

Charity Registration No. SC038908 (Scotland)

Company Registration No. SC333208 (Scotland)

KILFINAN COMMUNITY FOREST COMPANY
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

KILFINAN COMMUNITY FOREST COMPANY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Robert Brady	(Appointed 29 November 2021)
	Alicia Linsdell-Davis	(Appointed 11 January 2022)
	Iain MacPherson	(Appointed 21 January 2022)
	Paula Panther	(Appointed 29 November 2021)
	John Burns	(Appointed 6 June 2022)
	Lynda Cameron	(Appointed 6 June 2022)

Secretary Diane Wilson

Charity number (Scotland) SC038908

Company number SC333208

Registered office Kilfinan Community Forest
Tighnabruaich
ARGYLL
PA21 2BD

Independent examiner Iain Webster
William Duncan (Argyll) Ltd
The Old Surgery
School Road
Tarbert
Argyll
PA29 6UL

Bankers The Co-operative Bank
PO Box 250
Delf House
Southway
Skelmersdale
WN8 6WT

The Royal Bank of Scotland
Tighnabruaich Branch
Tighnabruaich
PA21 2BB

Solicitors MacRoberts LLP
Capella
60 York Street
Glasgow
G2 8JX

KILFINAN COMMUNITY FOREST COMPANY

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KILFINAN COMMUNITY FOREST COMPANY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their annual report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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) (effective 1 January 2019)".

Objectives and activities

KCFC is established to benefit the parish of Kilfinan, with the following aims and objectives as stated in our governing document.

To manage community land and associated assets with and for the benefit of the community and the public in general as an important part of the protection and sustainable development of Scotland's natural environment where 'sustainable development' means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

To promote, for the public benefit, rural regeneration, following principles of sustainable development in areas of social and economic deprivation within the community by all or any of the following means:

- The provision of financial assistance, technical assistance, or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help (in setting up their own business or to an existing business).
- The creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms.
- The provision of housing for those who are in conditions of need and improvement of housing in the public sector, or in charitable ownership provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to provide or improve housing.
- The maintenance, improvement or provision of public amenities.
- The preservation of buildings or sites of historic or architectural importance.
- The provision or assistance in the provision of recreational facilities for those who, by reason of their youth, age infirmity or disablement, poverty or social and economic circumstances, have need of such facilities and for the public at large.
- The protection or conservation of the environment.
- To advance the education of the community about its environment, culture and/or history.
- Such other purposes ancillary thereto as may be necessary or desirable for the furtherance of the foregoing object.

The trustees have paid due regard to guidance issued by OSCR in deciding what activities the charity should undertake.

KILFINAN COMMUNITY FOREST COMPANY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Achievements and performance

The year of April 2021 – March 2022 was a year of change. An EGM saw a completely new Board of Trustees elected, who have thrown themselves into their roles and worked tirelessly to do the right things for the Forest. The local Primary school saw the retirement of their Head Teacher, who had also been a strong supporter of KCFC and had sat on the Board for many years. New links are now being forged which we hope will be as strong as before. We had a successful wood harvest and high prices for the wood will enable us to expand our replanting plans. The Office of the Scottish Charities Regulator (OSCR) has requested some historic documents of our charity and we are awaiting the outcome of their review. The Board welcomes OSCR's interest and see it as an opportunity to take a fresh perspective.

Community Composting

Our garden waste disposal facility is subsidised by the local authority and is a much used resource by the local residents, thereby preventing their garden waste from having to be transported to council landfill sites, thus helping to reduce their carbon footprint. This year it will be upgraded to provide separate bays, enabling the garden waste to be more effectively separated to aid better composting and the minimising the risk of introducing invasive species to the Forest.

Hot Tunnel

The hot tunnel is leased out to a local horticulturist who has been able to expand his small business this year. During the winter months, it is heated by waste wood from the sawmill and lit using electricity produced by KCFC's hydro making it a carbon neutral business.

K.A.G

KAG's membership has seen the addition of several young families joining the group. They have been taken under the wings of some of the more experience growers and have been able to produce some wonderful 'home-grown' fruit and vegetables for their young families.

KILFINAN COMMUNITY FOREST COMPANY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Public Access

The improved path network has continued to attract both local and visiting walkers. The woodland playground continues to attract young families and is enjoyed by the local primary school children, who take regular walks to play in the mud-kitchen and have story-time under the wooden tepee. This year has seen us putting in more ATV tracks in order to offer more access for deer management and in preparation for next seasons planting.

Crofts

Of the three original crofts, one became vacant and has now been assigned to a young local family who will be able to grow the trees and plants used in the products sold at local retail outlets. The seven new crofts going through registration have also all been assigned to local families whose plans will support both woodland and local regeneration by creating opportunities for them to start their own land based micro-businesses. The diverse small woodlands that these will create helps promote a healthy forest ecosystem in the long term.

Community Engagement

This year has seen the restarting of our woodwork groups which are now held twice weekly giving local residents the opportunity to both hone their skills or learn new ones. The woodwork groups also provide the forest with nesting boxes for owls, bats, and squirrels. The Forest Centre is now being fitted out with essential items and has a new purpose-built disabled access. The building was designed to be multi-functional, and we look forward to being able to rent it out to local groups and individuals.

Staff

KCFC employs one part-time member of staff who is the bookkeeper. We concentrate on offering local small businesses the opportunity to tender for essential work in the forest. This has enabled us to contract out for such things as: painting and decorating, landscape maintenance, joinery, plastering, road maintenance, invasive species management etc. We are also looking to leasing out the sawmill, which would be able to offer further employment and training to the community. We are in the process of contracting in a Forester to manage our re-planting on a contract-by-contract basis.

Focus for 2022/23

We continue to focus on the completion and development of key buildings and projects which will enable KCFC to fulfil its environmental and social objectives and strive towards financial stability. Thanks to a successful harvest this year, we are looking at increasing our planting obligation and plant up larger areas with a diversity of species. To this end we have been working very closely with the Scottish Forestry Commission and other experts to create a productive, native woodland for community benefit on the felled areas. We are also investigating the possibility of reclaiming peat bogs within the forest. We have identified several areas where peat bogs can be reclaimed and are in the process of mapping these out. Trees do not thrive well on peaty ground and by reclaiming these areas and restoring them, carbon can be removed from the atmosphere and stored, thereby helping us fight climate change and support biodiversity.

We are still committed to getting more people in the community involved with the forest. Our first micro unit has been completed and has been leased out to a new local business. Further micro units are in the pipeline. The opening of the forest centre will also encourage more people to use the forest and enjoy what is on offer here.

KILFINAN COMMUNITY FOREST COMPANY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Financial review

The charity has a policy to build its free reserves to £100,000 in the medium term. At 31 March 2022 KCFC had total funds of £695,331, of which £611,293 are restricted funds £534,038 are unrestricted and there is a deficit on the designated fund of £450,000. Combining the unrestricted and designated funds there is a surplus on unrestricted funds of £84,038.

The charity has unrestricted fixed assets of £287,058 leaving no free reserves at 31st March 2022.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

The Trustee's note that the unrestricted funds as at the balance sheet date have returned to a surplus.

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

Structure, governance and management

The charity is an incorporated company limited by guarantee, and is governed by its Memorandum & Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Fiona Hamilton	(Resigned 8 December 2021)
Mark Bamford	(Resigned 29 November 2021)
David Blair	(Resigned 29 November 2021)
Marylou Anderson	(Resigned 29 November 2021)
Robert Brady	(Appointed 29 November 2021)
Alicia Linsdell-Davis	(Appointed 11 January 2022)
Iain MacPherson	(Appointed 21 January 2022)
Paula Panther	(Appointed 29 November 2021)
Jason Turner	(Appointed 21 January 2022 and resigned 5 June 2022)
Sue Wallis	(Appointed 29 November 2021 and resigned 11 April 2022)
Michaela Blair	(Appointed 29 November 2021 and resigned 18 January 2022)
Hannah Buss	(Resigned 29 November 2021)
Iain Campbell Waugh	(Appointed 11 January 2022 and resigned 26 January 2022)
Maureen Gill	(Appointed 1 July 2021 and resigned 29 November 2021)
Edward Pybus	(Appointed 29 November 2021 and resigned 29 January 2022)
John Burns	(Appointed 6 June 2022)
Lynda Cameron	(Appointed 6 June 2022)

KILFINAN COMMUNITY FOREST COMPANY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Appointment of Trustees is governed by the constitution of the charity. The Trustees are authorised to appoint new Trustees to fill vacancies arising through resignation or death of an existing Trustee. Up to one individual may be co-opted from Kilfinan Community Council, by written notice to Kilfinan Community Forest Company (KCFC) two days before an AGM. Kilfinan Community Council (or its successors) may appoint or remove its appointed Director at any time, by written notice two days before an AGM. Up to three individuals may be co-opted from time to time by the Board of Directors itself; Co-opted Directors (who can participate fully in and vote at all Board meetings) will serve until the next AGM after his/her co-option, at which point they can be re co-opted. A Co-opted Director can be removed from office at any time by a simple majority of the Board.

The Board may from time to time fill any casual vacancy arising as a result of a retiral (or deemed retiral for any reason) of any Elected Director from or after the date of such retiral or deemed retiral until the next AGM.

There is a Register of Directors maintained, which sets out the full details of each Director as required for all registration purposes, including the date and type of appointment and the date of retiral. None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The Board of Directors meets approximately once a month and is responsible for the charity's strategic decision making, as well as HR and governance issues. Office Bearers are the Chair, the Vice-Chair and the Company Secretary. The Board brings diverse knowledge and experience to the organisation from business and finance, to marketing, forestry, education and construction.

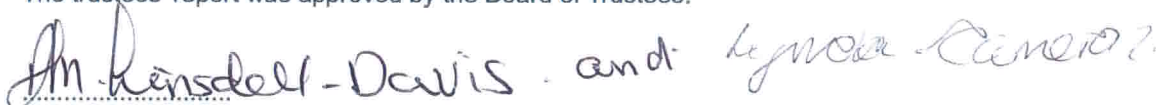
As required, KCFC will seek advice through law firm MacRoberts LLP and accountancy services from William Duncan (Argyll) Ltd. Banking is conducted through the Royal Bank of Scotland and the Co-op Bank.

KCFC works with a number of strategic partners to support the business and bring value in different ways. There is the ongoing provision of valuable business advice, governance and training opportunities through which we are able to access a range of specialist advisors in sectorial, business and social enterprise fields. This has helped us grow from a grant-dependent organisation in 2010 into a more sustainable enterprise in 2021.

We also network and knowledge share with other community land ownership and woodland groups through the Community Woodlands Association (CWA), Community Land Scotland, Stronafian and Glenan Community woodlands and have forged valuable industry connections with organisations such as Scottish Forestry, Crofting Commission, Scottish Woodlands and Tilhill. We have developed close links with Argyll & Bute Council, as well as with the Kilfinan Community Council and Tighnabruaich Development Trust to establish and address wider community priorities.

None of the trustees has any beneficial interest in the company. Transactions with Trustees and related parties are disclosed in Note 8 to the accounts.

The trustees' report was approved by the Board of Trustees.

Handwritten signatures of two trustees: "M. Rensdell-Davis" and "Lynne Cameron".

Trustee

Dated: 11-10-2022.

KILFINAN COMMUNITY FOREST COMPANY

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF KILFINAN COMMUNITY FOREST COMPANY

I report on the financial statements of the charity for the year ended 31 March 2022, which are set out on pages 7 to 24.

Respective responsibilities of trustees and examiner

The charity's trustees, who are also the directors of Kilfinan Community Forest Company for the purposes of company law, are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the financial statements 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

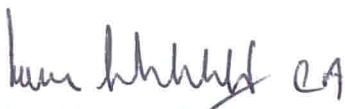
My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, 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 financial statements.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - (ii) to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;have not been met or
- (b) to which, in my opinion, other than the matter referred to below, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

I draw to the attention of the Trustees the accounting policy note 1.3 which sets out the reasons for there being a deficit on the designated funds of the charitable company at the year end and why the Director's consider that this is a short-term position in the normal cycle of the charitable company's trading activities and which, through continuation of those normal trading activities, should be reversed and eliminated over time.


Iain Webster C.A.

The Old Surgery
School Road
Tarbert
Argyll
PA29 6UL

Dated: 11 October 2022

KILFINAN COMMUNITY FOREST COMPANY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds general 2022 £	Unrestricted funds designated 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Total 2021 £
Income from:									
Donations and legacies	3	198	-	-	198	1,507	-	-	1,507
Charitable activities	4	422,567	-	7,375	429,942	296,528	-	20,193	316,721
Total income		422,765	-	7,375	430,140	298,035	-	20,193	318,228
Expenditure on:									
Charitable activities	5	97,527	-	27,242	124,769	231,302	-	24,592	255,894
Net income/(expenditure) for the year/ Net movement in funds		325,238	-	(19,867)	305,371	166,733	(100,000)	(4,399)	62,334

KILFINAN COMMUNITY FOREST COMPANY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

Gross transfers between funds	18	-	-	-	100,000	(100,000)	-	-
Net income/(expenditure) for the year/ Net movement in funds		325,238	-	(19,867)	305,371	(100,000)	(4,399)	62,334
Fund balances at 1 April 2021		208,800	(450,000)	631,160	389,960	(350,000)	635,559	327,626
Fund balances at 31 March 2022		534,038	(450,000)	611,293	695,331	(450,000)	631,160	389,960

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

KILFINAN COMMUNITY FOREST COMPANY

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		897,423		827,765
Current assets					
Stocks	10	22,000		2,000	
Debtors	11	370,241		157,607	
Cash at bank and in hand		66,035		38,726	
			<u>458,276</u>		<u>198,333</u>
Creditors: amounts falling due within one year	13	<u>(572,440)</u>		<u>(513,788)</u>	
Net current liabilities			<u>(114,164)</u>		<u>(315,455)</u>
Total assets less current liabilities			<u>783,259</u>		<u>512,310</u>
Creditors: amounts falling due after more than one year	14		<u>(87,928)</u>		<u>(122,350)</u>
Net assets			<u><u>695,331</u></u>		<u><u>389,960</u></u>
Income funds					
Restricted funds	15		611,293		631,160
Unrestricted funds - designated			(450,000)		(450,000)
Unrestricted funds - general			534,038		208,800
			<u>695,331</u>		<u>389,960</u>

KILFINAN COMMUNITY FOREST COMPANY

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2022

	2022		2021	
Notes	£	£	£	£

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2022.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 11.10.2022

AM. Kinsdel-Davis - Lynda Cameron

Trustee

Company Registration No. SC333208

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Charity information

Kilfinan Community Forest Company is a private company limited by guarantee incorporated in Scotland. The registered office is Kilfinan Community Forest, Tighnabruaich, ARGYLL, PA21 2BD.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's memorandum and articles of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors have considered the impact of there being a deficit on the designated fund at the balance sheet date. This arises because the Directors have made full provision for the future replanting of areas of the land owned by the Trust which have been harvested. They have concluded that this deficit arises wholly from the short-term impairment of the value of land and biological assets which exists in the period between the extraction of mature timber from the land and the phased replanting of that land and the subsequent maturing of timber over a period of years. Full provision has been made at the balance sheet date for the replanting of the areas harvested and the directors propose to transfer from unrestricted reserves to the designated fund an amount each year for the next phase of replanting. The Directors consider that as the replanted biological asset matures, the impairment of the land recognised at the balance sheet date will be reversed and the impact of this will, over a period of years, result in the designated fund deficit shown at the balance sheet date being eliminated.

The Directors have also reviewed the projected trading of the Company and have concluded that there is sufficient sources of income and grant funding to enable the company to continue to meet its running costs.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

The designated fund represents the recognition of the full future liability for the replanting of areas harvested with transfers being made annually from unrestricted funds to meet the obligations for the current phase of planned replanting work.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accrual basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to the note below.

- Expenditure on charitable activities includes staff costs, training, insurance, sundries, fuel, equipment, postage and admin, rent, forest operation costs, utilities, depreciation, volunteer expenses and other activities undertaken to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Forestry and freehold land	Nil
Property	10 years straight line
Plant and machinery	5 years straight line
Motor vehicles	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

The directors have determined the future replanting costs of the felled forest and a provision for replanting has been provided in the accounts (see note 18).

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Donations and gifts	198	1,507

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Charitable activities

	KCFC	VCSW	Total	KCFC	VCSW	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Sale of untreated wood and goods made	411,020	-	411,020	263,269	-	263,269
Charitable rental income	4,662	-	4,662	8,234	-	8,234
Development	13,875	385	14,260	24,894	20,324	45,218
	<u>429,557</u>	<u>385</u>	<u>429,942</u>	<u>296,397</u>	<u>20,324</u>	<u>316,721</u>
Analysis by fund						
Unrestricted funds - general	422,182	385	422,567	295,647	881	296,528
Restricted funds	7,375	-	7,375	750	19,443	20,193
	<u>429,557</u>	<u>385</u>	<u>429,942</u>	<u>296,397</u>	<u>20,324</u>	<u>316,721</u>

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

5 Charitable activities

	Forest activities 2022 £	VCSW 2022 £	Total 2022 £	Forest activities 2021 £	VCSW 2021 £	Total 2021 £
Staff costs	40,002	-	40,002	49,908	-	49,908
Depreciation and impairment	13,977	-	13,977	12,158	-	12,158
Bank fees	-	-	-	100	-	100
Training	750	-	750	-	-	-
Insurance	3,992	-	3,992	3,919	-	3,919
Sundries	8,547	-	8,547	6,020	-	6,020
Fuel	792	-	792	661	-	661
Equipment	1,536	-	1,536	14,780	-	14,780
Postage and admin	2,797	-	2,797	860	-	860
Forest operations	7,819	-	7,819	109,800	-	109,800
Utilities	2,359	-	2,359	2,316	-	2,316
Loan interest	7,312	-	7,312	9,191	-	9,191
Professional fees	20,182	-	20,182	36,025	-	36,025
VCSW	-	10,001	10,001	-	7,306	7,306
	<u>110,065</u>	<u>10,001</u>	<u>120,066</u>	<u>245,738</u>	<u>7,306</u>	<u>253,044</u>
Share of governance costs (see note 6)	4,703	-	4,703	2,850	-	2,850
	<u>114,768</u>	<u>10,001</u>	<u>124,769</u>	<u>248,588</u>	<u>7,306</u>	<u>255,894</u>
Analysis by fund						
Unrestricted funds - general	97,527	-	97,527	231,302	-	231,302
Restricted funds	17,241	10,001	27,242	17,286	7,306	24,592
	<u>114,768</u>	<u>10,001</u>	<u>124,769</u>	<u>248,588</u>	<u>7,306</u>	<u>255,894</u>

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Independent examination fee	-	1,750	1,750	-	1,650	1,650
Accountancy fee	-	2,953	2,953	-	1,200	1,200
	-	4,703	4,703	-	2,850	2,850
Analysed between Charitable activities	-	4,703	4,703	-	2,850	2,850

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but the following trustees and ex trustees received re-imbusement of expenses from the charity:

£1,130 paid to Marylou Anderson, £400 paid to Mark Bamford, £131 paid to Hannah Buss and £36 paid to Sue Wallis.

8 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Employees	3	3
Employment costs	2022 £	2021 £
Wages and salaries	37,179	45,866
Social security costs	2,200	2,968
Other pension costs	623	1,074
	40,002	49,908

There were no employees whose annual remuneration was more than £60,000.

KILFINAN COMMUNITY FOREST COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

9 Tangible fixed assets	Forestry and freehold land £	Property £	Assets under construction £	Plant and Motor vehicles machinery £	Total £
Cost					
At 1 April 2021	1,040,000	121,579	38,593	272,833	1,503,245
Additions	81,378	-	2,257	-	83,635
Transfer	-	-	(9,096)	9,096	-
At 31 March 2022	1,121,378	121,579	31,754	281,929	1,586,880
Depreciation and impairment					
At 1 April 2021	295,000	77,407	-	272,833	675,480
Depreciation charged in the year	-	12,158	-	1,819	13,977
At 31 March 2022	295,000	89,565	-	274,652	689,457
Carrying amount					
At 31 March 2022	826,378	32,014	31,754	7,277	897,423
At 31 March 2021	745,000	44,172	38,593	-	827,765

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Tangible fixed assets (Continued)

Included within Forestry and freehold land is commercial woodland which had a fair value of £295,000 on acquisition. An impairment review has been undertaken to determine the fair value of the mature forest and a full provision has been made against this asset as at the balance sheet date. It is expected that as the commercial woodland area is replanted and the timber matures then this impairment may be wholly or partly reversed in future years.

Further details on the replanting liability is included in Note 16.

10 Stocks

	2022 £	2021 £
Raw materials and consumables	22,000	2,000

11 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Other debtors	370,241	157,607

12 Loans and overdrafts

	2022 £	2021 £
Bank loans	120,963	150,955
Payable within one year	33,035	28,605
Payable after one year	87,928	122,350

The loans from Scottish Enterprise and Social Investment Scotland are secured by a bond and floating charge over the property of the charity and standard security over Acharossan Plantation.

13 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	12	33,035	28,605
Other taxation and social security		60,404	28,342
Other creditors		450,000	450,000
Accruals and deferred income		29,001	6,841
		<u>572,440</u>	<u>513,788</u>

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	12	<u>87,928</u>	<u>122,350</u>

KILFINAN COMMUNITY FOREST COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds		Movement in funds		Movement in funds	
	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 1 April 2021 £	Incoming resources £	Resources expended £
Forest Land	30,000	-	-	30,000	-	-
Scottish Land Fund Grant	537,259	-	-	537,259	-	-
Highlands & Islands Enterprise	-	10,832	-	10,832	-	(10,832)
Forestry Commission	1,280	-	(640)	640	-	(640)
The Prince's Countryside Fund - Youth Skills Funding	1,978	-	-	1,978	-	(1,050)
Highlands and Islands Enterprise - Forest Centre	34,279	-	(2,807)	31,472	-	(2,810)
SSE	-	1,426	(622)	804	-	(804)
Big Lottery Fund - Hot Tunnel	9,800	-	-	9,800	-	(1,819)
Agnes Hunter Trust	12,500	-	(10,588)	1,912	-	(1,912)
CCF - Forest Centre	6,463	-	-	6,463	-	-
HIE - Legal Expenses	-	-	-	-	375	(375)
Community Woodland	-	-	-	-	2,000	(2,000)
Scottish Forestry	2,000	750	(2,750)	-	-	-
Tighnabrauich District Development Trust	-	7,185	(7,185)	-	5,000	(5,000)
	<u>635,559</u>	<u>20,193</u>	<u>(24,592)</u>	<u>631,160</u>	<u>7,375</u>	<u>(27,242)</u>
						<u>611,293</u>

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Designated funds

The Trustees have made full provision for the expected replanting liabilities of the Trust and have shown this as a designated fund movement and liability. In the year to 31 March 2021 the liability for future replanting increased by £100,000 to £450,000. This liability has been shown as a designated fund liability and the Trustees will transfer out of unrestricted funds each year an amount which they incur in the year to cover the replanting liability. Although there was further harvesting and sales of felled timber in the year to 31 March 2022, recent advice received by the board from Scotland Forestry has indicated that certain areas harvested in earlier years can be exempted from restocking on the basis of yielding poor quality timber. The areas that can be exempted are similar in size to those harvested in the year to 31 March 2022 so the directors consider they do not need to provide any increase in the level of the future replanting liability. The directors estimate that there will be a replanting cost of £96,000 in the 2022/23 season which will be covered by transferring this amount in that financial year from unrestricted reserves. The directors have ring-fenced sufficient funds in the company to meet this liability.

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Analysis of net assets between funds

Fund balances at 31 March 2022 are represented

by:

	Unrestricted Funds		Designated		Restricted Funds		Total		Unrestricted Funds		Designated		Restricted Funds		Total	
	2022	£	2022	£	2022	£	2022	£	2021	£	2021	£	2021	£	2021	£
Tangible assets	287,058		-		610,365		897,423		212,131		-		615,634		827,765	
Current assets/(liabilities)	334,908		(450,000)		928		(114,164)		119,019		(450,000)		15,526		(315,455)	
Long term liabilities	(87,928)		-		-		(87,928)		(122,350)		-		-		(122,350)	
	<u>534,038</u>		<u>(450,000)</u>		<u>611,293</u>		<u>695,331</u>		<u>208,800</u>		<u>(450,000)</u>		<u>631,160</u>		<u>389,960</u>	

KILFINAN COMMUNITY FOREST COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022	2021
	£	£
Aggregate compensation	40,002	39,598