

THE HIGHLAND COUNCIL

PLANNING, ENVIRONMENT & DEVELOPMENT COMMITTEE

6 NOVEMBER 2013

Agenda Item	14
Report No	PED 76/13

HIGHLAND BIRCHWOODS: REPORT OF THE TRUSTEES AND UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

Report by Director of Planning and Development

SUMMARY

This paper introduces the 'Report of the Trustees and Unaudited Financial Statements for Highland Birchwoods for the financial year to 28th February 2013'. It briefly summarises the organisation's aims and objectives, reviews of the past years activity and planned future developments. The report recommends that Committee:

- (a) note the Financial Statements of Highland Birchwoods to 28th February 2013, and;
- (b) note the organisation's current restructured position and planned future activity.

1. Introduction

- 1.1 Highland Birchwoods (HB) is a company limited by guarantee. It was incorporated on 26th February 1993, with no share capital. It is a recognised Scottish Charity based in Munloch, Ross-shire.
- 1.2 Highland Council was a founding member of HB alongside Forestry Commission Scotland and Scottish Natural Heritage. The Council is represented on the board of trustees by Cllr Isobel McCallum. Since the company's formation until 2007/08 the Council provided £20,000 per annum of core funding to Highland Birchwoods. As a result of the drive to achieve efficiencies and to assist Highland Birchwoods focus on commercial opportunities, the Council's core funding contribution was cut to £10,000 during 2008/09 and ceased all together during 2009/10.
- 1.3 Two of the three member organisations (Scottish Natural Heritage and Forestry Commission Scotland) no longer appoint a trustee. Both organisations have now resigned from the board of HB. Other trustees are now recruited from the private sector. One trustee is replaced or re-appointed each year on a rotational basis. At the time of writing there are 6 trustee board members including Cllr McCallum.
- 1.4 Although HB has presided over 18 years of successful partnership project delivery, continuing economic difficulties and the cessation of core funding payments have resulted in the organisation having undergone a substantial reorganisation and restructuring during the current financial year. There are currently only two members of staff employed at HB. Significant restructuring took place during 2012 and 2013 when several posts were made redundant in an effort to streamline the organisation and help it achieve sustainability. Several projects also ceased during this period and project staff either left or did not have their contracts renewed.
- 1.5 At the time of writing HB is focusing on the provision of rented space to a number

of local companies and on the delivery of the Heritage Lottery Fund (HLF) funded project Mountain Woodlands. The Mountain Woodlands project aims to plant 500,000 native trees above the commercial forestry line and increase awareness of the habitat benefits of such activity. Recognising the difficulties faced by HB, HLF has been very supportive and has granted an extension to the project term in order to allow HB to take advantage of anticipated new grant mechanisms.

- 1.6 Details of HB restructuring, the new organisations aims and objectives, financial review, achievements and performance during the year to 28th February 2013 are provided on pages 2 to 4 of the Report of the Trustees at appendix 1.

2. Points of note from the 2012/13 financial statements

- 2.1 HB carried forward £140,051 from 2012/13 activities, which compares with a carry forward of £330,413 in the previous year.
- 2.2 The year to 28th Feb 2013 has been a difficult year for the organisation as a result of the economic landscape, limited financial resources for project work generally and core funding from member organisations becoming very difficult to secure or ceasing completely.
- 2.3 As a result of the above a complete restructuring of the organisation has been undertaken.
- 2.4 Staff costs were reduced to £233,732 during the year to 28th February 2013 and are now only a fraction of the 12/13 financial year. These changes will be detailed within the 13/14 financial statements.
- 2.5 Two trustees resigned in July 2012. Cllr Isobel McCallum was re-appointed by Council on 23rd November 2012.

3. Climate change and Carbon Clever implications

- 3.1 There are no climate change or carbon clever implications arising from this paper.

4. Financial implications

- 4.1 There are no additional financial implications resulting from this report. HB receives no core or project funding from the Highland Council.

5. Legal, equality and risk implications

- 5.1 There are no legal, equality or risk implications resulting from this paper.

RECOMMENDATION

It is recommended that Committee:

- (i) note the Financial Statements of Highland Birchwoods to 28th February 2013;
and
- (ii) note the organisation's current restructured position and planned future activity.

Designation: Director of Planning and Development

Date: 18th October 2013

Author: G Hamilton, Head of Environment and Development

(Ext 2252)

Background papers: Report of the trustees and audited financial statements for the year ended 28 February 2013 for Highland Birchwoods – approved by the Board on 18th September 2013.

REGISTERED COMPANY NUMBER: SC142892
REGISTERED CHARITY NUMBER: SC021146

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013
FOR
HIGHLAND BIRCHWOODS**

HIGHLAND BIRCHWOODS

**CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 28 February 2013**

	Page
Report of the Trustees	1 to 5
Independent Examiner's Report	6
Statement of Financial Activities	7
Balance Sheet	8 to 9
Notes to the Financial Statements	10 to 16

HIGHLAND BIRCHWOODS

REPORT OF THE TRUSTEES for the year ended 28 February 2013

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 charity for the year ended 28 February 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC142892

Registered Charity number
SC021146

Registered office
Redwood
19 Culduthel Road
Inverness
IV2 4AA

Trustees

I G S McCallum	- resigned 11/7/2012 and reappointed 23/11/2012
W S Meikle	- resigned 11/7/2012
G Haston	
B W Weaver	
A A Prentice	- appointed 21/11/2012
D Lamont	- appointed 15/1/2013

Company Secretary
W S Meikle

Independent examiner

John Fraser, MA, CA
MacKenzie Kerr Limited
Chartered Accountants
Redwood, 19 Culduthel Road
Inverness
IV2 4AA

Bankers

Bank of Scotland
23 High Street
Fortrose
IV10 8SX

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Highland Birchwoods is a company limited by guarantee incorporated on 26th February 1993 with no share capital, and is recognised by Her Majesty's Revenue and Customs (HMRC) as a Scottish Charity.

Recruitment and appointment of new trustees

The trustees are now recruited from the private sector and by word of mouth. One trustee is replaced or re-appointed each year on a rotational basis.

Induction and training of new trustees

A new trustee is briefed by the other trustees and/or the Chairman as deemed appropriate by the existing board. Relevant information and documents, as determined by the existing trustees and Company Secretary, are passed to the new trustee.

HIGHLAND BIRCHWOODS

REPORT OF THE TRUSTEES for the year ended 28 February 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

All staff, with the exception of the Administration and Commercial Manager role, are line managed by the Head of Operations. Day to day management of the organisation is undertaken by the Head of Operations with the assistance from the Administration and Commercial Manager. These individuals, who are in turn line managed by the Chairman, form the management team, who report to the board of directors.

All decisions concerning overall strategic direction and organisational structure are taken by the board of trustees in discussion with the Management Team. The Board's approval is also required for all recruitment, all drawing on company financial reserves, and all decisions to develop projects or accept offers of funding.

Risks and uncertainties

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

As highlighted in the review of the year, the organisation is very short of cash resources at present and, whilst it can still meet all liabilities, the board has taken the decision to issue redundancy notices to all staff on 31st July 2013.

Subsequent to the redundancy notices being issued we have been able to secure an additional key participant in the HLF funded Mountain Woodlands project, this will provide the cash resources to allow the organisation to continue, albeit on a very much reduced basis, with significantly reduced staff costs. Additional income will also be generated from sub leasing spare office space. The combination of these 2 factors allows the organisation to continue to meet all ongoing liabilities.

OBJECTIVES AND ACTIVITIES

Objectives and aims

Highland Birchwoods was formed to develop and deliver cross cutting approaches to multi purpose native woodland management.

The following company objectives are extracted from the company Memorandum:

(a) to promote education, training and research for the benefit of the public in the matters of environment and native woodlands, and in particular to strengthen and focus efforts to restore and extend native broad-leaved woodlands within the Highlands, to promote good management of native broad-leaved woodlands including birch woods for conservation and amenity, timber production and agricultural benefits, to disseminate information gained by such research and generally to improve the levels of skill, knowledge and understanding in matters of environmental protection and woodland conservation and management.

(b) to promote, for the benefit of the public, the preservation and conservation of natural broad-leaved woods and trees by encouraging better methods of management and the production of timber and wood from native tree species by methods which do not reduce the scientific, scenic or historic interest present.

Significant activities

The principal activity of the company is to raise the profile of native woodlands and stimulate their management and expansion.

Grantmaking

The company receives grant money on behalf of the projects it manages, and disburses that money in compliance with the regulations governing that funding, the proposals contained in the application for that funding, and the formal agreement between the partners in that project.

FINANCIAL REVIEW

Reserves policy

The General Fund represents the unrestricted funds arising from past operating results. It also represents the free reserves of the charity.

HIGHLAND BIRCHWOODS

REPORT OF THE TRUSTEES for the year ended 28 February 2013

FINANCIAL REVIEW

Financial results

Income from continuing activities of £219,117 was received during the year, of which £198,293 related to projects and £20,824 to the company's core funding. The company undertook commercial work this year from which they received income of £39,853. In addition, the company earned interest income of £947. The company incurred costs of £450,279, which included £35,283 of grants payable to partners and projects under Renewable Heat Advice and Highland Rhododendron projects. A further £176,836 was incurred in project costs and £238,160 in management, administration, commercial and preparation of project bids.

The deficit on unrestricted funds of £181,957 has been deducted from unrestricted reserves.

Two restricted funds are in deficit at the end of the year as a result of expenditure in advance of grant claims. It is anticipated that funding will be received to eliminate the deficits.

Principal funding sources

The provision of core funding from members ceased during this year which meant that ongoing costs were met from reserves, commercial contracts and the various project funding sources. These included:

Mountain Woodlands - this is a Heritage Lottery Fund (HLF) funded initiative that aims to plant 500,000 native trees above the commercial tree line and increase awareness of the habitat benefits of such activity. Activity has been slower than anticipated due to difficulties in securing appropriate sites and the current state of flux with the main grant mechanism which encourages land owners to consider new planting schemes. HLF have been extremely supportive and have allowed the project to be extended in order that activity can take place when the new grant mechanism commences.

In the meantime staff have been working hard to identify potential sites and at present it may be possible to secure all the necessary sites within the next 3 - 4 months which would allow the project to revert to its original delivery timetable.

Local Power - this is funded in the main by Esme Fairbairn Foundation, with a contribution from Highland Council. The project worked with 3 communities with an interest in developing local biomass solutions from the supply of fuel right through to becoming an energy supplier. Ullapool Community Trust are now at the stage of beginning to install a biomass boiler to heat a number of buildings on a small district heating system.

Highland Rhododendron Project - this initiative was part funded by SNH, FCS and Highland Council. Work undertaken included significant survey work on areas affected by this invasive species.

Commercial contracts from a variety of clients have been secured, however not to the extent required to keep the organisation sustainable. A particularly large Ecology Contract for a proposed wind farm development was put on hold in the spring and this left a huge gap in our income. It is likely that the work will commence in the autumn, however it is not possible to rely on this.

HIGHLAND BIRCHWOODS

REPORT OF THE TRUSTEES for the year ended 28 February 2013

REVIEW OF YEAR AND FUTURE DEVELOPMENTS

This has been a further difficult year for the organisation with some hard decisions having to be taken.

Board of Directors & Staffing

The board for this year comprised of Brian Weaver (Chair), Isobel McCallum, Gillian Haston, Archie Prentice and Douglas Lamont. Membership of the organisation reduced with both Forestry Commission Scotland and Scottish Natural Heritage resigning. The main reason behind their resignation was to allow Highland Birchwood's to compete on a level playing field when commercial opportunities arose within both organisations. Highlands & Islands Social Enterprise Zone (HISEZ) has joined as a temporary measure until new members can be recruited.

A re-structure took place during 2012 and several posts were made redundant in an effort to streamline the organisation and help it achieve a greater degree of sustainability. Several projects also ceased and those staff involved either left or did not have contracts renewed.

Without any core funding significant effort was put into securing commercial contracts and these were fairly successful, however the level of work secured has been insufficient to meet the ongoing costs associated with keeping the organisation going. Several large long term contract opportunities also failed to materialise and as a result the decision was taken at the end of July 2013 to issue all staff with redundancy notices. Securing additional sites for the Mountain Woodland project has allowed 1 member of staff to be retained and for the organisation to continue to deliver this project.

Review of performance against objectives

The planned renovation of the company premises has still not been undertaken due to financial uncertainties and the loss of core funding. Some essential repairs and maintenance have been undertaken to protect the fabric of the building.

The trading subsidiary, HB Ecology Ltd was established, although to date the level of commercial activity has meant that it has not formally traded.

PLANS FOR FUTURE PERIODS

Securing additional participants in the Mountain Woodland project is allowing the organisation to scale down to a size that is sustainable going forward. This will allow a period where other opportunities can be identified and potentially allow growth in the future.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Highland Birchwoods for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year 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 Charity 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 charitable company will continue in business.

The trustees are 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.

HIGHLAND BIRCHWOODS

**REPORT OF THE TRUSTEES
for the year ended 28 February 2013**

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

ON BEHALF OF THE BOARD:



B W Weaver - Trustee

Date: 18/09/2013

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
HIGHLAND BIRCHWOODS**

I report on the accounts for the year ended 28 February 2013 set out on pages seven to sixteen.

Respective responsibilities of trustees and examiner

The charity's 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's 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 the independent examiner's report

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 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.

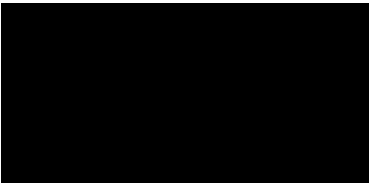
Independent examiner's statement

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

- (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; 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

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



John Fraser, MA, CA
MacKenzie Kerr Limited
Chartered Accountants
Redwood, 19 Culduthel Road
Inverness
IV2 4AA

Date: 16 OCTOBER 2013

HIGHLAND BIRCHWOODS

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
for the year ended 28 February 2013**

	Notes	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income		20,824	-	20,824	76,639
Activities for generating funds	2	39,853	-	39,853	47,249
Investment income	3	947	-	947	626
Incoming resources from charitable activities					
Projects		-	198,293	198,293	533,920
Total incoming resources		61,624	198,293	259,917	658,434
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income		207,506	-	207,506	175,139
Charitable activities					
Projects		3,400	212,119	215,519	519,294
Governance costs		<u>27,254</u>	-	<u>27,254</u>	<u>29,780</u>
Total resources expended		238,160	212,119	450,279	724,213
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS					
		(176,536)	(13,826)	(190,362)	(65,779)
Gross transfers between funds	12	<u>(5,421)</u>	<u>5,421</u>	-	-
Net income/(expenditure) for the year		(181,957)	(8,405)	(190,362)	(65,779)
RECONCILIATION OF FUNDS					
Total funds brought forward		307,119	23,294	330,413	396,192
TOTAL FUNDS CARRIED FORWARD		<u>125,162</u>	<u>14,889</u>	<u>140,051</u>	<u>330,413</u>

The notes form part of these financial statements

HIGHLAND BIRCHWOODS

BALANCE SHEET At 28 February 2013

	Notes	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
FIXED ASSETS					
Tangible assets	8	13,607	1,448	15,055	58,992
CURRENT ASSETS					
Debtors	9	11,224	21,857	33,081	146,445
Cash at bank and in hand		<u>110,693</u>	<u>36,699</u>	<u>147,392</u>	<u>337,629</u>
		121,917	58,556	180,473	484,074
CREDITORS					
Amounts falling due within one year	10	(10,362)	(45,115)	(55,477)	(212,653)
NET CURRENT ASSETS					
		<u>111,555</u>	<u>13,441</u>	<u>124,996</u>	<u>271,421</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>125,162</u>	<u>14,889</u>	<u>140,051</u>	<u>330,413</u>
NET ASSETS					
		<u>125,162</u>	<u>14,889</u>	<u>140,051</u>	<u>330,413</u>
FUNDS					
	12				
Unrestricted funds:					
General fund				125,162	307,119
Restricted funds:					
Fixed Asset Fund				1,449	25,229
Highland Rhododendron Project				1,846	6,801
Local Power				20,654	34,843
Make It Be				-	(6,954)
Mountain Woodlands				17,953	(19,019)
PelleTime				-	(9,910)
Renewable Heat Advice & Support Service				(26,952)	(7,696)
Other projects				<u>(61)</u>	<u>-</u>
				<u>14,889</u>	<u>23,294</u>
TOTAL FUNDS					
				<u>140,051</u>	<u>330,413</u>

The notes form part of these financial statements

HIGHLAND BIRCHWOODS

BALANCE SHEET - CONTINUED
At 28 February 2013

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28 February 2013.

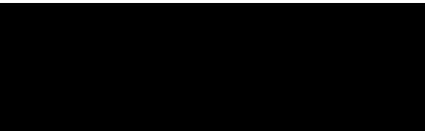
The members have not required the charitable company to obtain an audit of its financial statements for the year ended 28 February 2013 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each 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 charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 18/09/2013 and were signed on its behalf by:



B W Weaver -Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

Due to the failure to gain future core funding or secure future contracts, the trustees are unsure of the company's ability to continue as a going concern. As a result, assets and liabilities have been stated at net realisable value.

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Grants receivable are only recognised when the conditions for receipt have been met in full and there is a reasonable assurance of receipt. As a result, some grant income may have been treated as deferred income.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Exceptional items are disclosed separately in the SOFA under the category to which it relates.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Cost of generating funds

The cost of generating funds are those costs attributable to generating incoming resources for the charity, other than those costs incurred in undertaking charitable activities.

Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. The total costs of each category of charitable expenditure includes support costs and overheads.

Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include accountants' independent examination fees and costs linked to the strategic management of the company.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Leasehold improvements	- 20% on cost
Other equipment	- 10% on cost
Office equipment and furnishings	- 25% on cost

A further £38,412 has been provided for other equipment in order to reflect the net realisable value of certain assets on the potential winding up of the company.

Fixed asset purchases of less than £100 are not capitalised.

Taxation

The organisation is recognised as a charity for taxation purposes. Interest received is shown gross and no provision for tax is considered necessary.

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Most of the activities of the company are funded by grants provided by project funders and public agencies. The funds thus provided are restricted because their use is confined to the purpose for which they were provided.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution scheme for all other employees. Contributions payable for the year total £24,149 (2012 - £29,890) and are charged to the income and expenditure account. At the balance sheet date pension costs of £670 were outstanding (2012 - £1,241).

Value added tax

The organisation is not registered for Value Added Tax (VAT). Irrecoverable VAT on incurred costs is included in the attributable expenditure.

2. ACTIVITIES FOR GENERATING FUNDS

	2013 £	2012 £
Commercial income	<u>39,853</u>	<u>47,249</u>

3. INVESTMENT INCOME

	2013 £	2012 £
Deposit account interest	<u>947</u>	<u>626</u>

HIGHLAND BIRCHWOODS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 28 February 2013

4. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2013	2012
	£	£
Auditors' remuneration	(200)	4,940
Depreciation - owned assets	50,067	11,541
Redundancy costs	3,313	5,400
Deficit on disposal of fixed asset	-	290
Independent examination	<u>2,400</u>	<u>-</u>

5. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 28 February 2013 nor for the year ended 29 February 2012.

Trustees' expenses

There were no trustees' expenses paid for the year ended 28 February 2013 nor for the year ended 29 February 2012.

6. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	191,467	257,814
Social security costs	18,116	26,026
Other pension costs	<u>24,149</u>	<u>29,890</u>
	<u>233,732</u>	<u>313,730</u>

The average monthly number of employees during the year was as follows:

	2013	2012
Administration	3	4
Projects	4	6
Commercial	<u>2</u>	<u>-</u>
	<u>9</u>	<u>10</u>

There are no staff employed earning over the disclosure threshold of £60,000 in either year.

7. EXCEPTIONAL ITEMS

Costs of generating voluntary income includes depreciation of £24,550 (2012 - £7,690) and the cost of charitable activities includes depreciation of £25,517 (2012 - £3,851). This increase in depreciation has been necessary in order to reduce fixed assets to net realisable value following the trustees' decision to discuss the winding up of the company.

HIGHLAND BIRCHWOODS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 28 February 2013

8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Other equipment £	Office equipment and furnishings £	Totals £
COST				
At 1 March 2012	17,384	68,924	33,718	120,026
Additions	-	2,042	4,088	6,130
Disposals	-	-	(1,200)	(1,200)
	<u>17,384</u>	<u>70,966</u>	<u>36,606</u>	<u>124,956</u>
At 28 February 2013	<u>17,384</u>	<u>70,966</u>	<u>36,606</u>	<u>124,956</u>
DEPRECIATION				
At 1 March 2012	17,384	17,620	26,030	61,034
Charge for year	-	45,508	4,559	50,067
Eliminated on disposal	-	-	(1,200)	(1,200)
	<u>17,384</u>	<u>63,128</u>	<u>29,389</u>	<u>109,901</u>
At 28 February 2013	<u>17,384</u>	<u>63,128</u>	<u>29,389</u>	<u>109,901</u>
NET BOOK VALUE				
At 28 February 2013	<u>-</u>	<u>7,838</u>	<u>7,217</u>	<u>15,055</u>
At 29 February 2012	<u>-</u>	<u>51,304</u>	<u>7,688</u>	<u>58,992</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade debtors	2,106	8,875
Other debtors	<u>30,975</u>	<u>137,570</u>
	<u>33,081</u>	<u>146,445</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Bank loans and overdrafts	27,073	177,327
Trade creditors	18,300	4,391
Taxation and social security	4,854	7,461
Other creditors	<u>5,250</u>	<u>23,474</u>
	<u>55,477</u>	<u>212,653</u>

Although no bank loans or overdrafts exist in actuality, at the balance sheet date there exists a cash surplus or deficit for each project. Those projects awaiting receipts of cash are reflected above.

HIGHLAND BIRCHWOODS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 28 February 2013

11. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2013 £	2012 £
Expiring:		
Within one year	-	5,500
Between one and five years	<u>6,155</u>	<u>655</u>
	<u>6,155</u>	<u>6,155</u>

12. MOVEMENT IN FUNDS

	At 1/3/12 £	Net movement in funds £	Transfers between funds £	At 28/2/13 £
Unrestricted funds				
General fund	307,119	(176,536)	(5,421)	125,162
Restricted funds				
Fixed Asset Fund	25,229	(23,780)	-	1,449
Highland Rhododendron Project	6,801	(4,955)	-	1,846
Local Power	34,843	(14,189)	-	20,654
Make It Be	(6,954)	12,005	(5,051)	-
Mountain Woodlands	(19,019)	36,972	-	17,953
PelleTime	(9,910)	(83)	9,993	-
Renewable Heat Advice & Support Service	(7,696)	(19,256)	-	(26,952)
Other projects	-	(540)	479	(61)
	<u>23,294</u>	<u>(13,826)</u>	<u>5,421</u>	<u>14,889</u>
TOTAL FUNDS	<u>330,413</u>	<u>(190,362)</u>	<u>-</u>	<u>140,051</u>

HIGHLAND BIRCHWOODS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the year ended 28 February 2013

12. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	61,624	(238,160)	(176,536)
Restricted funds			
Fixed Asset Fund	1,737	(25,517)	(23,780)
Highland Rhododendron Project	41,000	(45,955)	(4,955)
Local Power	26,711	(40,900)	(14,189)
Make It Be	13,938	(1,933)	12,005
Mountain Woodlands	93,619	(56,647)	36,972
PelleTime	(1)	(82)	(83)
Renewable Heat Advice & Support Service	21,102	(40,358)	(19,256)
Other projects	187	(727)	(540)
	198,293	(212,119)	(13,826)
TOTAL FUNDS	<u>259,917</u>	<u>(450,279)</u>	<u>(190,362)</u>

Unrestricted funds

General fund - Free funds of the charity and not designated for any specific purpose.

Restricted funds

Fixed asset fund - Represents fixed assets purchased for use by the projects.

Highland Rhododendron Project - Supporting land managers to tackle the spread of invasive non-native Rhododendron ponticum and promoting best practice in its removal.

Local Power - Aims to examine the business case for setting up Energy Supply Companies (ESCOs) to supply local communities, including Ullapool, Caithness and Applecross, with renewable energy.

Make it Be - The MAKE-IT-BE project is aimed at delivering agendas for bio-energy promotion in 4 EU Regions (Austria, Italy, Slovenia and UK) by developing and applying decision-making tools that assist in extensively identifying, evaluating and initiating bio-energy chains.

Mountain Woodlands - A landscape scale planting project, which aims to grow and plant 500,000 mountain woodland trees through partnership working with land managers and nurseries.

PelleTime - Aiming to produce a package of tools to enable SMEs to design a sustainable pellet supply-chain, enabling local renewable energy resources to be used and to support the energy and self-sufficiency of the northern periphery regions.

Renewable Heat Advice & Support Service - Promoting renewable heat in the North of Scotland and developing and providing a public advice service beginning early in 2010.

12. MOVEMENT IN FUNDS - continued

Transfers between funds

Following agreement with the various project partners and funders on completion of the projects, the transfers between funds represent the surplus or deficits in the restricted funds.

Funds in deficit

The renewable heat advice and support services fund and one other small project has a negative balance at the year end. This has been incurred in anticipation of a receipt of restricted income.

13. ULTIMATE CONTROLLING PARTY

Highland Birchwoods is a charitable company limited by guarantee and not having a share capital. The liability of each member is limited to £1 in the event of a winding up of the company.

The charity is controlled by the Board of Trustees. No one person exercises control over the charity.