

Report of the Trustees and
Financial Statements for the Year Ended 31 March 2024
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 2024**

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**Report of the Trustees
for the Year Ended 31 March 2024**

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 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

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

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

Strategic Priorities

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

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

These strategic priorities are underpinned by our work to:

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

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

**Report of the Trustees
for the Year Ended 31 March 2024**

OBJECTIVES AND ACTIVITIES

Public benefit

Deforestation and forest degradation continue to be a global issue, impacting climate change, biodiversity loss and the spread of zoonotic disease. Deforestation destroys essential ecosystem services, leading to the loss of livelihood opportunities.

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

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

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

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

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

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

ACHIEVEMENT AND PERFORMANCE

Charitable activities

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

Forests play a vital role in enabling and maintaining life and help to mitigate global challenges of climate change and biodiversity loss. At the same time, forest products are increasingly important as renewable materials that can be a main factor in enabling the bio-based and circular economy which the world needs to develop. Responsible forestry does more than protect the health and resilience of forests - it also protects the wellbeing of the people who live and work in them. These people include community and family forest managers, Indigenous Peoples living on their ancestral lands, and workers whose livelihoods depend on forest products.

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

The certified area in the UK at the end of April 2024 is 1,629,247 ha. This is an annual fall of 26,283ha or 1.5%. However, some 24,834 ha (95%) of the decrease is accounted for by an FSC area correction within a single major certificate holder who remains certified. Therefore, the true annual decrease in area is just 0.1% and this falls within the normal fluctuations that can occur. There continues to be a steady increase in the number of certified members of group schemes with an increase from 1,110 to 1,123 over the year.

We are pleased to report that we have supported Ecosystem Services verification in two sites. These are a biodiversity and recreation-based scheme on the Isle of Mull with a community group and a carbon-based scheme for a small private woodland in Wales. Work continues to move forward the first sponsorship arrangement set up between a forest management certificate holder and chain of custody certificate holder for a scheme based around a large scale native woodland creation project's impact on water quality and flood flow risk with validation of impacts due to take place later this year. Interest and enquiries regarding Ecosystem Services schemes are continuing to grow. A short film and accompanying case study, about the first ecosystem services verification in the UK was created and launched through the FSC UK Forest Matters newsletter and social media channels.

FSC UK's Outreach Manager attended the British Ecological Society Trees for Climate Change, Biodiversity and People symposium where she presented a poster on FSC Ecosystem Services verification. Our Forest Standards Manager visited Harper Adams University to introduce the work of FSC to their final year forestry students.

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

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

FSC UK hosted a webinar on the EU Deforestation Free Regulation encouraging participation in the associated FSC consultations, the recording of which has had over 850 views. The Executive Director presented on FSC and EUDR to UK publishers at the BookChainProject Forest Sourcing Forum.

In September, the Annual Members' Meeting took place in Swinley Forest, near Bracknell. Organisations represented included the Born Free Foundation, BM Trada, Confor, Kingfisher, Soil Association Certification and Timber Development UK. FSC UK's Outreach Manager led Simon Webb of forest management group scheme, UKFCG, and Maria Wilding of FSC UK Member, Llais y Goedwig, in discussion regarding the latest UK developments in Ecosystem Services Verification.

**Report of the Trustees
for the Year Ended 31 March 2024**

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

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

Following feedback from FSC International the members of the UK Woodland Assurance (UKWAS) Working Group worked to achieve consensus on a revised pre-approval draft of UKWAS 5 for re-submission to FSC International.

Our Forest Standards Manager met with two group scheme managers and a Forest Management Certificate Holder as well as responding to queries and supporting numerous other Certificate Holders.

FSC UK is funding the Small Woods Association for the provision of advice to woodland owners. They are delivering an advisory service, consistent with the requirements of the UK Woodland Assurance Standard, to small woodland owners in England and Wales.

We continue to support Royal Forestry Society (RFS) Excellence in Forestry Awards, in Durham, sponsoring the award for Small and Farm Woodlands.

We received 17 responses to our consultation on a vision for UK forests.

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

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

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

Certificate Holder retention for the period remains high at 92.6%.

During the reporting period, 16 new FSC promotional licence agreements were issued, and the number of promotional licences managed by FSC UK increased to 126. The roll out of the new pricing model for the Annual Service Fees associated with FSC promotional licences continue. The work to support our promotional licence holders to use our trademarks can significantly increase our reach and help to embed FSC commitments within the companies themselves. Specification of FSC-certified and labelled products is also a driver for FSC certification through retailer supply chains.

Online training for Certificate Holders and Promotional Licence Holders continues to be popular, with 563 registrants during the year.

Our monthly Forest Matters newsletter was sent to UK based licence holders and other subscribers and new 'Bad puns; Great forests' posters designs were made available to licence holders and printed versions included in welcome packs.

FSC UK's Trademark Enforcement Officer resolved/closed 361 trademark violation cases.

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

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

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for the Year Ended 31 March 2024**

Our Forest Matters newsletter included case studies from Kent Brushes, Lakeland Footwear, Interface NRM, Cheeky Panda, Step One, Flexi-Hex, Duni, Spear and Jackson, Daler Rowney, The Eco-Friendly Card Co, Progress Packaging, Tippaws, Stag Print and TJ Books. A social media competition with Westland Horticulture was also promoted in Forest Matters.

An omnibus survey of UK consumers was commissioned and carried out in March. Key results include logo recognition/awareness of 79% (up from 77% in 2023), with 29% of respondents (up from 25% in 2023) stating that they also knew what the logo means. Purchase preference also increased from 71% to 79%, with 38% (up from 30% in 2023) stating that they were very likely to choose an FSC-certified product over a non-FSC-certified product.

FSC Forest Week took place between 23rd and 29th September. 168 UK organisations registered for and were sent the Forest Week Toolkit, including 8 promotional licence holders and 4 non-licence holders (non-commercial, educational), the remainder were chain of custody certificate holders.

We launched an FSC Christmas card pledge campaign on social media to encourage followers to pledge to choose FSC-certified cards to spread forest friendly Christmas cheer.

Our Executive Director presented in the Bathroom Zone of the Installer Show, encouraging installers to specify FSC certified products and to Sainsbury's staff as part of their Continuous Professional Development sustainability day. Our Forest Standards Manager presented to the Highlands and Islands Women in Property group with a follow up supply of useful links to FSC certified products and support documents made.

We continue to work with companies on a one-to-one basis on their specification/procurement policies and implementation of these.

Ephesea UK
Report of the Trustees
for the Year Ended 31 March 2024

FINANCIAL REVIEW

Income

Over the 2023-24 financial year, income exceeded expenditure by £65,961, with a further £20,185 net gain on investments. We started the year with an opening balance from the previous period of £1,019,480 and ended with a carry-forward of £1,105,626.

Trademark licensing revenue continued to increase, providing £121,764 of income during the reporting period. Membership income accounted for a further £37,614, a slight decrease from the previous year.

Most of the income is received under the Principal Cooperation, Service and Licence Agreement - the Activity Compensation Fee (ACF) - with FSC Global Development. The ACF income has, to date, been based primarily on a formula linked to the Annual Administration Fee charged to certified companies in the UK. Strategic funding is also allocated for specific projects. Some of these projects are managed by other FSC National Offices and the funding is received and administered by them. The income received indirectly from FSC Global Development through this strategic funding is included within the total ACF figure. The ACF model will be changing in 2025, and this is likely to result in a reduced allocation for Ephesea UK.

Expenditure

Expenditure was higher this year compared with last year (£551,666 compared with £480,907) primarily due to the increased size of the staff team as we seek to meet the growing demands on the organisation. The Board of Trustees recognises that it should be investing the resources of the charity to meet the charitable objectives. An Impact Investment Fund will be launched in 2024 to support projects that help deliver FSC's mission and this is expected to lead to increased expenditure in the coming years.

Investments

£400,001 was transferred to Rathbones Investment Management in December 2022. Investments totalling £508,145 were purchased during the period to 31 March 2024. Of these, investments totalling £299,593 were sold showing a £968 profit. The remaining investments were revalued at £427,275, resulting in a £18,127 gain. The balance at 31 March, held in cash, amounted to £1,024. Interest and dividend income for the period totalled £7,044.

Investment policy and objectives

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

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

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

A sub-committee of the Board of Trustees has been established to advise the wider Board on investments. Decisions on investments are undertaken by the Board based on input from the sub-committee.

Reserves Policy

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

**Report of the Trustees
for the Year Ended 31 March 2024**

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

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

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

Recruitment and appointment of new trustees

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

Trustees are either proposed or volunteer. They may sit on the board until the next annual members' meeting, when they have to seek election from the membership. A trustee pack, outlining trustee responsibilities, is given to all new trustees. Once elected, a trustee may sit on the board for a term of 3 years (from the date of joining the board) before seeking re-election. There is no limit to the number of terms for which a trustee may seek re-election. Re-elected trustees serve a term of 3 years from the date of re-election.

Trustees may elect from amongst themselves a chair, a vice chair and a treasurer.

Decision Making and Reporting

The board of trustees met three times during the year. Board meetings are attended by the Executive Director and, by invitation, members of staff. Between meetings, the Executive Director provides trustees with an Interim Report by email. Conference calls between some or all of the trustees may be arranged at any time. Finally, working groups of a small number of trustees can be put together to address particular issues.

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

Wider network

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

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

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.

**Report of the Trustees
for the Year Ended 31 March 2024**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

06792524 (England and Wales)

Registered Charity number

1130203

Registered office

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

Trustees

J B Kirkpatrick (Chair)
M Bekin (Vice-Chair)
M C Poole (Treasurer)
S Jennings
H Kwisthout
C McDermott
J G Tewson (resigned 27.3.24)
H van Hensbergen
Dr O Davies (appointed 27.3.24)

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)
Beth Bennett (Business Development Manager)
Tallulah Chapman (Communications Manager)
Rachel Hembery (Operations Manager)
Andrew Sharkey (Forest Standards Manager)
Amy Willox (Outreach Manager - Forests & Ecosystem Services)

Charity Name

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

**Report of the Trustees
for the Year Ended 31 March 2024**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

In so far as the trustees are aware:

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

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

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

.....
M C Poole - Trustee

Opinion

We have audited the financial statements of Ephesea UK (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date:

Ephesea UK

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 March 2024

	Notes	Unrestricted funds £	Restricted funds £	31.3.24 Total funds £	31.3.23 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations	2	60	-	60	60
Charitable activities	5				
Forestry		636	-	636	1,241
Activity compensation fee		439,907	-	439,907	427,963
Membership		37,614	-	37,614	37,653
Other trading activities	3	123,169	-	123,169	82,516
Investment income	4	16,241	-	16,241	7,314
Total		<u>617,627</u>	<u>-</u>	<u>617,627</u>	<u>556,747</u>
EXPENDITURE ON					
Charitable activities	6				
Forestry		85,528	-	85,528	75,350
Licence holder support		211,539	-	211,539	185,170
Stakeholder Engagement		63,336	-	63,336	70,599
Promoting FSC		145,859	-	145,859	118,615
Value of Forests		45,404	-	45,404	31,173
Total		<u>551,666</u>	<u>-</u>	<u>551,666</u>	<u>480,907</u>
Net gains on investments		<u>20,185</u>	<u>-</u>	<u>20,185</u>	<u>309</u>
NET INCOME		<u>86,146</u>	<u>-</u>	<u>86,146</u>	<u>76,149</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		1,019,480	-	1,019,480	943,331
TOTAL FUNDS CARRIED FORWARD		<u><u>1,105,626</u></u>	<u><u>-</u></u>	<u><u>1,105,626</u></u>	<u><u>1,019,480</u></u>

The notes form part of these financial statements

Ephesea UK

**Balance Sheet
31 March 2024**

	Notes	31.3.24 £	31.3.23 £
FIXED ASSETS			
Tangible assets	13	6,894	5,214
Investments	14	427,275	199,506
		<u>434,169</u>	<u>204,720</u>
CURRENT ASSETS			
Debtors	15	194,658	164,188
Cash at bank and in hand		638,918	797,008
		<u>833,576</u>	<u>961,196</u>
CREDITORS			
Amounts falling due within one year	16	(162,119)	(146,436)
		<u>671,457</u>	<u>814,760</u>
NET CURRENT ASSETS			
		<u>671,457</u>	<u>814,760</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,105,626</u>	<u>1,019,480</u>
NET ASSETS		<u>1,105,626</u>	<u>1,019,480</u>
FUNDS	19		
Unrestricted funds		<u>1,105,626</u>	<u>1,019,480</u>
TOTAL FUNDS		<u>1,105,626</u>	<u>1,019,480</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 and were signed on its behalf by:

.....
M C Poole - Trustee

The notes form part of these financial statements

Ephesea UK

**Cash Flow Statement
for the Year Ended 31 March 2024**

	Notes	31.3.24 £	31.3.23 £
Cash flows from operating activities			
Cash generated from operations	1	38,640	86,916
Net cash provided by operating activities		<u>38,640</u>	<u>86,916</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(5,387)	(1,950)
Purchase of fixed asset investments		(508,145)	(349,197)
Sale of fixed asset investments		300,561	150,000
Interest received		16,241	7,314
Net cash used in investing activities		<u>(196,730)</u>	<u>(193,833)</u>
Change in cash and cash equivalents in the reporting period		<u>(158,090)</u>	<u>(106,917)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>797,008</u>	<u>903,925</u>
Cash and cash equivalents at the end of the reporting period		<u><u>638,918</u></u>	<u><u>797,008</u></u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2024**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.24 £	31.3.23 £
Net income for the reporting period (as per the Statement of Financial Activities)	86,146	76,149
Adjustments for:		
Depreciation charges	3,707	2,398
Gain on investments	(20,185)	(309)
Interest received	(16,241)	(7,314)
Increase in debtors	(30,470)	(27,283)
Increase in creditors	15,683	43,275
Net cash provided by operations	<u>38,640</u>	<u>86,916</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.23 £	Cash flow £	At 31.3.24 £
Net cash			
Cash at bank and in hand	797,008	(158,090)	638,918
	<u>797,008</u>	<u>(158,090)</u>	<u>638,918</u>
Total	<u>797,008</u>	<u>(158,090)</u>	<u>638,918</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Income

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

Expenditure

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

Governance costs

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

Allocation and apportionment of costs

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

Tangible fixed assets

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

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

Taxation

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

Fund accounting

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

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

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

Foreign currencies

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

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

	31.3.24	31.3.23
	£	£
Donations	60	60
	<u>60</u>	<u>60</u>

3. OTHER TRADING ACTIVITIES

	31.3.24	31.3.23
	£	£
Trademark Licensing	121,764	82,266
Training	1,405	250
	<u>123,169</u>	<u>82,516</u>

4. INVESTMENT INCOME

	31.3.24	31.3.23
	£	£
Deposit account interest	9,657	7,201
Investment income	6,584	113
	<u>16,241</u>	<u>7,314</u>

5. INCOME FROM CHARITABLE ACTIVITIES

		31.3.24	31.3.23
		£	£
Consultancy	Activity	636	1,241
Activity compensation fee	Forestry	439,907	427,963
FSC Membership	Activity compensation fee	37,614	37,653
	Membership	<u>478,157</u>	<u>466,857</u>

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

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

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Forestry	70,120	15,408	85,528
Licence holder support	165,791	45,748	211,539
Stakeholder Engagement	50,649	12,687	63,336
Promoting FSC	119,765	26,094	145,859
Value of Forests	39,115	6,289	45,404
	<u>445,440</u>	<u>106,226</u>	<u>551,666</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.3.24 £	31.3.23 £
Staff costs	366,885	327,621
Telephone	763	435
Postage and stationery	1,950	613
Travel & subsistence	14,568	13,042
Publications & subscriptions	8,213	4,730
Recruitment & training	4,298	3,788
UKWAS subscription	5,942	7,889
Publicity	15,758	6,311
Consultancy fees	6,700	15,874
Sundries	297	205
Bad debts	3,790	3,022
FSC Membership Admin Fee	5,358	6,976
Sponsorship	1,700	-
Printing	4,718	1,030
Small Woods project	4,500	-
	<u>445,440</u>	<u>391,536</u>

8. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Forestry	13,918	1,490	15,408
Licence holder support	40,886	4,862	45,748
Stakeholder Engagement	11,339	1,348	12,687
Promoting FSC	23,321	2,773	26,094
Value of Forests	5,620	669	6,289
	<u>95,084</u>	<u>11,142</u>	<u>106,226</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

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):

	31.3.24	31.3.23
	£	£
Auditors' remuneration	4,086	2,990
Depreciation - owned assets	3,707	2,398
	<u> </u>	<u> </u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2024 nor for the year ended 31 March 2023.

Trustees' expenses

Travel expenses totalling £1,562 (2023 - £652) were paid to 5 (2023 - 4) trustees in the year to 31 March 2024.

11. STAFF COSTS

	Year Ended	Year Ended
	31.3.24	31.3.23
	£	£
Wages and salaries	361,967	319,880
Social security costs	29,502	26,347
Pensions	21,682	19,127
	<u> </u>	<u> </u>
	413,151	365,354
	<u> </u>	<u> </u>

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

Licence holder support	4.4	3.8
UK forest standards	0.9	0.9
Stakeholder engagement	0.8	0.8
Core	1.2	1.0
Value of Forests	0.6	0.5
Promoting the system	2.4	2.2
	<u> </u>	<u> </u>
	10.3	9.2
	<u> </u>	<u> </u>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period was one (2023 nil).

The charity considers its key management personnel comprise the management team listed on page 8. The total employment benefits including employer pension contributions of the key management personnel for the year ended 31 March 2024 were £236,276 (2023 £219,571).

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

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

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2023	14,860	30,827	45,687
Additions	874	4,513	5,387
	<u>15,734</u>	<u>35,340</u>	<u>51,074</u>
At 31 March 2024			
DEPRECIATION			
At 1 April 2023	12,196	28,277	40,473
Charge for year	525	3,182	3,707
	<u>12,721</u>	<u>31,459</u>	<u>44,180</u>
At 31 March 2024			
NET BOOK VALUE			
At 31 March 2024	<u>3,013</u>	<u>3,881</u>	<u>6,894</u>
At 31 March 2023	<u>2,664</u>	<u>2,550</u>	<u>5,214</u>

14. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 April 2023	199,506
Additions	508,145
Disposals	(299,593)
Revaluations	19,217
	<u>427,275</u>
At 31 March 2024	
NET BOOK VALUE	
At 31 March 2024	<u>427,275</u>
At 31 March 2023	<u>199,506</u>

There were no investment assets outside the UK.

Cost or valuation at 31 March 2024 is represented by:

	Listed investments £
Valuation in 2023	(136)
Valuation in 2024	19,353
Cost	408,058
	<u>427,275</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2024**

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.24	31.3.23
	£	£
Trade debtors	54,808	39,616
Prepayments and accrued income	139,850	124,572
	<u>194,658</u>	<u>164,188</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.24	31.3.23
	£	£
Trade creditors	5,972	9,325
Social security and other taxes	21,947	16,947
Deferred income	99,908	90,467
Accrued expenses	34,292	29,697
	<u>162,119</u>	<u>146,436</u>

17. LEASING AGREEMENTS

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

	31.3.24	31.3.23
	£	£
Within one year	<u>9,650</u>	<u>9,650</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.3.24 Total funds	31.3.23 Total funds
	£	£	£	£
Fixed assets	6,894	-	6,894	5,214
Investments	427,275	-	427,275	199,506
Current assets	833,576	-	833,576	961,196
Current liabilities	(162,119)	-	(162,119)	(146,436)
	<u>1,105,626</u>	<u>-</u>	<u>1,105,626</u>	<u>1,019,480</u>

19. MOVEMENT IN FUNDS

	At 1.4.23	Net movement in funds	Transfers between funds	At 31.3.24
	£	£	£	£
Unrestricted funds				
General Fund	1,014,266	89,853	(5,387)	1,098,732
Capital Fund	5,214	(3,707)	5,387	6,894
	<u>1,019,480</u>	<u>86,146</u>	<u>-</u>	<u>1,105,626</u>
TOTAL FUNDS	<u>1,019,480</u>	<u>86,146</u>	<u>-</u>	<u>1,105,626</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2024

19. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General Fund	617,627	(547,959)	20,185	89,853
Capital Fund	-	(3,707)	-	(3,707)
	<u>617,627</u>	<u>(551,666)</u>	<u>20,185</u>	<u>86,146</u>
TOTAL FUNDS	<u>617,627</u>	<u>(551,666)</u>	<u>20,185</u>	<u>86,146</u>

Comparatives for movement in funds

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2024

19. MOVEMENT IN FUNDS - continued

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

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.24 £
Unrestricted funds				
General Fund	937,669	168,400	(7,337)	1,098,732
Capital Fund	5,662	(6,105)	7,337	6,894
	<u>943,331</u>	<u>162,295</u>	<u>-</u>	<u>1,105,626</u>
TOTAL FUNDS	<u>943,331</u>	<u>162,295</u>	<u>-</u>	<u>1,105,626</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General Fund	1,174,374	(1,026,468)	20,494	168,400
Capital Fund	-	(6,105)	-	(6,105)
	<u>1,174,374</u>	<u>(1,032,573)</u>	<u>20,494</u>	<u>162,295</u>
TOTAL FUNDS	<u>1,174,374</u>	<u>(1,032,573)</u>	<u>20,494</u>	<u>162,295</u>

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2024.

Ephesea UK

Detailed Statement of Financial Activities
for the Year Ended 31 March 2024

	31.3.24 £	31.3.23 £
INCOME AND ENDOWMENTS		
Donations		
Donations	60	60
Other trading activities		
Trademark Licensing	121,764	82,266
Training	1,405	250
	<u>123,169</u>	<u>82,516</u>
Investment income		
Deposit account interest	9,657	7,201
Investment income	6,584	113
	<u>16,241</u>	<u>7,314</u>
Charitable activities		
Consultancy	636	1,241
Activity compensation fee	439,907	427,963
FSC Membership	37,614	37,653
	<u>478,157</u>	<u>466,857</u>
Total incoming resources	617,627	556,747
EXPENDITURE		
Charitable activities		
Wages	321,194	286,642
Social security	26,446	23,780
Pensions	19,245	17,199
Telephone	763	435
Postage and stationery	1,950	613
Travel & subsistence	14,568	13,042
Publications & subscriptions	8,213	4,730
Recruitment & training	4,298	3,788
UKWAS subscription	5,942	7,889
Publicity	15,758	6,311
Consultancy fees	6,700	15,874
Sundries	297	205
Bad debts	3,790	3,022
FSC Membership Admin Fee	5,358	6,976
Sponsorship	1,700	-
Printing	4,718	1,030
Small Woods project	4,500	-
	<u>445,440</u>	<u>391,536</u>

This page does not form part of the statutory financial statements

Ephesea UK

Detailed Statement of Financial Activities
for the Year Ended 31 March 2024

	31.3.24 £	31.3.23 £
Support costs		
Management		
Wages	40,773	33,238
Social security	3,056	2,568
Pensions	2,437	1,928
Rent, rates and water	10,678	10,604
Telephone	1,657	1,479
Postage and stationery	2,538	3,488
Sundries	641	1,390
Travel & subsistence	5,593	8,205
Training & recruitment	1,192	1,719
Book-keeping and payroll	925	474
Repairs & renewals	241	1,146
Bank charges	757	1,258
Subscriptions	6,090	2,189
IT Support	5,805	6,032
Consultancy	1,875	-
HR Support	1,344	1,270
Home working allowance	3,051	2,020
Investment management fees	1,710	-
Printing	1,014	-
Fixtures and fittings	525	463
Computer equipment	3,182	1,935
	<u>95,084</u>	<u>81,406</u>
Governance costs		
Trustees' expenses	1,562	652
Auditors' remuneration	4,086	2,990
Insurance	2,950	2,745
Management meeting expenses	2,544	1,578
	<u>11,142</u>	<u>7,965</u>
Total resources expended	<u>551,666</u>	<u>480,907</u>
Net income before gains and losses	65,961	75,840
Realised recognised gains and losses		
Realised gains/(losses) on fixed asset investments	968	445
Net income	<u><u>66,929</u></u>	<u><u>76,285</u></u>

This page does not form part of the statutory financial statements