

Company registration number: SC162581

Charity registration number: SCO24358

The Borders Forest Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2019

The Borders Forest Trust

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The Borders Forest Trust

Reference and Administrative Details

Trustees	Mr H G Walzl , retired August 2019. Dr D G Long , retired August 2019. Mrs R Grant-Robertson Mr A H C Chalmers Mr J P Thomas Dr N P Ashmole Mrs S G Eno Mr J C Knight Mrs L M Cassells , resigned April 2019. Mr S A Foulkes Mr J F Ogilvie Mr P J Ritchie , appointed August 2019. Mrs S P Young , appointed August 2019.
Secretary	Mrs N Hunt
Senior Management Team	Mr P O'Hara , until 14/08/19, CEO Mr A Campbell , appointed 1/10/19, CEO
Principal Office	Monteviot Nurseries Ancrum Jedburgh TD8 6TU The charity is incorporated in Scotland.
Company Registration Number	SC162581
Charity Registration Number	SCO24358
Solicitors	J & H Mitchell 51 Atholl Road Pitlochry PH16 5BU
Bankers	Bank of Scotland 40 High Street Jedburgh TD8 6DQ Barclays Bank Leicester LE87 2BB Triodos Bank 24 Hanover Street Edinburgh EH2 2EN
Independent Examiner	David Campbell Deans 27 North Bridge Street Hawick TD9 9BD

The Borders Forest Trust

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 December 2019.

Objectives and activities

Objects and aims

The Trust aims to create, restore and manage native woodlands and their associated wildlife. It will promote creative design, craftsmanship and economic utilisation of woodland resources, involving the community in reviving a woodland culture. The Trust's vision is to provide the community and future generations with opportunities to participate, learn, enjoy and find inspiration in living and working with trees as an integral part of modern life.

Objectives, strategies and activities

The Trust has a Site Acquisition and Management Strategy and this describes the legal nature of the Trust's management of land within its land management portfolio and details the criteria and objectives that the Trust will use in its approach to land acquisition and management. Since the purchase of Talla & Gameshope, the Trust has adopted a more integrated approach to the promotion of its major land holdings under the banner of "Reviving the Wild Heart of Southern Scotland". This brings together Corehead, Talla & Gameshope and Carrifran Wildwood as a more cohesive entity, which makes fundraising and management more focussed, and showcases the Trust's primary work in ecological restoration to better effect. Strategic review meetings have resulted in reviews of staffing structure and skills analysis, which will be implemented in 2020.

BFT also continues to work with other landowners to promote good ecological restoration and management of their sites.

A second focus of the Trust's work is around the theme of people and woodlands. This describes our work with individuals, communities, schools and woodland groups. This includes myriad volunteering opportunities, education programmes and events.

For more detailed information on activities please refer to BFT's 2019 Annual Review.

Fundraising disclosures

The Trust continually raises funds from other trusts, foundations and organisations that hold similar objectives to enable the strategic objective to be delivered. Staff costs are allocated on the basis of time spent on fundraising and where specific costs are incurred for specific projects, these projects have these costs allocated to them on a direct basis.

Public benefit

The Trust engages in ecological restoration, conservation, volunteering and education activities, aligned to its core objectives across Southern Scotland.

Use of volunteers

The Trust is grateful for the unstinting efforts of its volunteers who have helped in a wide variety of ways including practical conservation work and fundraising.

Financial review

Policy on reserves

The Trust's policy on reserves is to aim to maintain a level of reserves to cover the Trust's financial commitments for between 6 and 12 months, to an upper limit of £500,000. This policy recognises the dependence on grant funding and the uncertain nature of the timing of cashflows. Reserves are always under extra pressure also to help manage cashflow, as forestry planting funds are paid in arrears. This policy has been maintained following the repayment of the loan for the purchase of Talla & Gameshope, and with fundraising efforts during 2019.

Unrestricted funds are increased and maintained by fund-raising and investing activities. Restricted funds are maintained in the form of assets or cash. They represent funds yet to be expended or held on behalf of projects and are not available to the Trust for core expenditure.

The Borders Forest Trust

Trustees' Report

Principal funding sources

The principal funding sources of the trust are grants from various bodies, donations and memberships and provision of services to landowners.

Investment policy and objectives

The Trust holds a portfolio of investments with Rathbones. This is divided into 2 funds: Wildwood and BFT Endowment. The Wildwood fund holds the majority of the Wildwood restricted funds raised as stewardships. The BFT Endowment fund holds legacies, funds raised from life memberships, specific donations and associated gift aid (designated funds), as well as BFT Expendable Endowment funds.

Management of the investment portfolio is with Rathbones and the Trust has a good relationship with the fund managers. The portfolio is managed mainly for capital growth rather than income at present. Appropriate donations and endowment gifts are added to the investments when received, if not required for the current year's activities.

Rathbones provide investment reports every quarter and the Trustees meet with them at least once a year to review performance.

Going concern

The Trustees consider that the Trust is a going concern.

Structure, governance and management

Nature of governing document

The company, which is a registered charity in Scotland, is a charitable company limited by guarantee and was set up by a Memorandum of Association on 12th January 1996.

The principal object of the company is to provide conservation, regeneration and promotion of the restoration of native woodlands in the South of Scotland.

Recruitment and appointment of trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. New trustees are recruited by membership nomination prior to the AGM, with details being circulated to the members with the AGM papers. Trustees are elected for a term of 3 years. They may stand for 2 terms but must then retire for at least one year. New trustees are elected annually at the AGM by a show of hands and proxy vote or by postal votes if it is a competitive process. In accordance with the Articles of Association, the following trustees retire or stand down in 2020:- Mrs R Grant-Robertson, Mr A H C chalmers and Mr J P Thomas.

Induction and training of trustees

Trustees are inducted into the trust with an introductory staff briefing which includes a BFT Trustee pack, which summarises Trustee obligations, responsibilities and funding information. The Trust maintains a register of Trustee and Staff interests.

Arrangements for setting key management personnel remuneration

Trustees are not remunerated. The remuneration for key management personnel is set by the trustees and reviewed on an annual basis.

The Borders Forest Trust

Trustees' Report

Organisational structure

The Trust is a membership organisation. The members are responsible for electing the Board of Trustees in accordance with the procedures set out in the Articles of Association. The Board of trustees meets regularly, at least 6 times per year. Daily operational matters have been delegated to the Trust's employees with supervision by the Chief Executive Officer. The day-to-day management decisions are delegated to the CEO. The Trust employs staff to progress programmatic goals, and also employs contract staff to work on specific short-term projects as well as publicity and fundraising. The in-house Finance Officer retired in August 2019. There are two subcommittee of Trustees, the Ecological Advisory Subcommittee, which is convened at the request of the Board of Trustees and reports to them. It recommends appropriate ecological policy across BFT sites. The CEO and Chairman sit ex officio. Subcommittees are subject to the Trust's Terms of Reference for Devolved Decision Making.

In addition, Carrifran Wildwood has a Steering Group. The CEO and Site Officer sit ex officio on this group. The Steering Group is also subject to the Terms of Reference for Devolved Decision Making.

Major risks and management of those risks

Business and Operational Risks

The Trustees have examined the major business and operational risks which the Trust faces and have established systems to enable regular reports to be produced so that the necessary steps may be taken to lessen these risks. In particular, the Trust has a policy of holding reserves in separately designated bank accounts, held with recognised deposit takers.

Financial instruments

Objectives and policies

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

The charity's principal financial assets are bank balances and cash, trade and other receivables, and investments. The charity's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The charity has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Creditor payment policy

It is the Trust's policy to settle its invoices within normal specified credit terms.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 19/6/20 and signed on its behalf by:



.....
Mrs R Grant-Robertson
Trustee

The Borders Forest Trust

Statement of Trustees' Responsibilities

The trustees (who are also the directors of The Borders Forest Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 19/6/20 and signed on its behalf by:



Mrs R Grant-Robertson
Trustee

The Borders Forest Trust

Independent Examiner's Report to the trustees of The Borders Forest Trust

I report on the accounts of the charity for the year ended 31 December 2019 which are set out on pages 7 to 24 .

Respective responsibilities of trustees and examiner

The 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 (the Act) and the Charities Accounts (Scotland) Regulations 2006 (the Accounts Regulations). The 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 financial statements as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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 no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

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 Accounts Regulations; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of regulation 8 of the Accounts Regulations and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

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.



.....
David Campbell
Deans
ICAS

27 North Bridge Street
Hawick
TD9 9BD

Date: 30/8/20.....

The Borders Forest Trust

Statement of Financial Activities for the Year Ended 31 December 2019 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Income and Endowments from:					
Donations and legacies	3	52,698	66,281	1,000	119,979
Charitable activities	4	62,605	264,160	-	326,765
Other trading activities	5	12,449	-	-	12,449
Investment income	6	2,376	4,962	523	7,861
Total income		130,128	335,403	1,523	467,054
Expenditure on:					
Raising funds	7	(6,680)	(3,035)	-	(9,715)
Charitable activities	8	(70,429)	(297,679)	-	(368,108)
Total expenditure		(77,109)	(300,714)	-	(377,823)
Gains/losses on investment assets		12,621	29,389	3,156	45,166
Net income		65,640	64,078	4,679	134,397
Transfers between funds		950	(950)	-	-
Net movement in funds		66,590	63,128	4,679	134,397
Reconciliation of funds					
Total funds brought forward		382,390	2,072,976	21,053	2,476,419
Total funds carried forward	24	448,980	2,136,104	25,732	2,610,816
					(As restated)
	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2018 £
Income and Endowments from:					
Donations and legacies	3	109,887	83,007	3,125	196,019
Charitable activities	4	21,178	275,182	-	296,360
Other trading activities	5	9,823	-	-	9,823
Investment income	6	2,308	5,258	239	7,805
Total income		143,196	363,447	3,364	510,007
Expenditure on:					
Raising funds	7	(6,680)	(6,142)	-	(12,822)
Charitable activities	8	(30,109)	(387,639)	-	(417,748)
Total expenditure		(36,789)	(393,781)	-	(430,570)
Gains/losses on investment assets		21,270	(10,169)	2,258	13,359
Net income/(expenditure)		127,677	(40,503)	5,622	92,796
Net movement in funds		127,677	(40,503)	5,622	92,796
Reconciliation of funds					
Total funds brought forward		254,713	2,113,479	15,431	2,383,623
Total funds carried forward	24	382,390	2,072,976	21,053	2,476,419

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2018 is shown in note 24.

The Borders Forest Trust

(Registration number: SC162581)
Balance Sheet as at 31 December 2019

	Note	2019 £	(As restated) 2018 £
Fixed assets			
Tangible assets	15	1,944,430	1,945,839
Investments	16	317,796	254,442
		<u>2,262,226</u>	<u>2,200,281</u>
Current assets			
Stocks	17	20,500	21,480
Debtors	18	69,427	78,497
Cash at bank and in hand	19	320,112	257,942
		410,039	357,919
Creditors: Amounts falling due within one year	20	(54,449)	(74,781)
Net current assets		<u>355,590</u>	<u>283,138</u>
Total assets less current liabilities		2,617,816	2,483,419
Creditors: Amounts falling due after more than one year	21	(7,000)	(7,000)
Net assets		<u>2,610,816</u>	<u>2,476,419</u>
Funds of the charity:			
Endowment funds		25,732	21,053
Restricted income funds			
Restricted funds	24	2,136,104	2,072,976
Unrestricted income funds			
Unrestricted funds		448,980	382,390
Total funds	24	<u>2,610,816</u>	<u>2,476,419</u>

For the financial year ending 31 December 2019 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with section 44 of the Charities and Trustee Investment (Scotland) Act 2005.

The financial statements on pages 7 to 24 were approved by the trustees, and authorised for issue on ...19/6/20... and signed on their behalf by:



Mrs R Grant-Robertson
Trustee

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Charity status

The charity is limited by guarantee, incorporated in Scotland, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Monteviot Nurseries

Ancrum

Jedburgh

TD8 6TU

Authorised for issue date

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

The Borders Forest Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The accounts are presented in £.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Income and endowments

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

Donations and legacies

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 that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

Grants receivable

Grants receivable are recognised as they are received, unless specific conditions are attached and then the grant is only recognised when those conditions are fully met.

Gift aid

Gift aid is recognised when the claim is made to HMRC, with a debtor being recognised at the year end for any unsubmitted claims.

Other trading activities

Trading income is recognised once the service is performed or the product is delivered to the customer.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Other income

Other income is recognised as received.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Government grants

Grants received are recognised when all terms and conditions attached to the grant have been met.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

Tangible fixed assets

Individual fixed assets costing £500.00 or more are initially recorded at cost.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% reducing balance
Fixtures and fittings	10% straight line
Freehold land	Not depreciated

Impairment of fixed assets

The policy with respect to impairment reviews of fixed assets is that an annual review is carried out by the trustees. As at 31 December 2019, in the trustees opinion, there is no difference between the market value and the carrying value in the accounts

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

Borrowings

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the Statement of Financial Activities in the period in which they arise except for:

- 1) exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- 2) exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- 3) in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

A Smith endowment fund. The donor has specified that capital will be retained with income and capital growth being accumulated for use by the Trust according to a specific set of rules.

Pensions and other post retirement obligations

Contributions to recognised pension schemes are recorded as they are deducted from wages and salaries. Unpaid contributions at the year end are recognised as a liability.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

3 Income from donations and legacies

	Unrestricted funds		Endowment funds	Total 2019 £	Total 2018 £
	General £	Restricted funds £	Expendable £		
Donations and legacies;					
Donations from individuals	25,088	63,715	1,000	89,803	147,565
Legacies	11,379	-	-	11,379	5,000
Gift aid reclaimed	16,231	2,566	-	18,797	43,454
	52,698	66,281	1,000	119,979	196,019

4 Income from charitable activities

	Unrestricted funds		Total 2019 £	(As restated)
	General £	Restricted funds £		Total 2018 £
Grants	50,000	245,409	295,409	260,957
Memberships	9,205	-	9,205	8,678
Other generated income	3,400	18,751	22,151	26,725
	62,605	264,160	326,765	296,360

5 Income from other trading activities

	Unrestricted funds	Total 2019 £	Total 2018 £
	General £		
Trading income;			
Farming income	12,449	12,449	9,823
	12,449	12,449	9,823

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

6 Investment income

	Unrestricted funds		Endowment funds	Total 2019 £	Total 2018 £
	General £	Restricted funds £	Expendable £		
Income from dividends; Dividends receivable from other listed investments	2,092	4,756	523	7,371	7,492
Interest receivable and similar income; Interest receivable on bank deposits	284	206	-	490	313
	<u>2,376</u>	<u>4,962</u>	<u>523</u>	<u>7,861</u>	<u>7,805</u>

7 Expenditure on raising funds

a) Costs of generating donations and legacies

	Note	Unrestricted funds	Restricted funds	Total 2019	Total 2018
		General £	£	£	£
Allocated support costs	9	6,680	3,035	9,715	12,822
			<u>Allocated support costs</u> £	<u>Total 2019</u> £	<u>Total 2018</u> £
Costs of generating donations and legacies			9,715	9,715	12,822

8 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	Total 2019 £	Total 2018 £
Borders Forest Trust	-	64,882	64,882	22,290
Project funds	297,679	-	297,679	387,639
	<u>297,679</u>	<u>64,882</u>	<u>362,561</u>	<u>409,929</u>

£64,882 (2018 - £22,290) of the above expenditure was attributable to unrestricted funds and £297,679 (2018 - £387,639) to restricted funds.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

9 Analysis of governance and support costs

Support costs allocated to raising funds

	Basis of allocation	Staff costs £	Total 2019 £	Total 2018 £
Costs of generating donations and legacies	A	9,715	9,715	12,822

Basis of allocation

Reference	Method of allocation
A	Based on time spent
B	Direct allocation

Governance costs

	Unrestricted funds	Restricted funds	Total 2019 £	Total 2018 £
	General £	£		
Staff costs				
Wages and salaries	1,299	-	1,299	3,515
Independent examiner fees				
Examination of the financial statements	1,682	-	1,682	1,582
Other governance costs	-	2,566	2,566	2,722
	2,981	2,566	5,547	7,819

10 Net incoming/outgoing resources

Net incoming resources for the year include:

	2019 £	2018 £
Operating leases - other assets	2,504	2,543
Profit on disposal of investments	(4,320)	(1,693)
Depreciation of fixed assets	1,409	1,388

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

11 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

12 Staff costs

The aggregate payroll costs were as follows:

	2019 £	2018 £
Staff costs during the year were:		
Wages and salaries	131,681	134,527
Social security costs	5,355	11,689
Pension costs	5,710	3,006
	<u>142,746</u>	<u>149,222</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full time equivalents was as follows:

	2019 No	2018 No
Project staff	5	5
Administration	<u>2</u>	<u>2</u>
	<u>7</u>	<u>7</u>

No employee received emoluments of more than £60,000 during the year.

13 Independent examiner's remuneration

	2019 £	2018 £
Examination of the financial statements	<u>1,682</u>	<u>1,582</u>

14 Taxation

The charity is a registered charity and is therefore exempt from taxation.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

15 Tangible fixed assets

	Land and buildings £	Other tangible fixed asset £	Total £
Cost			
At 1 January 2019	1,993,434	59,358	2,052,792
At 31 December 2019	1,993,434	59,358	2,052,792
Depreciation			
At 1 January 2019	51,694	55,259	106,953
Charge for the year	-	1,409	1,409
At 31 December 2019	51,694	56,668	108,362
Net book value			
At 31 December 2019	1,941,740	2,690	1,944,430
At 31 December 2018	1,941,740	4,099	1,945,839

16 Fixed asset investments

Other investments	2019 £	2018 £
	317,796	254,442

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

Other investments

	Listed investments £	Total £
Cost or Valuation		
At 1 January 2019	254,442	254,442
Revaluation	42,600	42,600
Additions	52,455	52,455
Disposals	(31,701)	(31,701)
At 31 December 2019	<u>317,796</u>	<u>317,796</u>
Net book value		
At 31 December 2019	<u>317,796</u>	<u>317,796</u>
At 31 December 2018	<u>254,442</u>	<u>254,442</u>

The market value of the listed investments at 31 December 2019 was £317,796 (2018 - £254,442).

The investment portfolio's are managed by Rathbone Investment Managers in Edinburgh. They are subject to a management agreement which specifies specific terms for the management in relation to risk profiles and the expected return.

17 Stock

	2019 £	2018 £
Stocks	<u>20,500</u>	<u>21,480</u>

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

18 Debtors

	2019	2018
	£	£
Prepayments	9,332	7,535
VAT recoverable	6,824	6,836
Other debtors	53,271	64,126
	<u>69,427</u>	<u>78,497</u>

19 Cash and cash equivalents

	2019	2018
	£	£
Cash at bank	<u>320,112</u>	<u>257,942</u>

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

20 Creditors: amounts falling due within one year

	2019	(As restated) 2018
	£	£
Trade creditors	12,604	29,770
Other taxation and social security	1,811	3,112
Pension scheme creditor	699	681
Accruals	39,335	41,218
	<u>54,449</u>	<u>74,781</u>

21 Creditors: amounts falling due after one year

	2019	2018
	£	£
Accruals	7,000	7,000

22 Provisions

The Trust has a lease with Monteviot Estates which includes the original administration office which is no longer used. The terms of the lease place an obligation on the Trust to maintain this property. At the present time, the trustees are in discussions with the landlord to alter the lease to remove the property from the lease and remove the maintenance obligation. The Trustees anticipate that these discussions will be successful and in return for financial recompense, the landlord will agree to the proposed changes. The Trustees anticipate that a payment of £7,000 will become due to the landlord following the amendment of the lease. The Trustees have provided for this amount in the accounts

23 Contingent liabilities

Woodland management obligations - the Trust has various legal obligations arising from woodland management agreements that will continue for a number of years (10 - 15). The trustees are assessing the cost implications of these obligations.

Grants - all grants received by the trust have certain conditions attached and should these conditions not be met, the grants would be repayable. At the date of signing the accounts, the Trustees know of no circumstances that would result in any grant being repayable.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

24 Funds

	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
Unrestricted funds					
<i>General</i>					
Borders Forest Trust	382,390	142,749	(77,109)	950	448,980
Restricted funds					
Land held in trust	1,941,740	-	-	-	1,941,740
Project funds	131,236	364,792	(300,714)	(950)	194,364
Total restricted funds	<u>2,072,976</u>	<u>364,792</u>	<u>(300,714)</u>	<u>(950)</u>	<u>2,136,104</u>
Endowment funds					
<i>Expendable</i>					
Expendable Endowment fund	21,053	4,679	-	-	25,732
	<u>21,053</u>	<u>4,679</u>	<u>-</u>	<u>-</u>	<u>25,732</u>
Total funds	<u>2,476,419</u>	<u>512,220</u>	<u>(377,823)</u>	<u>-</u>	<u>2,610,816</u>

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

	Balance at 1 January 2018 £	Incoming resources £	Resources expended £	Balance at 31 December 2018 £
Unrestricted funds				
<i>General</i>				
Borders Forest Trust	254,713	164,466	(36,789)	382,390
Restricted funds				
Land held in trust	1,941,740	-	-	1,941,740
Project funds	171,739	353,278	(393,781)	131,236
Total restricted funds	2,113,479	353,278	(393,781)	2,072,976
Endowment funds				
<i>Expendable</i>				
Expendable Endowment fund	15,431	5,622	-	21,053
	15,431	5,622	-	21,053
Total funds	2,383,623	523,366	(430,570)	2,476,419

The specific purposes for which the funds are to be applied are as follows:

Land held in trust is held for long term purposes. There are various restrictions that apply to the land holdings which means that they are unable to be sold or used as security.

Project funds represent either unspent grants or funds held on behalf of specific projects. Each project has specific terms and conditions applied by grant providers which brings about the restrictions.

The endowment fund represents donations made with particular terms and conditions as to the use of capital and income. The terms provide for the accumulation of donations over time, retaining the donations as capital with the Trust being able to use any income generated by the fund.

Certain grants had a provision for core costs included in the award. These amounts have been transferred to unrestricted funds to match the costs incurred.

The Borders Forest Trust

Notes to the Financial Statements for the Year Ended 31 December 2019

25 Analysis of net assets between funds

	Unrestricted funds		Endowment funds	Total funds at 31 December 2019 £
	General £	Restricted funds £	Expendable £	
Tangible fixed assets	1,183	1,943,247	-	1,944,430
Fixed asset investments	92,699	199,365	25,732	317,796
Current assets	406,059	3,980	-	410,039
Current liabilities	(43,961)	(10,488)	-	(54,449)
Creditors over 1 year	(7,000)	-	-	(7,000)
Total net assets	448,980	2,136,104	25,732	2,610,816
	Unrestricted funds		Endowment funds	Total funds at 31 December 2018 £
	General £	Restricted funds £	Expendable £	
Tangible fixed assets	1,577	1,944,262	-	1,945,839
Fixed asset investments	66,675	166,714	21,053	254,442
Current assets	386,439	(28,520)	-	357,919
Current liabilities	(65,301)	(9,480)	-	(74,781)
Creditors over 1 year	(7,000)	-	-	(7,000)
Total net assets	382,390	2,072,976	21,053	2,476,419

26 Related party transactions

There were no related party transactions in the year.

27 Prior year adjustment

During a review of a grants terms and conditions and clarification of certain terms, a prior year adjustment is considered necessary to allocate a portion of the grant income into 2018. This ensures that the income is matched with the costs for which the grant was awarded.