

AIGAS COMMUNITY FOREST

TRUSTEES ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

28TH FEBRUARY 2019

**Registered company number: SC372685
Scottish charity number SC041614**

AIGAS COMMUNITY FOREST
TRUSTEES ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
for the year ended 28th February 2019

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AIGAS COMMUNITY FOREST**TRUSTEES ANNUAL REPORT****28th February 2019**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006 present their report with the financial statements of the charitable company for the year ended 28th February 2019. 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 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 applicable in the UK and Republic of Ireland (FRS 102).

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, IV47JT, IV47JU and Eilean Aigas, and those parts of the Kilmorack Community Council area not covered by the preceding list of postcodes.

Achievements and performance, and plans for future periods

During 2018/19, we carried out our 'second phase' of felling, concentrating on wind blow clearance and 'continuous cover' felling. This proved extremely successful, bringing light to the forest floor and will aid the future improvement of bio-diversity in the forest. As we move towards the end of 2019, we have now entered our 'third phase' of felling on the Torr a'Bhealaidh plantation. Originally considered 'marginal' in terms of viability to harvest, high timber prices and improved felling machines have made it a more viable prospect and accordingly we have proceeded with 'continuous cover' felling on that ground. This, combined with the 2018/19 felling referred to above has put us in a healthy place financially and has enabled us to proceed with a deer fence to enclose the perimeter of the whole forest. This commenced in March 2019 and is likely to be completed in the first quarter of 2020 at a forecast cost of around £55,000. We have also obtained a grant from EU Leader through the Community Woodlands Association which has enabled us to construct 'path 1' over some difficult and boggy ground. This is now complete and at the date of signing this report, the path is open to the general public. A further element of development was site management. In summer 2019, we constructed a workshop and (again at current date) are in the process of constructing a tractor/machine shed, all built from our own timber, which we milled ourselves with the help of labour from our volunteers. This was achieved, partly by using our new Logasol chainsaw mill but also by hiring in a heavy-duty mobile mill when required. Volunteer work proceeded apace during the year, with the planting of a wide variety of new trees, concentrating on broadleaf native species. Throughout the 2018/19 year, we sold a quantity of timber both for construction and wood fuel. This is ongoing and will help to provide income in years where we have no contract felling. Training has also continued in the forest which has enabled a quantity of trees to be felled by our volunteers and transported for further processing.

As we come to the end of the 2019 felling and look forward to the completion of our deer fence in 2020, we can now concentrate more on the delivery of the forest project. This will involve developing more paths, encouraging greater Community access to the forest and developing ecology and wildlife conservation projects. Training of volunteers will continue, as will wood fuel production. We will continue to look at tidying up areas in the forest which are not commercially viable for major felling operations. We will closely monitor the impact of the Mangelista pigs, which are currently being trialled on bracken management. Following the completion of the deer fence, re-planting will commence in 2020/21 of the areas clear-felled in the past two years. There are also further plans to encourage more volunteers and to engage with the community in teaching some woodland skills. This was trialled in the autumn of 2019 with great success with the carving of wooden deer and wooden mushrooms as the first fruits. Continued management of the forest by our Forest Manager and Directors will see further growth in equipment and facilities over the coming year and possible plans to create a woodland bothy will be explored.

Financial review and Reserves

During the period ended 28th February 2019, the company recorded net income on Unrestricted Funds of £82,762 (2018, £84,568) and net expenditure on Restricted Funds of £2,991 (2018 £1,092). Total funds per the Balance Sheet at 28th February 2019 totalled £959,956 comprising Unrestricted Funds £186,658 and Restricted Funds of £773,298 (see note 15 of the accounts). The trustees have reviewed the reserves of the charity at 28th February 2019 and consider that the level of unrestricted funds held at balance sheet date are clearly 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 proposed projects will be adequately funded and that restricted funds will be properly managed.

AIGAS COMMUNITY FOREST

TRUSTEES ANNUAL REPORT CONTINUED

28th February 2019

Reference and Administrative details

Company and Charity details

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

Directors

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

Peter Smith	
Mark Hedderwick	
Russell Ross	
Phillip Masheter	
Greg Jackson	
Neil Valentine	
David Garvie	
Andrew Leaver	(appointed 3 September 2018)
John Graham	(appointed 3 September 2018)
Chloe Denerley	(appointed 3 September 2018)
Madeleine Robinson	(appointed 7 October 2019)
Graeme Scott	(resigned 3 September 2018 and re-appointed 7 October 2019)
Simon Longman	(resigned 3 September 2018)
Liam McLaughlin	(resigned 11 December 2018)

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

Advisors

Bankers	The Bank of Scotland PO Box 17235 Edinburgh EH11 1YH
Independent Examiner	Rhona Wilson, FCCA MacKenzie Kerr Limited Chartered Accountants and Statutory Auditor Redwood 19 Culduthel Road Inverness IV2 4AA

Risk Management

The trustees 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.

AIGAS COMMUNITY FOREST
TRUSTEES ANNUAL REPORT CONTINUED

28th February 2019

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees (directors) 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



John Graham
Director

Date: 28th November 2019

AIGAS COMMUNITY FOREST

Independent Examiner's report to the trustees of Aigas Community Forest

I report on the accounts of Aigas Community Forest for the year ended 28th February 2019, which are set out on pages 5 to 12.

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) 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 (as amended). The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the 2006 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 2006 Accounts (Scotland) Regulations. 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
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations
 have 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.



Rhona Wilson, FCCA
MacKenzie Kerr Limited
Chartered Accountants and Statutory Auditor
Redwood
19 Culduthel Road
Inverness
IV2 4AA

28th November 2019

AIGAS COMMUNITY FOREST

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

for the year ended 28th February 2019

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Income					
Donations and legacies	4	136	-	136	5,450
Charitable activities	5	92,886	-	92,886	96,110
Other trading activities	6	1,203	-	1,203	329
Investment income	7	15,939	-	15,939	10,242
Total income		<u>110,164</u>	<u>-</u>	<u>110,164</u>	<u>112,131</u>
Expenditure					
Raising funds	8	-	-	-	3
Charitable activities	9	27,402	2,991	30,393	28,652
Total expenditure		<u>27,402</u>	<u>2,991</u>	<u>30,393</u>	<u>28,655</u>
Net income/(expenditure) and net movement in funds for the year		82,762	(2,991)	79,771	83,476
Reconciliation of funds					
Total funds brought forward	15	<u>103,896</u>	<u>776,289</u>	<u>880,185</u>	<u>796,709</u>
Total funds carried forward	15	<u>186,658</u>	<u>773,298</u>	<u>959,956</u>	<u>880,185</u>

AIGAS COMMUNITY FOREST

BALANCE SHEET

at 28th February 2019

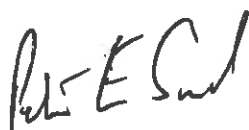
	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11		794,181		790,202
Current assets					
Debtors	12	11,614		24,918	
Cash at bank and in hand		167,673		80,147	
		<u>179,287</u>		<u>105,065</u>	
Creditors: amounts falling due within one year	13	(13,512)		(15,082)	
Net current assets			165,775		89,983
Net assets			<u>959,956</u>		<u>880,185</u>
Funds and Reserves					
Unrestricted	15		186,658		103,896
Restricted	15		773,298		776,289
Total members' funds			<u>959,956</u>		<u>880,185</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

For the financial year ended 28th February 2019 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 28th November 2019 and signed on its behalf by:



Peter Smith
Director

Company registration number: SC372685

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2019

1 Status of the company

Aigas Community Forest is a company limited by guarantee and does not have a share capital. The company is also a public benefit entity and has obtained exemption 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*****Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention and are prepared in sterling, which is the functional currency of the entity.

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 all income received by the charity that is in substance a gift made to it on a voluntary basis. It includes donations 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 income received, earned both from the supply of goods or services under contractual arrangements and from performance-related grants which have conditions that specify the provision of particular goods or services to be provided by the charity. The activities specified under such contractual arrangements or grant conditions must fall within the charitable purposes of the charity.

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

Investment Income – This comprises income earned from holding assets for investment purposes and includes interest receivable and rental income from a telecommunications mast.

Income from government and other grants, whether capital or revenue in nature, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants are met (or are fully within the control of the charity), it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of members is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2019

2 Accounting policies continued**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 incurred in undertaking activities that further the charitable aims for the benefit of the charity's beneficiaries, including support costs and costs relating to the governance of the charity.

Other expenditure – This comprises the costs of non primary purpose trading

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.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Equipment	20% straight line
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Freehold land (comprising the Aigas Community Forest) is stated at cost and is not depreciated.

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

Debtors and Creditors receivable/payable within one year

Debtors and creditors with no stated interest and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the SOFA.

Pension contributions

The company's contributions to defined pension contribution plans are charged to the Statement of Financial Activities in the period to which the contributions relate.

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 in the process of registering for VAT, backdated to 1 March 2017. Income and Expenditure are therefore stated net of VAT.

AIGAS COMMUNITY FOREST
NOTES ON FINANCIAL STATEMENTS

28th February 2019

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
4 Income from donations and legacies				
General donations	136	-	136	950
Ex gratia donation (CITL)	-	-	-	3,000
Highland Council Discretionary grant	-	-	-	1,500
	<u>136</u>	<u>-</u>	<u>136</u>	<u>5,450</u>

Income from donations and legacies was £136 (2018 £5,450), of which £136 was unrestricted (2018 £3,950) and £nil was restricted (2018 £1,500).

5 Income from charitable activities

Timber sales	<u>92,886</u>	<u>-</u>	<u>92,886</u>	<u>96,110</u>
	<u>92,886</u>	<u>-</u>	<u>92,886</u>	<u>96,110</u>

Income from charitable activities was £92,886 (2018 £96,110), of which £92,886 was unrestricted (2018 £96,110) and £nil was restricted (2018 £nil).

6 Income from other trading activities

Firewood and other processed wood sales	<u>1,203</u>	<u>-</u>	<u>1,203</u>	<u>329</u>
	<u>1,203</u>	<u>-</u>	<u>1,203</u>	<u>329</u>

Income from other trading activities was £1,203 (2018 £329), all of which was unrestricted.

7 Income from Investments

Telecommunications mast income	<u>15,939</u>	<u>-</u>	<u>15,939</u>	<u>10,242</u>
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Income from Investments was £15,939 (2018 £10,242), all of which was unrestricted.

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2019

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
8 Expenditure on raising funds				
Online donation costs	-	-	-	3
Expenditure on raising funds was £nil (2018 £3), all of which was unrestricted.				
9 Expenditure on charitable activities				
Forest Manager's salary	13,846	-	13,846	12,876
Pension contributions	274	-	274	73
Forest Manager's travel and subsistence and expenses	202	-	202	141
Other travel and subsistence and expenses	128	-	128	-
Replanting	530	-	530	-
FSC certification	1,000	-	1,000	1,200
CWA Consultancy expenses	-	-	-	1,503
Training	-	-	-	707
Repairs, maintenance and consumables	4,771	-	4,771	3,495
Hire of equipment	525	-	525	250
Employer's liability insurance	20	-	20	188
Insurance	1,061	-	1,061	844
Website	85	-	85	90
Open Day expenses	-	-	-	217
Postage and stationery	-	-	-	112
Subscriptions	202	-	202	252
General expenses	260	-	260	13
Depreciation	4,257	2,991	7,248	5,891
Independent Examiner's fee	750	-	750	800
Additional VAT recovered re prior years	(509)	-	(509)	-
	<u>27,402</u>	<u>2,991</u>	<u>30,393</u>	<u>28,652</u>

Expenditure on charitable activities was £30,393 (2018 £28,652) of which £27,402 was unrestricted (2018 £25,661) and £2,991 was restricted (2018 £2,991).

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.

Employment costs:

	2018 £	2018 £
Wages and salaries	13,846	17,876
Social Security costs	-	-
Pension contributions	274	73
	<u>14,120</u>	<u>17,949</u>

No trustee received any remuneration or benefits in kind during the year.
During the year, two trustees were reimbursed for travel expenses totaling £80 while acting as agents of the charity.

AIGAS COMMUNITY FOREST
NOTES ON FINANCIAL STATEMENTS

28th February 2019

11. Tangible fixed assets	Freehold Land	Equipment	Fencing	Total
	£	£	£	£
Cost				
At 1st February 2018	767,312	29,454	-	796,766
Additions	-	6,784	4,443	11,227
At 31st January 2019	<u>767,312</u>	<u>36,238</u>	<u>4,443</u>	<u>807,993</u>
Depreciation				
At 1st February 2018	-	6,564	-	6,564
Charge for the year	-	7,248	-	7,248
At 31st January 2019	<u>-</u>	<u>13,812</u>	<u>-</u>	<u>13,812</u>
Net book values				
At 31st January 2019	<u>767,312</u>	<u>22,426</u>	<u>4,443</u>	<u>794,181</u>
At 31st January 2018	<u>767,312</u>	<u>22,890</u>	<u>-</u>	<u>790,202</u>

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

12 Debtors	2019 £	2018 £
Trade debtors	11,614	24,918
	<u>11,614</u>	<u>24,918</u>

13 Creditors	2019 £	2018 £
Amounts falling due within one year		
Trade creditors	4,443	-
Accruals	750	750
VAT payable	8,319	14,332
	<u>13,512</u>	<u>15,082</u>

14 Analysis of Net Assets/(Liabilities) between Funds	Restricted £	Unrestricted £	Total £
Fixed Assets	773,298	20,883	794,181
Current Assets	-	179,287	179,287
Current Liabilities	-	(13,512)	(13,512)
Net assets at 28th February 2019	<u>773,298</u>	<u>186,658</u>	<u>959,956</u>

AIGAS COMMUNITY FOREST

NOTES ON FINANCIAL STATEMENTS

28th February 2019

15 Movements in Funds

	Balance b/f at 1st March 2018	Incoming Resources	Outgoing Resources	Transfers	Balance c/f at 28th February 2019
	£	£	£	£	£
Unrestricted Funds	103,896	110,164	(27,402)	-	186,658
Restricted Funds					
Forest purchase fund	765,000	-	-	-	765,000
Firewood processor and assoc. training fund	10,089	-	(2,691)	-	7,398
Forest signs fund	1,200	-	(300)	-	900
	776,289	-	(2,991)	-	773,298
Total Funds	880,185	110,164	(30,393)	-	959,956

Purposes of Restricted Funds**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 2015 at a cost of £767,312.

Firewood Processor and associated training fund

During the year ended 28th February 2017, Aigas Community Forest was awarded grants of £5,213 from SRDP and £9,972 from The Woodland Trust to fund the purchase of a firewood processor and to train volunteers in its use.

Forest signs fund

During the year ended 28th February 2018, Aigas Community Forest was awarded a grant of £1,500 from Highland Council (Ward Discretionary Fund) to purchase 'finger signs' for the forest path network.

16 Contingent Liability

As commented above, a grant was received during the year ended 28th February 2017 from SRDP of £5,213 towards the purchase of a firewood processor and to train volunteers in its use. This grant funding is dependent on reaching certain milestones. Should these not be met, there is a possibility that part of the grant may be repayable.