

Report of the Trustees and
Financial Statements for the Year Ended 31 March 2022
for
Ephesea UK

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

Ephesea UK

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for the Year Ended 31 March 2022**

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**Report of the Trustees
for the Year Ended 31 March 2022**

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 2022. The trustees have adopted the provisions of 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 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Charity's objects (as amended at the 2017 Annual Members' Meeting) are to promote for the benefit of the public the protection and conservation of the world's forests. In particular, by:

1. Raising awareness of the value of responsibly managed forests
2. Promoting and supporting a programme of voluntary forest management certification and chain of custody certification
3. Developing consensus around standards for good forest management; and
4. Increasing public awareness about independent forest certification.

Strategic Priorities

In early 2021, revised strategic priorities were proposed for 2021-24 and adopted:

- Promote the value of forests and demonstrate the impact and benefits of FSC
- Support FSC globally and encourage stakeholder engagement to ensure that the FSC system is fit for purpose, accessible, relevant and trusted
- Improve standards for forest management in the UK for all sizes and types of forest
- Support UK based licence holders to maximise the demand for FSC products
- Promote the FSC system, FSC certification and the specification of FSC-certified products

These strategic priorities are underpinned by our work to:

- Ensure that FSC UK pursues its objectives as a registered charity, meets its legal and charitable obligations and operates as a professional organisation that values its people.

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

**Report of the Trustees
for the Year Ended 31 March 2022**

OBJECTIVES AND ACTIVITIES

Public benefit

Deforestation and forest degradation continue to be a global issue, impacting climate change, biodiversity loss and the spread of zoonotic disease.

FSC is a global, not-for-profit organisation dedicated to the promotion of responsible forest management worldwide. The FSC system enables businesses and consumers to make informed choices about the forest products they buy and create positive change by engaging the power of market dynamics.

Global Vision: The true value of forests is recognised and fully incorporated into society worldwide. FSC is the leading catalyst and defining force for improved forest management and market transformation, shifting the global forest trend toward sustainable use, conservation, restoration, and respect for all.

Global Mission: FSC will promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

FSC UK works to maintain and develop a voluntary, auditable forest management standard for the UK, which complies with the FSC Principles and Criteria for responsible forest management. FSC forest management certification requires that forest management is not just environmentally appropriate but also socially beneficial and therefore protects the rights of those who live, work and play in the forest.

FSC UK also works to stimulate demand for FSC- certified products, empowering both businesses and consumers to easily identify and source forest products from responsible sources. 6 in 10 respondents to FSC UK's 2022 consumer survey (Kantar for FSC UK) say they are more conscious of the sustainability of the products they buy, 76% think sourcing sustainable wood and paper is good for forests and the planet, and 7 in 10 would prefer to buy a product with an FSC logo; 35% say they look for certification labels when shopping for forest-based products.

The trustees have had regard to the Charity Commission's guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

**Report of the Trustees
for the Year Ended 31 March 2022**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

All office-based staff have continued to work primarily remotely due to the potential risks posed by Covid-19. Most face-to-face meetings were replaced with online meetings. FSC UK otherwise operated business as usual. A phased move to a hybrid working model is anticipated for most staff during the next period.

Priority: Promote the value of forests and demonstrate the impact/benefits of FSC

Forests play a vital role in enabling and maintaining life and help to mitigate global challenges of climate change and biodiversity loss. At the same time, forest products are increasingly important as renewable materials that can be a main factor in enabling the bio-based and circular economy which the world needs to develop.

FSC's vision is that the true value of forests is recognised and fully incorporated into society worldwide. Forest management certification and ecosystem services verification provide tools to deliver this. We should continue to promote FSC certification and demonstrate the positive impacts on our forests whilst also working with others to develop additional tools and solutions

With the support of our Forest Standards Manager, the UK Woodland Assurance Standard (UKWAS) Working Group, acting as FSC's approved standards development group, held public consultations on the revised draft standard in March-April 2021 and October-November 2021.

In April 2021, FSC UK staff continued our now well-established tradition of giving an annual lecture to forestry students at Bangor University. This year's session had to be online because of Covid restrictions, but it was still a pleasure to engage with the next generation of forest managers.

In August 2021 we held an online panel discussion on 'What are Forests For?', with panellists from Rewilding Britain, Scottish Woodlands, Llais y Goedwig and FSC UK.

We also hosted a webinar on 'FSC certification for small and community woodlands: What, Why and How?' as part of a year-long project to engage more closely with representative groups for small and community woods. Through this project we sought to raise awareness of FSC Forest Management certification and its potential benefits, and to learn more about the motivations for and barriers to certification for these woods. The lessons learned will inform our ongoing work in this area. As part of this engagement, we hosted a workshop in collaboration with the Small Woods Association on 'Verifying Ecosystem Services: Potential benefits for small and community woodlands.'

Priority: Support FSC globally and encourage stakeholder engagement to ensure that the FSC system is fit for purpose, accessible, relevant and trusted

The Global Strategy calls for streamlined policies and standards while ensuring credibility. FSC is widely recognised as the most credible forest certification scheme and maintaining this credibility is fundamental to the scheme's success. As a long-established National Office, FSC UK is well placed to support FSC as it works to deliver a credible, fit for purpose system, providing input on the potential implications of proposed activities and encouraging stakeholders to engage as appropriate as well as working to maintain FSC's integrity and credibility in the UK.

To support the introduction of the FSC core labour requirements to the Chain of Custody standard, we participated in a taskforce with other national offices to develop a national template for self-assessment. We also contributed to the development of a guidance resource for contractors and outsourcers.

The Annual Members' Meeting was held online in September. With COP26 taking place in Glasgow, the focus was on the role of FSC and forests in the delivery of nature-based solutions to tackle the climate and nature crises. We invited speakers from FSC International, Aviva Investors and ADAS Environmental Consulting. At the end of 2021 we welcomed the Confederation of Paper Industries as new members of FSC.

**Report of the Trustees
for the Year Ended 31 March 2022**

Priority: Improve standards for forest management in the UK for all sizes and types of forest

It is a fundamental requirement, in terms of both FSC UK's charitable objectives and our role as an accredited National Office, that we have an approved national forest stewardship standard. We need to identify mechanisms to reduce the financial and administrative burden on smallholders whilst ensuring that FSC's high forestry standards are maintained. We also have a wider role to play in promoting better forest stewardship in all forests.

This has been a busy year in the five-year cycle of revising our forest stewardship standard, familiar to most forest managers as the UK Woodland Assurance Standard, or UKWAS. The UKWAS Working Group, acting as FSC's approved standards development group, had worked hard in early 2021 to produce an initial revision draft, and a first public consultation was held March-April 2021. We received 38 responses from a wide range of individuals and organisations, and the following months were spent analysing their feedback and refining the draft. A further consultation was held October-November 2021, which received 52 responses, followed by a final period of drafting. A pre-approval draft will be submitted to FSC International in 2022-23.

The UKWAS Working Group decided to keep the standard size-neutral; apart from a handful of requirements for large enterprises, the standard applies equally to woods of any size, with flexibility in how compliance is demonstrated.

As part of the small and community woods project work mentioned previously, we persuaded some stakeholders (and staff!) to share their views on responsible forest management in a series of short videos.

Priority: Support UK based licence holders to maximise the demand for FSC products

Supporting certificate holders and retailers to maximise the market for FSC products is stated as one of the means by which we meet our charitable objectives.

It is essential that the relationship we have with our licence holders is proactively managed and that we support those companies committed to the FSC system.

Certificate Holder retention for the period remains high at 94%. Enquiries from UK based Certificate Holders about the FSC system are prioritised. The 'Is it FSC? Delivery Checklist' was revised and reprinted to meet continued demand for the resource.

Online training (both for Certificate Holders and Promotional Licence Holders) remains very popular. 704 registrations were arranged during this period. Work underway to revise the FSC Chain of Custody Online training in line with the revised FSC-STD-40-004 V3-1.

The FSC Labels: Using and understanding the FSC labels bitesize video was published in May 2021 with 2.1k views to date.

18 new FSC promotional licence agreements were issued. The number of promotional licence agreements managed by FSC UK rose to 121 (from 113). Guidance for promotional licence holders is regularly updated and developed. The pricing matrix for UK based international promotional licences was revised to align with the new global pricing model adopted by FSC International.

Our monthly Forest Matters newsletter was sent to UK based licence holders and other subscribers.

FSC UK joined the FSC Furniture Awards, allowing UK-based FSC certificate holders to participate. Winners included two UK certificate holders.

FSC UK opened 77 trademark violation cases and resolved 60 and in February 2022 we appointed a new Trademark Enforcement Officer.

**Report of the Trustees
for the Year Ended 31 March 2022**

Priority: Promote the FSC system, FSC certification and the specification of FSC-certified products

As a strong market country, the UK can have a significant impact on uptake on FSC certification of forests globally by driving demand for certification and certified products throughout the supply chain. Raising public awareness of FSC and, in turn, driving consumer demand is one aspect of this, but FSC UK recognises that this can be best achieved in conjunction with businesses and NGOs. In many cases, it is the procurement policies of retailers and other businesses and organisations that creates the demand rather than the consumer and emphasis will be placed on this work.

Increased interest in FSC from UK based retailers and brands continues. This is impacting the wider supply chain, as evidenced by the rise in certificate holders from 2221 to 2258, including 12 new certificates with furniture in scope. Engagement, guidance and ongoing support for those specifying FSC-certified products continues to be prioritised. 'It's Got to be FSC: A guide for businesses buying and specifying FSC-certified materials' video very well received with 1.2k views online.

Our Forest Matters newsletter included case studies from Sofology, Blueline, Factory Furniture, Matchita, Bumboo, Optima, Bazoo, Harrods, Hunter, Imago Group, Landmark Street Furniture, Duni Group, Tedd Todd, Heart and Soul Studio and Sinclairs.

The annual consumer survey was conducted in March 2022, revealing encouraging results, including an increase in recognition of the logo (76%).

The FSC UK website was relaunched in January 2022. The new website uses the same content management system as has been developed for, and is currently used by, the FSC International website. The website has been restructured and the content revised to hopefully improve the visitor experience.

FSC UK took part in a webinar hosted by the Timber Trade Federation on the UK Timber Regulations, advising on the role that FSC can play as part of a due diligence system.

Our Executive Director was a panellist on the Sustainable Wood for Cities: Pathways towards climate-smart wood procurement event during London Climate Week 2021, promoting FSC under the forest certification pathway.

We supported FSC International in the planning and promotion of two side events held at COP26 that convened speakers from key sectors that benefit from, promote, support and invest in sustainable forest management, forest conservation and restoration.

**Report of the Trustees
for the Year Ended 31 March 2022**

FINANCIAL REVIEW

Income

Over the 2021-22 financial year income exceeded expenditure by £46,494. We began the year with an opening balance from the previous period of £896,837 and ended with a carry forward of £943,331.

Trademark licensing revenue continued to increase, providing £48,676 of income during the reporting period. Membership income accounted for a further £43,563.

Most of the income is received under the Principal Cooperation, Service and Licence Agreement (the Activity Compensation Fee (ACF)) with FSC Global Development. The ACF income is based primarily on a formula linked to the Annual Administration Fee charged to certified companies in the UK, but strategic funding is also allocated for specific projects. Some of these projects are managed by other FSC National Offices and the funding is received and administered by them. The income received indirectly from FSC Global Development through this strategic funding is included within the total ACF figure.

Expenditure

Expenditure was higher this year compared with last (£401,321 compared with £374,795). This was partly due to a gradual return to more normal travel and printing costs which were very low in 2020/21 as a consequence of Covid-19 restrictions. The updated strategic priorities include a focus on promoting the value of forests, with associated expenditure. The budget allocated to licence holder support increased to strengthen our services and support to these stakeholders. As the staff team grows to meet the demands on the organisation, we are budgeting for higher staff costs in the coming years.

Reserves Policy

The Board of Directors considers the charity's requirements for reserves in light of the main risks to the organisation. A policy has been established whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be equivalent to 6 months' of expenditure.

The reserves are needed to meet the working capital requirements of the charity and, in the worse-case scenario, to cover the cost of closing the charity. The Board is confident that the charity would be able to continue at worthwhile activity levels in the event of a temporary significant drop in funding and that the estimated cost of closing the charity does not exceed 50% of the reserves

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. These were updated at the 2017 Annual Members' Meeting in agreement with the membership.

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.

**Report of the Trustees
for the Year Ended 31 March 2022**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The charity is managed by a board of trustees of no less than four and no more than twelve. At least three trustees have to be members of the Forest Stewardship Council AC and ordinarily based or resident in the UK. The aim shall be to achieve chamber balance with at least one trustee and, normally, no more than four trustees representing each of the three chambers. However, the board reserves the right to increase the maximum to five in any one chamber where the individuals bring specific skills and expertise required by the Charity

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. A trustee pack, outlining trustee responsibilities, is given to all new trustees. 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.

Decision Making and Reporting

The board of trustees met online four times during the year 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, members of 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 permanent staff. The Executive Director is responsible for ensuring that the charity delivers a range of services that meet its Objects and Strategic Priorities.

Wider network

The charity (under the title of FSC United Kingdom) is an accredited National Office of the wider, international FSC network. The charity receives an annual Activity Compensation Fee (ACF) from FSC Global Development GmbH. The ACF is paid to FSC National Offices that have agreed and signed a valid Principle Cooperation, Service and License Agreement with FSC Global Development. In the reporting period over 74% of income was generated via the ACF.

The charity participates in FSC's European and Global networks and supports the Global Strategy. FSC International developed its global plan for 2020-2026. The FSC UK strategic plan has been developed in the context of FSC's global vision and mission and our own charitable objectives

Related parties

The charity has contractual relationships and/or memoranda of understanding with some organisations to facilitate cooperation in the pursuit of its charitable objectives and guard against misunderstandings over areas of common interest.

Covid-19

All office-based staff were advised to work remotely in March 2020 due to the potential risks posed by Covid-19 and face-to-face meetings were replaced with online meetings. FSC UK now offers a hybrid working model of both office and home-based working and most meetings continue to be held online.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06792524 (England and Wales)

Registered Charity number

1130203

**Report of the Trustees
for the Year Ended 31 March 2022**

Registered office

The Billiard Room
Town Hall
Great Oak Street
Llanidloes
Powys
SY18 6BN

Trustees

J B Kirkpatrick Chair
M Bekin Vice-Chair
A Mawby Treasurer (resigned 24.9.21)
M C Poole Treasurer (appointed 10.12.21)
S Jennings
H Kwisthout
C McDermott
M Robson
J G Tewson (appointed 10.12.21)
H van Hensbergen

Auditors

Morgan Griffiths LLP
Chartered Accountants
Statutory 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

Beth Bennett (Business Development Manager)
Tallulah Chapman (Communications Manager)
Owen Davies (Forest Standards Manager)
Rosie Teasdale (Executive Director)
Amy Willox (Outreach Manager - Forests & Ecosystem Services)

Charity Name

The charity is also known as Forest Stewardship Council® (FSC®) United Kingdom (UK) and permutations thereof.

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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

**Report of the Trustees
for the Year Ended 31 March 2022**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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.

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

Approved by order of the board of trustees on 15 August 2022 and signed on its behalf by:

M C Poole - Trustee

Report of the Independent Auditors to the Members of Ephesea UK

Opinion

We have audited the financial statements of Ephesea UK (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 2022 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including relevant legislation such as the Companies Act 2006, taxation legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant correspondence.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed nominal ledgers and tested journal entries reports to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

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

Use of our report

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.

Thomas Landers BA FCA (Senior Statutory Auditor)
for and on behalf of Morgan Griffiths LLP
Chartered Accountants
Statutory Auditor
Cross Chambers
9 High Street
Newtown
Powys
SY16 2NY

25 August 2022

Ephesea UK

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2022

		Unrestricted funds £	Restricted funds £	31.3.22 Total funds £	31.3.21 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations	2	60	-	60	110
Charitable activities					
Forestry		3,961	-	3,961	5,449
Activity compensation fee		345,613	-	345,613	358,170
Membership		43,563	-	43,563	51,435
Other trading activities	3	51,896	-	51,896	37,546
Investment income	4	2,085	-	2,085	1,796
Other income		637	-	637	2,244
Total		<u>447,815</u>	<u>-</u>	<u>447,815</u>	<u>456,750</u>
EXPENDITURE ON					
Charitable activities	6				
Forestry		62,443	-	62,443	74,562
Licence holder support		167,197	-	167,197	132,724
Stakeholder Engagement		62,080	-	62,080	45,796
Promoting FSC		78,181	-	78,181	121,713
Value of Forests		31,420	-	31,420	-
Total		<u>401,321</u>	<u>-</u>	<u>401,321</u>	<u>374,795</u>
NET INCOME		46,494	-	46,494	81,955
RECONCILIATION OF FUNDS					
Total funds brought forward		896,837	-	896,837	814,882
TOTAL FUNDS CARRIED FORWARD		<u>943,331</u>	<u>-</u>	<u>943,331</u>	<u>896,837</u>

The notes form part of these financial statements

Balance Sheet
31 March 2022

	Notes	31.3.22 £	31.3.21 £
FIXED ASSETS			
Tangible assets	13	5,662	5,389
CURRENT ASSETS			
Debtors	14	136,905	145,443
Cash at bank and in hand		903,925	835,096
		1,040,830	980,539
CREDITORS			
Amounts falling due within one year	15	(103,161)	(89,091)
NET CURRENT ASSETS		937,669	891,448
TOTAL ASSETS LESS CURRENT LIABILITIES		943,331	896,837
NET ASSETS		943,331	896,837
FUNDS	18		
Unrestricted funds		943,331	896,837
TOTAL FUNDS		943,331	896,837

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 15 August 2022 and were signed on its behalf by:

M C Poole - Trustee

1. ACCOUNTING POLICIES**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

1. ACCOUNTING POLICIES - continued**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.

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. DONATIONS

	31.3.22	31.3.21
	£	£
Donations	<u>60</u>	<u>110</u>

3. OTHER TRADING ACTIVITIES

	31.3.22	31.3.21
	£	£
Trademark Licensing	48,676	39,366
Training	<u>3,220</u>	<u>(1,820)</u>
	<u>51,896</u>	<u>37,546</u>

4. INVESTMENT INCOME

	31.3.22	31.3.21
	£	£
Deposit account interest	<u>2,085</u>	<u>1,796</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		31.3.22	31.3.21
	Activity	£	£
Consultancy	Forestry	3,961	5,449
Activity compensation fee	Activity compensation fee	345,613	358,170
FSC Membership	Membership	<u>43,563</u>	<u>51,435</u>
		<u>393,137</u>	<u>415,054</u>

Consultancy income includes fees paid by FSC for specific services beyond those covered under the Activities Compensation Fee.

The Activity Compensation Fee income includes fees paid for work undertaken by FSC UK on collaborative projects funded by FSC International under the Activity Compensation Fee model.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2022**

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Forestry	51,008	11,435	62,443
Licence holder support	135,265	31,932	167,197
Stakeholder Engagement	50,030	12,050	62,080
Promoting FSC	64,423	13,758	78,181
Value of Forests	25,322	6,098	31,420
	<u>326,048</u>	<u>75,273</u>	<u>401,321</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.22 £	31.3.21 £
Staff costs	267,342	246,906
Telephone	1,650	1,488
Postage and stationery	1,736	1,128
Travel & subsistence	3,634	597
Publications & subscriptions	9,441	7,494
Recruitment & training	5,321	5,004
UKWAS subscription	7,563	5,000
Publicity	5,638	8,182
Consultancy fees	13,169	20,597
Sundries	190	93
FSC Membership Admin Fee	5,941	7,286
Printing	4,423	-
	<u>326,048</u>	<u>303,775</u>

8. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Forestry	10,687	748	11,435
Licence holder support	29,842	2,090	31,932
Stakeholder Engagement	11,261	789	12,050
Promoting FSC	12,858	900	13,758
Value of Forests	5,699	399	6,098
	<u>70,347</u>	<u>4,926</u>	<u>75,273</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2022**

8. SUPPORT COSTS - continued

Activity	Basis of allocation
Management	Salary costs
Governance costs	Salary costs

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.3.22	31.3.21
	£	£
Auditors' remuneration	2,392	2,340
Depreciation - owned assets	<u>2,885</u>	<u>2,013</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

There were no travel and subsistence expenses in the period nor for the period to 31 March 2021.

11. STAFF COSTS

	Year Ended 31.3.22	Year Ended 31.3.21
£		
Wages and salaries	268,012	249,686
Social security costs	21,378	19,555
Pensions	15,971	14,981
	<u>305,361</u>	<u>284,422</u>

The average number of employees during the period was as follows:

Licence holder support	3.5	2.9
UK forest standards	0.9	1.4
Stakeholder engagement	0.9	1.2
Core	1.0	1.0
Value of Forests	0.5	
Promoting the system	1.2	1.8
	<u>8.0</u>	<u>8.3</u>

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2022**

11. STAFF COSTS - continued

The charity considers its key management personnel comprise the management team listed on page 8. The total employment benefits including employer pension contributions of the key management personnel for the year ended 31 March 2022 were £200,664 (2021 £174,464).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

There were no restricted funds during the year to 31 March 2021.

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2021	14,860	25,719	40,579
Additions	-	3,158	3,158
At 31 March 2022	<u>14,860</u>	<u>28,877</u>	<u>43,737</u>
DEPRECIATION			
At 1 April 2021	11,188	24,002	35,190
Charge for year	545	2,340	2,885
At 31 March 2022	<u>11,733</u>	<u>26,342</u>	<u>38,075</u>
NET BOOK VALUE			
At 31 March 2022	<u>3,127</u>	<u>2,535</u>	<u>5,662</u>
At 31 March 2021	<u>3,672</u>	<u>1,717</u>	<u>5,389</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22 £	31.3.21 £
Trade debtors	121,485	131,307
Prepayments and accrued income	<u>15,420</u>	<u>14,136</u>
	<u>136,905</u>	<u>145,443</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.22	31.3.21
	£	£
Trade creditors	12,934	5,074
Social security and other taxes	10,368	6,009
Deferred income	56,584	56,026
Accrued expenses	23,275	21,982
	<u>103,161</u>	<u>89,091</u>

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.22	31.3.21
	£	£
Within one year	9,650	9,650
Between one and five years	-	9,650
	<u>9,650</u>	<u>19,300</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total funds	Total funds
	£	£	£	£
Fixed assets	5,662	-	5,662	5,389
Current assets	1,040,830	-	1,040,830	980,539
Current liabilities	(103,161)	-	(103,161)	(89,091)
	<u>943,331</u>	<u>-</u>	<u>943,331</u>	<u>896,837</u>

18. MOVEMENT IN FUNDS

	At 1.4.21	Net movement in funds	Transfers between funds	At 31.3.22
	£	£	£	£
Unrestricted funds				
General Fund	891,448	49,379	(3,158)	937,669
Capital Fund	5,389	(2,885)	3,158	5,662
	<u>896,837</u>	<u>46,494</u>	<u>-</u>	<u>943,331</u>
TOTAL FUNDS	<u>896,837</u>	<u>46,494</u>	<u>-</u>	<u>943,331</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

18. 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	447,815	(398,436)	49,379
Capital Fund	-	(2,885)	(2,885)
	<u>447,815</u>	<u>(401,321)</u>	<u>46,494</u>
TOTAL FUNDS	<u>447,815</u>	<u>(401,321)</u>	<u>46,494</u>

Comparatives for movement in funds

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General Fund	808,136	83,967	(655)	891,448
Capital Fund	6,746	(2,012)	655	5,389
	<u>814,882</u>	<u>81,955</u>	<u>-</u>	<u>896,837</u>
TOTAL FUNDS	<u>814,882</u>	<u>81,955</u>	<u>-</u>	<u>896,837</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	456,750	(372,783)	83,967
Capital Fund	-	(2,012)	(2,012)
	<u>456,750</u>	<u>(374,795)</u>	<u>81,955</u>
TOTAL FUNDS	<u>456,750</u>	<u>(374,795)</u>	<u>81,955</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

18. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General Fund	808,136	133,346	(3,813)	937,669
Capital Fund	6,746	(4,897)	3,813	5,662
	<u>814,882</u>	<u>128,449</u>	<u>-</u>	<u>943,331</u>
TOTAL FUNDS	<u>814,882</u>	<u>128,449</u>	<u>-</u>	<u>943,331</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	904,565	(771,219)	133,346
Capital Fund	-	(4,897)	(4,897)
	<u>904,565</u>	<u>(776,116)</u>	<u>128,449</u>
TOTAL FUNDS	<u>904,565</u>	<u>(776,116)</u>	<u>128,449</u>

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2022.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.