

Company registration number: 12273280

Charity registration number: 1187231

The Carbon Community

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 30 September 2022



UHY Ross Brooke
31a Charnham Street
Hungerford
Berkshire
RG17 0EJ

The Carbon Community

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The Carbon Community

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 30 September 2022.

Trustees

C M Nicholls

H B Allen

J K Nicholls

Objectives and activities

Objects and aims

The Carbon Community is a charity dedicated to accelerating forest carbon removal from the atmosphere, with breakthrough science. Focused on natural solutions, we started with a question. 'How do you maximise carbon capture in a forest?' This led to many conversations that helped shape our mission: to accelerate carbon sequestration in trees and soil, with breakthrough science.

Our founding objects set out in our governing document are as follows:

“to conserve, improve and protect the physical and natural environment for the public benefit by:

- The creation, promotion and sustainable management of new community forests specifically optimised for maximum carbon sequestration in trees & soil;
- Providing individuals, communities and businesses and other organisations with opportunities to participate in sustainable carbon sequestration projects; and

to advance the education of the public in the protection, enhancement and rehabilitation of the environment, in particular but not exclusively in relation to reforestation as a means of carbon sequestration, and to promote study and research in such subjects and dissemination of the results of such research and study to the public.”

Our Mission:

Accelerate carbon sequestration in trees & soil with breakthrough science.

Our guiding principles:

In parallel with our mission, all of our work is grounded within the following guiding principles:

- Action: Plant trees in ways that accelerate carbon capture sequestration in trees and soil.
- Research: Enable scientists, funding primary research and providing a research facility for masters and PhD students.
- Education: Share our findings, learnings and insights with our community scientists, students and the global community.
- Advocacy: Advance planting techniques for trees everywhere.
- Community: Create a community of people working to address the climate and biodiversity crises both local to our projects and in locations where our research can help local projects accelerate carbon sequestration.

The Carbon Community

Trustees' Report

Fundraising disclosures

Public Fundraising:

The Carbon Community's aim is to raise funds in a respectful way that is aligned with our values. The charity is registered with The Fundraising Regulator. In all of our fundraising we work diligently to comply with the Code of Fundraising Practise and uphold the standards it promotes.

Public benefit

The public benefits that shape our annual activity are environmental protection and climate restoration.

In shaping our objectives for the year and planning our activities, the trustees have given consideration to the Charity Commission's guidance on public benefit (PB2).

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Data Protection

The Carbon Community places great importance on the security of support and volunteer data and personal information. For information on how the charity uses and protects personal data, please see our privacy policy. <https://www.carboncommunity.org/privacy-policy>.

The Carbon Community

Trustees' Report

Achievements and performance

2021 / 2022 Our Third Year in Review

Action:

This year The Carbon Community

- Planted c.500 trees in Glandwr Forest with the support of individual and company donations.
- Planted 40 black poplar cuttings which were gifted to us to help conserve this species
- Replaced c.5,000 trees from our 2021 planting season with the ongoing support of our Glastir Woodland Creation Grant.

We've also made significant enhancements to the site.

- Access improvements were made thanks to a TWIG Grant (The Woodland Improvement Grant) from Welsh Government. This included an improved public footpath, the addition of finger posts, discovery signs, a bench at a viewpoint on the footpath, an education panel for visitors and grass cutting for improved volunteer access.
- Our new-to-us second-hand 'barn' or field station was officially opened in June 2022 providing a space for visiting scientists, students and volunteers together with toilet facilities for forest workers.
- Across the site we continued to work on biodiversity enhancement, including our grazing program for our wildflower meadow.

Research:

Our carbon study aiming to accelerate and enhance the sequestration of carbon dioxide (CO₂) in trees and soil entered its second year with research grants made to The Grantham Institute at Imperial College London and The Royal Botanic Gardens, Kew. The study is designed and run in partnership with leading scientists from ETH Zürich Crowther Lab; Leverhulme Centre for Climate Change Mitigation at the University of Sheffield; The Grantham Institute on Climate Change and the Environment, Imperial College London; and The Royal Botanic Gardens, Kew. In addition to our main study we welcomed a Geography Master's student from Swansea University and an MSc Forestry student from Bangor University to conduct their Master's research at our facility.

Education:

In October 2022, The Carbon Community was delighted to welcome twenty Master's students from the Swansea University Geography Department to help us complete our first year of tree measurement. This was our first large event on the site for a student group. The students had a chance to gain hands-on field work experience and made a significant contribution to our carbon study.

Advocacy:

We continue to share and discuss our techniques as widely as possible, in 2021/2022 we participated in:

- "Trees for the Future – Diversity and complexity for resilience and carbon storage" hosted by BIFOR at the University of Birmingham.
- "Accelerating Woodland Creation & Management" online conference from the Ecosystems Knowledge Network
- "The UK GGR Event: Current Innovation & Future Directions" hosted by CO2RE

The Carbon Community

Trustees' Report

Community:

We were delighted this year to be able to improve our volunteer experience and in March 2022 we were able to host our first volunteers in our barn where they had access to toilets, coffee, tea and shelter from the rain. By June 2022 the barn was fully operational including a working area, a welcome area, outdoor seating, toilets, and a small kitchen. To celebrate we hosted a Wildflower Walk day for volunteers and the local community.

Over the course of 2021/2022 101 volunteers joined us for our community science days contributing 137 volunteering days. They learned more about carbon sequestration and the techniques that they we are studying, and many came back again and again. 52% of our volunteer days were contributed by women.

Financial review

All of this takes funding and we are grateful to all donors and supporters.

Glastir Woodland Creation Grant:

In November 2021 we received £175,275.88 from our Glastir Woodland Creation Grant from Natural Resources Wales which funded the planting and fencing work for almost 100,000 trees completed in the prior year. This grant provides ongoing maintenance support for the trees until 2034.

The Woodland Improvement Grant (TWIG):

In November 2021 we received a contract for a TWIG Grant (The Woodland Improvement Grant) from Welsh Government of £31,749. The work was completed by March 2022 and included improved public footpaths, the addition of finger posts, discovery signs, a bench on the public footpath, as well as an education panel for visitors and grass-cutting for improved volunteer access.

In total, we received: £196,249 in unrestricted donations, £63,186 towards tree planting and £61,351 towards scientific research.

We are delighted that more organisations are showing interest in supporting scientific research and are grateful for the support from SAP, the Pure Good Foundation and Kilburn & Strode to support research that will advance tree-planting techniques in our own projects and beyond.

As mentioned above total income into the charity during the year was £320,786. Total expenditure on charitable activities was £91,283.

- £73,066 spent on Scientific research,
- £1,828 spent on Trees
- £16,389 on unrestricted charitable activities.

The funds held at the end of the year were as follows:

- Unrestricted £407,034
- Designated unrestricted £644,542
- Tree planting £63,830
- Scientific research £Nil
- Total £1,115,406

We wish to say thank you to all the supporters of The Carbon Community. To everyone who has volunteered, donated or helped spread the word, thank you for a fantastic year!

The Carbon Community

Trustees' Report

Policy on reserves

In the current stage of TCC's evolution, the Trustees have approved a reserves policy to hold a minimum of three months of reserves and a maximum of nine months of reserves to cover our operating costs.

These reserves will be separate to ensure that we have funds to cover our forward contracts. They will also be separate to ensure that we have sufficient working capital for tree maintenance due to the time lag in receiving funds from our contract with NRW (Natural Resources Wales).

The Trustees will review this Reserves Policy a minimum of once per year. The current level of reserves will be reviewed at each Trustee meeting.

In reviewing our current level of reserves versus our reserves policy, the Trustees have reviewed the forward commitments to our scientific program including the research grant, our citizen science program and ongoing maintenance for the research project. The Trustees have also taken into account our ongoing mortgage commitments.

At the end of the year 2021/2022, the Trustees considered they had sufficient reserves to make an instalment of the mortgage repayment of £50,000.

Investment policy and objectives

Investment Policy

The Charity does not have any investments. The Trustees are committed to developing an investment policy when we reach an appropriate stage in our evolution.

Plans for future periods

Aims and key objectives for future periods

At the Carbon Community, our goal is not just to plant trees, rather, through scientific research, to discover how to plant trees that sequester more carbon. Through this research, we will enable all tree planting, everywhere, to become more effective. The study will enhance our fundamental understanding of carbon dynamics in forest ecosystems, identifying techniques to enhance forest CO₂ uptake.

2022/2023 will be a critical year as the research on our carbon study continues. Our scientific advisory board is reviewing the data gathered to date and we anticipate continuing the study for an additional three years to quantify the individual and combined effects of two leading carbon dioxide (CO₂) removal (CDR) approaches, reforestation and enhanced rock weathering, at the critical five-year mark. In 2022/2023 we will begin fundraising to support this activity.

Connecting trees, science and people is a thread that runs through our guiding principles:

- In 2022/2023 we will launch our Big Tree Measure program where we will invite volunteers to join us to measure the 6,400 individually tagged trees in our carbon study. The ambition will be to complete the measurement over a two-week time period in October. This program gives people a unique opportunity to contribute personally to the scientific research into carbon sequestration in trees and soil.
- We will also continue to expand research at our facility to include more organisations.

In 2022/2023 we will also continue to seek funding from individuals and organisations to support our community science program, our support for young scientists, and our facilities and organisation. People who want to make an impact connecting trees, science and people.

The Carbon Community

Trustees' Report

Structure, governance and management

Recruitment and appointment of trustees

The subscribers to the Memorandum are the first Trustees of the Charity, who shall hold office for such a term of office as they determine. Any person who is willing to act as a Trustee of the Charity and is permitted to be so appointed by law and the articles, may be appointed to be a Trustee by a resolution of the Trustees. A Trustee shall serve a four year term of office (unless the Trustees resolve that he or she should be appointed for a shorter period) and may be reappointed with no limit on the number of consecutive terms of office a Trustee may hold.

Organisational structure

The Carbon Community was officially registered at Companies House on 21st October 2019 and by the Charity Commission on 6th January 2020.

The charity was constituted as a company limited by guarantee and is governed by Memorandum and Articles of Association dated 21 October 2019.

The Trustees are directors for the purpose of company law. In the event of the company being wound down members are required to contribute an amount not exceeding £1.

The charity's trustees are:

C M Nicholls (Chair)

J K Nicholls

H B Allen

The Carbon Community

Trustees' Report

Major risks and management of those risks

Annually the Trustees are required to review our risks.

Through the course of 2021/2022, the Trustees have looked at five areas of risk for The Carbon Community – land management, science project implementation, financial resilience, volunteers and reputational risk.

Land Management:

Forest management is being handled by Tilhill Forestry who manage day to day forestry operations including ground preparation, tree planting, fencing, site maintenance and site access. A TWIG grant was received in March 2022 which has enabled significant improvements to the public footpaths, onsite signage and volunteer access to the fields. These were carried out in winter 2022. The Trustees agreed to invest additional funds on fencing to enable more of our grassland to be grazed in line with the recommendations from the biodiversity assessment completed in 2021. We have also agreed to invest in improving access to volunteers ahead of our annual tree measurement in 2022. Third party liability insurance is in place and as the trees planted this season grow larger, the Trustees plan to investigate additional insurance to protect against pest, disease and fire risk. The Trustees are keeping a close eye on deer that have been spotted in the area due to the summer weather conditions, this may require additional fencing.

Science Project Implementation:

Our science project was launched successfully on May 27, 2021. Measurements of results are ongoing and there is a project team which regularly reviews and manages risk.

Financial Resilience:

The process of registering The Glandwr Forest with The Woodland Carbon Code is underway, which paves the way to raising funds from the sale of carbon credits should this be required. The repayment mortgage terms for the interest free mortgage are in line with our expected revenue flows, supplemented by carbon credits if necessary, the initial repayment has been made ahead of schedule in September 2022. During the past year, The Carbon Community secured donations from Welsh Government (TWIG) and a number of companies interested to support carbon science. Our science project is now fully funded for the first two years. To address our long-term financial resilience and to extend our scientific research the Trustees continue to look at additional sources of funding the long term success of the charity.

Volunteers:

Throughout 2021/2022, The Carbon Community has continued our community science volunteer program. Risk assessments and safety briefings are in place.

Reputational risk:

The trustees have also discussed which kind of companies the charity should partner with and accept donations from. For each corporate donation, the trustees ensure that they are satisfied, and able to show, that it is in the best interests of the charity to accept the donation. This involves a careful consideration, based on evidence, of the risks of accepting the donation against its benefit.

The Carbon Community

Trustees' Report

Reference and Administrative Details

Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees: C M Nicholls
H B Allen
JK Nicholls

Principal Office: 40 Alma Road
Windsor
Berks
SL4 3HJ

Company Registration Number: 12273280

Charity Registration Number: 1187231

The charity is incorporated in England and Wales .

Independent Examiner: UHY Ross Brooke
31a Charnham Street
Hungerford
Berkshire
RG17 0EJ

Solicitors IBB Solicitors Capital Court
30 Windsor Street
Uxbridge
Middlesex
UB8 1AB

Solicitors: AgriAdvisor
Henllan
Pumsaint
Llanwrda
SA19 8AX

Bankers: Starling Bank Limited
3rd Floor
2 Finsbury Avenue
London
EC2M 2PP

The Carbon Community

Trustees' Report

Statement of trustees' responsibilities

The trustees (who are also the directors of The Carbon Community for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

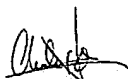
The trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Small companies provision statement

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

The annual report was approved by the trustees of the charity on 26.6.23 and signed on its behalf by:



.....
C M Nicholls
Chairman of the board of Trustees

The Carbon Community

Independent Examiner's Report to the trustees of The Carbon Community ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 30 September 2022.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since The Carbon Community's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ACCA, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of The Carbon Community as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

SIGNED BY KERRY HAWKINS ON 27 JUNE 2023

Kerry Hawkins, FCCA, UHY Ross Brooke

31a Charnham Street
Hungerford
Berkshire
RG17 0EJ

Date: **27 JUNE 2023**

The Carbon Community

Statement of Financial Activities for the Year Ended 30 September 2022 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2022 £
Income and Endowments from:				
Donations and legacies	3	196,249	124,537	320,786
Total income		196,249	124,537	320,786
Expenditure on:				
Charitable activities	4	(16,389)	(74,894)	(91,283)
Total expenditure		(16,389)	(74,894)	(91,283)
Net income		179,860	49,643	229,503
Transfers between funds		(11,715)	11,715	-
Net movement in funds		168,145	61,358	229,503
Reconciliation of funds				
Total funds brought forward		883,431	2,472	885,903
Total funds carried forward	17	1,051,576	63,830	1,115,406
	Note	Unrestricted funds £	Restricted funds £	Total 2021 £
Income and Endowments from:				
Donations and legacies	3	285,622	27,924	313,546
Total income		285,622	27,924	313,546
Expenditure on:				
Charitable activities	4	(25,027)	(25,610)	(50,637)
Total expenditure		(25,027)	(25,610)	(50,637)
Net income		260,595	2,314	262,909
Transfers between funds		(158)	158	-
Net movement in funds		260,437	2,472	262,909
Reconciliation of funds				
Total funds brought forward		622,994	-	622,994
Total funds carried forward	17	883,431	2,472	885,903

All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2021 is shown in note 17.

The notes on pages 13 to 22 form an integral part of these financial statements.

The Carbon Community
(Registration number: 12273280)
Balance Sheet as at 30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	8	656,430	619,254
Investments	9	<u>1</u>	<u>1</u>
		<u>656,431</u>	<u>619,255</u>
Current assets			
Debtors	10	450,154	432,604
Cash at bank and in hand	11	<u>162,251</u>	<u>51,780</u>
		612,405	484,384
Creditors: Amounts falling due within one year	12	<u>(63,430)</u>	<u>(17,736)</u>
Net current assets		<u>548,975</u>	<u>466,648</u>
Total assets less current liabilities		1,205,406	1,085,903
Creditors: Amounts falling due after more than one year	13	<u>(90,000)</u>	<u>(200,000)</u>
Net assets		<u>1,115,406</u>	<u>885,903</u>
Funds of the charity:			
Restricted income funds			
Restricted funds	17	63,830	2,472
Unrestricted income funds			
Unrestricted funds		<u>1,051,576</u>	<u>883,431</u>
Total funds	17	<u>1,115,406</u>	<u>885,903</u>

For the financial year ending 30 September 2022 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

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

The financial statements on pages 11 to 22 were approved by the trustees, and authorised for issue on 26.10.23 and signed on their behalf by:



.....
C M Nicholls
Chairman of the board of Trustees

The notes on pages 13 to 22 form an integral part of these financial statements.

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

1 Charity status

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

The principal place of business is:

40 Alma Road

Windsor

Berks

SL4 3HJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

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

Going concern

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

Group accounts not prepared

The Carbon Community is exempt from preparing group accounts as it is a small group.

Income and endowments

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

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Expenditure

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

Charitable activities

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

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Support costs

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

Governance costs

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

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Taxation

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

Tangible fixed assets

Individual fixed assets costing £250.00 or more are initially recorded at cost.

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

Depreciation and amortisation

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

Asset class	Depreciation method and rate
Furniture and Equipment	5 years straight line

Cash and cash equivalents

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

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

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

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

Fund structure

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

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

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

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2022 £	Total 2021 £
Donations and legacies;				
Donations from individuals	184,727	88,604	273,331	104,638
Gift aid reclaimed	1,528	-	1,528	18,866
Grants, including capital grants;				
Government grants	9,994	35,933	45,927	190,042
	<u>196,249</u>	<u>124,537</u>	<u>320,786</u>	<u>313,546</u>

4 Expenditure on charitable activities

	Unrestricted funds General £	Restricted funds £	Total funds £
Site management	1,859	2,157	4,016
Independent examiners fee	3,690	-	3,690
Insurance	806	-	806
Website	330	-	330
Postage, printing and stationery	382	-	382
Grants paid	-	71,254	71,254
Volunteering expenses	3,566	122	3,688
Marketing	3,933	-	3,933
Software and software support costs	600	299	899
Research expenses	-	1,062	1,062
Depreciation	1,223	-	1,223
Total for 2022	<u>16,389</u>	<u>74,894</u>	<u>91,283</u>
Fundraising cost	290	-	290
Site management	86	1,805	1,891
Independent examiners fee	3,665	-	3,665
Insurance	-	431	431
Website	340	-	340
Postage, printing and stationery	40	326	366
Grants paid	-	21,683	21,683
Volunteering expenses	6	428	434
Marketing	20,425	36	20,461
Bank charges	-	6	6
Software and software support costs	175	895	1,070
Total for 2021	<u>25,027</u>	<u>25,610</u>	<u>50,637</u>

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

5 Trustees remuneration and expenses

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

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

6 Independent examiner's remuneration

	2022 £	2021 £
Examination of the financial statements	<u>3,690</u>	<u>3,665</u>

7 Taxation

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

8 Tangible fixed assets

	Furniture and equipment £	Land £	Total £
Cost			
At 1 October 2021	-	619,254	619,254
Additions	<u>13,111</u>	<u>25,288</u>	<u>38,399</u>
At 30 September 2022	<u>13,111</u>	<u>644,542</u>	<u>657,653</u>
Depreciation			
Charge for the year	<u>1,223</u>	<u>-</u>	<u>1,223</u>
At 30 September 2022	<u>1,223</u>	<u>-</u>	<u>1,223</u>
Net book value			
At 30 September 2022	<u>11,888</u>	<u>644,542</u>	<u>656,430</u>
At 30 September 2021	<u>-</u>	<u>619,254</u>	<u>619,254</u>

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

9 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings and participating interests	<u>1</u>	<u>1</u>
Shares in group undertakings and participating interests		
	Subsidiary undertakings £	Total £
Cost		
Additions	<u>1</u>	<u>1</u>
At 30 September 2022	<u>1</u>	<u>1</u>
Net book value		
At 30 September 2022	<u>1</u>	<u>1</u>

Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2022	2021	
Subsidiary undertakings					
Carbon Community Trading Limited	England and Wales	Ordinary	100%	100%	Generating income for the parent charity.

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

Subsidiaries

The loss for the financial period of Carbon Community Trading Limited was £16,867 (2021 - £3,723) and the aggregate amount of capital and reserves at the end of the period was £(20,590) (2021 - £(3,723)).

Carbon Community Trading Limited was incorporated on 26.10.20. Company registration number 12973020.

10 Debtors

	2022 £	2021 £
Due from group undertakings	450,154	257,329
Accrued income	-	175,275
	<u>450,154</u>	<u>432,604</u>

Debtors includes £450,154 (2021: £257,329) receivable after more than one year.

	2022 £	2021 £
Due from group undertakings	<u>450,154</u>	<u>257,329</u>

11 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	<u>162,251</u>	<u>51,780</u>

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Other loans	60,000	-
Accruals	3,430	17,736
	<u>63,430</u>	<u>17,736</u>

13 Creditors: amounts falling due after one year

	2022 £	2021 £
Other loans	<u>90,000</u>	<u>200,000</u>

The loan of £150,000 (2021 - £200,000) is secured by a fixed charge over the Land at Glandwr, Cynghordy.

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

14 Analysis of net assets between funds

	Unrestricted funds General £	Restricted funds £	Total funds at 30 September 2022 £
Tangible fixed assets	656,430	-	656,430
Fixed asset investments	1	-	1
Current assets	548,575	63,830	612,405
Current liabilities	(63,430)	-	(63,430)
Creditors over 1 year	(90,000)	-	(90,000)
Total net assets	<u>1,051,576</u>	<u>63,830</u>	<u>1,115,406</u>
	Unrestricted funds General £	Restricted funds £	Total funds at 30 September 2021 £
Tangible fixed assets	619,254	-	619,254
Fixed asset investments	1	-	1
Current assets	481,912	2,472	484,384
Current liabilities	(17,736)	-	(17,736)
Creditors over 1 year	(200,000)	-	(200,000)
Total net assets	<u>883,431</u>	<u>2,472</u>	<u>885,903</u>

15 Related party transactions

Donations from the trustees and their immediate family during the year totalled £0. (2021 -£70,000).

Heather Allen, a trustee, has provided an interest free secured loan of £200,000 to the charity. The first repayment of £50,000 was made in September 2022. The balance outstanding at the end of the year was £150,000 (2021 - £200,000). £60,000 of the £150,000 outstanding balance has been shown as a current liability, but there is a flexible repayment arrangement.

The Charity made a further loan of £192,825 to Carbon Community Trading Limited during the year. The balance at the due to be repaid at the end of the year was £450,154 (2021 -£257,329).

Carbon Community Trading Limited is a wholly owned and VAT registered trading subsidiary which runs the forest and site operations for The Carbon Community. Repayment of this loan is deferred until such time that Carbon Community Trading Limited starts to generate sufficient income to be in a position to make repayments. Due to the uncertainty surrounding the loan repayments, we have not valued the loan at the present value of the future payments discounted at a market rate of interest. We do not consider this to affect the true and fair view given in the accounts at the year end date.

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

16 Commitments

Grant commitments

On 14th July 2020 The Carbon Community agreed to make an award of up to £174,572 over 24 months, made up of £90,008 to Kew Gardens and £84,564 to the Waring Lab, Imperial College.

During the year to 30th September 2021, The Imperial College grant was extended and increased to £89,568.

During the year to 30th September 2022 Imperial College made a claim of £39,859. The total amount to date claimed by Imperial College is £61,542. This is £28,026 less than the amount made available to them. Imperial College has confirmed that their work has now been completed and no more claims are expected to be made.

During the year to 30th September 2022 Kew Gardens made a claim of £31,196.

This is a performance-related grant and as no further services other than those already paid for in the year were provided by the recipients prior to 30th September 2022, no liability was recognised in the accounts to 30th September 2022 with regards to further grants payable.

Outstanding commitments not recognised as a liability at 30th September 2022 are therefore:-

Kew Gardens: £58,812.

17 Funds

	Balance at 1 October 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 30 September 2022 £
Unrestricted funds					
<i>General</i>					
Unrestricted	264,177	196,249	(16,389)	(37,003)	407,034
<i>Designated</i>					
Land	619,254	-	-	25,288	644,542
Total unrestricted funds	883,431	196,249	(16,389)	(11,715)	1,051,576
Restricted funds					
Scientific research	-	61,351	(73,066)	11,715	-
Tree planting	2,472	63,186	(1,828)	-	63,830
Total restricted funds	2,472	124,537	(74,894)	11,715	63,830
Total funds	885,903	320,786	(91,283)	-	1,115,406

The Carbon Community

Notes to the Financial Statements for the Year Ended 30 September 2022

	Balance at 1 October 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 30 September 2021 £
Unrestricted funds					
<i>General</i>					
Unrestricted	622,994	285,622	(25,027)	(619,412)	264,177
<i>Designated</i>					
Land	-	-	-	619,254	619,254
Total unrestricted funds	<u>622,994</u>	<u>285,622</u>	<u>(25,027)</u>	<u>(158)</u>	<u>883,431</u>
Restricted					
Scientific research	-	22,744	(22,902)	158	-
Tree planting	-	5,180	(2,708)	-	2,472
Total restricted funds	<u>-</u>	<u>27,924</u>	<u>(25,610)</u>	<u>158</u>	<u>2,472</u>
Total funds	<u>622,994</u>	<u>313,546</u>	<u>(50,637)</u>	<u>-</u>	<u>885,903</u>