

REGISTERED CHARITY NUMBER: SC043508

**Report of the Trustees and**  
**Unaudited Financial Statements for the Year Ended 31 March 2017**  
**for**  
**Sustainable Forestry SCIO**

The Grant Considine Partnership  
Chartered Accountants  
46 High Street  
Banchory  
Aberdeenshire  
AB31 5SR

**Sustainable Forestry SCIO**

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for the Year Ended 31 March 2017**

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**Sustainable Forestry SCIO**

**Reference and Administrative Details**  
**for the Year Ended 31 March 2017**

**TRUSTEES**



**PRINCIPAL ADDRESS**

Cragganmore  
Wardhouse  
Insch  
Aberdeenshire  
AB52 6YH

**REGISTERED CHARITY NUMBER**

SC043508

**INDEPENDENT EXAMINER**

The Grant Considine Partnership  
Chartered Accountants  
46 High Street  
Banchory  
Aberdeenshire  
AB31 5SR

**SOLICITORS**

Burness Paull  
Union Plaza  
1 Union Wynd  
Aberdeen  
AB10 1DQ

**INVESTMENT ADVISERS**

Mattioli Woods  
8 Queens Terrace  
Aberdeen  
AB10 1XL

## **Sustainable Forestry SCIO**

### **Report of the Trustees for the Year Ended 31 March 2017**

The trustees present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

The Sustainable Forestry SCIO (SF SCIO) is responsible for the oversight of capital funds which were inherited from the Scottish Forest Alliance (SFA) and are held within an investment portfolio. The capital sum was invested in 2012 to generate income for the two grants programmes. The investment has facilitated the opportunity for permitted scientific learning about the contribution of native woodlands to climate change and biodiversity. The level of funding available through the grants programmes will be dependent on the performance of the investments made by SF SCIO.

The SF SCIO objectives are to:

- o inform policy on biodiversity and climate change in relation to native woodland;
- o research, evaluate or demonstrate the contribution of sustainable forest projects to the mitigation of and adaptation to climate change;
- o research, evaluate or demonstrate the contribution of native woods towards biodiversity;
- o encourage or support such research, dissemination of its results and the long term maintenance and evaluation of relevant data;
- o raise awareness of the contribution which sustainable management of native woodland can make to environmental improvement, conservation of the natural heritage or the economic vitality of communities;
- o encourage communication and collaboration among parties interested in achieving the foregoing; and
- o communicate and share the outcomes of scientific research, monitoring and evaluation.

##### **Significant activities**

The charity meets a minimum of twice a year to ensure the investment and organisational objectives are met.

##### **Public benefit**

The benefits of such activities are:

- o promotion and encouragement of the regeneration and expansion of native woodland in Scotland;
- o a contribution towards targets for forest and woodland biodiversity;
- o social and economic gains for local communities and beyond through creation of native woods;
- o the evaluation and demonstration of the contribution of sustainable forest projects to carbon sequestration in Scotland;
- o raising awareness of the contribution which sustainable management of native woodland can make to environmental improvement, conservation of the natural heritage and economic vitality of communities;
- o demonstrating the contribution of native woodland towards biodiversity and mitigation of, and adaptation to, climate change; and
- o the promotion of collaboration and communication to achieve the foregoing.

#### **ACHIEVEMENT AND PERFORMANCE**

The Sustainable Forestry SCIO was formally constituted on 25 October 2012. The charity was set up to achieve the objectives described above. The founding members were BP, Forestry Commission Scotland (FCS), Woodland Trust (WT) and Royal Society for Protection of Birds (RSPB).

A website is in place and informs the public on governance, membership and grant giving, see link <http://sustainableforestry.org.uk>. For the financial year ending 31 March 2017 we awarded grants totalling £21,555 to research: Woodland Plant Introductions in Lowland Woodland, The Ecology and Genetics of Native Scottish Crab Apple, Improving the Understanding and Management of "Phoenix Trees", Aspen Flowering Study and Secondary Woodland biodiversity value.

The large decennial grants programme commences in 2025.

## **Sustainable Forestry SCIO**

### **Report of the Trustees** **for the Year Ended 31 March 2017**

#### **ACHIEVEMENT AND PERFORMANCE**

The Business Plan has been reviewed and adapted during the last year. Curation of documents for the SCIO was considered by the Trustees. This is an important requirement for business efficiency, continuity and legacy. The Trustees decided that the Woodland Trust Sharefile was the best place to lodge the SCIO's electronic documents. The Woodland Trust is not charging for this facility. Material of particular significance has also been lodged with the Highland Archive in Inverness to permit wider access in perpetuity.

Funds remaining at the balance sheet date total £745,435 (2016 £716,305). This includes a realised gain on disposal of investments of £203 (2016 £10,334) and an increase in unrealised gain of £45,252 (2016 £3,997 decrease) on revaluing the investments held to market value as at 31st March 2017.

Income realised from the investments by way of dividend and interest totalled £12,837 (2016 £12,893), whilst expenditure totalled £31,240 (2016 £8,497). This included £21,155 in grants as well as investment and portfolio management costs, grant administration costs and governance costs.

In summary the net deficit to the charity excluding unrealised gains was £16,122 (2016 £18,552 surplus).

#### **FINANCIAL REVIEW**

##### **Principal funding sources**

The principal funding of the charity for this financial year was income from investments.

##### **Investment policy and objectives**

The Charity will maintain a cautious risk profile, albeit with an ethical slant in its pursuit of longer term growth. The Trustees will seek to invest the Charity's funds as ethically as possible bearing in mind the requirements to meet the overall investment returns so that the aims of the charity are not compromised. The Trustees will endeavour to invest in companies that have a positive contribution on the environment and society and do not cause environmental damage, produce weapons, tobacco or engage in gambling.

With a turnover of some Trustees, the risk profile will be reviewed in the coming year.

The investment objective is to generate a return in excess of inflation over the longer term whilst ensuring that sufficient liquid reserves are retained, with appropriate levels of access to fund projects as they arise.

##### **Reserves policy**

We aim as a charity to maintain sufficient working capital to enable us to carry out all of our activities effectively and to agreed timescales within the year, and to ensure prompt and efficient payment of our creditors for goods and services received.

#### **FUTURE PLANS**

The charity will continue to support projects which are in full alignment with its objectives. Members and /or their successor organisations may put forward projects for funding.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The charity is controlled by its governing document, the constitution, and is a Scottish Charitable Incorporated Organisation.

##### **Recruitment and appointment of new trustees**

The maximum number of Charity Trustees is 6 or such greater number necessary to include all Nominated Charity Trustees from time to time. The minimum number of Charity Trustees is three.

The Members may elect any person to be a Charity Trustee. The Board may at any time appoint any person to be a Charity Trustee but any such Board appointee must retire from office at the first AGM after his appointment - but may then be re-elected.

**Sustainable Forestry SCIO**

**Report of the Trustees**  
**for the Year Ended 31 March 2017**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Organisational structure**

The Organisation is a Scottish Charitable Incorporated Organisation (SCIO). The structure of the Organisation is two tier with (i) Members; and (ii) Charity Trustees; although Members may also be Charity Trustees.

The SCIO is run to OSCR good practice guidelines, a membership application process is in place alongside a conflict of interest policy and an Investment policy. At the AGM in October 2016 Tim Hall was elected as Chair, Alan Stevenson as Secretary and Lynne Staples-Scott as Treasurer.

**Induction and training of new trustees**

An induction process has been developed for new trustees who are appointed. An induction meeting will be conducted with the Chair or other Trustee(s) before the first subsequent Board meeting. The purpose of the induction is to familiarise new Trustees with the work of the SF SCIO, what the Board's role is and what a Trustees responsibilities are. Each year Trustees review OSCR guidance for Charitable Trustees. Trustees sign a conflict of interest register annually.

A number of changes took place at the AGM in October 2016:

██████████ stood down as Trustee and Chair

██████████ resigned as BP's representative Trustee and was nominated as an independent Trustee

██████████ joined the Board of Trustees as the BP representative.

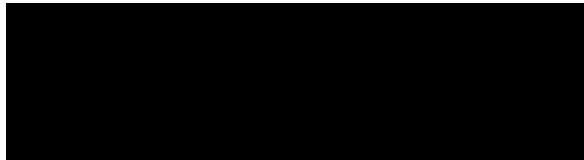
The current Trustees are mindful of Business Continuity and are actively seeking individuals who can shadow them.

The Board would like to record its thanks to ██████████ for all he has done as Chair since the formation of the SCIO in 2012.

**Risk management**

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.

Approved by order of the board of trustees on 25/10/17..... and signed on its behalf by:



**Independent Examiner's Report to the Trustees of Sustainable Forestry SCIO**

I report on the accounts for the year ended 31 March 2017 set out on pages six to twelve.

**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.

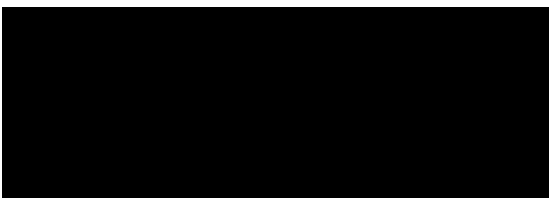
**Independent examiner's statement**

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.



Institute of Chartered Accountants of Scotland  
The Grant Considine Partnership  
Chartered Accountants  
46 High Street  
Banchory  
Aberdeenshire  
AB31 5SR

Date: .....28-9-2017.....

## Sustainable Forestry SCIO

### Statement of Financial Activities for the Year Ended 31 March 2017

	Notes	Unrestricted fund £	Restricted fund £	2017 Total funds £	2016 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies		2,078	-	2,078	3,822
Investment income	3	12,837	-	12,837	12,893
<b>Total</b>		<u>14,915</u>	<u>-</u>	<u>14,915</u>	<u>16,715</u>
<b>EXPENDITURE ON</b>					
Raising funds	4	7,119	-	7,119	5,696
Charitable activities					
General		805	-	805	761
Charitable Activities		21,155	-	21,155	-
Other		2,161	-	2,161	2,040
<b>Total</b>		<u>31,240</u>	<u>-</u>	<u>31,240</u>	<u>8,497</u>
Net gains/(losses) on investments		45,455	-	45,455	6,337
<b>NET INCOME</b>		<u>29,130</u>	<u>-</u>	<u>29,130</u>	<u>14,555</u>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		716,305	-	716,305	701,750
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>745,435</u></u>	<u><u>-</u></u>	<u><u>745,435</u></u>	<u><u>716,305</u></u>

#### **CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

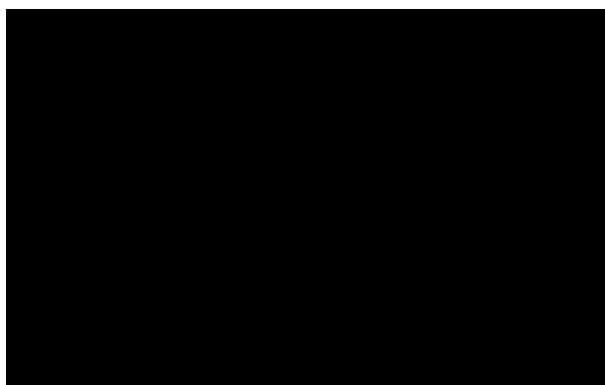


**Sustainable Forestry SCIO**

**Statement of Financial Position**  
**At 31 March 2017**

	Notes	Unrestricted fund £	Restricted fund £	2017 Total funds £	2016 Total funds £
<b>FIXED ASSETS</b>					
Investments	9	742,536	-	742,536	704,510
<b>CURRENT ASSETS</b>					
Debtors	10	1,509	-	1,509	5,323
Cash at bank		9,326	-	9,326	7,252
		<u>10,835</u>	<u>-</u>	<u>10,835</u>	<u>12,575</u>
<b>CREDITORS</b>					
Amounts falling due within one year	11	(7,936)	-	(7,936)	(780)
<b>NET CURRENT ASSETS</b>		<u>2,899</u>	<u>-</u>	<u>2,899</u>	<u>11,795</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>745,435</u>	<u>-</u>	<u>745,435</u>	<u>716,305</u>
<b>NET ASSETS</b>		<u><u>745,435</u></u>	<u><u>-</u></u>	<u><u>745,435</u></u>	<u><u>716,305</u></u>
<b>FUNDS</b>	12				
Unrestricted funds				<u>745,435</u>	<u>716,305</u>
<b>TOTAL FUNDS</b>				<u><u>745,435</u></u>	<u><u>716,305</u></u>

The financial statements were approved by the Board of Trustees on 25/10/17 and were signed on its behalf by:



## **Sustainable Forestry SCIO**

### **Notes to the Financial Statements** **for the Year Ended 31 March 2017**

#### **1. STATUTORY INFORMATION**

Sustainable Forestry is a Scottish Charitable Incorporated Organisation (SCIO) and is registered in Scotland. The charity's registered number and registered office can be found in the Reference and Administration Details section of the Report of the Trustees.

The presentation currency of the financial statements is the Pound Sterling (£).

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities and Trustee Investment (Scotland) Act 2005. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

##### **Financial reporting standard 102 - reduced disclosure exemptions**

The charity has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

##### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions, then the income is deferred and not recognised until either the conditions are fully met or the fulfilment of the conditions are wholly within the control of the charity and it is probable that those conditions will be met within the reporting period.

##### **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 a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

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.

##### **Taxation**

The charity is exempt from tax on its charitable activities.

##### **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.

## Sustainable Forestry SCIO

### Notes to the Financial Statements - continued for the Year Ended 31 March 2017

#### 2. ACCOUNTING POLICIES - continued

##### Fixed asset investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

##### Financial instruments

The following assets and liabilities are classified as financial instruments - trade debtors and trade creditors.

They are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

#### 3. INVESTMENT INCOME

	2017	2016
	£	£
Fixed asset invest - Dividends	9,749	6,384
Fixed asset inv - Interest	3,083	6,476
Bank Interest	-	14
Interest on tax	5	19
	<u>12,837</u>	<u>12,893</u>

#### 4. RAISING FUNDS

##### Investment management costs

	2017	2016
	£	£
Portfolio management	<u>7,119</u>	<u>5,696</u>

#### 5. GRANTS PAYABLE

	2017	2016
	£	£
Charitable Activities	<u>21,155</u>	<u>-</u>

The total grants paid to individuals during the year was as follows:

	2017	2016
	£	£
Other grants	<u>21,155</u>	<u>-</u>

For the financial year ending 31 March 2017 three grants totalling £21,555 were awarded to research: Woodland Plant Introductions in Lowland Woodland, The Ecology and Genetics of Native Scottish Crab Apple, Improving the Understanding and Management of "Phoenix Trees", an Aspen Flowering Study and Secondary Woodland biodiversity value.

#### 6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

##### Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2017 nor for the year ended 31 March 2016.

## Sustainable Forestry SCIO

### Notes to the Financial Statements - continued for the Year Ended 31 March 2017

#### 7. STAFF COSTS

The charity had no employees and no staff costs in 2017 or 2016.  
No employees received emoluments in excess of £60,000.

#### 8. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	3,822	-	3,822
Investment income	12,893	-	12,893
<b>Total</b>	<b>16,715</b>	<b>-</b>	<b>16,715</b>
<b>EXPENDITURE ON</b>			
Raising funds	5,696	-	5,696
Charitable activities			
General	761	-	761
Other	2,040	-	2,040
<b>Total</b>	<b>8,497</b>	<b>-</b>	<b>8,497</b>
Net gains/(losses) on investments	6,337	-	6,337
<b>NET INCOME</b>	<b>14,555</b>	<b>-</b>	<b>14,555</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	701,750	-	701,750
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>716,305</b>	<b>-</b>	<b>716,305</b>

#### 9. FIXED ASSET INVESTMENTS

	Listed investments £
<b>MARKET VALUE</b>	
At 1 April 2016	704,510
Additions	41,630
Disposals	(60,260)
Revaluations	56,656
At 31 March 2017	742,536
<b>NET BOOK VALUE</b>	
At 31 March 2017	742,536
At 31 March 2016	704,510

## Sustainable Forestry SCIO

### Notes to the Financial Statements - continued for the Year Ended 31 March 2017

#### 9. FIXED ASSET INVESTMENTS - continued

Approximately 37% of assets are invested in global equity funds.

Investment assets are held primarily to provide an investment return for the charity.

#### 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other debtors	<u>1,509</u>	<u>5,323</u>

#### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	7,155	-
Accrued expenses	<u>781</u>	<u>780</u>
	<u>7,936</u>	<u>780</u>

#### 12. MOVEMENT IN FUNDS

	At 1.4.16 £	Net movement in funds £	At 31.3.17 £
<b>Unrestricted funds</b>			
General fund	716,305	29,130	745,435
<b>TOTAL FUNDS</b>	<u>716,305</u>	<u>29,130</u>	<u>745,435</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	14,915	(31,240)	45,455	29,130
<b>TOTAL FUNDS</b>	<u>14,915</u>	<u>(31,240)</u>	<u>45,455</u>	<u>29,130</u>

The general fund is mostly held in investments, the income from which is to be used for the awarding of grants.

#### 13. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2017.

#### 14. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

**Sustainable Forestry SCIO**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2017**

**15. STATEMENT OF COMPLIANCE WITH FRS 102 AND FIRST YEAR ADOPTION**

These financial statement for the year ended 31 March 2017 are the first financial statements that comply with FRS 102 Section 1A Small Entities. The date of transition is 1 April 2015. The transition to FRS 102 Section 1A has not resulted in any changes in accounting policies to those used previously. Therefore the charity has not recognised any adjustments on transition to FRS102 Section 1A from the date of transition.

## Sustainable Forestry SCIO

### Detailed Statement of Financial Activities for the Year Ended 31 March 2017

	2017 £	2016 £
<b>INCOME AND ENDOWMENTS</b>		
<b>Donations and legacies</b>		
Donations	2,078	3,822
<b>Investment income</b>		
Fixed asset invest - Dividends	9,749	6,384
Fixed asset inv - Interest	3,083	6,476
Bank Interest	-	14
Interest on tax	5	19
	<u>12,837</u>	<u>12,893</u>
<b>Total incoming resources</b>	<b>14,915</b>	<b>16,715</b>
<b>EXPENDITURE</b>		
<b>Investment management costs</b>		
Portfolio management	7,119	5,696
<b>Charitable activities</b>		
Web-site costs	-	761
Grant award administration	805	-
Grants to individuals	21,155	-
	<u>21,960</u>	<u>761</u>
<b>Support costs</b>		
<b>Governance costs</b>		
Accountancy and legal fees	1,680	900
Secretarial, management costs	481	1,140
	<u>2,161</u>	<u>2,040</u>
<b>Total resources expended</b>	<b>31,240</b>	<b>8,497</b>
<b>Net (expenditure)/income before gains and losses</b>	<b>(16,325)</b>	<b>8,218</b>
<b>Realised recognised gains and losses</b>		
Realised gains/(losses) on fixed asset investments	203	10,334
<b>Net (expenditure)/income</b>	<b><u>(16,122)</u></b>	<b><u>18,552</u></b>