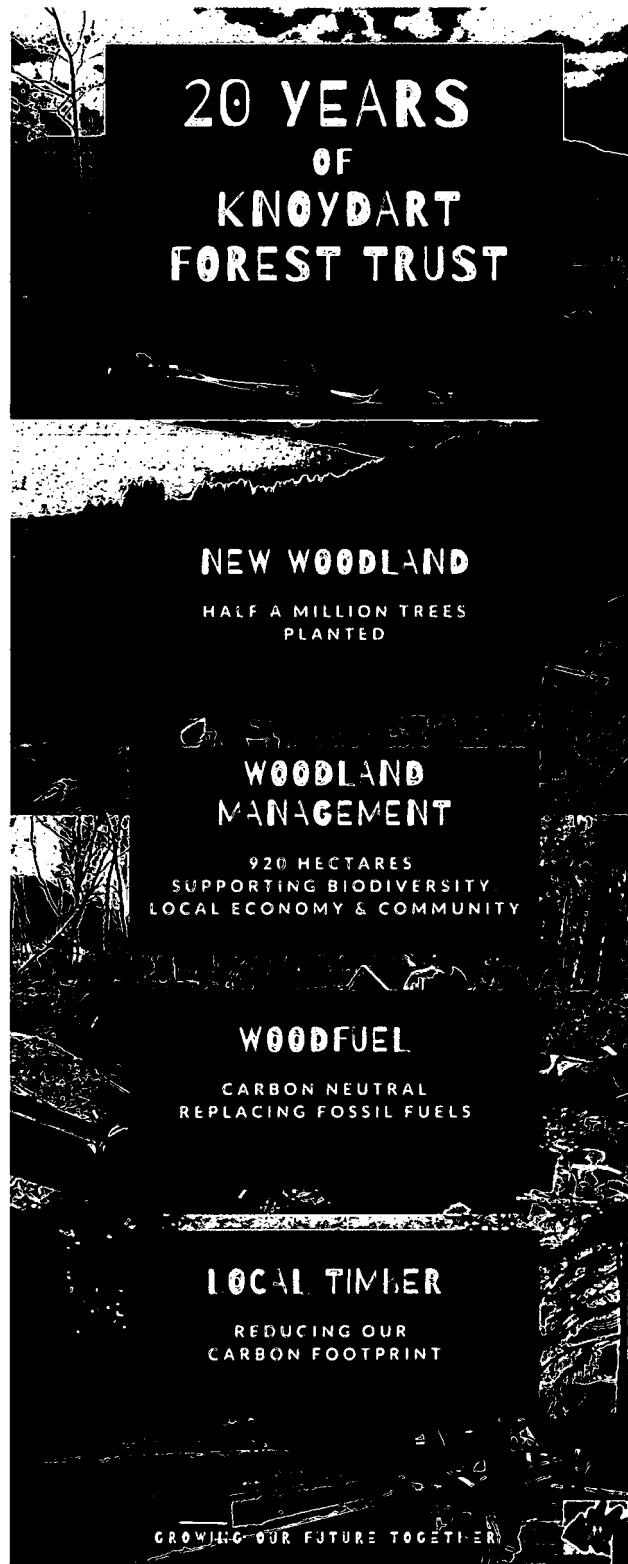


THE KNOYDART FOREST TRUST

Company limited by guarantee (No. SC 194055) with charitable status (Charity No. SC 029274)

DIRECTORS' REPORT AND ACCOUNTS FOR THE YEAR TO 31 MARCH 2019



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THE KNOYDART FOREST TRUST

DIRECTORS' REPORT

for the year ended 31 March 2019

LEGAL AND ADMINISTRATIVE INFORMATION

Constitution	The Knoydart Forest Trust is a company limited by guarantee, governed by its Memorandum and Articles of Association, and with charitable status.
Registered No.	SC 194055
Charity No.	SC 029274
Directors	The directors serving throughout the year and since the year end were: Jim Brown (Chair) Fred Rous (retired 15 May 2018) Fiona Lennie Lewis Robb (appointed 7 December 2018) Andrew Tibbetts (appointed 7 December 2018) Roger Trussell (retired 7 December 2018) Iain Wilson
Company Secretary	Lorna Schofield (appointed 11 November 2018)
Foresters	Grant Holroyd Ian Dow
KFT Manager	Lorna Schofield
Registered and Administrative Office	KFT Office Inverie Knoydart PH41 4PL
Independent Examiner	Colin Gray C.A. B.Com. FKF Accounting Limited 4 th Floor Metropolitan House 31-33 High Street INVERNESS IV1 1HT

THE KNOYDART FOREST TRUST

DIRECTORS' REPORT

for the year ended 31 March 2019

The directors present their report and financial statements for the year ended 31 March 2019. 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102).

Structure, Governance and Management

The Knoydart Forest Trust ("the Trust") was incorporated on 5 March 1999 as the successor to the Knoydart Forestry Project, a community group which initiated the first Knoydart 20 Year Woodland Management Plan. The Woodland Management Plan was renewed in 2006 when the first 20 Year Long Term Forest Plan was established. Both plans were renewed in 2018. The Woodland management aims of the Trust include the encouragement of public access, awareness and appreciation, the enhancement of native woodland and the restructuring or diversification of non-native species, the creation of a sustainable, locally useful resource and the promotion of local employment and community involvement, all with consideration for the long term health of the peninsula's ecosystem.

The directors who served during the year were: Jim Brown (Chair), Fred Rous (retired 15 May 2018), Fiona Lennie, Lewis Robb & Andrew Tibbets (both appointed 7 December 2018), Roger Trussell (retired 7 December 2018) and Iain Wilson. None of the directors has any beneficial interest in the company.

Under the Trust's Articles of Association, membership is open to any person or organisation, but only members who are permanently resident on Knoydart are entitled to vote at meetings. The Annual General Meeting has the power to fix a subscription (at present nil). There are currently 72 members (2018: 70) whose liability is limited to their guarantee of £1 each. The directors are the trustees for the purposes of charity law. One third retire at each Annual General Meeting. The board decides the Trust's policy, which is implemented under the direction of the KFT Manager. New directors are provided with relevant background information to the Trust including its Memorandum of Association, business plan and woodland management plan and information regarding OSCR. The directors have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to major risks.

The Trust's aims and aspirations are closely aligned with those of the Knoydart Foundation, a charitable body which acquired the Knoydart Estate, including its woodlands in 1999. In 1999, the Trust signed an agreement with the Knoydart Foundation to implement the Woodland Plan, with community involvement. The Trust is given first option to carry out any forestry work on the Knoydart Estate and may retain the proceeds of any timber sales from the estate for use in the implementation of the Woodland Plan. It is also authorised by the Knoydart Foundation to seek and obtain grants from funding bodies in connection with its responsibilities under the agreement.

Objectives and Principal Activities

Under the Memorandum of Association, the Trust's objects are to "conserve, regenerate and promote the restoration of native woodlands and other woodlands in the geographical region of Knoydart as an important part of Scotland's natural environment for the benefit of the public". Accordingly, the Trust's principal activities during the period have been the management and development of the Knoydart woodlands. Its policies encourage local community participation, education and training.

THE KNOYDART FOREST TRUST

DIRECTORS' REPORT

for the year ended 31 March 2019

Achievements in the Year

The Trust celebrated its 20th anniversary on 5 March 2019 with an informal community gathering fuelled by Dave Marriott's infamous pasties and kindly donated beer from Knoydart Brewery. It has been a successful and active year.

1. Woodland Management, Planting and Regeneration

The core activity of the Trust is the management and establishment of woodland on Knoydart to create multi-purpose forests. The woodland provides an economic and environmental resource to the local community, enhances biodiversity and provides landscape and recreation benefits to the wider community. This is achieved by restructuring and enhancing existing woodlands, expanding the woodland habitat and adding value to the timber resource. The objective of mitigation against climate change by tying up carbon through woodland creation and appropriate management was added to the Trust's management objectives in the renewed Woodland Management Plan in recognition of the escalating need for action.

As part of the restructuring in Inverie Woods, more replanting in the areas harvested in 2015 was carried out to increase the resilience of the woodland a diverse mix of tree species has been planted. Further respacing and thinning in areas harvested and replanted in 2007/8 was done to improve the quality of timber for the future and the stability of the woodland. Work started on the third phase (Phase 1 of the current Forest Plant) of harvesting in Inverie Woods.

To help achieve the shared long term vision to link up the woodland habitat across the peninsula from Loch Nevis to Loch Hourn, the Trust is developing potential the 3 new woodland sites identified in the Forest Plan and (via Wood Knoydart) is working with neighbouring landowners to develop their proposals for native woodland expansion as part of a Scottish Forestry funded Co-operation project. Preliminary work has been undertaken for all proposed areas including archaeology and peat surveys, woodland design taking into account landscape and terrain factors and consultation with the community, Knoydart Foundation and neighbouring landowners. The first new woodland area to be progressed to application stage is Mary Ann's Point, between Sandaig and Doune, fencing, ground works and planting is planned for winter/spring 2019/20. This new woodland will cover an area of 41 hectares with over 70,000 trees to be planted, extending the woodlands at Sandaig towards Airor to improve biodiversity and the resilience of the woodland habitat.

The other main activities in the year were:

- Bracken weeding and tree protection in the new woodland at The White Gate
- Maintenance of native woodlands and fencing at Fank Burn, Guiserein Bridge, Abhainn Bheag, Sandaig Burn and Garsley
- Deer Control in Inverie Woods achieving a level that allows successful development of planted and regenerating young trees
- Maintenance of Rhododendron ponticum eradication by removal of regrowth with the help of a JMT work party
- Maintenance of woodland sculpture trail
- Mountain bike track inspections and maintenance
- Strimming and maintenance of informal paths and bridges to encourage public access and enjoyment of woodland areas
- Provision of themed guided walks in collaboration with Knoydart Foundation Ranger Service including tree & fungi identification and craft walks
- Annual browsing impact monitoring to study effects of browsing on woodland habitat and inform deer management in woodland areas

THE KNOYDART FOREST TRUST

DIRECTORS' REPORT

for the year ended 31 March 2019

1. Woodland Management, Planting and Regeneration (cont'd)

- Firewood processing
- Tree safety risk management in partnership with Knoydart Foundation
- Community christmas tree day event

2. Timber and Seed Sales

Developing and maximising ways to use and add value to the timber resource is central to the sustainability of the Trust, woodland management and the Knoydart community. Development of the Forest Workshop complex plays an integral role in the Trust's future growth and ongoing woodland management. Phase One of the Forest Workshop has enabled the Trust to develop and improve the quality and quantity of firewood provision. During the year the Trust produced 296m³ of firewood (2018: 251m³) to help to meet the community and Mallaig area demand for firewood. The Trust also milled and processed timber for local construction and DIY projects. Local timber sales in the year are made up of £21,884 (2018: £21,998) for firewood and £10,907 (2018: £4,971) in relation to milled timber.

The first batch of kiln dried timber was produced and sold for use in a local building project, marking a new era in the Trust's timber processing enterprise. Timber which is to be made into the new floor in Knoydart Community Hall from the locally treasured larder oak tree was planed and prepared for drying.

The Trust purchased a new, bigger timber trailer and crane with support from the Forestry Grant scheme for Harvesting and Processing. This will increase the capacity to transport timber which will help with the efficiency of woodland management operations and economic sustainability.

3. Contracting and Consultancy

The ability of the Trust to use its resources to carry out contract work brings in valuable income that is re-invested in its core activities. The majority of this work is now undertaken by the Trust's trading subsidiary, Wood Knoydart CIC. The road maintenance contract with Highland Council remains with the Trust.

4. Training

Timber trailer operation raining was undertaken by members of the KFT team to further develop their skills and the capacity of the Trust.

Financial Review

The Trust's financial position remains satisfactory. The Statement of Financial Activities on page 8 shows that total resources expended in the year exceeded total incoming resources by £66,728 (2018: *outgoing resources exceeded incoming resources by £26,696*). This amount was made up of a deficit of £63,010 in the Unrestricted Funds (2018: £18,259) and a deficit in Restricted Funds of £3,718 (2018: £8,437).

The deficit in the Unrestricted Fund is represented mainly the significant reduction in grant funding from the Scottish Government in the year.

The shortfall in the Restricted Funds was caused by the charge for depreciation on restricted assets (i.e. assets whose use is subject to conditions laid down by a funder).

THE KNOYDART FOREST TRUST

DIRECTORS' REPORT

for the year ended 31 March 2019

Financial Review (cont'd)

The Restricted Funds balance of £51,810 (2018: £55,528) is represented by the depreciated value of buildings, plant and machinery, and grants receivable for the purchase of certain fixed assets. Tangible assets accounted for £42,097 (2018: £23,840) of the Unrestricted Funds balance of £253,016 (2018: £316,026). The remaining balance reflects the fact that some of the Trust's general forestry funding must be conserved to cover long growing periods, ongoing maintenance and contingencies including our commitment to maintain Rhododendron eradication and native woodland establishment, and includes the expendable endowment (£142,855) donated to the Trust in 2001.

Investment Policy

The Endowment Fund is invested in two investment accounts in order to maximise interest and to safeguard these funds via the Financial Services Compensation Scheme, with the interest being used to support general expenses. The Royal Bank of Scotland manages the Trust's current and special high interest account to ensure that the maximum amount is held in the latter account at all times. This arrangement enables the Trust to easily access funds for day to day running whilst gaining a higher level of interest. The Trust is investigating new investment options.

Policy on Reserves

The Trust is in the process of identifying its ongoing commitments and thereafter will develop a formal policy of management of reserves. Currently the Trust has sufficient reserves to meet its commitments.

Plans for the Future

Native Woodland

The new woodland at Mary Ann's Point will be established and the 3 other potential schemes on community owned land and 2 on neighbouring land will be developed to enhance and link up the native woodland on the Knoydart peninsula.

To increase financial sustainability the Trust will continue to look into alternative means of funding projects including carbon sequestration schemes where investors offset their carbon footprint against woodland creation schemes.

Woodland Management and Public Access

To protect the biodiversity of the land and make sure that invasive Rhododendron ponticum does not recolonise, a big sweep of the whole area is planned for Spring 2020 to remove all Rhododendron ponticum seedlings and regrowth.

The Trust will continue to undertake works to restructure Inverie Woods to convert the woods from clearfell systems to a continuous cover management system and to maintain and improve public access within the woodland area. As part of this restructuring the Trust will continue to respace areas that were harvested and replanted in 2007 and 2008 respectively and replant areas harvested in 2019.

Woodfuel

The Trust will continue to increase its capacity and efficiency to meet the ongoing community need for firewood and improve the quality of the product and to supply firewood to Mallaig and surrounding area.

THE KNOYDART FOREST TRUST

DIRECTORS' REPORT

for the year ended 31 March 2019

Plans for the Future (Cont'd)

Growth

Development of the Trust's capacity to sell and market milled and processed timber will continue in the forthcoming year. Having identified that lack of affordable accommodation for workers is a major constraint, the Trust intends to develop and showcase a range of timber products by building a house/office using local resources. Through its trading subsidiary, Wood Knoydart CIC, the Trust develop income generating activities which make use of the woodland resource. This will include developing wood products and markets and exploring other options.

Other Activities

Other main activities for the coming year are the ongoing woodland maintenance activities and continued work with volunteers. The Trust will work closely with the Knoydart Foundation to maximise the community benefit of these activities

Acknowledgements

The Trust's directors wish to thank all the organisations and individuals whose generosity and support enable it to continue and develop its efforts to improve and conserve the woodlands on Knoydart. The current directors wish to recognise and acknowledge the important contribution and commitment that Roger Trussell, who retired as a director in December 2018, has made to the Trust over the past 20 years.

John Muir Trust work parties have played a significant role in helping the Trust achieve and maintain the eradication of *Rhododendron ponticum* over the years and the Trust are very grateful to Sandy Maxwell (JMT co-ordinator) and his squads of hardworking volunteers for their ongoing help.

The directors are grateful to the community for its ongoing interest and enthusiasm in the future of the woodlands, to the Knoydart Foundation for its continued encouragement, and to the staff, subcontractors and volunteer workers for their labours which make it all happen on the ground.

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



Jim Brown
Director

Date: 13 December 2019

THE KNOYDART FOREST TRUST

Independent examiner's report to the trustees on the unaudited financial statements of The Knoydart Forest Trust.

I report on the financial statements for the year ended 31 March 2019 set out on pages 8 to 20.

Respective responsibilities of trustees and independent examiner

The charity's trustees (who are also the directors of the company for purposes of company law) are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 (the Act) 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. Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to state, on the basis of my examination as required under section 44(1) (c) of the Act, whether particular matters have come to my attention.

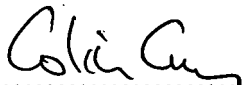
Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. 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 whether the financial statements present a 'true and fair view'.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the trustees have not met the requirements to ensure that:
 - proper accounting records are kept in accordance with section 386 of the Companies Act 2006, Section 44(1)(a) of the Act and Regulation 4 of the 2006 Accounts Regulations;
 - financial statements are prepared which agree with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities, Regulations 8 of the 2006 Accounts Regulations; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



.....
Colin Gray B.Com. C.A.
Independent examiner
FKF Accounting Limited
4th Floor Metropolitan House,
31-33 High Street
Inverness, IV1 1HT

13 December 2019

THE KNOYDART FOREST TRUST
STATEMENT OF FINANCIAL ACTIVITIES (including Income & Expenditure Account)
for the year ended 31 March 2019

	Note	Restricted Funds £	Unrestricted Funds £	Endowed Funds £	2019 Total £	2018 Total £
Income:						
Donations	2	-	2,616	-	2,616	19,214
Income from charitable activities:						
Grants receivable	3	8,380	13,289	-	21,669	57,521
Rent (employee accommodation)		-	3,120	-	3,120	3,120
Timber and seed sales	4	-	32,791	-	32,791	26,969
Timber harvesting sales	4	-	-	-	-	-
Contracting income generation	5	-	8,679	-	8,679	10,849
Recharge income (Trading Subsidiary)		-	7,266	-	7,266	12,677
		<u>8,380</u>	<u>65,145</u>	<u>-</u>	<u>73,525</u>	<u>111,136</u>
Income from trading activities:						
Contracting and consultancy	5	-	-	-	-	-
Training & event fees		-	550	-	550	103
		<u>-</u>	<u>550</u>	<u>-</u>	<u>550</u>	<u>103</u>
Investment income	6	-	198	-	198	63
Total incoming resources		<u>8,380</u>	<u>68,509</u>	<u>-</u>	<u>76,889</u>	<u>130,516</u>
Expenditure:	7					
Costs of raising funds:						
Cost of contracting and consultancy		-	-	-	-	-
Training costs		-	376	-	376	2,478
		<u>-</u>	<u>376</u>	<u>-</u>	<u>376</u>	<u>2,478</u>
Expenditure on charitable activities:						
Woodland management, regeneration and planting		-	37,801	-	37,801	58,765
Cost of timber and seed sales	12,098	-	38,848	-	50,946	35,043
Generation of incoming resources		-	12,258	-	12,258	15,534
Contracting income generation		-	6,375	-	6,375	6,886
Governance costs		-	950	-	950	1,550
Other resources expended		-	34,911	-	34,911	36,956
		<u>12,098</u>	<u>131,143</u>	<u>-</u>	<u>143,241</u>	<u>154,734</u>
Total expenditure		<u>12,098</u>	<u>131,519</u>	<u>-</u>	<u>143,617</u>	<u>157,212</u>
Net income/(expenditure) and net movement in funds for the year		(3,718)	(63,010)	-	(66,728)	(26,696)
Reconciliation of funds						
Total funds brought forward		55,528	316,026	142,855	514,409	541,105
Total funds carried forward		<u>51,810</u>	<u>253,016</u>	<u>142,855</u>	<u>447,681</u>	<u>514,409</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.
The notes on pages 11-20 form part of these financial statements.

THE KNOYDART FOREST TRUST

BALANCE SHEET

as at 31 March 2019

	Note	2019 £	2018 £
Tangible fixed assets			
Buildings		37,438	45,184
Plant and machinery		48,089	34,184
	13	85,527	79,368
Investments			
Investment in subsidiary	14	100	100
Total fixed assets		85,627	79,468
Current assets			
Stock		12,844	26,282
Debtors and prepayments	16	73,549	112,525
Due from subsidiary undertakings		148,477	114,117
Cash at bank		129,037	188,161
Cash in hand		348	23
Total current assets		364,255	441,108
Liabilities			
Creditors falling due within one year	17	(2,201)	(6,167)
Net Current Assets		362,054	434,941
Net assets		447,681	514,409
The funds of the charity:			
Restricted funds	22,23	51,810	55,528
Unrestricted funds	22,23	253,016	316,026
Endowed funds	20,23	142,855	142,855
Total charity funds		447,681	514,409

THE KNOYDART FOREST TRUST

BALANCE SHEET (continued) as at 31 March 2019

STATEMENT BY THE DIRECTORS

For the financial year ended 31 March 2019 the company was entitled to exemption from audit under section 477 Companies Act 2006 relating to small companies. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and constitute the annual financial statements required by the Companies Act and are for circulation to members of the company.

Approved by the Board for issue on 13 December 2019.



Fiona Lennie
Director
Company Registration No SC194055

The Notes on pages 11-20 form part of these financial statements.

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. ACCOUNTING POLICIES

Charity information

The Knoydart Forest Trust is a charitable company limited by guarantee, incorporated in Scotland and registered with OSCR. The registered office is FKT Office, Inverie, Knoydart, PH41 4PL.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared on the historical cost convention.

(b) Preparation of the financial statements on a going concern basis

The trustees consider that the charity is a going concern. The trustees remain in regular contact with funding entities in order to secure their on-going financial support. The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for at least the next 12 months.

(c) Income recognition policies

Items of income are recognised and included in the financial statements when all of the following criteria are met:

- The charity has entitlement to the funds;
- Any performance conditions attached to the items of income have been met or are fully within the control of the charity;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally on notification of the interest paid or payable by the bank.

(d) Endowed funds

Grants, donations and other incoming resources intended by donors to provide investment income to assist the Trust to achieve its objects over time are classified as Endowed Funds. Interest earned on endowed funds is classed as unrestricted income.

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

(e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific project being undertaken by the Trust.

(f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading and their associated support costs.
- Expenditure on charitable activities includes the costs relating to projects and activities undertaken to further the purposes of the charity and their support costs and includes the costs of trading activities which are directly related to the primary purpose of the charity.

(g) Tangible fixed assets

Individual fixed assets costing £250 or more are capitalized at cost and are depreciated over their estimated useful economic lives as follows (pro rata for assets acquired during the year):

Buildings	10% straight line
Plant and Machinery	20% reducing balance
Motor Vehicles	25% straight line
Office and Other Equipment	25% straight line

Assets purchased or partly purchased with the assistance of grants or donation are, where the terms of the grant or donation require it, held in the restricted Asset Purchase Fund, to which the appropriate depreciation is charged.

(h) Stock and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

(i) Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered.

(j) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

(k) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

2. VOLUNTARY INCOME

	2019 £	2018 £
Unrestricted		
Gifts from individuals	(16)	1,640
Donation from trading subsidiary	2,632	17,574
	<hr/>	<hr/>
	2,616	19,214
	<hr/>	<hr/>

Gifts from individuals in the year amounted to £278, however £294 in gift aid from previous year is still due to be claimed.

3. GRANTS RECEIVABLE

		2019 £	2018 £
Unrestricted			
Woodland management, Regeneration and planting	Scottish Government	5,039	54,061
Co-operation Fund	Scottish Government	8,250	300
		<hr/>	<hr/>
Total Unrestricted		13,289	54,361
		<hr/>	<hr/>
Restricted			
Timber Harvesting & Processing	Scottish Government	8,380	3,160
		<hr/>	<hr/>
Total Restricted		8,380	3,160
		<hr/>	<hr/>
		<hr/>	<hr/>
Total Restricted and Unrestricted		21,669	57,521
		<hr/>	<hr/>

4. TIMBER AND SEED SALES

Under its Management Agreement with the Knoydart Foundation, the Trust is permitted to sell timber, seed and other forest products, including young trees, from the area under management provided that the income from such sales is reinvested in the agreed woodland plan. Timber sales in the year totalled £32,791 (2018: £ 26,969) comprising of woodfuel sales of £21,884 (2018: £21,998) and milled timber sales of £10,907 (2018: £4,971).

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

5. CONTRACTING AND CONSULTANCY FEES

The Trust encourages all landowners on Knoydart to manage and develop their woodlands in line with the aims of the Trust and the woodland management plan. When appropriate, contracting and consultancy fees (2018: *nil*) are charged to landowners and others, in the year all such work was carried out by the Trust's trading subsidiary.

The Trust holds the contract for road maintenance for the Highland Council which provides an income stream to support the charitable work of the Trust. Income for the year from this contract was £8,679 (2018: £10,849).

6. INVESTMENT INCOME

	2019	2018
	£	£
Interest receivable	198	63
	<hr/>	<hr/>
	198	63
	<hr/>	<hr/>

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS
for the year ending 31 March 2019

7. STATEMENT OF TOTAL RESOURCES EXPENDED

	Woodland Management, Regeneration and Planting £	Timber and Seed Sales £	Training £	Generation of Incoming Resources £	Contracting - Income Generation £	Governance Costs £	Other Resources Expended £	Total 2019	Total 2018 £
Staff costs (Note 9)	9,670	14,401	250	12,258	2,537		21,514	60,630	59,030
Pension costs							2,256	2,256	921
Subcontractors' charges (Note 8)	17,275	128			1,633		581	19,617	32,267
Forestry supplies	5,997	696			383		237	7,313	21,381
Repairs and maintenance	438	4,768			519			5,725	7,035
Insurance	3,578	1,725			295		4,885	10,483	8,131
Rent and electricity		1,838					1,378	3,216	2,320
Office supplies and equipment							349	349	346
Postage and telephones							1,388	1,388	1,284
Subscriptions and publications							388	388	506
Independent examination fee						950		950	1,550
Other professional fees							200	200	1,920
Travel and subsistence			126				(260)	(134)	335
Worker accommodation costs							1,473	1,473	1,262
Depreciation	848	13,860			973		65	15,746	14,306
Plant hire		35			35			70	60
Transport	(5)	57						52	100
Sundry							159	159	99
Bank charges & other interest							298	298	318
Course costs								-	1,404
Stock movement/W.I.P.		13,438						13,438	2,637
Disposal of asset							-	-	-
Total Resources Expended	37,801	50,946	376	12,258	6,375	950	34,911	143,617	157,212
Total Restricted		12,098						12,098	11,597
Total Unrestricted	37,801	38,848	376	12,258	6,375	950	34,911	131,519	145,615
Total Resources Expended 2018	58,765	35,043	2,478	15,534	6,886	1,550	36,956	157,212	
Total Restricted		10,822					775	11,597	
Total Unrestricted	58,765	24,221	2,478	15,534	6,886	1,550	32,770	145,615	

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

8. SUBCONTRACTORS' CHARGES

Nature of Work	2019 £	2018 £
Regeneration and Planting		
Tree planting & layout	2,088	8,913
Tree protection	-	790
Fence maintenance	216	750
Bracken weeding	4,534	8,389
Site surveys	2,376	-
Total Regeneration and Planting	9,214	18,842
Woodland Management		
Deer control	1,340	1,638
Track & path work	2,200	700
Leaflet design & printing	-	536
Rhododendron eradication	-	1,930
Restock tree planting	2,801	3,880
Respacing & felling	720	1,536
Woodland surveys	1,000	
Total Woodland Management	8,061	10,220
Contracting		
Road maintenance	1,633	1,395
Total Contracting	1,633	1,395
Timber sales	128	1,810
Vehicle & plant maintenance	581	
	19,617	32,267

9. STAFF

The total emoluments payable to staff was £62,886 (2018: £68,981). Employers' National Insurance contributions amounted to £3,542 (2018: £3,141) after Employment Allowance deductions of £3,000 (2018: £3,000). There were no employees whose annual emoluments were £60,000 or more. Pension contributions amounted to £2,256 (2018: £921). The average number of employees, with part time staff shown as full-time equivalents, over the whole period covered by the financial statements was 4 (2018:3).

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

10. DIRECTORS' REMUNERATION AND EXPENSES

No director received any remuneration for services as a director or received reimbursement for expenses (2018: nil).

No directors (2018: nil) received payment for services provided. The Trust conducted sales transactions with 2 directors (2018:3) to the effect of £1,103 (2018: £711) to Jim Brown for firewood and milled timber sales and £411 to Lewis Robb for firewood sales. Amounts outstanding at 31 March 2019 include £266 from Lewis Robb. All such transactions are charged at the commercial arms length basis for the services and products supplied.

11. NET INCOME/EXPENDITURE FOR THE YEAR

Net income/(expenditure) for the year is stated after charging depreciation of £15,746 (2018: £14,306).

12. RELATED PARTY TRANSACTIONS

As at 31 March 2019 the Trust was owed £148,477 (2018: £114,117) by Wood Knoydart CIC.

13. TANGIBLE FIXED ASSETS

	Buildings £	Plant & Machinery £	Total £
Cost			
At 1 April 2018	77,458	99,553	177,011
Additions in the year	-	21,905	21,905
Disposals in the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2019	77,458	121,458	198,916
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2018	32,274	65,369	97,643
Charge for the year	7,746	8,000	15,746
Disposals in the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2019	40,020	73,369	113,389
	<hr/>	<hr/>	<hr/>
Net Book Value at			
31 March 2019	37,438	48,089	85,527
	<hr/>	<hr/>	<hr/>
31 March 2018	45,184	34,184	79,368
	<hr/>	<hr/>	<hr/>

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

14. INVESTMENTS

	2019	2018
	£	£
Investment in subsidiary	100	100
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

The trust holds 100% of the share capital of the following company;

Company	Country of registration of incorporation	Nature of business	Share Class Held
Subsidiary Undertaking Wood Knoydart CIC	Scotland	Woodland management and enhancement and the promotion of employment and community involvement.	Ordinary

	Capital and Reserves	Profit for the Year
	£	£
Wood Knoydart CIC	100	0

15. FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	302,584	326,392
Carrying amount of financial liabilities:		
Measured at amortised cost	2,101	4,611

16. DEBTORS

	2019	2018
	£	£
Grants receivable	47,232	77,878
Other debtors	25,680	31,038
Prepayments	637	3,609
	<hr/>	<hr/>
	73,549	112,525
	<hr/>	<hr/>

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

17. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	526	526
Accruals	1,575	4,085
Rent deposits	100	100
Other taxes and social security	-	1,456
	<hr/>	<hr/>
	2,201	6,167
	<hr/>	<hr/>

18. TAXATION

The charity is exempt from tax and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Any commercial trading activities are carried out by the Trust's wholly owned trading subsidiary.

The Trust is able to claim Gift Aid on donations from individuals paying UK Income Tax. No gift Aid receipts are included in donations (2018: £294).

19. RESTRICTED FUNDS

The purposes of the Restricted Funds are:

Asset Purchase Fund:	To distinguish assets purchased wholly or partly out of grants or donations which are subject to conditions imposed by the donors.
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20. ENDOWED FUNDS

The Endowed Funds consist of a single expendable endowment. The Endowed Funds are intended to provide investment income over time but, since the endowment is expendable, the directors also have the power to convert all or part into income if they consider it necessary or expedient in order to help the Trust meet its objects. The funds have been reinvested in two different accounts to increase the interest and to ensure security of the funds under the Financial Services Compensation Scheme.

21. CONTROL

The company is controlled by the trustees on behalf of the members of the company.

THE KNOYDART FOREST TRUST

NOTES TO THE FINANCIAL STATEMENTS for the year to 31 March 2019

22. FUND MOVEMENTS IN THE YEAR

	1 April 2018 £	Incoming Resources £	Resources Expended £	Transfers In/(Out) £	31 March 2019 £
Restricted Funds					
Asset Purchase Fund	55,528	8,380	12,098	-	51,810
	<u>55,528</u>	<u>8,380</u>	<u>12,098</u>	<u>-</u>	<u>51,810</u>
Unrestricted Funds	316,026	68,509	131,519	-	253,016
Endowed Funds	142,855	-	-	-	142,855
	<u>142,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,855</u>
All Funds	<u>514,409</u>	<u>76,889</u>	<u>143,617</u>	<u>-</u>	<u>447,681</u>

Interest of £85 (2018: £27) earned on endowed funds is included in unrestricted funds.

23. ANALYSIS OF NET ASSETS AT 31 MARCH BETWEEN FUNDS

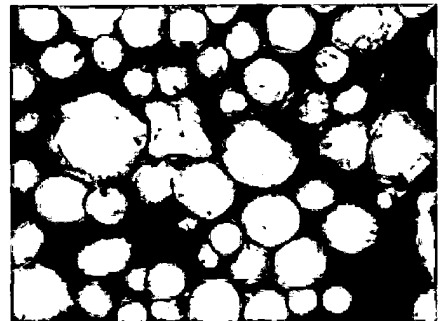
	Restricted Funds £	Unrestricted Funds £	Endowed Funds £	All Funds £
Tangible fixed assets	43,430	42,097	-	85,527
Fixed assets	-	100	-	100
Current assets	8,380	213,020	142,855	364,255
Current liabilities	-	(2,201)	-	(2,201)
	<u>8,380</u>	<u>210,819</u>	<u>142,855</u>	<u>362,054</u>
Net current assets	<u>8,380</u>	<u>210,819</u>	<u>142,855</u>	<u>362,054</u>
Net assets at 31 March 2019	<u>51,810</u>	<u>253,016</u>	<u>142,855</u>	<u>447,681</u>
<i>Net assets at 31 March 2018</i>	<u>55,528</u>	<u>316,026</u>	<u>142,855</u>	<u>514,409</u>



RESPACING - INVERIE WOODS



NEW TIMBER TRAILER & CRANE IN ACTION



KFT'S 20TH ANNIVERSARY CELEBRATION

The Trust wishes to acknowledge the support of the following organisations:



Community
Woodlands
Association



**The European Agricultural Fund for Rural
Development:
Europe investing in the Rural Areas**



**Scottish
Forestry
Coilltearachd
na h-Alba**