

**Report of the Trustees and  
Financial Statements for the Year Ended 31 March 2013  
for  
Ephesea UK**

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

TUESDAY



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**Ephesea UK**

**Contents of the Financial Statements  
for the Year Ended 31 March 2013**

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**Report of the Trustees  
for the Year Ended 31 March 2013**

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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 2013. 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

Llandiloes

Powys

SY18 6BU

**Trustees**

H Scrase

N L Baird

M A Barthel

M Robson

Chair

R Bradley

- resigned 5 1 13

H Kwisthout

A Mawby

Treasurer

- appointed 2 5 12

C Bradford

- appointed 2 5 12

P Mittermaier

- appointed 23 1 13

**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)

**Charity Name**

The charity is also known as Forest Stewardship Council UK or FSC UK

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## **Ephesea UK**

### **Report of the Trustees for the Year Ended 31 March 2013**

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#### **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, and, by invitation, the Deputy Director (the senior members 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.

**Report of the Trustees  
for the Year Ended 31 March 2013**

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**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**

**Objectives and aims**

**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.

These themes were re-endorsed in January 2013.

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 2013**

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#### **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 almost 20 years ago, FSC has overseen the growth of forest area within its schemes from nothing to nearly 174 million hectares by March 2013. FSC is nationally represented in 45 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 2300, ranking us third globally, behind the United States and China.

##### **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.

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.

**Report of the Trustees  
for the Year Ended 31 March 2013**

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**OBJECTIVES AND ACTIVITIES**

**Assessment of Public Benefit**

**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 2013**

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#### **ACHIEVEMENT AND PERFORMANCE**

##### **Stakeholder Engagement Theme**

The theme of stakeholder engagement covers 3 priority areas. A brief summary of our achievements in each area during the financial year can be gauged from the following:

1. Recognition of the FSC logo. Our annual survey indicated that 38% of respondents had seen the FSC logo before, with awareness higher (45%) in the under 45 age groups.
2. Certificate holders. Over the financial year the number of UK-based chain-of-custody holders increased by 92 to 2319. Globally, the latter number is third only to the US and China.
3. New member companies. Three new member companies were approved as UK members in FY 2012/13 - B&Q Plc, LendLease EMEA and Confor (Confederation of Forest Industries) - and there is interest from several other individuals, businesses and NGOs.

##### **Workable and Relevant Standards Theme**

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

1. Advice services. In addition to the charity's bespoke in-company training courses (9 this year), FSC UK also offers training modules through our on-line training portal.
2. An FSC-compliant UK National Forest Standard. Although the latest revision of UK Woodland Assurance Standard (UKWAS), known as Version 3.1, was approved by FSC as being compatible with its principles and criteria in the previous reporting period, it actually became effective from 1st July 2012. Not surprisingly, in this period work has begun on the five year-long programme that leads into the next revision, i.e., Version 4, which has to be ready for its approval by FSC by end-2016.
3. Valued input into FSC's policies/standards. The charity responded to a range of FSC consultations and encouraged UK stakeholders to submit comments. FSC UK is represented on the Trademark Taskforce and the Global Branding Positioning Advisory Group. Additionally, throughout this reporting period the charity has been urging the International Centre to take a flexible approach to the imposition of international generic indicators for forest management. The Executive Director attended three international conferences devoted either fully or partially to this subject.

##### **International Partnerships Theme**

The main priorities within the theme of international partnerships cover:

1. Contracts with the International Centre. The Charity has a contract with the International Centre containing a workplan designed to progress FSC's global aims as they apply to the UK. This workplan is discussed annually with FSC UK Trustees to align it with those other objectives set for the Charity at the national level. This is the largest contract by far, generating income recorded in these accounts of £98,638 (albeit calculated over a 15 month period). Nevertheless it is worth mentioning other contracts, such as those covering assistance with Marketplace, the co-ordination of FSC Friday worldwide and one awarded to FSC UK by which the Executive Director placed himself on-call to the International Centre to assist in a variety of cross-border tasks (key account management, recruitment, network procedures/self-assessment and Timber Regulation matters to name but a few).
2. Non-certificate-holder licensing. This continues to be a growth area for FSC UK, with 68 licences issued or renewed during the reporting period, bringing in an invoiced administrative income of £15,076, with 20% of this being payable to FSC International.
3. 2012 Olympics. Following the negotiation of a percentage input standard and a full audit of the London Olympic park, it was confirmed that over two-thirds of the timber used on the site was FSC-certified. Both the London 2012 tickets and programmes were printed on FSC-certified paper, with the FSC logo being appropriately displayed. Finally, through the efforts of the project management and construction company LendLease, FSC timber constituted more than 95% of that material used in the Athletes' Village.

#### **FINANCIAL REVIEW**

##### **Income**

Over the financial year under review income has exceeded expenditure by £78,078. We began the year with an opening balance from the previous period of £103,446 and have ended with a carry forward of £181,524.

We are maintaining our decreasing reliance on grant income. Grants received from charitable foundations totalled £20,827 (see Note 2 on Page 14), whereas income from other sources (including donations for special projects (see Note 5 on Page 15) amounted to £237,546, mainly reflecting increasing sales and subscriptions and the growing importance of our agreements/contracts with the International Centre.



**Report of the Trustees  
for the Year Ended 31 March 2013**

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**FINANCIAL REVIEW**

**Expenditure**

Expenditure at £180,295 this year was very similar to the previous period. It is worth noting that the expenditure forecast at the beginning of the period was for £219,754, the actual figure was significantly lower. Two members of staff requesting maternity leave (for a long period simultaneously during the year) was the main reason for this overestimate.

**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 2013/14 is approximately £261,847, giving a target of just over £65,000 held in reserves. At the end of the reporting period, reserves had reached £45,000, meaning that at the end of FY2013/14 these will stand at £57,000 (the Charity contributes £1000 per month into reserves). Assuming no currently unforeseen need to draw on reserves, at that point FSC UK should be within striking distance of meeting its long wished-for Reserves Policy.

**FUTURE DEVELOPMENTS**

Two conflicting forces make predicting the continued rise in the level of income over expenditure a risky exercise. In the expenditure paragraph above we recorded that, for most of the period, two members of staff were absent on maternity leave, which resulted in lower employment costs for the charity. Both members of staff have now returned to work, albeit initially in a part-time capacity. Nevertheless, the charity's wages bill will inevitably increase from its static nature of the last three reporting periods (between £115,000 and £128,000), especially after the recruitment of a dedicated (although part-time) forest management manager. Even so, on current levels of income, we believe any increase is manageable, with revenue continuing to exceed total expenditure.

The early signs are that FSC UK could be a major beneficiary of what is known as Motion 8: the 2011 General Assembly's wish for the Network to receive a greater proportion of the total funds available to FSC as a whole. No figures are available at present, and it is not clear when the new revenue-sharing mechanism will cut in. But it is already known that a key Motion 8 recommendation is that national offices should receive a greater return from the accreditation fees accruing from each certificate registered on their soil, hence those countries with a large number of these, such as the UK, could possibly do quite well.

**Ephesea UK**

**Report of the Trustees  
for the Year Ended 31 March 2013**

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**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

**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**

  
A Mawby - Trustee

Date 5th September 2013

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

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We have audited the financial statements of Ephesea UK for the year ended 31 March 2013 on pages eleven to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 set out on page eight, 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 Report of the Trustees 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 2013 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**

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**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*

Robert J Osment FCA (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 *12<sup>th</sup> September, 2013*.

Ephesea UK

**Statement of Financial Activities**  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 31 March 2013

	Notes	Unrestricted funds £	Restricted funds £	31.3.13 Total funds £	31 3 12 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	153,981	-	153,981	114,282
Activities for generating funds	3	53,607	-	53,607	63,375
Investment income	4	226	-	226	152
<b>Incoming resources from charitable activities</b>					
	5				
Advisory service		5,152	1,402	6,554	7,142
Promotion & representation		12,558	1,620	14,178	11,298
Policy & standards		27,877	-	27,877	2,318
Forestry & standards		427	-	427	348
Systems integrity		851	-	851	2,183
Subscriber services		672	-	672	-
<b>Total incoming resources</b>		<b>255,351</b>	<b>3,022</b>	<b>258,373</b>	<b>201,098</b>
<b>RESOURCES EXPENDED</b>					
<b>Charitable activities</b>					
	6				
Advisory service		32,294	-	32,294	34,726
Promotion & representation		37,020	3,022	40,042	35,244
Policy & standards		35,932	-	35,932	39,075
Forestry & standards		30,845	-	30,845	32,750
Systems integrity		33,372	-	33,372	28,749
Subscriber services		622	-	622	665
DEFRA		-	1,336	1,336	236
<b>Governance costs</b>	9	<b>5,852</b>	<b>-</b>	<b>5,852</b>	<b>5,709</b>
<b>Total resources expended</b>		<b>175,937</b>	<b>4,358</b>	<b>180,295</b>	<b>177,154</b>
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>					
		<b>79,414</b>	<b>(1,336)</b>	<b>78,078</b>	<b>23,944</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>102,110</b>	<b>1,336</b>	<b>103,446</b>	<b>79,502</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>181,524</b>	<b>-</b>	<b>181,524</b>	<b>103,446</b>

The notes form part of these financial statements

**Ephesea UK**  
**Balance Sheet**  
**At 31 March 2013**

	Notes	<b>31.3.13</b> £	31 3 12 £
<b>FIXED ASSETS</b>			
Tangible assets	13	7,979	11,915
<b>CURRENT ASSETS</b>			
Debtors	14	85,304	24,151
Cash at bank and in hand		166,854	111,671
		<u>252,158</u>	<u>135,822</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(78,613)	(44,291)
<b>NET CURRENT ASSETS</b>		<u>173,545</u>	<u>91,531</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		181,524	103,446
<b>NET ASSETS</b>		<u>181,524</u>	<u>103,446</u>
<b>FUNDS</b>	18		
Unrestricted funds		181,524	102,110
Restricted funds		-	1,336
<b>TOTAL FUNDS</b>		<u>181,524</u>	<u>103,446</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 05/09/2013 and were signed on its behalf by

  
A Mawby -Trustee

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 March 2013**

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**1. 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 cost 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	- 50% on cost and 15% on reducing balance
Computer equipment	- 33% on cost

**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

**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

**Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate

**Ephesea UK**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013**

**1. ACCOUNTING POLICIES - continued**

**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

**2. VOLUNTARY INCOME**

	<b>31.3.13</b>	31 3 12
	£	£
Grants	20,827	38,707
FSC National Office Agreement	98,638	60,969
FSC Membership	34,516	14,606
	<u>153,981</u>	<u>114,282</u>

Grants received, included in the above, are as follows

	<b>31.3.13</b>	31 3 12
	£	£
Other Gifts and Donations	827	1,707
Esmee Fairbairn Foundation	10,000	25,000
Akzo Nobel	10,000	10,000
Tesco	-	2,000
	<u>20,827</u>	<u>38,707</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	<b>31.3.13</b>	31 3 12
	£	£
Technical Support	25,007	38,208
Trademark Licensing	14,552	10,846
Weblinks	14,048	13,268
Other income	-	1,053
	<u>53,607</u>	<u>63,375</u>

**4. INVESTMENT INCOME**

	<b>31.3.13</b>	31 3 12
	£	£
Deposit account interest	<u>226</u>	<u>152</u>



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2013**

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

Grants received, included in the above, are as follows

	<b>Year Ended 31.3.13 £</b>	<b>Year Ended 31 3 12 £</b>
Sainsbury's	<b>6,930</b>	8,000
Akzo Nobel	<b>250</b>	2,000
Hallmark	<b>1,000</b>	1,000
Other	<b>-</b>	41
	<b><u>8,180</u></b>	<b><u>11,041</u></b>

**6. CHARITABLE ACTIVITIES COSTS**

	<b>Direct costs (See note 7) £</b>	<b>Support costs (See note 8) £</b>	<b>Totals £</b>
Advisory service	26,878	5,416	32,294
Promotion & representation	35,062	4,980	40,042
Policy & standards	31,141	4,791	35,932
Forestry & standards	26,053	4,792	30,845
Systems integrity	27,964	5,408	33,372
Subscriber services	622	-	622
DEFRA	1,336	-	1,336
	<b><u>149,056</u></b>	<b><u>25,387</u></b>	<b><u>174,443</u></b>

**7. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	<b>31.3.13 £</b>	<b>31 3 12 £</b>
Staff costs	118,821	113,717
Telephone	1,570	1,458
Postage and stationery	2,235	1,917
Travel & subsistence	9,718	11,531
Publications & subscriptions	692	372
Recruitment & training	875	2,008
Repairs & renewals	228	171
UKWAS subscription	1,210	1,155
Publicity	6,381	9,990
Exhibition expenses	173	-
Consultancy fees	1,815	-
Sundries	2,050	479
Trademark Licence Admin Fee	1,952	1,223
Depreciation	1,336	236
	<b><u>149,056</u></b>	<b><u>144,257</u></b>

**Ephesea UK**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013**

**8. SUPPORT COSTS**

	<b>Management £</b>
Advisory service	5,416
Promotion & representation	4,980
Policy & standards	4,791
Forestry & standards	4,792
Systems integrity	5,408
	<u>25,387</u>

<b>Activity</b>	<b>Basis of allocation</b>
Management	Salary costs

**9. GOVERNANCE COSTS**

	<b>31.3.13 £</b>	<b>31 3 12 £</b>
Trustees' expenses	609	617
Insurance	2,238	2,354
Auditors' remuneration	1,792	1,680
Auditors' remuneration for non-audit work	-	280
Management meetings' expenses	1,213	778
	<u>5,852</u>	<u>5,709</u>

**10. NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting)

	<b>31.3.13 £</b>	<b>31 3 12 £</b>
Auditors' remuneration	1,792	1,680
Depreciation - owned assets	5,500	2,023
	<u>7,292</u>	<u>3,703</u>

**11. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 March 2013 nor for the year ended 31 March 2012

**Trustees' expenses**

Travel and subsistence expenses amounting to £609 (2012 617) were paid to six (2012 three) trustees in the period

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013**

**12. STAFF COSTS**

	Year Ended 31.3.13 £	Year Ended 31 3 12 £
Wages and salaries	112,870	116,031
Social security costs	10,696	11,894
Pensions	4,435	-
	<u>128,001</u>	<u>127,925</u>

The average number of employees (including staff on maternity leave) during the period was as follows

Policy and standards development	0.5	0 5
Promotion and representation	1.6	0 8
Advisory service	1.7	1 4
UK forest standards	0.5	0 5
Systems integrity	0.8	0 7
Support	0.9	0 6
	<u>6.0</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

**13. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 April 2012	7,825	8,471	16,296
Additions	1,096	466	1,562
	<u>8,921</u>	<u>8,937</u>	<u>17,858</u>
At 31 March 2013	8,921	8,937	17,858
<b>DEPRECIATION</b>			
At 1 April 2012	1,893	2,487	4,380
Charge for year	1,756	3,744	5,500
	<u>3,649</u>	<u>6,231</u>	<u>9,880</u>
At 31 March 2013	3,649	6,231	9,880
<b>NET BOOK VALUE</b>			
At 31 March 2013	<u>5,272</u>	<u>2,706</u>	<u>7,978</u>
At 31 March 2012	<u>5,932</u>	<u>5,984</u>	<u>11,916</u>

**Ephesea UK**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013**

**14 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.3.13</b>	<b>31 3 12</b>
	<b>£</b>	<b>£</b>
Trade debtors	49,282	22,378
Prepayments and accrued income	36,022	1,773
	<u>85,304</u>	<u>24,151</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.3.13</b>	<b>31 3 12</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,871	1,309
Social security and other taxes	7,559	5,410
Deferred income	50,681	25,267
Accrued expenses	18,502	12,305
	<u>78,613</u>	<u>44,291</u>

**16. OPERATING LEASE COMMITMENTS**

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

	<b>31.3.13</b>	<b>31 3 12</b>
	<b>£</b>	<b>£</b>
Expiring		
Within one year	<u>802</u>	<u>696</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>31.3.13 Total funds</b>	<b>31 3 12 Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	7,979	-	7,979	11,915
Current assets	252,158	-	252,158	135,822
Current liabilities	(78,613)	-	(78,613)	(44,291)
	<u>181,524</u>	<u>-</u>	<u>181,524</u>	<u>103,446</u>

Cash held within the Co-Op deposit account amounted to £45,059 (2012 £33,025) and is included in the unrestricted funds figures above. This is the figure referred to in the "reserves policy" section of the Report of the Trustees.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2013**

**18. MOVEMENT IN FUNDS**

	<b>At 1.4.12 £</b>	<b>Net movement in funds £</b>	<b>Transfers between funds £</b>	<b>At 31.3.13 £</b>
<b>Unrestricted funds</b>				
General Fund	91,532	83,577	(1,563)	173,546
Capital Fund	10,578	(4,163)	1,563	7,978
	<u>102,110</u>	<u>79,414</u>	<u>-</u>	<u>181,524</u>
<b>Restricted funds</b>				
DEFRA - Capital Fund	1,336	(1,336)	-	-
	<u>103,446</u>	<u>78,078</u>	<u>-</u>	<u>181,524</u>

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

	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Movement in funds £</b>
<b>Unrestricted funds</b>			
General Fund	255,351	(171,774)	83,577
Capital Fund	-	(4,163)	(4,163)
	<u>255,351</u>	<u>(175,937)</u>	<u>79,414</u>
<b>Restricted funds</b>			
Hallmark	1,000	(1,000)	-
Akzo Nobel	250	(250)	-
FSC Fibreboard campaign	370	(370)	-
Marketplace	1,402	(1,402)	-
DEFRA - Capital Fund	-	(1,336)	(1,336)
	<u>3,022</u>	<u>(4,358)</u>	<u>(1,336)</u>
<b>TOTAL FUNDS</b>	<u>258,373</u>	<u>(180,295)</u>	<u>78,078</u>

**Hallmark**

For sponsorship of FSC T-shirts and bags

**FSC Fibreboard Campaign**

To promote this campaign to UK stakeholders and encourage companies to register their support

**Marketplace**

To trial the proposed FSC Marketplace database and provide feedback

**AkzoNobel**

For sponsorship of photographic competition prizes