

REGISTERED COMPANY NUMBER. 06792524 (England and Wales)
REGISTERED CHARITY NUMBER. 1130203

**Report of the Trustees and
Financial Statements For The Year Ended 31 March 2011
for
Ephesea UK**

Morgan Griffiths LLP
Chartered Accountants
Registered Auditor
Cross Chambers
9 High Street
Newtown
Powys
SY16 2NY

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Ephesea UK

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for the Year Ended 31 March 2011**

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Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2011. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
06792524 (England and Wales)

Registered Charity number
1130203

Registered office
11-13 Great Oak Street
Llanidloes
Powys
SY18 6BU

Trustees

H Scrase	Chair - resigned 31 12 10
N L Baird	- elected 25 11 09
M A Barthel	- elected 25 11 09
M Robson	Chair - 01 01 11
S Barnwell	Treasurer - elected 25 11 09
R Bradley	- elected 25 11 09
H Kwisthout	Elected - 29 09 10 - appointed 29 9 10

Auditors

Morgan Griffiths LLP
Chartered Accountants
Registered Auditor
Cross Chambers
9 High Street
Newtown
Powys
SY16 2NY

Bankers

Co-Operative Bank plc
PO Box 101
1 Balloon Street
Manchester
M60 4EP

Management Team

Charles Thwaites MBE (Executive Director)
Rosie Teasdale (Deputy Director)

COMMENCEMENT OF ACTIVITIES

The charitable company was incorporated on 15 January 2009 and commenced activities on 1 May 2009. The charity is also known as FSC UK.

Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Ephesea UK, incorporated in England & Wales on 15 January 2009, is a private company limited by guarantee (as defined by the Companies Act 2006), which is also an association of members registered as an incorporated charity (for simplicity, this report refers henceforth to the company as 'the charity'). The charity is governed under Memorandum and Articles of Association that sets out its objects and powers.

Membership of the charity is open to individuals and organisations who are

- Members of the Forest Stewardship Council AC,
- Ordinarily based or resident in the UK

Recruitment and appointment of new trustees

The charity is managed by a board of trustees which consists of not less than 4 and is not subject to any maximum. At least 3 trustees have to be members of the Forest Stewardship Council AC and ordinarily based or resident in the UK.

Trustees are either proposed or volunteer. They may sit on the board until the next annual members' meeting, when they have to seek election from the membership. Once elected, a trustee may sit on the board for a term of 3 years (from the date of joining the board) before seeking re-election. There is no limit to the number of terms for which a trustee may seek re-election. Re-elected trustees serve a term of 3 years from the date of re-election.

Trustees may elect from amongst themselves a chair, a vice chair and a treasurer.

Induction and training of new trustees

On appointment, most trustees are already familiar with the practical work of the charity through their membership of the Forest Stewardship Council AC. However, all new trustees have the option of attending an induction training session on the work of FSC UK to familiarise themselves with the charity and the context within which it operates. These sessions are presented by staff and normally take no more than half a day.

A 'trustee pack', outlining trustee responsibilities within a private company limited by guarantee, has been compiled and given to all trustees.

Decision Making and Reporting

The board of trustees meets thrice-yearly in person to set the strategic direction and policy of the charity including, crucially, its aims and priorities. Board meetings are attended by the Executive Director, the senior member of the permanent staff. Between meetings, the Executive Director provides trustees with an Interim Report by email. Conference calls between some or all of the trustees may be arranged at any time. Finally, ad hoc working groups of a small number of trustees can be put together to address particular issues.

Day to day management of the charity falls to the Executive Director, supported by the Deputy Director and the remainder of the permanent staff. The Executive Director is responsible for ensuring that the charity delivers a range of services that meet its aims and priorities (see FSC UK's Current Aims below).

Wider network

The charity (under the title of FSC UK) is an accredited National Office of the wider, international FSC network. Although autonomous in terms of funding and priority-setting, the charity operates under a number of agreements with the International Centre of FSC AC, the organisation ultimately responsible for FSC's policies and standards.

The charity participates in FSC's European network and supports the Global Strategy.

Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

The charity exists to support and promote responsible forest management. Several other organisations perform complementary work, including a number of other NGOs and several UK government departments. The charity has contractual relationships with some NGOs and government departments, as well as memoranda of understanding with others to guard against misunderstandings over areas of common interest.

Risk management

A register of the major risks to which the charity is exposed has been established. This is updated annually by the Executive Director and presented to the board. Systems and procedures are in place to manage the risks identified. A major area of identified risk lies in the information and advice that the charity provides to businesses and other organisations, to which end the charity is covered by professional indemnity insurance.

OBJECTIVES AND ACTIVITIES

The Global and National Context of the Charity's Objectives and Activities

At the International Level FSC provides a global system of forest management and chain of custody certification, carried out by independent, third party bodies. This system allows consumers of timber and other forest-derived products to identify and purchase those from well-managed forests.

Within the UK The charity's objects are to promote for the benefit of the public the protection and conservation of the world's forests. In particular, by

- 1 Introducing and maintaining a programme of voluntary accreditation of forest certification bodies,
- 2 Developing consensus around standards for good forest management, and
- 3 Increasing public awareness about independent forest certification.

The Charity's Current Aims

In 2010 the trustees agreed that making progress on the following key themes is vital for the future effectiveness of the charity:

- 1 Stakeholder engagement,
- 2 Workable and relevant standards,
- 3 International partnerships.

Longterm objectives within each theme were set in priority and entered onto a workplan. The Executive Director reports on progress against the workplan at least annually both to the board of trustees and to the International Centre.

Activities demonstrating most significant progress are highlighted in the Achievements and Performance section below.

Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

OBJECTIVES AND ACTIVITIES

Assessment of Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our objectives and aims and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

What are the Identifiable Benefits of FSC UK?

To understand the benefits of FSC UK, it is first necessary to discuss the international context in which the charity operates. Globally, FSC is an independent, non-governmental, not-for-profit organisation established in the early 1990s to promote the responsible management of the world's forests as a response to concerns over global deforestation.

FSC is widely regarded as one of the most important initiatives of the last decade to promote responsible forest management worldwide, providing internationally recognised standard-setting, trademark assurance and accreditation services to companies, organisations, and communities interested in responsible forestry. Moreover, the FSC label provides a credible link between responsible production and consumption of forest products, enabling consumers and businesses to make purchasing decisions that benefit people and the environment as well as providing ongoing business value.

Since the inception of independent forest certification less than 15 years ago, FSC has overseen the growth of forest area within its schemes from nothing to more than 130 million hectares by March 2010. FSC is nationally represented in more than 50 countries around the world; in respect of the UK, the charity is that national representative.

Focussing now on the UK, the charity has two specific roles. First, it plays a key part in the drive to increase the level of national forest area within certification by encouraging the UK's woodland assurance standard to meet all FSC's requirements for certification. The charity also provides advice and guidance to forest owners who may wish to meet the assurance standard and thus take their woodland into FSC certification.

The charity's other main contribution to the continued global success of FSC is to stimulate consumer and market demand in the UK for certified forest products of all varieties and from all parts of the globe (and not only timber and paper products, but also, for example, natural rubber, nuts and even venison). Without markets such as those in the UK, for their timber and related commodities, there is little incentive for forest owners anywhere in the world to commit to forest certification. A measure of the difference we are making is that during the period the number of chain-of-custody holders (one of the key measures of the success of FSC in any one country) exceeded 2100, second in number only to the United States.

Is there any Detriment or Harm?

We believe that most observers concede that the charity's contribution is by far and away more beneficial than rendering harm. However, within the UK, FSC UK has some detractors. The chief of these are a handful of small to medium sized woodland owners, who complain that the complexity and expense of achieving FSC standards is often not worth the marginal premium that such timber might command in the marketplace. Whilst one could argue that meeting our standards is a matter of choice and not of compulsion, we continue to work with the relevant authorities in the effort to address these concerns.

Which Sections of the Public Benefit?

At the global level, FSC's chief commitment is to achieving more forest area under responsible management, thus contributing not only to the sustainability of the world's woodland resource, but also the prospects of those who live, work and relax therein and the maintenance of an environment which benefits humans, plants and animals alike. This is as true for UK woodland as it is for forests anywhere on our planet.

Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

OBJECTIVES AND ACTIVITIES

Assessment of Public Benefit

However, one could also argue that the charity's efforts to increase the number of certified consumer items in UK shops, combined with the drive to raise public awareness, also has a public benefit. These efforts give all purchasers the knowledge and opportunity to buy 'sustainable' timber-based products. Our research shows that, once given the choice, an increasing number wish to do this.

Are these Benefits Universal, or do they Apply only to Certain Groups/Individuals?

We can claim that these benefits are 'universal' in regard to the UK. Large sections of certified woodland are open to the general public, with few restrictions other than those of safety and commercial necessity. Everyone has the choice of whether or not to buy FSC-labelled products.

Commercial organisations seeking the charity's advice on FSC sourcing or certification rules are all given basic information, irrespective of whether they support us financially. In regard to the general public, receiving the benefits outlined above is in no way membership based or at the discretion of the trustees or paid staff. No one receives any private benefit from the charity.

Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

ACHIEVEMENT AND PERFORMANCE

Stakeholder Engagement Theme

The theme of stakeholder engagement covers 4 priority areas. A brief summary of our achievements in each area during the financial year can be assessed from increases in:

1 Recognition of the FSC logo. Our annual survey by GfKNOP showed a fifth successive year of increasing public recognition of the FSC logo in the UK. This latest poll revealed a rise in recognition from 36% in 2010 to 43% in 2011.

"2 Certificate holders. As already noted on Page 6, over the financial year the number of UK-based chain-of-custody holders increased to 2150, globally second only to the US.

"3 New member companies. The charity has processed the application forms for two new member companies during the period, taking the total company-membership to 12. We expect an increase in this category over the coming years; the charity has written a paper for the International Centre on a concept known as FSC+. This will allow member-companies to promote their association with FSC in return for certain safeguards and is regarded by many as an attractive initiative.

4 New national supporters. The charity increased the membership of its supporter programme by 50% during the period, admittedly from a small base.

Workable and Relevant Standards Theme

The theme of workable and relevant standards seeks continuing progress in providing for:

1 Advice services. The charity's bespoke in-company training courses (4 this year) are noticeably being replaced by our on-line training portal, which was launched in November 2010. Log-in details have been issued to 39 companies, of which 9 have accessed the site so far.

"2 An FSC-compliant UK national forest standard. The timetable for the revision of an FSC-compliant UK Woodland Assurance Standard is on track, with the second round of consultation completed on schedule at the end of the reporting period.

"3 Valued input into FSC's policies/standards. The charity was instrumental in shaping 9 major FSC papers, ranging from the revised principles and criteria to trademark standards and the development of national office contracts with the International Centre.

International Partnerships Theme

The main priorities within the theme of international partnerships cover:

1 Contracts with the International Centre. The charity submitted a progress report for 2010 on meeting its four contracted goals within what is known as the National Office Co-operation Agreement (covering nurturing key account partners, FSC acceptance in HMG procurement policies, policing trademark misuse and stakeholder engagement) at the end of January 2011. As far as we know this report has been accepted without equivocation.

2 Non-certificate-holder licensing. This concept only got under way in July 2010, but by the end of the reporting period 29 licences had been issued, bringing in an invoiced administrative income of £6830.

3 2012 Olympics. A means of authorising percentage input claims for mega-projects is being considered by the Policy & Standards Unit to accommodate timber consumption on the London Olympic site.

FINANCIAL REVIEW

General

The first general point to make about this financial review is that it covers a standard 12 month period. This is relevant because the previous financial year (FY 2009/10) was truncated to 11 months to account for the transfer of operations to the limited company from the unincorporated charity which took place on 1st May 2009. Therefore direct comparisons with previous period figures should bear this point in mind. The charity intends that its normal pattern of reporting will remain for a 12 month financial year, running from 1st April to 31st March.

Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

FINANCIAL REVIEW

Income

Over the financial year under review income has exceeded expenditure by £46,993. We began the year with an opening balance from the previous period of £32,509 and have ended with a carry forward of £79,502. We are maintaining our decreasing reliance on grant income. Grants received from charitable foundations totalled £57,545 (see Note 3 on Page 14), whereas income from other sources (including donations for special projects (see Note 6 on Page 15)) amounted to £160,835, mainly reflecting increasing sales and subscriptions and the growing importance of our contracts with the International Centre. Charities should aim for a 40/60 split between granted and other income, for this reporting period we have achieved 26/74.

Expenditure

Expenditure has increased over this period when compared with the last, this is partially explained by the 11-month anomaly of FY2009/10, but also because we took on a much-needed extra member of staff in January 2011. We also allowed ourselves a measure of basic office refurbishment, which saw much long-service furniture being replaced. It is worth noting that the expenditure forecast at the beginning of the period was for £196,532, the actual figure was £165,587.

Reserves Policy

The Steering Group examined the charity's requirements for reserves in light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be equivalent to 3 months' of expenditure. It was also agreed that a reserve fund should be established by means of a monthly contribution. The reserves are needed to meet the working capital requirements of the charity and the Steering Group is confident that, at the equivalent to 3 months' expenditure, the charity would be able to continue at worthwhile activity levels in the event of a significant drop in funding.

Forecast expenditure for 2011/12 is approximately £225,000, giving a target of just over £56,000 held in reserves. At the end of the reporting period, reserves had reached £21,000, still some way short of the target, but it is worth recalling that monthly contributions have only been possible for less than four years. Indeed, the charity has increased its remittances to reserves as its financial position has improved.

FUTURE DEVELOPMENTS

The last financial review predicted a further decline in grant donations, although in reality they remained more or less level. But, at the same time, our most recent financial reviews predicted greater self-sufficiency, and this also turned out to be the case. Our plans for future periods quite simply must continue to build on the expectation of falling grants and rising earned income, and there are ever more solid signs that this is achievable. The charity is now a licensed trademark service provider and is a considerable beneficiary of the National Office Agreement (£47,000 received from the International Centre for contributing to FSC's global objectives). We also hope that membership revenue will increase through the FSC+ initiative, mentioned on the previous page.

Ephesea UK

Report of the Trustees for the Year Ended 31 March 2011

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charity SORP,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information

AUDITORS

The auditors, Morgan Griffiths LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

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

ON BEHALF OF THE BOARD



S Barnwell - Trustee

Date 9th September 2011

Report of the Independent Auditors to the Members of Ephesea UK

We have audited the financial statements of Ephesea UK for the year ended 31 March 2011 on pages eleven to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Ephesea UK**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees

R. J. Osment

R J Osment (Senior Statutory Auditor)
for and on behalf of Morgan Griffiths LLP
Chartered Accountants
Registered Auditor
Cross Chambers
9 High Street
Newtown
Powys
SY16 2NY

Date *9th. September. 2011*

Ephesea UK

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2011**

				Year Ended 31.3 11	Period 15 1 09 to 31 3 10
	Notes	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	3	122,580	-	122,580	54,314
Activities for generating funds	4	54,522	-	54,522	53,134
Investment income	5	91	-	91	61
Incoming resources from charitable activities					
Advisory service	6	9,444	1,655	11,099	30,431
Promotion & representation		19,898	7,847	27,745	3,300
Policy & standards		423	-	423	709
Forestry & standards		1,920	-	1,920	6,345
Other incoming resources	7	-	-	-	25,840
Total incoming resources		208,878	9,502	218,380	174,134
RESOURCES EXPENDED					
Charitable activities					
Advisory service	8	36,937	7,998	44,935	50,542
Promotion & representation		30,055	5,137	35,192	21,047
Policy & standards		36,982	-	36,982	27,427
Forestry & standards		33,253	-	33,253	27,187
Systems integrity		15,220	-	15,220	10,718
Subscriber services		237	-	237	227
DEFRA		-	277	277	294
Governance costs	11	5,291	-	5,291	4,183
Total resources expended		157,975	13,412	171,387	141,625
NET INCOME/(EXPENDITURE) FOR THE YEAR					
		50,903	(3,910)	46,993	32,509
RECONCILIATION OF FUNDS					
Total funds brought forward		23,660	8,849	32,509	-
TOTAL FUNDS CARRIED FORWARD		74,563	4,939	79,502	32,509

The notes form part of these financial statements

Ephesea UK
Balance Sheet
At 31 March 2011

	Notes	31.3.11 £	31.3.10 £
FIXED ASSETS			
Tangible assets	15	8,391	12,321
CURRENT ASSETS			
Debtors amounts falling due within one year	16	15,599	17,639
Cash at bank and in hand		96,296	45,033
		<u>111,895</u>	<u>62,672</u>
CREDITORS			
Amounts falling due within one year	17	(40,784)	(42,484)
NET CURRENT ASSETS		<u>71,111</u>	<u>20,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>79,502</u>	<u>32,509</u>
NET ASSETS		<u><u>79,502</u></u>	<u><u>32,509</u></u>
FUNDS	20		
Unrestricted funds		74,563	23,660
Restricted funds		4,939	8,849
TOTAL FUNDS		<u><u>79,502</u></u>	<u><u>32,509</u></u>

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

The financial statements were approved by the Board of Trustees on 9th September 2011 and were signed on its behalf by

S Barnwell
S Barnwell -Trustee

The notes form part of these financial statements

Ephesea UK

Notes to the Financial Statements for the Year Ended 31 March 2011

1. OPERATIONS

The charitable company was incorporated on 15th January 2009, but remained dormant until 1st May 2009. At this point the operations of the unincorporated charity Forest Stewardship Council (UK Working Group) were transferred into Ephesea UK Ltd.

2. ACCOUNTING POLICIES

Accounting convention

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

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

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

Governance costs

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

Allocation and apportionment of costs

Support costs have been apportioned to activities based on the apportionment of salary costs.

Tangible fixed assets

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

Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 15% on reducing balance

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

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

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

Ephesea UK

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2011**

2 ACCOUNTING POLICIES - continued

Foreign currencies

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

Operating leases

Costs in respect of operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease.

3. VOLUNTARY INCOME

	Year Ended 31.3.11 £	Period 15 1 09 to 31 3 10 £
Grants	57,545	33,752
FSC National Office Agreement	46,555	-
FSC Membership	18,480	20,562
	<u>122,580</u>	<u>54,314</u>

Grants received, included in the above, are as follows

	Year Ended 31.3.11 £	Period 15 1 09 to 31 3 10 £
The Body Shop Foundation	10,000	10,000
Oakdale Trust	-	500
Cecil Pilkinton Charitable trust	1,000	1,000
The Waterloo Foundation	20,000	20,000
The Ernest Kleinwort Charitable Trust	-	1,000
The Golden Bottle Trust	-	500
Other Gifts and Donations	1,545	752
Esmee Fairbairn Foundation	25,000	-
	<u>57,545</u>	<u>33,752</u>

Ephesea UK

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

4. ACTIVITIES FOR GENERATING FUNDS

	Year Ended 31.3.11 £	Period 15.1.09 to 31.3.10 £
Technical Support	41,362	39,994
Trade Marks	2,231	4,451
Weblinks	10,851	8,128
Other income	78	561
	<u>54,522</u>	<u>53,134</u>

5. INVESTMENT INCOME

	Year Ended 31.3.11 £	Period 15.1.09 to 31.3.10 £
Deposit account interest	<u>91</u>	<u>61</u>

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Grants received, included in the above, are as follows

	Year Ended 31.3.11 £	Period 15.1.09 to 31.3.10 £
Dulverton Trust	-	12,000
WWF - UK	-	10,000
SCA	12,000	3,000
Sainsbury's	3,000	-
FSC International (Includes Year of the Forest)	9,350	-
WCVA	1,655	-
Other	250	-
	<u>26,255</u>	<u>22,000</u>

Ephesea UK

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2011**

7. OTHER INCOMING RESOURCES

	Year Ended 31 3.11 £	Period 15 1 09 to 31 3 10 £
Exceptional items	-	25,840

This amount in the period ended 31st March 2010 represents the net assets of the unincorporated charity Forest Stewardship Council (UK Working Group) which were transferred into Ephesea UK on 1st May 2009

8. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 9) £	Support costs (See note 10) £	Totals £
Advisory service	35,011	9,924	44,935
Promotion & representation	29,960	5,232	35,192
Policy & standards	29,407	7,575	36,982
Forestry & standards	25,678	7,575	33,253
Systems integrity	11,374	3,846	15,220
Subscriber services	237	-	237
DEFRA	277	-	277
	<u>131,944</u>	<u>34,152</u>	<u>166,096</u>

Ephesea UK

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2011**

9. DIRECT COSTS OF CHARITABLE ACTIVITIES

	Year Ended 31 3.11 £	Period 15 1 09 to 31 3 10 £
Staff costs	100,751	91,972
Telephone	1,218	1,084
Postage and stationery	1,708	1,843
Sundries	-	18
Travel & subsistence	10,762	5,153
Publications & subscriptions	401	117
Recruitment & training	359	179
Repairs & renewals	-	137
Venue hire	49	235
UKWAS subscription	1,110	1,100
Fundraising	596	335
Training project	3,842	3,756
Publicity	10,421	9,039
Consultancy fees	451	-
Depreciation	276	294
	<u>131,944</u>	<u>115,262</u>

10 SUPPORT COSTS

	Management £
Advisory service	9,924
Promotion & representation	5,232
Policy & standards	7,575
Forestry & standards	7,575
Systems integrity	3,846
	<u>34,152</u>

Activity	Basis of allocation
Management	Salary costs

Ephesea UK

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2011**

11 GOVERNANCE COSTS

	Year Ended 31 3 11 £	Period 15 1 09 to 31 3 10 £
Trustees' expenses	70	91
Insurance	2,327	2,010
Auditors' remuneration	1,740	1,469
Management meetings' expenses	1,154	613
	<u>5,291</u>	<u>4,183</u>

12. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

	Year Ended 31 3 11 £	Period 15 1 09 to 31 3 10 £
Auditors' remuneration	1,740	1,469
Depreciation - owned assets	1,482	1,963
Deficit on disposal of fixed asset	<u>6,823</u>	<u>-</u>

13 TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2011 nor for the period ended 31 March 2010

Trustees' Expenses

Travel expenses amounting to £70 (2010 £91) were paid to two trustees in the period

Ephesea UK

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2011**

14 STAFF COSTS

	Year Ended 31 3.11 £	Period 15 01 9 to 31 3 10 £
Wages and salaries	105,435	90,949
Social security costs	10,194	8,843
	<u>115,629</u>	<u>99,792</u>

The average number of employees during the period was as follows

Policy and standards development	0.5	0.5
Promotion and representation	0.9	0.4
Advisory service	1.5	2.0
UK forest standards	0.5	0.5
Systems integrity	0.4	0.3
Support	0.7	0.8
	<u>4.5</u>	<u>4.5</u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was nil

15 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2010	9,104	5,180	14,284
Additions	3,524	851	4,375
Disposals	(7,911)	-	(7,911)
At 31 March 2011	<u>4,717</u>	<u>6,031</u>	<u>10,748</u>
DEPRECIATION			
At 1 April 2010	1,251	712	1,963
Charge for year	684	798	1,482
Eliminated on disposal	(1,088)	-	(1,088)
At 31 March 2011	<u>847</u>	<u>1,510</u>	<u>2,357</u>
NET BOOK VALUE			
At 31 March 2011	<u>3,870</u>	<u>4,521</u>	<u>8,391</u>
At 31 March 2010	<u>7,853</u>	<u>4,468</u>	<u>12,321</u>

Ephesea UK

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

16 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.11	31 3 10
	£	£
Trade debtors	14,240	16,316
Prepayments and accrued income	1,359	1,323
	<u>15,599</u>	<u>17,639</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3.11	31 3 10
	£	£
Other loans	-	7,047
Trade creditors	457	3,268
Social security and other taxes	3,300	2,543
Other creditors	-	392
Deferred income	27,280	21,274
Accrued expenses	9,747	7,960
	<u>40,784</u>	<u>42,484</u>

18 OPERATING LEASE COMMITMENTS

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

	31 3.11	31 3 10
	£	£
Expiring		
Within one year	<u>624</u>	<u>604</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.3.11 Total funds	31 3 10 Total funds
	£	£	£	£
Fixed assets	6,818	1,573	8,391	12,321
Current assets	108,379	3,516	111,895	62,672
Current liabilities	(40,634)	(150)	(40,784)	(42,484)
	<u>74,563</u>	<u>4,939</u>	<u>79,502</u>	<u>32,509</u>

Ephesea UK

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

20 MOVEMENT IN FUNDS

	At 1 4 10 £	Net movement in funds £	Transfers between funds £	At 31.3.11 £
Unrestricted funds				
General Fund	13,189	53,130	(4,095)	62,224
Capital Fund	10,471	(2,227)	4,095	12,339
	<u>23,660</u>	<u>50,903</u>	<u>-</u>	<u>74,563</u>
Restricted funds				
WWF-UK	4,000	(4,000)	-	-
Dulverton Trust	1,000	(1,000)	-	-
DEFRA - Capital Fund	1,849	(277)	-	1,572
WWF Training	2,000	(2,000)	-	-
Wales Council for Voluntary Action	-	279	-	279
International Year of the Forest	-	3,088	-	3,088
	<u>8,849</u>	<u>(3,910)</u>	<u>-</u>	<u>4,939</u>
TOTAL FUNDS	<u>32,509</u>	<u>46,993</u>	<u>-</u>	<u>79,502</u>

Ephesea UK

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	208,878	(155,748)	53,130
Capital Fund	-	(2,227)	(2,227)
	<u>208,878</u>	<u>(157,975)</u>	<u>50,903</u>
Restricted funds			
WWF-UK	-	(4,000)	(4,000)
Dulverton Trust	-	(1,000)	(1,000)
WWF Training	-	(2,000)	(2,000)
Wales Council for Voluntary Action	1,655	(1,376)	279
International Year of the Forest	5,090	(2,002)	3,088
Premier Paper	380	(380)	-
Kimberly Clark	1,000	(1,000)	-
Hallmark	1,000	(1,000)	-
WPG	377	(377)	-
DEFRA - Capital Fund	-	(277)	(277)
	<u>9,502</u>	<u>(13,412)</u>	<u>(3,910)</u>
TOTAL FUNDS	<u><u>218,380</u></u>	<u><u>(171,387)</u></u>	<u><u>46,993</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

20 MOVEMENT IN FUNDS - continued

WWF-UK

Development of on-line training resources

Dulverton Trust

Forest mapping project

WWF Training

Training courses for members of WWF's Forest Trade Network

Welsh Council for Voluntary Action

To raise awareness of climate change issues in Wales

International Year of the Forest (IYF)

To promote FSC's contribution to the UK dimension of the IYF campaign (provided by FSC International Centre)

Premier Paper

For sponsorship of display boards

Kimberly Clark

For sponsorship of competition fliers and postage

Hallmark

For sponsorship of FSC T-shirts

WPG

For sponsorship of a range of promotional material