

AIGAS COMMUNITY FOREST LIMITED

FINANCIAL STATEMENTS

28TH FEBRUARY 2013

Registered number: SC372685

AIGAS COMMUNITY FOREST
FINANCIAL STATEMENTS
for the year ended 28th February 2013

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AIGAS COMMUNITY FOREST**COMPANY INFORMATION****28th February 2013**

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 Steve Byford
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
INDEPENDENT EXAMINER	Alexander Graham, Chartered Accountant A Graham & Co Chartered Accountants 9 Rangemore Road Inverness IV3 5EA

AIGAS COMMUNITY FOREST**DIRECTORS' REPORT****28th February 2013**

The directors (trustees) present their report and the financial statements for the period ended 28th February 2013. 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
Alisdair Stewart (resigned 31 March 2013)
Graeme Scott
Calum Fraser
John Graham
Mark Hedderwick
Peter Masheter
Steve Byford

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

During the year ACF continued to pursue options to either lease or purchase Aigas Forest from Forestry Commission Scotland (FCS). Using information provided by the Valuation Office Agency, ACF was able to demonstrate to FCS that their initial methodology for calculating a community lease would not work for the majority of communities. FCS agreed to reconsider their methodology. Meanwhile, the Scottish Land Fund (SLF) was relaunched and in the expectation of being able to submit a bid for funding to purchase Aigas Forest, ACF secured a funding package from HIE, Forestry Commission Scotland and The Highland Council in order to support a part-time development worker and further professional advice on developing the SLF application and an effective business plan. In September it became apparent that the interpretation of EU State Aid rules by the managers of the Scottish Land Fund would prevent ACF securing enough money from this source to purchase the forest outright. In November, Forestry Commission Scotland issued a new lease methodology and at the year-end ACF undertook to investigate the potential for this by jointly instructing, with FCS, the Valuation Office Agency to calculate a ground rent for the forest.

Plans for future periods

Post year end, the information provided by the Valuation Office Agency for a ground rent and timber income figures estimated by Community Woodlands Scotland were used to create a 10-year cashflow forecast for ACF. This demonstrated that the revised FCS lease methodology does not provide a viable financial model. Following discussion with FCS it was agreed to consider a part-purchase / part-lease of Aigas Forest by ACF. ACF also undertook to contract Scottish Woodlands to provide a more detailed estimate of potential timber income based on field survey. Forestry Commission Scotland Seedcorn funding was secured to pay for this work. In November 2013 an application was submitted to the Scottish Land Fund for a grant to purchase 3 parcels of Aigas Forest surrounding the village of Crask of Aigas. With this application lodged the Board of ACF will now undertake further revision of the business plan and cash flow based on Scottish Woodland timber income estimates. Decision on the SLF grant is not due until the first quarter of 2014 and Forestry Commission Scotland has further extended the NFLS deadline to 31st May 2014.

AIGAS COMMUNITY FOREST**DIRECTORS' REPORT**

(continued)

28th February 2013**Financial review and Reserves**

During the period ended 28th February 2013, the company recorded net outgoing resources on Unrestricted Funds of £470 (2012, £205) and net incoming resources on Restricted Funds of £5,343 (2012, net outgoing resources of £1,230). Total funds per the Balance Sheet at 28th February 2013 totalled £6,948 comprising Unrestricted Funds £433 and Restricted Funds of £6,515. The trustees have reviewed the reserves of the charity at 28th February 2013 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.

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

Andrew Leaver
Secretary

Date: 28th November 2013

AIGAS COMMUNITY FOREST

**Independent Examiner's report to the members
on the unaudited financial statements of
Aigas Community Forest**

I report on the financial statements of Aigas Community Forest for the year ended 28th February 2013, which 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 financial statements to be reached.

Alexander Graham
Chartered Accountant &
Independent Examiner
A Graham & Co.
Chartered Accountants
Inverness
IV3 5EA

Date: 28th November 2013

AIGAS COMMUNITY FOREST

**INCOME AND EXPENDITURE ACCOUNT
(INCORPORATING STATEMENT OF FINANCIAL AFFAIRS)**

for the year ended 28th February 2013

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Incoming resources					
Incoming resources from generated funds					
Voluntary Income					
General donations		13	-	13	24
Donated services		-	-	-	1,190
		<u>13</u>	<u>-</u>	<u>13</u>	<u>1,214</u>
Investment Income:					
Interest receivable		-	-	-	1
Incoming resources from charitable activities					
Highland Council Discretionary Budget		-	3,000	3,000	-
Highlands and Islands Enterprise		-	2,070	2,070	-
Forestry Commission Scotland - Community Seedcorn Fund		-	4,500	2,900	2,900
Highland LEADER		-	-	-	2,143
		<u>-</u>	<u>9,570</u>	<u>9,570</u>	<u>5,043</u>
Total incoming Resources		<u>13</u>	<u>9,570</u>	<u>9,583</u>	<u>6,258</u>
Resources expended					
Charitable activities					
Consultancy fees		-	-	-	4,290
Development Worker's fees		-	4,500	4,500	-
Website		-	87	87	86
Volunteer time on preparation of materials		-	-	-	1,190
Valuation of Aigas Forest		-	-	-	1,983
Subscriptions		10	-	10	10
General expenses		13	-	13	14
		<u>23</u>	<u>4,587</u>	<u>4,610</u>	<u>7,573</u>
Governance costs					
Independent Examiner's fee		<u>100</u>	<u>-</u>	<u>100</u>	<u>120</u>
Total Resources expended		<u>123</u>	<u>4,587</u>	<u>4,710</u>	<u>7,693</u>
Net (outgoing)/incoming resources before transfers		<u>(110)</u>	<u>4,983</u>	<u>4,873</u>	<u>(1,435)</u>
Transfers between funds		<u>(360)</u>	<u>360</u>	<u>-</u>	<u>-</u>
Net movements in funds		<u>(470)</u>	<u>5,343</u>	<u>4,873</u>	<u>(1,435)</u>
Fund Balances carried forward at 1st March 2012	7	<u>903</u>	<u>1,172</u>	<u>2,075</u>	<u>3,510</u>
Fund Balances carried forward at 28th February 2013	7	<u><u>433</u></u>	<u><u>6,515</u></u>	<u><u>6,948</u></u>	<u><u>2,075</u></u>

The above statement shows all movements in members' funds during the year. Further details of Restricted Funds are provided at notes 6 and 7.

AIGAS COMMUNITY FOREST

BALANCE SHEET

at 28th February 2013

		2013	2012
	Note	£	£
Current assets			
Debtors	4	-	2,144
Cash at bank and in hand		7,048	3,548
		<u>7,048</u>	<u>5,692</u>
Creditors: amounts falling due within one year	5	(100)	(3,617)
Net assets		<u>6,948</u>	<u>2,075</u>
Funds and reserves			
Unrestricted	7	433	903
Restricted	7	6,515	1,172
Total members' funds		<u>6,948</u>	<u>2,075</u>

continued

AIGAS COMMUNITY FOREST**BALANCE SHEET**
(continued)**at 28th February 2013**

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 April 2008).

For the financial year ended 28th February 2013 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 2013 and signed on its behalf by:

Graeme Scott
Director

Registration number: SC372685

AIGAS COMMUNITY FOREST**NOTES ON FINANCIAL STATEMENTS****28th February 2013****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 funds – 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.

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 2013

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.

4 Debtors

	2013	2012
	£	£
Trade debtors	-	2,144
	<u>-</u>	<u>2,144</u>
	<u><u>-</u></u>	<u><u>2,144</u></u>

5 Creditors

	2013	2012
	£	£
Amounts falling due within one year		
Trade creditors	-	1,997
Accruals	100	120
Kilmorack Community Hall - Loan	-	1,500
	<u>100</u>	<u>3,617</u>
	<u><u>100</u></u>	<u><u>3,617</u></u>

The loan from Kilmorack Community Hall was provided to Aigas Community Forest for cash flow purposes pending receipt of grant funding. It was provided on an interest free and unsecured basis and was repaid during the year.

6 Analysis of Net Assets/(Liabilities) between Funds

	Unrestricted	Restricted	Total
	£	£	£
Current Assets	533	6,515	7,048
Current Liabilities	(100)	-	(100)
	<u>433</u>	<u>6,515</u>	<u>6,948</u>
Net assets at 28th February 2013	<u><u>433</u></u>	<u><u>6,515</u></u>	<u><u>6,948</u></u>

7 Movements in Funds

	Balance b/f at 1st March 2012	Incoming Resources	Outgoing Resources	Transfers	Balance c/f at 28th February 2013
	£	£	£	£	£
Unrestricted Funds	<u>903</u>	<u>13</u>	<u>(123)</u>	<u>(360)</u>	<u>433</u>
Restricted Funds					
Development project	255	-	(87)	-	168
Valuation of Aigas Forest	917	-	-	-	917
Development Worker project (including costs of lease/purchase of forest)	-	9,570	(4,500)	360	5,430
	<u>1,172</u>	<u>9,570</u>	<u>(4,587)</u>	<u>360</u>	<u>6,515</u>
Total Funds	<u><u>2,075</u></u>	<u><u>9,583</u></u>	<u><u>(4,710)</u></u>	<u><u>-</u></u>	<u><u>6,948</u></u>

AIGAS COMMUNITY FOREST**NOTES ON FINANCIAL STATEMENTS****28th February 2013****7 Movements in Funds continued****Purposes of Restricted Funds****Development project**

The main purposes of the ongoing development project are: to create a new website; develop a fundraising campaign, including the design of printed leaflets, newsletters and other promotional literature; and to develop and refine the company's business plan. Funding for the development project was initially secured during the period ended 28th February 2011 with grants from the Highland Council Discretionary Budget, Highland LEADER Programme and a donation from Kilmorack Community Council.

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, £917 of this funding remains unspent and has been carried forward to future periods

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

During the year, the company secured a package of financial assistance, totalling £16,250, 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, along with a private contribution of £1,250 to be raised by ACF itself. The purpose of the project is to employ a part time Development Worker and to cover the costs of obtaining further professional advice on the development of an SLF application and an effective business plan. The project funding will also extend to legal/valuation costs of lease/purchase of the forest, should the company reach this stage. At 28 February 2013, the company had incurred project expenditure of £4,500, with funds unspent of £5,430 carried forward to future periods.