015 £789,000), all of which was restricted.				
6 Income from other trading activities				
Sales of clothing	340	-	340	-
	<u>340</u>	<u>-</u>	<u>340</u>	<u>-</u>
Income from other trading activities was £340 (2015 £nil), all of which was unrestricted.				
7 Income from Investments				
Telecommunications mast income	12,134	-	12,134	-
	<u>12,134</u>	<u>-</u>	<u>12,134</u>	<u>-</u>
Income from Investments was £12,134 (2015 £nil), all of which was unrestricted.				
8 Expenditure on raising funds				
Online donation costs	9	-	9	34
Clothing purchases	326	-	326	-
	<u>335</u>	<u>-</u>	<u>335</u>	<u>34</u>
	<u>335</u>	<u>-</u>	<u>335</u>	<u>34</u>
Expenditure on raising funds was £335 (2015 £34), all of which was unrestricted.				

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2016

	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015
	£	£	£	£
9 Expenditure on charitable activities				
Development Officer's salary	-	21,000	21,000	10,500
Development Officer's expenses	-	2,580	2,580	1,184
Training	200	-	200	-
Computer expenses	39	-	39	685
Small purchases of equipment	-	1,613	1,613	-
Repairs, maintenance and consumables	354	-	354	-
Open day expenses	152	-	152	-
Insurance	794	-	794	39
Website	94	-	94	113
Community Broadband project	197	-	197	-
Valuation work re Aigas Forest	-	-	-	600
Postage and stationery	87	-	87	16
Subscriptions	130	-	130	-
General expenses	12	-	12	-
Independent Examiner's fee	540	-	540	-
Auditor's fee underprovided in previous year	200	-	200	1,000
	<u>2,799</u>	<u>25,193</u>	<u>27,992</u>	<u>14,137</u>

Expenditure on charitable activities was £27,992 (2015 £14,137) of which £2,799 was unrestricted (2015 £1,436) and £25,193 was restricted (2015 £12,701).

10 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:

	2016 £	2015 £
Wages and salaries	21,000	10,500
Social Security costs	-	-
	<u>21,000</u>	<u>10,500</u>

11 Tangible fixed assets

	Freehold land £	Total £
Cost		
Additions	767,312	767,312
At 28 February 2016	<u>767,312</u>	<u>767,312</u>
Depreciation		
Charge for the period	-	-
At 28 February 2016	<u>-</u>	<u>-</u>
Net book value		
At 28 February 2016	<u>767,312</u>	<u>767,312</u>

All fixed assets are used in direct furtherance of the charity objectives.

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2016

12 Creditors					
		2016		2015	
		£		£	
Amounts falling due within one year					
Accruals		665		1,125	
		<u>665</u>		<u>1,125</u>	
		<u><u>665</u></u>		<u><u>1,125</u></u>	
13 Analysis of Net Assets/(Liabilities) between Funds					
		Unrestricted	Restricted		Total
		£	£		£
Fixed Assets		765,000	2,312		767,312
Current Assets		14,399	11,898		26,297
Current Liabilities		-	(665)		(665)
		<u>779,399</u>	<u>13,545</u>		<u>792,944</u>
		<u><u>779,399</u></u>	<u><u>13,545</u></u>		<u><u>792,944</u></u>
14 Movements in Funds					
	Balance b/f at 1st March 2015	Incoming Resources	Outgoing Resources	Transfers	Balance c/f at 28th February 2016
	£	£	£	£	£
Unrestricted Funds	<u>1,610</u>	<u>13,951</u>	<u>(3,134)</u>	<u>1,118</u>	<u>13,545</u>
Restricted Funds					
Development Worker project fund (including costs of lease/purchase of forest)	1,118	-	-	(1,118)	-
Forest purchase fund	765,000	-	-	-	765,000
Development Officer fund	12,592	25,000	(23,580)	-	14,012
Bank of Scotland Community fund	2,000	-	(1,613)	-	387
	<u>780,710</u>	<u>25,000</u>	<u>(25,193)</u>	<u>(1,118)</u>	<u>779,399</u>
	<u><u>780,710</u></u>	<u><u>25,000</u></u>	<u><u>(25,193)</u></u>	<u><u>(1,118)</u></u>	<u><u>779,399</u></u>
Total Funds	<u>782,320</u>	<u>38,951</u>	<u>(28,327)</u>	<u>-</u>	<u>792,944</u>
	<u><u>782,320</u></u>	<u><u>38,951</u></u>	<u><u>(28,327)</u></u>	<u><u>-</u></u>	<u><u>792,944</u></u>
Purposes of Restricted Funds					

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

This fund related primarily to the costs of employing a part time Development Worker in 2013 and 2014.

Forest purchase fund

During the years ended 28th February 2014 and 2015, the company received funding of £765,000 towards the purchase (including legal costs) of Aigas forest. This comprised; grants from: Scottish Land Fund, £690,000; the Aigas Trust, £50,000; Scottish and Southern Energy £20,000; and Highland Council Ward Discretionary grants £5,000. These funds were applied in full towards the forest acquisition, completed during the year at a cost of £767,312.

Development Officer fund

During the year ended 28th February 2015, 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 year ended 28th February 2015 and a further £25,000 during the year ended 28th February 2016. £14,012 remained unspent at the year end.

Bank of Scotland Community fund

During the year ended 28th February 2015, Aigas Community Forrest was awarded a grant of £2,000 from the Bank of Scotland Community fund towards the purchase of forest equipment. Expenditure during the year was £1,613, leaving a balance carried forward at 28 February 2016 of £387.