

REGISTERED COMPANY NUMBER: 06792524 (England and Wales)
REGISTERED CHARITY NUMBER: 1130203

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2021
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 2021**

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**Report of the Trustees
for the Year Ended 31 March 2021**

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 2021. 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 2018, revised strategic priorities were proposed for 2018-20 and adopted:

- Improve standards for forest management and promote FSC forest management certification in the UK for all sizes and types of forest
- Support and represent UK based FSC Licence Holders
- Increase demand for FSC certification and FSC certified products
- Ensure that FSC is positioned as the most credible forest certification scheme

These priorities were reviewed in early 2020 and extended to 2021.

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

OBJECTIVES AND ACTIVITIES

Public benefit

An estimated 420 million hectares of forest has been lost worldwide through deforestation since 1990, but the rate of forest loss has declined substantially. In the most recent five-year period (2015-2020), the annual rate of deforestation was estimated at 10 million hectares, down from 12 million in 2010-2015. (FAO Global Forest Resources Assessment 2020)

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

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

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

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

FSC UK also works to stimulate demand for FSC-certified products, empowering both businesses and consumers to easily identify and source forest products from responsible sources. 73% of respondents to FSC UK's 2021 consumer survey (OnePoll for FSC UK) are aware of the importance of purchasing and using sustainable wood and paper; 71% are aware that buying FSC-certified products is a good way to ensure the protection of forests and the preservation of wildlife; 37% of those who recognise the FSC logo always or often choose FSC-certified products.

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

ACHIEVEMENT AND PERFORMANCE

Charitable activities

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

It is a fundamental requirement both in terms of FSC UK's charitable objectives and our role as an accredited National Office that we have an approved national forest stewardship standard (NFSS). In the UK, our NFSS is familiar to most forest managers in the user-friendly format of the UK Woodland Assurance Standard, or UKWAS. The current version of our NFSS was reviewed in 2020, and a decision was taken by the chamber-balanced UKWAS Working Group to revise the standard. The revision process was formally registered with FSC International, receiving approval in January 2021; collaborating online at record speed, the Working Group produced a first consultation draft before the end of the financial year. We have been delighted with the range of interests reflected in the Working Group, and with the effectiveness with which the members have worked together.

FSC UK remains committed to improving access to certification for owners of smaller woods. There had already been delays to the optimistic timetable of our Small Woods project in 2019-20, but work was effectively brought to a halt by Covid-19. Despite this, a version of our NFSS adjusted to the risks and opportunities associated with smaller woods and/or lower intensity management was fed into the UKWAS review and revision process as planned. We still intend to register a separate formal standard development process with FSC International for a more radically adapted standard and will pursue this work in 2021.

We have received funding from FSC International for 2021 for a project to promote certification of small and community woods, and in particular to support group schemes tailored to the needs of these woods. We have already held some successful online events, added new material to our website and had encouraging discussions with a number of organisations interested in setting up groups, and look forward to building on this over the rest of the year.

We continue to promote FSC verification of ecosystem services claims in the UK by engaging with a range of existing and potential certificate holders, broker organisations and potential investors. We have run a dedicated event discussing the practicalities and potential benefits of ecosystem service verification with those involved in small and community woodlands. We have focused on alignment of the ecosystem services procedure with carbon focused woodland creation projects and the additional value FSC ecosystem services claims can provide.

We continue to make the case that the utility of this mechanism should be recognised in government moves towards payment for provision of public goods in any future financial support for land managers.

Priority: Support and represent UK based FSC Licence Holders

It is essential that the relationship we have with our licence holders is proactively managed and that we support those companies committed to and engaged with the FSC system. During the reporting period 519 FSC licence holders (certificate holders and promotional licence holders) signed up for FSC UK's online training. We developed new training for the use of the trademarks by Promotional Licence Holders.

In the global context, we also need to represent our UK stakeholders to ensure that FSC's standards are appropriate and relevant. Engaging and supporting certificate holders and retailers to maximise the market for FSC products (and thus increase the demand for certified forests) is fundamental to our charitable objectives.

There was a slight decrease (2%) in the overall number of UK FSC certificates during this reporting period, however the number of packaging sector certificates increased by 12%. The number of FSC promotional trademark licences held by UK based companies is unchanged at 113.

FSC UK joined FSC Canada and FSC Denmark to create a theme and assets for FSC Friday 2020. The design work was funded by FSC International, but decreased capacity meant they were unable to coordinate the event. FSC Friday assets were promoted to UK licence holders via the newsletter and a webinar. The assets were well-received and shared by many licence holders on social media.

**Report of the Trustees
for the Year Ended 31 March 2021**

Licence holders continue to receive the monthly e-magazine, Forest Matters. Forest Matters provides updates on developments within FSC as well as case studies and other news. The March 2021 edition of Forest matters was sent to 737 public subscribers and 3256 technical subscribers. All new certificate holders and renewed certificates receive an FSC UK Welcome pack.

We hosted a 'Checking FSC certificates' webinar in May. This webinar introduced the use of the FSC Certificate Database and presented the Certificate Status Watch tool which helps licence holders monitor any changes to suppliers' FSC certificates. A webinar in June launched FSC UK's 2020 consumer survey results, which were also promoted via Forest Matters. Webinars were held on Certification and specification of FSC reclaimed timber (including a presentation on group scheme certification), Using the FSC Label Generator and FSC Friday. Bespoke webinar training was delivered to two organisations. New training on the use of the trademarks by Promotional Licence Holders was created. In December we hosted an 'Are you ready for the UK Timber Regulation?' with invited speakers from the OPSS. 'Lockdown videos', highlighting engagement with FSC during lockdown, were created by a number of stakeholders and shared on the FSC UK website and Twitter platform.

Priority: Increase demand for FSC certification and FSC certified products

Our annual consumer survey, conducted by OnePoll in February 2021, revealed that 73% of people in the UK recognise the FSC logo. A press release and infographics based on the results of our consumer survey were sent to media outlets, achieving 13 pieces of coverage and 396K estimated coverage views.

FSC UK presented at the Environmental Packaging Summit and the Book Chain Project Forest Sourcing Forum.

The FSC for Furniture and FSC in Fashion brochures were launched and made available online.

We worked with Co-op on an on-demand television advertisement and radio advertisement promoting FSC-certified products which aired in February and March 2021 and was updated and continued into April. The advertisements were shared by FSC International with the wider FSC Network as part of the Marketing and Communication Town Hall as an example of innovative work by TSPs with Promotional Licence Holders.

Priority: Ensure that FSC is positioned as the most credible forest certification scheme

FSC is widely recognised as the most credible forest certification scheme and FSC UK has a role to play in maintaining this credibility and ensuring that the scheme is appropriately recognised by consumers, businesses and government.

The protection of the FSC trademarks is an essential part of our work. Companies often seek to benefit from the demand for FSC certified products, without holding certification or a trademark licence. This directly undermines the integrity of the system and acts as a disincentive for those operating within the system and abiding by our trademark standards. A total of 116 cases of unauthorised trademark use were resolved in the reporting period. By becoming more proactive in our fight against trademark infringements we not only reduce the risk of inaccurate claims, we also bring companies into the system. Of the companies contacted this year, one gained certification and three now hold a promotional licence.

FSC's governance structure gives an equal voice to economic, environmental and social members and FSC UK administers the UK-based members. This year we welcomed Andrew Heald as a new member in the social chamber. Although we were unable to hold an in-person Annual Member Meeting in 2020, 16 members attended our online event.

The support of NGOs is one of FSC's strengths. We are raising awareness of FSC among NGOs through our membership to Wildlife & Countryside Link. Through the Link network we have joined with other NGOs to campaign for a 'state of nature' target to be written into the Environment Bill. We also supported the Six Principles Initiative along with other Welsh organisations to demand that the political parties of Wales prioritise the climate and nature crisis within their election manifestos.

Ephesea UK
Report of the Trustees
for the Year Ended 31 March 2021

FINANCIAL REVIEW

Income

Over the financial year under review income exceeded expenditure by £81,955. We began the year with an opening balance from the previous period of £814,882 and have ended with a carry forward of £896,837. It should be noted that this carry forward figure includes the reserves fund of over £246k.

Trademark licensing and membership revenue continue to increase, providing £90,801 of income during the reporting period. However, most of the income is received under the Principal Cooperation, Service and Licence Agreement (the Activity Compensation Fee (ACF)) with FSC Global Development. This is currently calculated on a formula which is primarily based on the Annual Accreditation Fee (AAF) charged to certified companies in the UK.

Due to concerns regarding a potential drop in income as a result of Covid-19, FSC International made a decision to reduce the ACF for FSC UK and other National Offices for 2020. In light of this, FSC UK adjusted the proposed budget for 2020-21, reducing expenditure in line with the lower ACF income. The anticipated drop in income did not occur in 2020 and, as a result, a rebate was received by FSC UK in March 2021. This resulted in the surplus of income over expenditure over the financial year, despite a predicted deficit. It should be noted that £22.7k of this rebate related to 2019-20.

Expenditure

Expenditure was lower this year compared with last (£374,795 compared with £398,147). As explained above, this reduction in expenditure was budgeted based on the predicted reduction in income through the ACF. The intention is to utilise the rebate during 2021-22. Expenditure on events, travel and subsistence was inevitably greatly reduced due to the impact of Covid-19.

Reserves Policy

The Steering Group considers the charity's requirements for reserves in light of the main risks to the organisation. A policy had previously been established whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be equivalent to 3 months' of expenditure. However, it was agreed in October 2015 that this policy should be extended to 6 months' of expenditure. At the end of the reporting period over £246k was held in reserve.

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 Steering Group is confident that, at the equivalent to 6 months' expenditure, the charity would be able to continue at worthwhile activity levels in the event of a temporary significant drop in funding. The trustees also wish to ensure that the estimated cost of closing the charity not exceed 50% of reserves

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Ephesea UK, incorporated in England & Wales on 15 January 2009, is a private company limited by guarantee (as defined by the Companies Act 2006), which is also an association of members registered as an incorporated charity (for simplicity, this report refers henceforth to the company as 'the charity'). The charity is governed under Memorandum and Articles of Association that sets out its objects and powers. These were updated at the 2017 Annual Members' Meeting in agreement with the membership.

Membership of the charity is open to individuals and organisations who are:

- Members of the Forest Stewardship Council AC;
- Ordinarily based or resident in the UK.

**Report of the Trustees
for the Year Ended 31 March 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

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

Trustees are either proposed or volunteer. They may sit on the board until the next annual members' meeting, when they have to seek election from the membership. 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.

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

Decision Making and Reporting

The board of trustees meets three times per year in person to set the strategic direction and policy of the charity including, crucially, its aims and priorities. Board meetings are attended by the Executive Director and, by invitation, members of staff. Between meetings, the Executive Director provides trustees with an Interim Report by email. Conference calls between some or all of the trustees may be arranged at any time. Finally, ad hoc working groups of a small number of trustees can be put together to address particular issues.

Day to day management of the charity falls to the Executive Director, supported by the permanent staff. The Executive Director is responsible for ensuring that the charity delivers a range of services that meet its Objects and Strategic Priorities.

Wider network

The charity (under the title of FSC United Kingdom) is an accredited National Office of the wider, international FSC network. The charity receives an annual Activity Compensation Fee (ACF) from FSC Global Development GmbH. The ACF is paid to FSC National Offices that have agreed and signed a valid Principle Cooperation, Service and License Agreement with FSC Global Development. In the reporting period over 75% of income was generated via the ACF.

The charity participates in FSC's European and Global networks and supports the Global Strategy. The FSC UK strategic plan is developed in the context of FSC's global vision and mission and our own charitable objectives.

Related parties

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

Covid-19

From 16th March 2020, all office-based staff were advised to work remotely due to the potential risks posed by Covid-19. Face-to-face meetings were replaced with online meetings and work priorities were adjusted to reflect the changing work environment and the need to support our stakeholders through this period. In early 2021 we took advantage of the furlough scheme to reduce the hours of those staff facing the added challenge of home-schooling. FSC UK otherwise operated business as usual.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06792524 (England and Wales)

**Report of the Trustees
for the Year Ended 31 March 2021**

Registered Charity number

1130203

Registered office

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

Trustees

C Bradford Chair (resigned 16.6.20)
A Mawby Treasurer
M Bekin Vice-Chair (from 05.08.20)
J B Kirkpatrick Chair (from 05.08.20)
H Kwisthout
C McDermott
M Robson
J G Tewson (resigned 25.9.20)
S Jennings
H van Hensbergen (appointed 19.2.21)

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

Rosie Teasdale (Executive Director)
Owen Davies (Forest Standards Manager)
Tallulah Chapman (Communications Manager)
Beth Bennett (Business Development Manager)
Amy Willox (Forestry Outreach Manager)

Charity Name

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Ephesea UK for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

**Report of the Trustees
for the Year Ended 31 March 2021**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

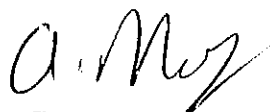
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Approved by order of the board of trustees on 13 August 2021 and signed on its behalf by:



A Mawby - Trustee

Opinion

We have audited the financial statements of Ephesea UK (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 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.

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:

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.

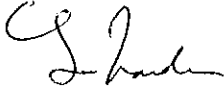
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Date: 01/09/2021

Ephesea UK

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	31.3.21 Total funds £	31.3.20 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations	2	110	-	110	60
Charitable activities	5				
Forestry		5,449	-	5,449	3,339
Activity compensation fee		358,170	-	358,170	331,811
Membership		51,435	-	51,435	49,484
Other trading activities	3	37,546	-	37,546	36,990
Investment income	4	1,796	-	1,796	3,263
Other income		2,244	-	2,244	-
Total		456,750	-	456,750	424,947
EXPENDITURE ON					
Charitable activities	6				
Forestry		74,562	-	74,562	74,607
Licence holder support		132,724	-	132,724	113,042
Credibility		45,796	-	45,796	73,891
Driving Demand		121,713	-	121,713	136,607
Total		374,795	-	374,795	398,147
NET INCOME		81,955	-	81,955	26,800
RECONCILIATION OF FUNDS					
Total funds brought forward		814,882	-	814,882	788,082
TOTAL FUNDS CARRIED FORWARD		896,837	-	896,837	814,882

The notes form part of these financial statements

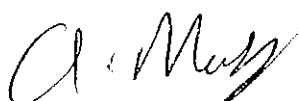
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Balance Sheet
31 March 2021

	Notes	31.3.21 £	31.3.20 £
FIXED ASSETS			
Tangible assets	13	5,389	6,747
CURRENT ASSETS			
Debtors	14	145,443	146,554
Cash at bank and in hand		835,096	769,663
		<u>980,539</u>	<u>916,217</u>
CREDITORS			
Amounts falling due within one year	15	(89,091)	(108,082)
NET CURRENT ASSETS		<u>891,448</u>	<u>808,135</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>896,837</u>	<u>814,882</u>
NET ASSETS		<u>896,837</u>	<u>814,882</u>
FUNDS	18		
Unrestricted funds		<u>896,837</u>	<u>814,882</u>
TOTAL FUNDS		<u>896,837</u>	<u>814,882</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 13 August 2021 and were signed on its behalf by:



A Mawby - Trustee

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Governance costs

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Allocation and apportionment of costs

Support costs have been apportioned to activities based on the apportionment of salary costs.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 50% on cost and 15% on reducing balance
Computer equipment	- 33% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

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

	31.3.21	31.3.20
	£	£
Donations	110	60
	<u>110</u>	<u>60</u>

3. OTHER TRADING ACTIVITIES

	31.3.21	31.3.20
	£	£
Trademark Licensing	39,366	36,162
Training	(1,820)	828
	<u>37,546</u>	<u>36,990</u>

4. INVESTMENT INCOME

	31.3.21	31.3.20
	£	£
Deposit account interest	1,796	3,263
	<u>1,796</u>	<u>3,263</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		31.3.21	31.3.20
	Activity	£	£
Consultancy	Forestry	5,449	3,339
Activity compensation fee	Activity compensation fee	358,170	331,811
FSC Membership	Membership	51,435	49,484
		<u>415,054</u>	<u>384,634</u>

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Forestry	59,685	14,877	74,562
Licence holder support	104,743	27,981	132,724
Credibility	37,264	8,532	45,796
Driving Demand	102,083	19,630	121,713
	<u>303,775</u>	<u>71,020</u>	<u>374,795</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.21 £	31.3.20 £
Staff costs	246,906	211,181
Telephone	1,488	1,738
Postage and stationery	1,128	6,379
Travel & subsistence	597	17,149
Publications & subscriptions	7,494	5,566
Recruitment & training	5,004	5,898
Repairs & renewals	-	24
UKWAS subscription	5,000	5,000
Publicity	8,182	25,112
Exhibition expenses	-	14,477
Consultancy fees	20,597	13,522
Sundries	93	150
FSC Membership Admin Fee	7,286	8,220
IT Support	-	799
	<u>303,775</u>	<u>315,215</u>

8. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Forestry	13,848	1,029	14,877
Licence holder support	26,046	1,935	27,981
Credibility	7,942	590	8,532
Driving Demand	18,272	1,358	19,630
	<u>66,108</u>	<u>4,912</u>	<u>71,020</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

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):

	31.3.21	31.3.20
	£	£
Auditors' remuneration	2,340	2,342
Depreciation - owned assets	<u>2,013</u>	<u>2,818</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2021 nor for the year ended 31 March 2020.

Trustees' expenses

There were no travel and subsistence expenses in the period (2020 £3,037 reimbursed to eight trustees).

11. STAFF COSTS

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Wages and salaries	249,686	216,688
Social security costs	19,555	16,918
Pensions	<u>14,981</u>	<u>13,002</u>
	<u>284,422</u>	<u>246,608</u>

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

Licence holder support	2.9	2.4
UK forest standards	1.4	1.2
Credibility	1.2	1.3
Core	1.0	1.0
Driving Demand	<u>1.8</u>	<u>1.7</u>
	<u>8.3</u>	<u>7.6</u>

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

The charity considers its key management personnel comprise the management team listed on page 7. The total employment benefits including employer pension contributions of the key management personnel for the year ended 31 March 2021 were £174,464 (2020 £149,610 to 4 individuals).

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

There were no restricted funds during the year to 31 March 2020.

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2020	14,860	25,064	39,924
Additions	-	655	655
	<u>14,860</u>	<u>25,719</u>	<u>40,579</u>
At 31 March 2021			
DEPRECIATION			
At 1 April 2020	10,547	22,630	33,177
Charge for year	641	1,372	2,013
	<u>11,188</u>	<u>24,002</u>	<u>35,190</u>
At 31 March 2021			
NET BOOK VALUE			
At 31 March 2021	<u>3,672</u>	<u>1,717</u>	<u>5,389</u>
At 31 March 2020	<u>4,313</u>	<u>2,434</u>	<u>6,747</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade debtors	131,307	126,915
Prepayments and accrued income	14,136	19,639
	<u>145,443</u>	<u>146,554</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade creditors	5,074	804
Social security and other taxes	6,009	4,198
Deferred income	56,026	83,939
Accrued expenses	21,982	19,141
	<u>89,091</u>	<u>108,082</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

16. LEASING AGREEMENTS

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

	31.3.21	31.3.20
	£	£
Within one year	9,650	9,650
Between one and five years	9,650	19,300
	<u>19,300</u>	<u>28,950</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.3.21 Total funds	31.3.20 Total funds
	£	£	£	£
Fixed assets	5,389	-	5,389	6,747
Current assets	980,539	-	980,539	916,217
Current liabilities	<u>(89,091)</u>	<u>-</u>	<u>(89,091)</u>	<u>(108,082)</u>
	<u>896,837</u>	<u>-</u>	<u>896,837</u>	<u>814,882</u>

£246,083 of the cash held in the deposit accounts is included in the unrestricted funds figures above. This is the figure referred to in the "reserves policy" section of the Report of the Trustees.

18. MOVEMENT IN FUNDS

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

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

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

18. MOVEMENT IN FUNDS - continued**Comparatives for movement in funds**

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 31.3.20 £
Unrestricted funds				
General Fund	779,160	29,619	(643)	808,136
Capital Fund	8,922	(2,819)	643	6,746
	<u>788,082</u>	<u>26,800</u>	<u>-</u>	<u>814,882</u>
TOTAL FUNDS	<u>788,082</u>	<u>26,800</u>	<u>-</u>	<u>814,882</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	424,947	(395,328)	29,619
Capital Fund	-	(2,819)	(2,819)
	<u>424,947</u>	<u>(398,147)</u>	<u>26,800</u>
TOTAL FUNDS	<u>424,947</u>	<u>(398,147)</u>	<u>26,800</u>

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

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General Fund	779,160	113,586	(1,298)	891,448
Capital Fund	8,922	(4,831)	1,298	5,389
	<u>788,082</u>	<u>108,755</u>	<u>-</u>	<u>896,837</u>
TOTAL FUNDS	<u>788,082</u>	<u>108,755</u>	<u>-</u>	<u>896,837</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	881,697	(768,111)	113,586
Capital Fund	-	(4,831)	(4,831)
	<u>881,697</u>	<u>(772,942)</u>	<u>108,755</u>
TOTAL FUNDS	<u>881,697</u>	<u>(772,942)</u>	<u>108,755</u>

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2021.