

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2023
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 2023**

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**Report of the Trustees
for the Year Ended 31 March 2023**

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 2023. 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 2023**

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. Deforestation destroys essential ecosystem services, leading to the loss of livelihood opportunities.

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 develop and maintain 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 FSC-certified forests, verified reclaimed sources and/or other controlled sources. Half of people in the UK surveyed in 2023 (FSC UK Consumer Survey via Kantar) were of the belief that all wood-based products available in the UK should be made from sustainable sources and a further quarter thought at least some should meet this standard. 60% thought that consumers have a responsibility to ensure that the products they buy, and the packaging they use, are responsibly sourced, but 71% held businesses responsible for the sustainability of their products and packaging.

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 2023**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

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. Responsible forestry does more than protect the health and resilience of forests-it also protects the wellbeing of the people who live and work in them. These people include community and family forest managers, Indigenous Peoples living on their ancestral lands, and workers whose livelihoods depend on forest products.

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.

Between April 2022 and April 2023, the total FSC-certified area in the UK grew from 1,625,847 hectares to 1,655,530 ha, an increase of 1.8 %. The majority of this growth was in group schemes, with the combined number of members of all groups now standing at over 1,100. Twelve-month averages smooth out some of the peaks and troughs in certification data, but still show gains over time; at 1,644,767 ha, the twelve-month average for 2022-23 is up around 0.5 % on the figure of 1,636,484 ha for 2021-22.

We met with forest managers from the Seafield and Strathspey Estates, spending the day with them at their FSC-certified site in the Scottish Highlands. A case study was included in the June edition of our Forest Matters newsletter, a version of which was also featured on the FSC International website. Another version of the same case study was also included in the April 2023 edition of Living Earth magazine, which is distributed to approximately 10,000 Soil Association members.

We have seen increased interest in FSC ecosystem services verification from existing certificate holders and other stakeholders, including forest managers, project developers and companies looking to support responsible forest projects. The first sponsorship arrangement has been set up between a forest management certificate holder and chain of custody certificate holder with the validation of impacts due to take place in the summer of 2023.

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.

The Annual Members' Meeting was held at Westonbirt Arboretum and heralded the start of stakeholder engagement on the subject of a vision for UK forests.

We welcomed three new members during the year: two in the Economic Chamber and one in the Environmental Chamber.

FSC UK inputted into the chapter on SDG 15 (Life on Land) in the second edition of the Measuring Up report produced by the Global Compact Network. This report looks at the progress of the UK on the Sustainable Development Goals (SDGs).

**Report of the Trustees
for the Year Ended 31 March 2023**

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.

There was a high level of stakeholder engagement in the revision process, with record-breaking numbers of consultation responses but the UK Woodland Assurance (UKWAS) Working Group handled the ensuing workload admirably and achieved consensus on a pre-approval draft of UKWAS 5 within their agreed timeframe. The revised draft standard was considered by the UKWAS Steering Group at a meeting in June 2022, and submitted to FSC International for approval in October 2022. The draft standard is awaiting approval by FSC International.

Improving access to certification for small and community woods remains an important issue for FSC UK and work is underway to identify how FSC could best support new or existing group schemes for such woods.

We were part of a project looking at the relevance of FSC forest management certification for urban areas. We hosted colleagues from Europe for a meeting in London and arranged a tour of Hyde Park. This led to engagement with new stakeholders including Royal Parks, Haringey Council, Trees for Cities and Treeconomics. Recommendations were provided to FSC International on how FSC Standards and Procedures can be adapted to increase relevance for urban areas.

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 91% and we were encouraged to see the growth in the indoor furniture, paper and packaging sectors.

During the reporting period, 20 new FSC promotional licence agreements were issued and the number of promotional licences managed by FSC UK increased to 123. A new national pricing model for promotional licence was developed and rolled out. The work to support our promotional licence holders to use our trademarks can significantly increase our reach and help to embed FSC commitments within the companies themselves. Specification of FSC-certified and labelled products is also a driver for FSC certification through retailer supply chains.

Online training for Certificate Holders and Promotional Licence Holders continues to be popular, with 583 registrants during the year.

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

FSC UK joined the FSC Furniture Awards, encouraging UK-based FSC certificate holders to participate. As part of the European Furniture Project, FSC UK supported the development of two films for the furniture sector and conducted a survey of FSC-certified furniture certificate holders in the UK. The films will be released in April 2023 and the results of the survey will help to further develop and refine our support for the sector.

FSC UK's Trademark Enforcement Officer opened 335 trademark violation cases and resolved/closed 348 cases.

**Report of the Trustees
for the Year Ended 31 March 2023**

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.

Our Forest Matters newsletter included case studies from Springpack, Multipanel, Seafield & Strathspey Estates, Ecodek, Summers Joinery, Moonpig, Fencert, Palmer Timber, JPA Workspaces, Hadley Interiors, James Cropper, Professor Puzzle and Calverts.

The annual consumer survey was conducted in March 2023, revealing a small increase in recognition of the logo (77%) and increased understanding of its meaning, with 25% claiming to know what it means (+ 5% on 2022), and a further 30% (29% in 2022) claiming to know roughly what it means.

FSC Forest Week (formerly FSC Friday) was promoted on the FSC UK website and in Forests Matters and directly to selected licence holders. 120 UK licence holders registered to receive, and were sent, FSC Forest Week Toolkit. The FSC and SDG flags were flown outside the FSC UK office during FSC Forest Week. The social campaign performed well both in the UK and internationally, with significant increases across all metrics internationally and notable increases in engagement on Facebook and Twitter in the UK. FSC UK joined the Soil Association at The Building Centre, London for a one-day training workshop for Timber Development UK (TDUK) members on FSC and UKTR. The workshop included presentations from FSC UK and the Soil Association. We also presented as part of a webinar on packaging and certification, organised by SGS.

Our Executive Director presented to the hotel and tourism sector on a webinar hosted by Green Key on How to support Biodiversity in the Tourism Industry, encouraging the specification and promotion of FSC certified furniture and other forest-based products.

The procurement policies of over 100 UK brands and retailers have been assessed and we will be using this assessment to target our work to strengthen these policies, and their implementation, and to monitor progress.

**Report of the Trustees
for the Year Ended 31 March 2023**

FINANCIAL REVIEW

Income

Over the 2022-23 financial year, income exceeded expenditure by £76,149. We started the year with an opening balance from the previous period of £943,331 and ended with a carry-forward of £1,019,480.

Trademark licensing revenue continued to increase, providing £82,266 of income during the reporting period. Membership income accounted for a further £37,653, a decrease from the previous year.

Most of the income is received under the Principal Cooperation, Service and Licence Agreement (the Activity Compensation Fee) 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 year (£480,907 compared with £401,321) primarily due to the increased size of the staff team as we seek to meet the growing demands on the organisation. Travel, subsistence and event expenditure increased as the return to face-to-face meetings and events continued. We expect expenditure to increase further in 2023/24 and the Board of Trustees is looking at how the organisation invests in projects that help deliver FSC's mission.

Investments

£400,001 was transferred to Rathbones Investment Management in December 2022.

Investments totalling £349,197 were purchased during the period to 31 March 2023. Of these, investments totalling £149,555 were sold showing a £445 profit. The remaining investments were revalued at £199,506, resulting in a £136 loss.

The balance at 31 March, held in cash, amounted to £203,272 after the addition of interest and dividend income totalling £2,469.

Reserves Policy

The Board of Trustees 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 Trustees are 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.

Investment policy and objectives

The financial objective of the investments is to produce some financial return, within an acceptable level of risk and in line with the agreed ethical policy, to help deliver the objectives of the charity.

The trustees of Ephesea have accepted a low to medium degree of risk for their investment portfolio and will ensure that their ability to meet future planned expenditure is not compromised by over-investment.

The responsibility for the day to day management of the charity's investment assets lies with the Rathbones Greenbank who have discretionary management powers with effect from 18 December 2022 under the investment policy agreement which was established by the charity on 15 June 2022,

**Report of the Trustees
for the Year Ended 31 March 2023**

A sub-committee of the Board of Trustees has been established to advise the wider Board on investments. Decisions on investments will be undertaken by the Board based on input from the sub-committee. The Executive Director, Treasurer and Vice-Chair are authorised signatories with any two of the three authorised to act on behalf of the Charity with the approval of the Board.

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.

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 three times during the year. 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, 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

**Report of the Trustees
for the Year Ended 31 March 2023**

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06792524 (England and Wales)

Registered Charity number

1130203

Registered office

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

Trustees

J B Kirkpatrick (Chair)
M Bekin (Vice-Chair)
M C Poole (Treasurer)
S Jennings
H Kwisthout
C McDermott
M Robson (resigned 13.9.22)
J G Tewson
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)

**Report of the Trustees
for the Year Ended 31 March 2023**

REFERENCE AND ADMINISTRATIVE DETAILS

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".

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 8 August 2023 and signed on its behalf by:

M C Poole - Trustee

Opinion

We have audited the financial statements of Ephesea UK (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 2023 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

14 August 2023

Ephesea UK

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2023

		Unrestricted funds £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total funds £
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations	2	60	-	60	60
Charitable activities	5				
Forestry		1,241	-	1,241	3,961
Activity compensation fee		427,963	-	427,963	345,613
Membership		37,653	-	37,653	43,563
Other trading activities	3	82,516	-	82,516	51,896
Investment income	4	7,314	-	7,314	2,085
Other income		-	-	-	637
Total		556,747	-	556,747	447,815
EXPENDITURE ON					
Charitable activities	6				
Forestry		75,350	-	75,350	62,443
Licence holder support		185,170	-	185,170	167,197
Stakeholder Engagement		70,599	-	70,599	62,080
Promoting FSC		118,615	-	118,615	78,181
Value of Forests		31,173	-	31,173	31,420
Total		480,907	-	480,907	401,321
Net gains on investments		309	-	309	-
NET INCOME		76,149	-	76,149	46,494
RECONCILIATION OF FUNDS					
Total funds brought forward		943,331	-	943,331	896,837
TOTAL FUNDS CARRIED FORWARD		1,019,480	-	1,019,480	943,331

The notes form part of these financial statements

Balance Sheet
31 March 2023

	Notes	31.3.23 £	31.3.22 £
FIXED ASSETS			
Tangible assets	13	5,214	5,662
Investments	14	<u>199,506</u>	<u>-</u>
		204,720	5,662
CURRENT ASSETS			
Debtors	15	164,188	136,905
Cash at bank and in hand		<u>797,008</u>	<u>903,925</u>
		961,196	1,040,830
CREDITORS			
Amounts falling due within one year	16	(146,436)	(103,161)
NET CURRENT ASSETS		<u>814,760</u>	<u>937,669</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,019,480	943,331
NET ASSETS		<u>1,019,480</u>	<u>943,331</u>
FUNDS	19		
Unrestricted funds		<u>1,019,480</u>	<u>943,331</u>
TOTAL FUNDS		<u>1,019,480</u>	<u>943,331</u>

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 8 August 2023 and were signed on its behalf by:

M C Poole - Trustee

Ephesea UK

**Cash Flow Statement
for the Year Ended 31 March 2023**

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	<u>86,916</u>	<u>69,902</u>
Net cash provided by operating activities		<u>86,916</u>	<u>69,902</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,950)	(3,158)
Purchase of fixed asset investments		(349,197)	-
Sale of fixed asset investments		150,000	-
Interest received		<u>7,314</u>	<u>2,085</u>
Net cash used in investing activities		<u>(193,833)</u>	<u>(1,073)</u>
Change in cash and cash equivalents in the reporting period		(106,917)	68,829
Cash and cash equivalents at the beginning of the reporting period		<u>903,925</u>	<u>835,096</u>
Cash and cash equivalents at the end of the reporting period		<u>797,008</u>	<u>903,925</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2023**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
	31.3.23		31.3.22
	£		£
Net income for the reporting period (as per the Statement of Financial Activities)	76,149		46,494
Adjustments for:			
Depreciation charges	2,398		2,885
Losses on investments	(309)		-
Interest received	(7,314)		(2,085)
(Increase)/decrease in debtors	(27,283)		8,538
Increase in creditors	43,275		14,070
Net cash provided by operations	<u>86,916</u>		<u>69,902</u>
 2. ANALYSIS OF CHANGES IN NET FUNDS			
	At 1.4.22	Cash flow	At 31.3.23
	£	£	£
Net cash			
Cash at bank and in hand	<u>903,925</u>	<u>(106,917)</u>	<u>797,008</u>
	<u>903,925</u>	<u>(106,917)</u>	<u>797,008</u>
Total	<u>903,925</u>	<u>(106,917)</u>	<u>797,008</u>

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 2023

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

	31.3.23	31.3.22
	£	£
Donations	<u>60</u>	<u>60</u>

3. OTHER TRADING ACTIVITIES

	31.3.23	31.3.22
	£	£
Trademark Licensing	82,266	48,676
Training	250	3,220
	<u>82,516</u>	<u>51,896</u>

4. INVESTMENT INCOME

	31.3.23	31.3.22
	£	£
Deposit account interest	7,201	2,085
Investment income	113	-
	<u>7,314</u>	<u>2,085</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		31.3.23	31.3.22
		£	£
Consultancy	Activity	1,241	3,961
Activity compensation fee	Forestry	427,963	345,613
FSC Membership	Activity compensation fee	37,653	43,563
	Membership	<u>466,857</u>	<u>393,137</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 2023**

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Forestry	62,939	12,411	75,350
Licence holder support	147,489	37,681	185,170
Stakeholder Engagement	58,677	11,922	70,599
Promoting FSC	97,801	20,814	118,615
Value of Forests	24,630	6,543	31,173
	<u>391,536</u>	<u>89,371</u>	<u>480,907</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.23 £	31.3.22 £
Staff costs	327,621	267,342
Telephone	435	1,650
Postage and stationery	613	1,736
Travel & subsistence	13,042	3,634
Publications & subscriptions	4,730	9,441
Recruitment & training	3,788	5,321
UKWAS subscription	7,889	7,563
Publicity	6,311	5,638
Consultancy fees	15,874	13,169
Sundries	205	190
Bad debts	3,022	-
FSC Membership Admin Fee	6,976	5,941
Printing	1,030	4,423
	<u>391,536</u>	<u>326,048</u>

8. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Forestry	11,304	1,107	12,411
Licence holder support	34,322	3,359	37,681
Stakeholder Engagement	10,860	1,062	11,922
Promoting FSC	18,960	1,854	20,814
Value of Forests	5,960	583	6,543
	<u>81,406</u>	<u>7,965</u>	<u>89,371</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2023**

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):

	31.3.23	31.3.22
	£	£
Auditors' remuneration	2,990	2,392
Depreciation - owned assets	<u>2,398</u>	<u>2,885</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Trustees' expenses

Travel expenses totalling £652 (2022 - nil) were paid to 4 trustees in the year to 31 March 2023.

11. STAFF COSTS

	Year Ended 31.3.23	Year Ended 31.3.22
£		
Wages and salaries	319,880	268,012
Social security costs	26,347	21,378
Pensions	19,127	15,971
	<u>365,354</u>	<u>305,361</u>

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

Licence holder support	3.8	3.5
UK forest standards	0.9	0.9
Stakeholder engagement	0.8	0.9
Core	1.0	1.0
Value of Forests	0.5	0.5
Promoting the system	2.2	1.2
	<u>9.2</u>	<u>8.0</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 2023**

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 2023 were £219,571 (2022 £200,664).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

There were no restricted funds during the year to 31 March 2022.

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2022	14,860	28,877	43,737
Additions	-	1,950	1,950
At 31 March 2023	<u>14,860</u>	<u>30,827</u>	<u>45,687</u>
DEPRECIATION			
At 1 April 2022	11,733	26,342	38,075
Charge for year	463	1,935	2,398
At 31 March 2023	<u>12,196</u>	<u>28,277</u>	<u>40,473</u>
NET BOOK VALUE			
At 31 March 2023	<u>2,664</u>	<u>2,550</u>	<u>5,214</u>
At 31 March 2022	<u>3,127</u>	<u>2,535</u>	<u>5,662</u>

14. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
Additions	349,197
Disposals	(149,555)
Revaluations	(136)
At 31 March 2023	<u>199,506</u>
NET BOOK VALUE	
At 31 March 2023	<u>199,506</u>
At 31 March 2022	<u>-</u>

There were no investment assets outside the UK.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

14. FIXED ASSET INVESTMENTS - continued

Cost or valuation at 31 March 2023 is represented by:

	Listed investments £ (136)
Valuation in 2023	<u>199,642</u>
Cost	<u>199,506</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23 £	31.3.22 £
Trade debtors	39,616	121,485
Prepayments and accrued income	<u>124,572</u>	<u>15,420</u>
	<u>164,188</u>	<u>136,905</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23 £	31.3.22 £
Trade creditors	9,325	12,934
Social security and other taxes	16,947	10,368
Deferred income	90,467	56,584
Accrued expenses	<u>29,697</u>	<u>23,275</u>
	<u>146,436</u>	<u>103,161</u>

17. LEASING AGREEMENTS

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

	31.3.23 £	31.3.22 £
Within one year	<u>9,650</u>	<u>9,650</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total funds £
Fixed assets	5,214	-	5,214	5,662
Investments	199,506	-	199,506	-
Current assets	961,196	-	961,196	1,040,830
Current liabilities	(146,436)	-	(146,436)	(103,161)
	<u>1,019,480</u>	<u>-</u>	<u>1,019,480</u>	<u>943,331</u>

19. MOVEMENT IN FUNDS

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General Fund	937,669	78,547	(1,950)	1,014,266
Capital Fund	5,662	(2,398)	1,950	5,214
	<u>943,331</u>	<u>76,149</u>	<u>-</u>	<u>1,019,480</u>
TOTAL FUNDS	<u>943,331</u>	<u>76,149</u>	<u>-</u>	<u>1,019,480</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General Fund	556,747	(478,509)	309	78,547
Capital Fund	-	(2,398)	-	(2,398)
	<u>556,747</u>	<u>(480,907)</u>	<u>309</u>	<u>76,149</u>
TOTAL FUNDS	<u>556,747</u>	<u>(480,907)</u>	<u>309</u>	<u>76,149</u>

Comparatives for 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 2023

19. MOVEMENT IN FUNDS - continued

Comparative 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>

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

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General Fund	891,448	127,926	(5,108)	1,014,266
Capital Fund	5,389	(5,283)	5,108	5,214
	<u>896,837</u>	<u>122,643</u>	<u>-</u>	<u>1,019,480</u>
TOTAL FUNDS	<u>896,837</u>	<u>122,643</u>	<u>-</u>	<u>1,019,480</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 £	Gains and losses £	Movement in funds £
Unrestricted funds				
General Fund	1,004,562	(876,945)	309	127,926
Capital Fund	-	(5,283)	-	(5,283)
	<u>1,004,562</u>	<u>(882,228)</u>	<u>309</u>	<u>122,643</u>
TOTAL FUNDS	<u>1,004,562</u>	<u>(882,228)</u>	<u>309</u>	<u>122,643</u>

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2023.

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.