

Small Woods Association

Trustees' Report and Audited Financial Statements

For the year ended 31 March 2024

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Trustees	<p>John Blessington Phil Burton (ceased 4th December 2023) Christopher Duncan Alyson May Beverly Tyley Philip Tidey Peter Watson (resigned 23rd June 2023) Gary Battell Liz Newton (appointed 8th December 2023) Adam Gillingham (appointed 8th December 2023) Ben Howard (appointed 12th April 2024) Michael Innes (appointed 12th April 2024)</p>
Company Registered Number	03919849
Charity Registration Number	1081874
Registered Office	<p>Station Road Coalbrookdale Telford Shropshire TF8 7DR</p>
CEO	<p>Simon James (appointed 1st January 2024) Ian Baker (resigned 31st December 2023)</p>
Company Secretary	Christopher Duncan
Independent Auditor	<p>James Holyoak & Parker Limited 1 Knights Court Archers Way Battlefield Enterprise Park Shrewsbury TF8 7DR</p>
Bankers	<p>Lloyds Bank plc 113 The Border Overdale Telford TF3 4AE</p>

Trustees' Report

The trustees, who are also the directors of Small Woods Association (Small Woods) for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 3 to the financial statements and comply with the charity's governing documents, the Companies Act 2006 and "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

The charity is constituted as a company limited by guarantee and is therefore governed by a memorandum and articles of association. The charity's object is to advance the conservation of small woodlands. The principal activities are raising awareness about the needs and implications of small woodland management; undertaking projects that promote their sustainability and use; using woodlands for the promotion of human health and wellbeing and the promotion of traditional woodland crafts. This is done through a number of channels: practical projects (often grant funded); training and educational courses; apprenticeships; seminars; events; an annual conference; information, advice and guidance.

Achievements and performance

The charity has continued to undertake a wide range of activities and done so with the support of a committed membership, trustees and staff. The charity was delivering 43 projects across the UK during the year, funded by a £1.84m turnover, which was a 10.5% increase on the previous year. The charity was able to continue supporting people during the year with over 2,370 people supported through health and wellbeing activities, all of whom are dealing with some sort of challenge or crisis, who received help that enabled them to progress in their lives.

The area of woodland represented through our members is now over 32,800 hectares. All of our members have access to advice and information on sustainable woodland management provided by the charity, and 1,778 members had access information, advice and guidance through our increasingly well-regarded magazine and newsletter. The charity continues to deliver webinars and meetings online, with 270 members attending 19 events.

Connecting woodlands and people for wellbeing supported by the Enabling Natural Resources and Well-being scheme drew to a close, a pan Wales project leading on innovative, with substantial participation in health and wellbeing activities in the outdoors. Health and wellbeing engagement for woodland in England and Wales continues through lottery funding and the local authority funded shared prosperity fund.

Small Woods benefited from the efforts of a range of volunteers, both those involved in practical woodland work, such as our coppice volunteers at the Green Wood Centre and Edge Wood, and those able to provide professional input to the charity, such as the volunteers from Cap Gemini who are supporting the charity in the development of its IT. Altogether we are now supported by over 20 regular volunteers.

Woodlands into management continues to be a strong focus. Utilising the Mercian project to engage woodland owners, farmers and local authorities and offering them incentives to make biodiversity gains through a 'challenge' model. Further sector engagement achieved through the WIMFIF and NEIRF projects have seen novel programmes of collaborative working with like organisations to bring influence and support to woodland owners, managers and workers to realise more woodland into management.

Financial review

It is the aim of the charity that unrestricted funds, which have not been designated for a specific use, should be maintained at a level defined in the Reserves Policy. The Trustees consider that once reserves at this level have been achieved that will ensure that, in the event of a significant drop in funding, the charity will be able to continue its activities, while consideration is given to ways in which additional funds may be raised. The level of reserves required has been approved by the board to cover 3 months of operating expenditure and closure costs. The charity will be working hard to achieve those levels of reserves over the next 3 to 5 years.

Whilst income has increased in the year to £1,841,902 (2023: £1,667,239), expenditure has increased further and a deficit of £142,987 was incurred during the year. This, combined with losses made over the previous 3 years continue to weigh on the charity. The charity is facing inflationary pressures on costs and pay, and the cost of living affects our membership retention and learning pathways take up. There is also uncertainty by funders due to recent general election, downward pressure on levels of management fees chargeable and the tendency of funders to move to short term grants available at short notice.

Cashflow forecast analysis has indicated possible low funds requiring resolution, with the best option being a cash loan. The loan is required where we carry projects financially for extended periods before claim windows open and is available through a drawdown agreement of £250,000 with the Charity Bank. The facility can be drawn down as and when we require the cash to cover cashflow shortfalls.

The charity made a business interruption insurance claim due to Covid restrictions and received a partial payment in 2023/24. This claim is ongoing, but we have not accrued for any further payments.

Small Woods unrestricted funds on the 31st March 2024 amounted to £515,832 (2023: £631,711). Small Woods free reserves on the 31st March 2024 were £83,692 (2023: £242,899). The trustee's aim is to increase those reserves over the coming years to achieve the target set in the Reserves Policy.

The charity management and finance teams have devoted resources through the year to addressing the findings from the previous year's audit report, which has been very helpful. A number of system improvements have been implemented, along with a Financial Management Systems review, which continued into the current year.

The Trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

Plans for future periods

Small Woods is dedicated to promoting the sustainable management of small woodlands for environmental, economic, and social benefits, we are seeking strategic changes to our goals and initiatives for the next five years to enhance woodland stewardship, increase member engagement, and promote sustainable forestry practices for resilience and well-being. This will enable further stability diverting risk away from public funds to embrace the corporate market for investment in woodlands into management and health and wellbeing activities.

Structure, Governance and Management

Governing Documents

Small Woods is a company limited by guarantee, governed by its memorandum and articles of association, incorporated on the 4th February 2000 and registered with the Charity Commission on the 7th August 2000. None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Method of Appointment of Trustees

Potential new trustees are identified by the board and approached as and when required. New trustees are briefed on the operational of the organisation at trustee meetings. An open invitation to the membership of Small Woods has been issued to recruit new members from the membership.

Induction and Training of Trustees

New trustees are provided with appropriate information, induction and training, taking into account their previous experience in the charity sector and the nature of Small Woods Association.

Organisational Structure and Decision Making

The Board of Trustees administers Small Woods, meets quarterly and is responsible for the strategic direction and policy of the charity. A minimum of three trustees is required for a meeting to be quorate. At present there are ten trustees from a variety of professional backgrounds.

The Board appoints the CEO who manages the day to day operations of Small Woods.

Statement of Trustees' Responsibilities in respect of the Financial Statements

The Trustees, who are the directors of Small Woods 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).

Company and charity law require the trustees to prepare financial statements for each financial year that give a true and fair view of Small Wood's state of affairs and of its incoming and outgoing resources, including the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Statement of Recommended Practice 'Accounting and Reporting by Charities';
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards 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 Small Woods will continue in operation.

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

Provision of Information to the Auditor

The Trustees who held office at the date of approval of this trustees' report confirm that, so far as they are aware:

- there is no relevant audit information of which Small Wood's auditor is unaware; and
- they have taken all the steps that they ought to have taken, as trustees, to make themselves aware of any relevant audit information and to establish that Small Wood's auditor is aware of that information.

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

Auditor

The auditor is James Holyoak & Parker Limited.

Approval

The Trustees have prepared this report in accordance with the provisions applicable to companies subject to the small companies regime. This report was approved by the Trustees on 18th September 2024 and signed on their behalf by.

John Blessington
Trustee

**Independent Auditors Report
to the Trustees of Small Woods Association**

Opinion

We have audited the financial statements of Small Woods Association (the 'charitable company') for the year ended 31st March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 auditor 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.

Material uncertainty related to going concern

We draw attention to Note 27 in the financial statements, which indicates that the company incurred significant cashflow issues during the year ended 31 March 2024. Forecasts show that there will be further significant pressures on cashflow going forwards. As stated in Note 27, these events or conditions, along with other matters as set forth in Note 27, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Key audit Matters

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to be communicated in our report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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. 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 course of the audit or otherwise appears to be materially

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Independent Auditors Report to the Trustees of Small Woods Association

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.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, 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.

Auditor 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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006), the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

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Independent Auditors Report to the Trustees of Small Woods Association

We understood how the company is complying with these frameworks by making enquiries of management and those responsible for legal and compliance procedures. We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with key management to understand where they considered there was a susceptibility to fraud. Based on our understanding, our procedures involved enquiries of management and those charged with governance, manual journal entry testing, cashbook reviews for large and unusual items and the challenge of significant accounting estimates used in preparing the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for> This description forms part of our auditor's report.

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 auditor's 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.

Mr Robert Humphreys BEng FCA (Senior Statutory Auditor)
for and on behalf of James Holyoak & Parker Limited

Date:

Chartered Accountants
Statutory Auditor

1 Knights Court
Archers Way
Battlefield Enterprise Park
Shrewsbury
SY1 3GA

James Holyoak & Parker Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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Statement of Financial Activities

Year ended 31 March 2024

(Incorporating an Income and Expenditure Account)

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2024	Unrestricted Funds	Restricted Funds	Total Funds 2023
		£	£	£	£	£	£
Income from:							
Membership, donations & legacies	4	154,304	20	154,324	135,515	200	135,715
Charitable activities	5	93,959	1,592,191	1,686,150	136,074	1,394,098	1,530,172
Investment Income	6	1,428	-	1,428	1,352	-	1,352
Total Income		249,691	1,592,211	1,841,902	272,941	1,394,298	1,667,239
Expenditure on:							
Charitable activities	7	313,411	1,669,698	1,983,109	331,904	1,341,680	1,673,584
Loss on disposal of fixed assets	10	1,780	-	1,780	-	-	-
Total Expenditure		315,191	1,669,698	1,984,889	331,904	1,341,680	1,673,584
Net Income / (Expenditure) for the year		(65,500)	(77,487)	(142,987)	(58,963)	52,618	(6,345)
Transfer In / (Out) of Funds	18	(50,379)	50,379	-	56,678	(56,678)	-
Net Movement in Funds		(115,879)	(27,108)	(142,987)	(2,285)	(4,060)	(6,345)
Reconciliation of Funds							
Funds brought forward at 01 April 2023		631,711	94,295	726,006	633,996	98,355	732,351
Funds Carried Forward at 31 March 2024		515,832	67,187	583,019	631,711	94,295	726,006

The statement of financial activities shows all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 12 to 26 form part of these financial statements.

Balance Sheet

As at 31 March 2024

	Note	2024	2023
		£	£
Fixed Assets			
Tangible assets	12	371,370	388,712
Investments	11	100	100
		371,470	388,812
Current Assets			
Debtors	13	363,966	744,670
Stock	14	1,975	-
Cash at bank & in hand	24	45,390	101,250
		411,331	845,920
Current Liabilities			
Creditors: Amounts falling due within one year	15	(199,782)	(508,726)
Net Current Assets		211,549	337,194
Net Assets		583,019	726,006
Funds of the Charity			
Unrestricted funds		58,792	266,120
Designated funds	17	457,040	365,591
Restricted funds	18	67,187	94,295
Total Charity funds		583,019	726,006

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

The notes on pages 12 to 26 form part of these accounts. The financial statements were approved and authorised for issue by the Board of Trustees on the 18th September 2024 and were signed on its behalf by:

John Blessington
Trustee

Small Woods Association

Cash Flow Statement

For the year ended 31 March 2024

	Note	2024 £	2023 £
Net cash inflow / (outflow) from operating activities	24	(106,339)	(250,071)
<i>Investing activities</i>			
Returns on investments and servicing of finance			
Interest received	6	1,428	1,352
Income from disposal of fixed assets	10	2,650	-
Payments to acquire fixed assets	12	(3,579)	(30,499)
Net cash outflow from investing activities		499	(29,147)
<i>Financing activities</i>			
Bank loan	28	49,980	-
Net cash inflow from financing activities		49,980	-
Increase in cash and cash equivalents		(55,860)	(279,218)
Cash or cash equivalents brought forward		101,250	380,468
Cash or cash equivalents carried forward		45,390	101,250

The notes on pages 12 to 26 form part of these financial statements.

1 General Information

The company was formed on the 4th February 2000 is limited by guarantee (No 03919849) and is a registered charity (No 1081874). The company is registered in England and Wales and the registered office is Station Road, Coalbrookdale, Telford, Shropshire, TF8 7DR

In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, where the revision affects only that period, or in the period of the revision and future periods, where the revision affects both current and future periods.

3 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation in the financial statements are as follows.

a Basis of Accounting

The financial statements have been prepared in accordance with;

- the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) which became effective in January 2019.
- the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with FRS 102.
- the Charities Act 2011.
- the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

b Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purpose and uses of the restricted funds are set out in the notes to the financial statements.

c Stock

Stock for resale is valued at the lower of cost or net realisable value. Stock is sold on a first in first out basis, so the cost value is the cost of the most recent stock.

3 Principal Accounting Policies (continued)

d Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant, is recognised at the time of the donation.

Legacies are recognised on receipt or earlier if the charity has been notified of an impending distribution, the amount is known and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

e Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer an economic benefit to the charity, and it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be reliably measured.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared and support costs which are not attributable to a single activity are apportioned to activities on a basis consistent with the use of the resource. Central staff costs are allocated on the basis of the time spent and depreciation charges are allocated based on the use of the asset.

f Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. As a general guide expenditure of less than £1,000 is not capitalised.

Depreciation is provided at rates to write off the cost of the asset over its estimated useful lives, as follows:

Leasehold land and buildings	2% on a straight line basis
Plant and equipment	10% on a reducing balance basis
Motor vehicles	20% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

g Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income or expenditure for the year. Transaction costs are expensed when incurred.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

3 Principal Accounting Policies (continued)

h Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment or loss. If any such indication exists, the value of the asset is estimated to determine the extent of the impairment or loss, if any.

i Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which includes debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

j Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity.

3 Principal Accounting Policies (continued)

k Retirement benefits

Payments to the defined contribution retirement benefit schemes are charged as an expense as they fall due.

l Employee benefits

Termination benefits are recognised as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Employees are expected to take holiday and use TOIL in the financial year. In exceptional circumstances balances can be carried forward and used within a month of the next financial year. In such circumstances, the Business Manager will approve an extended period of time within which the holiday and TOIL is to be used. This would be managed on a case by case basis.

m Taxation

The company is a registered charity and as such is exempt from taxation on its income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year.

4 Membership, donations & legacies

	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £	Total Funds 2023 £
Donations and gifts	71,540	20	71,560	43,995
Gift Aid	11,791	-	11,791	10,125
Membership fees	70,973	-	70,973	81,595
	154,304	20	154,324	135,715

5 Charitable activity

Income 2024

	Unrestricted Income £	Restricted Funds £	Total 2024 £
Grants from funders	62,079	1,506,103	1,568,182
Training courses	20,309	-	20,309
Other income	11,571	86,088	97,659
	93,959	1,592,191	1,686,150

Income 2023

	Unrestricted Income £	Restricted Funds £	Total 2023 £
Grants from funders	70,241	1,263,016	1,333,257
Training courses	15,035	1,874	16,909
Other income	50,798	129,208	180,006
	136,074	1,394,098	1,530,172

6 Investment income

	Unrestricted Funds 2024 £	Unrestricted Funds 2023 £
Interest receivable	1,428	1,352
	1,428	1,352

7 Charitable expenditure

Expenditure 2024	Unrestricted Funds £	Restricted Funds £	Total 2024 £
Staff costs	211,321	918,826	1,130,147
Project costs & associated training	19,191	483,250	502,441
Magazine costs	16,812	-	16,812
Staff, volunteer & apprentice costs	18,904	47,091	65,995
Advertising	3,119	8,587	11,706
Bank charges	7,597	-	7,597
Printing, stationery & postage	7,407	1,275	8,682
Legal, professional & accountancy	28,982	19,596	48,578
Telephone	1,130	1,456	2,586
Rent, power & insurance	39,845	3,550	43,395
Repairs & maintenance & computer supplies	25,023	39,184	64,207
Irrecoverable VAT	16,901	30,426	47,327
Sundries	13,311	3,834	17,145
Depreciation	16,491	-	16,491
Management fees	(112,623)	112,623	-
	<u>313,411</u>	<u>1,669,698</u>	<u>1,983,109</u>

Expenditure 2023	Unrestricted Funds £	Restricted Funds £	Total 2023 £
Staff costs	273,690	794,811	1,068,501
Project costs & associated training	33,256	262,565	295,821
Magazine costs	17,032	-	17,032
Staff, volunteer & apprentice costs	10,827	43,274	54,101
Advertising	8,959	12,310	21,269
Bank charges	799	-	799
Printing, stationery & postage	5,133	2,595	7,728
Legal, professional & accountancy	20,613	23,788	44,401
Telephone	788	6,430	7,218
Rent, power & insurance	28,349	5,571	33,920
Repairs & maintenance & computer supplies	18,143	25,052	43,195
Irrecoverable VAT	8,638	22,716	31,354
Sundries	19,068	12,421	31,489
Depreciation	16,756	-	16,756
Management fees	(130,147)	130,147	-
	<u>331,904</u>	<u>1,341,680</u>	<u>1,673,584</u>

8 Analysis of Staff Costs

Staff costs were as follows:

	2024	2023
	£	£
Salaries and wages	1,044,121	986,366
National insurance costs	66,806	63,775
Pension costs	19,220	18,360
	<u>1,130,147</u>	<u>1,068,501</u>

There were no employees whose remuneration was more than £60,000, in this or the previous year. The total salary costs of the key employees in the year was £176,222.

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

	2024	2023
	Nos	Nos
Average full time equivalent	41	37
Average head count	59	61

9 Net Income for the Year

	2024	2023
	£	£
This is stated after charging:		
Depreciation	16,491	16,756
Auditor's fees for audits	14,000	19,000
Auditor's fees for non-audit services	6,691	4,415

10 Disposal of fixed assets

	2024	2023
	£	£
Cost of assets	7,726	-
Depreciation to date	3,296	-
Income from disposal	2,650	-
Loss on disposal of fixed assets	<u>1,780</u>	<u>-</u>

11 Fixed asset investments

		Other Investments
		£
Cost or valuation		
As at 01 April 2023 & 31 March 2024		<u>100</u>
Carrying amount		
At 31 March 2024		<u>100</u>
At 31 March 2023		<u>100</u>
Other investments comprise		
	2024	2023
	£	£
Investments in subsidiaries (Note 25)	<u>100</u>	<u>100</u>

12 Tangible Fixed Assets

	Leasehold land & buildings	Plant & Equipment	Motor vehicles	Total
Cost	£	£	£	£
Brought forward	470,451	189,105	7,950	667,506
Additions	-	3,579	-	3,579
Disposals	-	7,726	-	7,726
At 31 March 2024	470,451	184,958	7,950	663,359
Depreciation				
Brought forward	138,290	137,324	3,180	278,794
Charge for year	9,409	5,492	1,590	16,491
Disposals	-	3,296	-	3,296
At 31 March 2024	147,699	139,520	4,770	291,989
Net book value				
At 31 March 2024	322,752	45,438	3,180	371,370
At 31 March 2023	332,161	51,781	4,770	388,712

Leasehold land and buildings were valued on an open market basis by Wiggins Lockett Thompson Limited Chartered Surveyors (regulated by RICS) at a value of £290,000 as at 17 August 2017. The trustees consider that this is materially in line with the reported net book value on a historic cost basis.

13 Debtors

	2024	2023
	£	£
Trade debtors	296,725	614,162
Prepayments	-	1,918
Other debtors	67,241	128,590
	363,966	744,670

14 Stock

	2024	2023
	£	£
Gift shop stock	1,975	-
	1,975	-

15 Creditors: Amounts falling due within one year

	2024	2023
	£	£
Social security and other taxes	24,428	24,284
Trade creditors	42,549	28,507
Amount owed to subsidiary undertakings	1,758	1,758
Other creditors	-	6,000
Accruals	15,889	7,190
Government grants & deferred income	65,178	440,987
Bank loan	49,980	-
	199,782	508,726

16 Government grants

Deferred income is included in the financial statements as follows:

	2024 £	2023 £
Deferred income is included within:		
Current liabilities	65,178	440,987
Deferred income at 1 April 2023	440,987	323,500
Released from previous periods in the year	(440,987)	(16,500)
Resources deferred in the year	65,178	133,987
Balance as at 31 March 2024	65,178	440,987

Deferred income comprises income received under a contract which relates to work to be completed in future accounting periods and initial up front payments, where the work has yet to be performed or completed. The charity has no entitlement to these funds at the year end and they have therefore been deferred.

17 Designated Funds

The unrestricted funds of the charity include the following designated funds which have been set aside by the trustees for specific purposes.

	At 1 April 2023 £	Income £	Expenditure £	Transfer £	At 31 March 2024 £
Capital fund	299,803	-	-	71,567	371,370
Wind up fund	27,191	-	-	(2,191)	25,000
Apprenticeship	36,931	-	-	(36,931)	-
Coppice Restoration	665	-	-	(665)	-
Learning Pathways	(21,738)	9,518	(32,661)	44,881	-
Lost Woods	911	-	-	(911)	-
Mountain Warehouse	-	17,203	(10,525)	-	6,678
Social Forestry Commercial	-	9,536	(2,564)	-	6,972
Veterans (AFC)	3,097	500	(259)	-	3,338
Wesleyan	18,731	28,353	(3,402)	-	43,682
	365,591	65,110	(49,411)	75,750	457,040

	At 1 April 2022 £	Income £	Expenditure £	Transfer £	At 31 March 2023 £
Capital fund	316,559	-	(16,756)	-	299,803
Wind up fund	27,191	-	-	-	27,191
Apprenticeship	2,945	44,315	(10,329)	-	36,931
Coppice Restoration	665	-	-	-	665
Learning Pathways	-	15,539	(37,277)	-	(21,738)
Lost Woods	399	1,361	(849)	-	911
Wesleyan	-	28,353	(9,622)	-	18,731
Veterans (AFC)	11,413	9,500	(7,768)	(10,048)	3,097
	359,172	99,068	(82,601)	(10,048)	365,591

17 Designated Funds (continued)

Capital fund: - To match the value of the net book value of the fixed assets.

Wind up Fund: - To maintain a fund to enable the payment of redundancy and associated costs if required.

Mountain Warehouse: - To fund the volunteer day in 2024/25.

Social Forestry Commercial: - Activity around delivering various commercial courses and programs.

Veterans (AFC): - To cover expected costs up to July 2024.

Wesleyan: - Match funding for the Willey Estate project, due to take place in 2024/25.

18 Analysis of Movements in Restricted Funds

Analysis of Movements in Restricted Funds - Current Year

	At 1 April 2023	Income	Expenditure	Transfers Funds	At 31 March 2024
	£	£	£	£	£
Amser Carers Fund	-	9,952	(9,914)	(38)	-
Anglesey AONB	-	11,429	(11,427)	(2)	-
Anglesey SPF	-	69,113	(62,549)	-	6,564
Apprenticeships	-	5,000	(38,932)	36,931	2,999
Arts Council Wales	-	1,261	(1,261)	-	-
BBO	(1,700)	3,236	(1,264)	(272)	-
Blaenau Gwent SPF	-	30,053	(29,679)	-	374
Breaking Barriers	-	44,354	(43,220)	(1,134)	-
Carms SPF (UWTSD)	-	14,772	(12,091)	-	2,681
Energize	-	6,500	(5,967)	(533)	-
ENRaW Green Infrastructure (GI)	-	82,370	(74,776)	(7,594)	-
ENRaW OH/HAF	50,942	485,478	(550,354)	13,934	-
FSC	(317)	4,500	(4,286)	103	-
Local Places for Nature Swansea	-	9,502	(9,082)	(420)	-
Lost Peatlands	-	39,773	(37,238)	-	2,535
Lost Woods	-	41,106	(32,303)	911	9,714
Mercian Biodiversity Project	25,161	78,824	(114,207)	10,222	-
NEIRF EA Carbon Sequestration	(3,360)	50,013	(49,731)	3,078	-
NHS Shropshire Young Children	3,057	-	(4,387)	1,330	-
NPT SPF	-	53,396	(54,070)	674	-
NPT Third Sector	-	25,000	(24,144)	(856)	-
NRW	9,967	163,460	(168,658)	(4,769)	-
Pembrokeshire SPF	-	30,090	(31,900)	1,810	-
Powys SPF Feasibility Study	-	46,105	(47,272)	1,167	-
Reaching Communities	(3,571)	78,365	(64,794)	-	10,000
Safer, Stronger Community (T&W)	-	2,764	(371)	(2,393)	-
Social Enterprise	-	-	(544)	544	-
Social Forestry	1,360	800	(151)	(2,009)	-
Swansea Coast	-	6,556	(6,136)	(420)	-
Swansea SPF	-	2,138	(2,138)	-	-
T&W Holiday Fund	(313)	-	(62)	375	-
Veterans Foundation	-	8,799	(8,799)	-	-
West Glamorgan RIF	(171)	37,294	(37,123)	-	-
Sub-total Restricted Funds	81,055	1,442,003	(1,538,830)	50,639	34,867

18 Analysis of Movements in Restricted Funds (continued)

	At 1 April 2023	Income	Expenditure	Transfers Funds	At 31 March 2024
	£	£	£	£	£
WIMFIF Biochar FC	2,533	61,677	(41,195)	-	23,015
WIMFIF Resilient Networks FC	3,461	67,580	(68,982)	-	2,059
Wye Valley AONB	-	20,951	(20,691)	(260)	-
Willey Estate	7,246	-	-	-	7,246
	<u>94,295</u>	<u>1,592,211</u>	<u>(1,669,698)</u>	<u>50,379</u>	<u>67,187</u>

Analysis of Movements in Restricted Funds - Previous Year

	At 1 April 2022	Income	Expenditure	Transfers	At 31 March 2023
	£	£	£	£	£
AONB	-	12,623	(10,617)	(2,006)	-
BBO	1,578	53,264	(56,542)	-	(1,700)
Biochar	-	(190)	(2,317)	2,507	-
Biomass	-	-	(634)	634	-
Coed Lleol	61,860	976,147	(987,065)	-	50,942
CWM TAF Nature Network	-	4,760	(2,603)	(2,157)	-
FSC	-	-	(317)	-	(317)
Landau Community Grants	1,366	12,000	(16,937)	-	(3,571)
Mercian Biodiversity	14,054	126,508	(65,401)	(50,000)	25,161
NEIRF	-	18,529	(21,889)	-	(3,360)
NHS Shropshire Young Children	-	7,000	(3,943)	-	3,057
NRW	-	84,521	(74,554)	-	9,967
Social Enterprise	4,927	19,261	(18,532)	(5,656)	-
Social Forestry Contracts	-	1,874	(514)	-	1,360
Safer Stronger Community	-	1,236	(1,236)	-	-
T&W Holiday Fund	-	11,030	(11,343)	-	(313)
West Glamorgan RIF	-	32,232	(32,403)	-	(171)
WIMFIF Biochar	-	14,496	(11,963)	-	2,533
WIMFIF Resilient Networks	-	19,007	(15,546)	-	3,461
Willey Estate (Shropshire)	14,570	-	(7,324)	-	7,246
	<u>98,355</u>	<u>1,394,298</u>	<u>(1,341,680)</u>	<u>(56,678)</u>	<u>94,295</u>

Purpose of Restricted Funds

Core:

Apprenticeships: - Funds received to run apprenticeship schemes in the charity.

Woodland Management:

FSC: - Provision of an advisory service to small woodland owners in England and Wales.

Lost Woods: - To transform woods in the Weald by community engagement, woodland management promotion and training.

18 Analysis of Movements in Restricted Funds (continued)

Woodland Management (continued)

- Mercian Biodiversity:** - Woodland biodiversity development program in Severn and Trent catchment areas.
- NEIRF:** - Research into potential financial benefits from woodland management.
- Willey Estate:** - Proposal to establish a tree nursery.
- WIMFIF Biochar FC:** - Research into making and using biochar.
- WIMFIF Resilient Networks FC:** - Research into establishing better links between owners of woodlands and users of woods via networks.
- Wye Valley AONB:** - Project aimed at one off engagement sessions to promote AONB and support wellbeing of participants.

Social Forestry:

- Anglesey SPF & AONB:** - Project to focus on improving skills, community resilience and wellbeing for those furthest from the employment market.
- Arts Council Wales:** - Partnership project with Swansea Health Board (Arts in Nature Coordinator), Swansea Print Workshop and Race Council Cymru 'Arts in Nature on Prescription'.
- Breaking Barriers** - To explore access by people from diverse backgrounds to nature based activities in South Wales.
- Blaenau Gwent SPF:** - 6-week green crafts / woodland skills programme and one off engagement sessions.
- Carms SPF (UWTSD):** - wellbeing projects and monthly engagement sessions to support the development and improvement of the Green Health Hub at Cynefin.
- Cwm Taf Nature Network** - Social forestry in Rhondda Cynon Taf.
- ENRaW Green Infrastructure:** - Third party to deliver wellbeing programs.
- ENRAW OH** - Social forestry project across Wales, supporting health and wellbeing programs, promotion of woodland management and the establishment of woodland hubs.
- Lost Peatlands** - Social forestry associated with a peatland restoration project in South Wales.
- NPT Third Sector Fund:** - Wellbeing project targeting adults with mental health support needs and neuro diversity.
- NPT SPF:** - Wellbeing programmes, offering a series of engagement and volunteering activity days and woodland infrastructure and improvements.
- NRW** - Social forestry development program, including infrastructure to support its wider adoption.
- Pembrokeshire SPF:** - Project to improve skills, community resilience and wellbeing for those furthest from the employment market.
- Powys SPF Feasibility Study:** - A feasibility study project that asks - 'How can the new community hospital and wellbeing centre in Machynlleth act as a springboard for outdoor activities for community health and wellbeing.
- Reaching Communities** - Social forestry project focused on mental health improvement through green wood craft.
- Swansea SPF:** - Wellbeing projects targeting adults with mental health support needs.
- Veterans Foundation** - Project supporting veterans engagement in social forestry.
- West Glamorgan RIF** - Young people's project, working with marginalised groups and those not in mainstream education.

Transfers

Funds have been moved into restricted funds where a project has shown a deficit in the year and there is no expectation of receiving any further funding to cover those costs.

Where a project has been completed, the funders objectives achieved and there is no expectation of further cost or repayment, the funds are moved into the general reserves.

The transfer into the Apprenticeships arose as the previous Designated Fund has been transferred into a Restricted Fund. The ENRaW OH/HAF required a subsidy from the charity to fulfil the objectives of the project.

19 Analysis of Net Assets Between Funds

Fund balances at 31 March 2024

	General £	Designated £	Restricted £	Capital £	Total £
Tangible assets	-	-	-	371,370	371,370
Investments	100	-	-	-	100
Current assets / (liabilities)	58,692	85,670	67,187	-	211,549
Net assets at 31 March 2024	58,792	85,670	67,187	371,370	583,019

Fund balances at 31 March 2023

	General £	Designated £	Restricted £	Capital £	Total £
Tangible assets	88,910	-	-	299,802	388,712
Investments	100	-	-	-	100
Current assets / (liabilities)	177,112	38,597	94,294	27,191	337,194
Net assets at 31 March 2023	266,122	38,597	94,294	326,993	726,006

20 Operating Lease Commitments

As at the 31 March 2024 the charity had the following total minimum lease payments committed under operating leases.

	Equipment 2024 £	2023 £
Operating leases which expire:		
Within one year	236	236
Within two to five years	765	1,001
	1,001	1,237

The lease is a 5 year contract for the use of a multifunctional printer.

21 Related Parties

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity in this year or the previous one.

22 Pension Commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension costs charge represents contributions payable by the charity to the fund and amounted to £19,220 (2023: £18,360). There was a liability at the end of the year of £3,962 (2023: £4,192).

23 Trustees' Remuneration

No remuneration or benefits have been paid to the trustees of the charity in the year under review or in the prior year. Travel expenses were paid to one trustee of £275 (2023 £Nil).

24 Reconciliation of Surplus for the year to Net Operating Cash Flows

	2024	2023
	£	£
Surplus / (Deficit) for the year	(142,987)	(6,345)
Depreciation charges	16,491	16,756
loss on disposal of fixed assets	1,780	-
Less interest received	(1,428)	(1,352)
Decrease/(Increase) in debtors	380,704	(392,094)
Increase/(Decrease) in creditors	16,885	15,477
Increase/(Decrease) in Gov Grant deferred income	(375,809)	117,487
Increase in stock	(1,975)	-
Net Operating Cash Flows	(106,339)	(250,071)

Analysis of cash and bank deposits

	2024	2023
	£	£
Cash in hand	384	111
Bank deposits	45,006	101,139
	45,390	101,250

25 Subsidiaries

These financial statements are separate financial statements for the Small Woods Association. Details of the charity's subsidiary at 31 March 2024 are as follows;

Name of undertaking	Registered Office	Nature of business	Class of Shares	% Held
Heartwoods Limited Company Number 04407512	England & Wales	Dormant	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiary excluded from consolidation was as follows:

Name of undertaking	Profit / (Loss)	Capital & Reserves
	£	£
Heartwoods Limited	358	100

26 Post Balance Sheet Event

A number of projects are due to end in the succeeding year. The charity is applying for alternative funding to continue these projects. However as a prudent measure, contingency plans are being put in place if those funding applications are not successful.

27 Going Concern

Projections have shown that there will be some significant pressures on cashflow in the foreseeable future. The charity is currently undergoing a downsizing exercise and has organised a drawdown arrangement. The charity is applying for further funding and is hopeful that some will be successful. Therefore the charity is confident that it will be able to meet financial obligations as they fall due.

28 Bank Loan

The charity took out a bank loan of £49,980 during the year, due to be repaid in March 2025.

A breach of the terms of the loan has been identified in relation to the cash position of the organisation and that interest cover should be 1:1. However, Small Woods have been fully transparent in providing the bank with regular cashflow updates and a revised budget when requesting to extend the loan to December 2025. As a result, financial information has been made available on a variety of occasions which would indicate the cash position being in breach. The bank have agreed the extension in principle and have not indicated a breach of the covenant of the loan. No action has been taken by the bank.