

North Highland Forest Trust

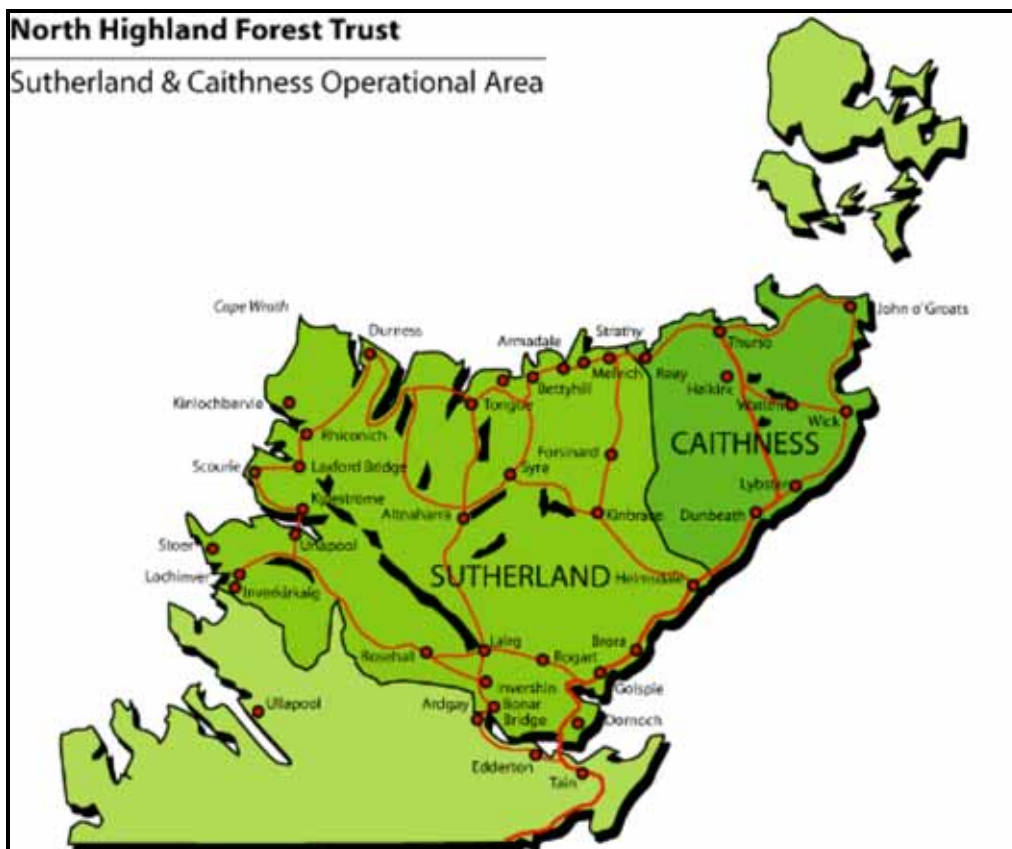


ANNUAL REPORT and FINANCIAL STATEMENTS

2009/2010

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Cover Photographs:

Woodland Volunteers; Ancient Pollard Birch, Loch Craggie; Cowberry (*Vaccinium vitis-idaea*)

AIMS & OBJECTIVES

North Highland Forest Trust (NHFT) was formed in November 1999 as a Limited Company with Charitable Status. This Company itself had evolved from the North West Sutherland Native Woodland Initiative, which had been in existence since 1993.

NHFT's aims are to:

- promote and undertake the conservation, sustainable management and expansion of woodlands and forests in the north highlands of Scotland for the benefit of rural communities and the public
- advance education and training in respect of the natural environment of this area for the benefit of rural communities and the public

To achieve these overall aims the Trust has a series of agreed objectives, which set out the priorities in more detail. These include to:

- develop and facilitate afforestation projects
- promote and support access to finance for woodland development where this is constrained for social or other reasons
- promote and develop the use of locally grown or locally sourced timber
- develop community participation, management and ownership in woods and forests
- support training, education and research into woodland development

North Highland Forest Trust is a Charitable Company Limited by Guarantee (Registered in Scotland No.SC029559 — Registered Office: Alba, Main Street, Golspie, KW10 6TG).

During this period we have received support from: Tubney Charitable Trust, Esmée Fairbairn Foundation, The Robertson Trust, Scottish Natural Heritage, Forestry Commission Scotland and the Highland Biodiversity Partnership (via Highland Council).

STRUCTURE AND ACTIONS

The Company has a Board of nine Directors drawn from the communities of Caithness and Sutherland, as well as a wider membership of around 60 groups and individuals in the area.

The Trust has established a reputation as a reliable source of independent advice on woodland management and community forestry matters, providing a service to a wide range of clients.

Key outputs of this type of advisory and support role during this period have included helping groups and individuals develop biodiversity-rich woodland schemes and similar projects in the North through applications for schemes such as the Scottish Rural Development Programme, Rural Priorities grant schemes, Scottish Natural Heritage and other bodies. In addition to this, through our newsletter and website, along with active training and demonstration events, the Trust has continued to provide wide ranging support for woodland development in the North.

SERVICES PROVIDED DURING THIS PERIOD

- SRDP Rural Priorities forestry grant application assistance for group and individual land managers
- Development of training and demonstration projects in a range of forestry related and community capacity building areas
- Publishing a newsletter - Word from the Wood
- Providing downloadable information and technical leaflets via our website



Advice and Support to Caithness woodland owners

DIRECTORS and STAFF

THE DIRECTORS



David Glass



Tony Bradford



Roddy MacLeod



Mike Ellis



John Macdoanld



James McGillivray



Don O'Driscoll



Paul Castle



Eleanor Garty

In addition, NHFT's Board is supported by one advisor:
David Patterson, Scottish Natural Heritage

THE STAFF



Steve Robertson
Forest Trust Manager



Donnah Murray
Woodland Officer



Chloë Smith
Finance Officer

MEMBERS

GROUPS IN MEMBERSHIP

Achvarasdal Woodland Management Committee
 Ardgay & District Community Council
 Castletown & District Community Council
 Culag Community Woodland Trust
 Dunnet Head Educational Trust
 Dunnet Forestry Trust
 Dunnethead and Brough Grazings
 Forest Enterprise Scotland
 Forestry Commission Scotland
 Kylesku Crofters Trust
 Laid Common Grazings
 Melness Common Grazing
 Melness Crofters Estate
 Melvich Community Council
 Milton Community Woodland Trust
 North Sutherland Community Forest Trust
 Oldshoremore Common Grazings
 Pittentrail Hill Grazings
 Scottish Natural Heritage
 Scourie & Badcall Common Grazing Committee
 Skerray Common Grazings
 The Allt Beag Armadale Trust
 Tongue Grazing Committee



Participation in group training days at Drumnadrochit, and at Kirkhill & Bunchrew Community Woodland

INDIVIDUAL MEMBERS

Mr Willie Beattie
 Mrs Claire Belshaw
 Mr George Bethune
 Mr Colin Blyth
 Mrs Valerie Bradford
 Mr Alex Campbell
 Mr Iain Campbell
 Mr Barry Dumughn
 Mr Mike Ellis
 Mr Philip Entwistle
 Ms Brigitte Geddes
 Mr Colin Gilmour
 Mr Ed Jackson
 Mr Terry Keating
 Mr Gavin Lockhart
 Ms Sasha Laing
 Mr D Tebby
 A. McIntyre
 Mr & Mrs Hunter

Mrs Anna MacConnell
 Mr James McGillivray
 Mrs Margaret Mackay
 Mr Donald MacLean
 Mr Ross MacLeod
 Mr Will Menzies
 Mr Alexander Murray
 Mr Robin Noble
 Mr Don O'Driscoll
 Mr Jon Priddy
 Mr W.J. Ross
 Mr Murdo Sutherland
 Mrs Sue-Jane Taylor
 Mrs Sally Wild
 Dr A.Wright
 Mrs D. Munro
 Mr P Castle
 H. McIntyre
 Eleanor Garty

CHAIR'S REPORT

CHAIR'S REPORT 2009-2010

I am pleased to be able to report on another successful year for NHFT. The Trust has been involved in a wide range of projects and initiatives and has continued to support and advise crofters, communities and woodland managers in the two northern counties.

In 2009-10 our principal activity has been the Far North Woodland Biodiversity Project (WBP), now in its second full year. This project was aimed to coincide with the new forestry grant arrangements which are part of the Rural Priorities strand of the Scottish Rural Development Programme and, in the event, it could not have been better timed. Rural Priorities brings great opportunities for funding woodland creation and enrichment but, even though initial teething troubles with the scheme have been largely sorted out, the application process still is quite demanding. We are very pleased to have been able to assist crofters, community woodlands and other land managers by managing their applications for woodland projects that contribute to the biodiversity targets of the WBP. This and other projects worked on during this period are further highlighted elsewhere in this report.

The Trust has achieved much during the year and none of this would have been possible without the dedication and hard work of our staff and our Board Members. Three new members joined our Board during the year – Paul Castle, Don O'Driscoll and Eleanor Garty. Each brings valuable experience and improves coverage in our area. Eleanor has facilitated an arrangement whereby Woodland Trust Scotland and NHFT are working jointly to develop specific woodland schemes. I am grateful to our staff and Board Members for their support during the year.

Finally I must thank our funders whose support is of course vital. Our work during the year has been supported by the Tubney Charitable Trust, the Esmee Fairbairn Foundation, The Robertson Trust, Highland Biodiversity Partnership, Forestry Commission Scotland and Scottish Natural Heritage. Special thanks are due to local staff of FCS and SNH for their advice, encouragement and practical help during the year.



David Glass
Chair

FAR NORTH WOODLAND BIODIVERSITY PROJECT

This 3 year project which began in July 2008 continues to be the main focus of our activity with the one and half year point being reached at the end of the January of this reporting period. As noted above, the Woodland Biodiversity Project has as its main target SRDP Rural Priorities (SRDP) and UKBAP (UK Biodiversity Action Plan) delivery. This is largely achieved through the development and management of new and existing woodlands. During this year we worked on several establishment schemes seeking SRDP (Rural Priorities) funding, including schemes in Assynt, the far North West, East Sutherland and in Caithness.

A further area of this project involves capacity building. We have continued to work closely with Embo Trust to help develop their aspiration for Forest Crofts; Dunnet Forestry Trust in managing Dunnet Forest; and supporting Culag Community Woodland Trust with management of Little Assynt estate. We have also continued our work with other partners including Forestry Commission Scotland and Mike Ellis on a Greenwood project promoting greenwood skills and coppice work. And we also continue to support and be represented on various local groups such as the Sutherland Partnership Biodiversity Group and both the Caithness and the Sutherland LEADER implementation groups.

We have also continued our efforts to protect and expand the existing tree gene pool in Caithness and Sutherland. This has involved some seed collection, supporting other groups in doing this and continuing to work with local nurseries to enhance their ability to supply local provenance plants.



Supporting Embo Trust with woodland buyout plans

The year also saw the closing stages of two important projects:

NORTH ASPEN WOODS

The North Aspen Woods project has greatly extended our knowledge of the distribution and condition of Aspen in Caithness & Sutherland; it has provided a source of young trees from local clones; and it has raised awareness of the species and its precarious state in some locations. Importantly the project has provided a sound base for our vision to sustain and expand Aspen as a key component of the woodlands of the north.



Biodiversity Group volunteers in Aspen at Tacher wood, Caithness

ANCIENT WOOD PASTURE

Our Ancient Wood Pasture project was brought to a successful conclusion shortly after the close of the year being reported on. In-depth study of seven locations has revealed how the communities of the past used their woodland resource. Some of these woods are indeed 'Living Archaeology' and it brings a sense of perspective to realise that we still have trees today that began life before the age of agricultural improvement and which have witnessed great changes in land use over the last two centuries.



Ancient Alder Pollards, Foinaven (photos: Adele Beck)

NORTH HIGHLAND FOREST TRUST

(A company limited by guarantee, not having share capital)

Trustees' report and financial statements

**For the year ended
31 March 2010**

Charity number: SC 029559

Company number: 201352

NORTH HIGHLAND FOREST TRUST

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NORTH HIGHLAND FOREST TRUST**Trustees' Annual Report****Status**

Trustees	David Glass Tony Bradford Rodney W MacLeod Mike Ellis John Macdonald James McGillivray Don O'Driscoll (appointed 21 Oct 2009) Paul Castle (appointed 2 Nov 2009) Eleanor Garty (appointed 19 Nov 2009)
Company number	SC 201352
Charity number	SC 029559
Company Secretary	Sasha Saunders (resigned 3 Nov 2009) Steve Robertson (appointed 3 Nov 2009)
Registered Office	Main Street Golspie Sutherland KW10 6TG
Independent Examiner	Ian Mackay Mackay & Co Main Street Golspie Sutherland KW10 6RH
Bankers	Bank of Scotland Main Street Golspie Sutherland KW10 6RJ
Solicitors	MacLeod & MacCallum 28 Queensgate Inverness IV1 1YN

NORTH HIGHLAND FOREST TRUST

Trustees' Annual Report continued

The Trustees have pleasure in presenting their report and unaudited financial statements for the year ended 31 March 2010.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The governing documents of the charity are the Memorandum and Articles of Association of the company which is limited by guarantee and has no share capital. The power to appoint and remove trustees rests with the members of the company.

The names of the persons who served as trustees during the year and up to the date of this report are listed above.

OBJECTIVES AND ACTIVITIES

The Company's principal objective, is to promote and undertake the conservation, sustainable management and expansion of woodlands and forest in the north highlands of Scotland as an important part of Scotland's natural environment for the benefit of rural communities and the public, and to advance education and training in respect of the natural environment of this area for the benefit of rural communities and the public.

ACHIEVEMENTS AND PERFORMANCE

During 2009/10 our principal task has continued to be the implementation of the Far North Woodland Biodiversity Project. This project has provided invaluable support for land managers in accessing funding for woodland management and establishment through the government's Scottish Rural Development Programme (SRDP), Rural Priorities grant scheme. Community and crafting groups have continued to be key clients with a great number of groups benefiting from telephone and email advice, as well as site visits and associated reports. On the ground woodland development support has focused on habitat network enhancement and in particular in key riparian or waterside zones. Promoting grazed pasture and short rotation forestry and fuelwood use has been another key area. As has been developing the available resource of young tress for planting schemes and developing new woodlands as demonstration sites. Other continuing projects have included the North Aspen Woods and Ancient Wood Pasture Projects as well as Rural Skills Training through the Greenwood project working with Forest Enterprise and a local greenwood worker.

FINANCIAL REVIEW

The Company derived its income mainly from Scottish Natural Heritage, Tubney Charitable Trust, Forestry Commission Scotland, Esmee Fairbairn Foundation, The Robertson Trust, Highland Council and Forest Education Initiative for the running costs of its activities.

The trustees have established a policy whereby the unrestricted funds held should be at least 3 months of general expenditure. It is the view of the trustees that these reserves are adequate for the company to continue its administrative activities in the event of a significant drop in income.

The trustees have conducted their own review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Those procedures are periodically reviewed to ensure that they still meet the needs of the charity.

SMALL COMPANY PROVISIONS

This report is prepared in accordance with the special provisions for small companies under the Companies Act 2006.

Registered Office

Main Street
Golspie
Sutherland
KW10 6TG

Signed by Order of the Trustees



Steve Robertson
Company Secretary

23/9/10

NORTH HIGHLAND FOREST TRUST**Independent Examiner's Report to the Directors of North Highland Forest Trust**

I report on the accounts of the charity for the year ended 31 March 2010 which are set out on pages vi to xiii

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors of the company for the purposes of company law) 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 trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the 2006 Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

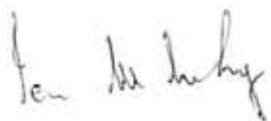
Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the 2006 Accounts Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

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 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 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.


 Ian Mackay
 Chartered Accountant (ICAS)
 Main Street
 Golspie
 KW10 6RH

23/9/10

NORTH HIGHLAND FOREST TRUST**Statement of financial activities****For the year ended 31 March 2010**

	Notes	Unrestricted Funds £	Restricted Funds £	2010 Total £	2009 Total £
Incoming resources					
Grants	2	5000	114714	119714	92326
Subscriptions	3	22	-	22	-
Investment income	4	21	8	29	341
Other incoming resources	5	<u>2276</u>	<u>-</u>	<u>2276</u>	<u>100</u>
Total incoming resources		<u>7319</u>	<u>114722</u>	<u>122041</u>	<u>92767</u>
Resources expended					
Charitable activities	6	-	82517	82517	65707
Governance costs	7	<u>200</u>	<u>2119</u>	<u>2319</u>	<u>3240</u>
Total resources expended		<u>200</u>	<u>84636</u>	<u>84836</u>	<u>68947</u>
Net incoming resources before transfers		7119	30086	37205	23820
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		7119	30086	37205	23820
Total funds brought forward		<u>11660</u>	<u>48408</u>	<u>60068</u>	<u>36248</u>
Total funds carried forward		<u>18779</u>	<u>78494</u>	<u>97273</u>	<u>60068</u>

The notes on pages viii to xiii form an integral part of these financial statements.

NORTH HIGHLAND FOREST TRUST**Balance sheet as at 31 March 2010**

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	11	5879	6557
Current assets			
Debtors	12	120	3440
Cash at bank and in hand		<u>92342</u>	<u>87567</u>
		92462	91007
Creditors: amounts falling due within one year	13	(1068)	(37496)
Net current assets		<u>91394</u>	<u>53511</u>
Net Assets		<u>97273</u>	<u>60068</u>
Funds			
Unrestricted funds	14	18779	11660
Restricted funds	15	<u>78494</u>	<u>48408</u>
		<u>97273</u>	<u>60068</u>

For the year ended 31 March 2010 the company was entitled to exemption from audit under section 477(2) of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring the company keeps accounting records which comply with section 386 of the Companies Act 2006.

The directors acknowledge their responsibility for preparing accounts 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 profit or loss for the financial year, in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as is applicable to the company.

These accounts have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

.....
 Director 
 DAVID GLASS 23/9/10

The notes on pages viii to xiii form an integral part of these financial statements.

NORTH HIGHLAND FOREST TRUST

Notes to the financial statements for the year ended 31 March 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and follow the recommendations in 'Accounting and Reporting by Charities: Statement of Recommended Practice'.

1.2 Incoming resources

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Income from investments is included in the year in which it is receivable.

1.3 Resources expended

Resources expended are recognised in the year in which they are incurred.

Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.4 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Woodland improvements	Straight line over ten years
Fixtures, fittings and equipment	20% straight line

1.5 Pensions

The pensions costs charged in the financial statements represent the contribution payable by the charity during the year.

The regular cost of providing retirement pensions and related benefits is charged to the SOFA over the employees' service lives on the basis of a constant percentage of earnings.

2 Grant income/

NORTH HIGHLAND FOREST TRUST

Notes to the financial statements
for the year ended 31 March 2010**2 Grant income**

	Unrestricted funds £	Restricted funds £	2010 £	2009 £
Grants – Highland Council	-	2714	2714	8986
Scottish Natural Heritage	-	9000	9000	20000
Forestry Commission Scotland	5000	-	5000	5340
Tubney Charitable Trust	-	50000	50000	25000
Esmee Fairbairn Foundation	-	41000	41000	19000
The Robertson Trust	-	12000	12000	12000
Forest Education Initiative	<u>-</u>	<u>-</u>	<u>-</u>	<u>2000</u>
	<u>5000</u>	<u>114714</u>	<u>119714</u>	<u>92326</u>

3 Subscription income

	2010 £	2009 £
Memberships	<u>22</u>	<u>0</u>

4 Investment income

	Unrestricted funds £	Restricted funds £	2010 £	2009 £
Interest received	<u>21</u>	<u>8</u>	<u>29</u>	<u>341</u>

5 Other incoming resources

	2010 £	2009 £
Other income	<u>2276</u>	<u>100</u>

6 Costs of activities/

NORTH HIGHLAND FOREST TRUST**Notes to the financial statements
for the year ended 31 March 2010****6 Costs of activities in furtherance of the objects of the charity**

	2010	2009
	£	£
Planting costs	529	-
Staff costs	58456	44871
Staff training	720	1522
Rent, rates and service charge	1474	1199
Insurance	880	2043
Light and heat	228	318
Printing, postage and stationery	2086	1086
Advertising	1105	240
Telephone and Internet	1098	923
Travelling	5595	3545
Accounting	1242	1287
Consultancy Fees	-	6864
Project promotion and demos	7053	386
General expense	1416	957
Subscriptions	451	466
Bank interest and charges	118	-
Loss on disposal of asset	<u>66</u>	<u>-</u>
	<u>82517</u>	<u>65707</u>

7 Management and administration

	2010	2009
	£	£
Depreciation and amortisation	1896	2110
Directors and AGM costs	<u>423</u>	<u>1131</u>
	<u>2319</u>	<u>3241</u>

8 Operating gain

	2010	2009
	£	£
Operating gain is stated after charging:		
Depreciation and other amounts written off tangible assets	<u>1896</u>	<u>2110</u>

9 Employees/

NORTH HIGHLAND FOREST TRUST

Notes to the financial statements for the year ended 31 March 2010

9 Employees

	2010	2009
Number of employees		
The average monthly numbers of employees (including the trustees) during the year were:	<u>2</u>	<u>2</u>

Employment costs

	2010 £	2009 £
Wages and salaries	48862	38189
Social security costs	4490	3388
Other pension costs	3674	1578
Other employment costs	<u>2150</u>	<u>1716</u>
	<u>59176</u>	<u>44871</u>

	Unrestricted 2009 £	Restricted 2009 £	2010 £	2009 £
Wages and salaries	-	48862	48862	38189
Social security costs	-	4490	4490	3388
Other pension costs	-	3674	3674	1578
Other employment costs	<u>-</u>	<u>2150</u>	<u>2150</u>	<u>1716</u>
	<u>-</u>	<u>59176</u>	<u>59176</u>	<u>44871</u>

10 Pension costs

The company operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £3673.77 (2009 – £1577.41).

11 Tangible fixed assets/

NORTH HIGHLAND FOREST TRUST

Notes to the financial statements
for the year ended 31 March 2010 continued**11 Tangible fixed assets**

	Entrust Funded Woodland improvements £	Fixtures fittings & equipment £	Total £
Cost			
At 1 April 2009	9823	7955	17778
Additions	-	1384	1384
Disposals	<u>-</u>	<u>(207)</u>	<u>(207)</u>
At 31 March 2010	<u>9823</u>	<u>9132</u>	<u>18955</u>
Depreciation			
At 1 April 2009	5483	5738	11221
Charge for the year	982	914	1896
On disposals	<u>-</u>	<u>(41)</u>	<u>(41)</u>
	<u>6465</u>	<u>6611</u>	<u>13076</u>
At 31 March 2010	<u>3358</u>	<u>2521</u>	<u>5879</u>
At 31 March 2009	<u>4340</u>	<u>2217</u>	<u>6557</u>

12 Debtors

	2010 £	2009 £
Prepayments and accrued income	<u>120</u>	<u>3440</u>

13 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	-	496
Income received in advance	-	36000
Accruals and deferred income	<u>1068</u>	<u>1000</u>
	<u>1068</u>	<u>37496</u>

14 Unrestricted funds

	1 April 2009 £	Incoming £	Outgoing £	Transfers £	31 March 2010 £
Unrestricted Funds	<u>11660</u>	<u>7319</u>	<u>(200)</u>	<u>-</u>	<u>18779</u>

15 Restricted funds/

NORTH HIGHLAND FOREST TRUST**Notes to the financial statements
for the year ended 31 March 2010 continued****15 Restricted Funds**

	1 April 2009 £	Incoming £	Outgoing £	Transfers £	2010 £
Projects					
Entrust	9985	8	982	-	9011
Ancient Woodland Pasture	1600	600	-	-	2200
Aspen	454	2114	503	-	2065
Woodland Biodiversity	31169	112000	78589	-	64580
Greenwood	<u>5200</u>	<u>-</u>	<u>4562</u>	<u>-</u>	<u>638</u>
	<u>48408</u>	<u>114722</u>	<u>84636</u>	<u>-</u>	<u>78494</u>

16 Related Party Transactions

The company has identified the following transactions which fall to be disclosed under the terms of FRS8:

The company paid Mike Ellis' business, Roots to Branches, for carrying out various workshops during the year a total of £2000.00.



North Highland Forest Trust is supported by:

Tubney Charitable Trust, The Esmée Fairbairn Foundation, The Robertson Trust,
Scottish Natural Heritage and Forestry Commission Scotland.

