

THE NATIONAL FOREST COMPANY

England & Wales · Charity number 1166563

Details

Other names	NFC
Status	Registered
Legal form	Charitable company
Company number	02991970
Registered	2016-04-15
Register	View on the Charity Commission register

Contact

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Activities

Objects: FOR THE PUBLIC BENEFIT, THE CONSERVATION, PROTECTION AND IMPROVEMENT OF THE PHYSICAL AND NATURAL ENVIRONMENT SO AS TO SECURE AND ENHANCE THE ENJOYMENT BY THE PUBLIC OF THE SAME, IN PARTICULAR BUT WITHOUT LIMITATION TO:(A) WOODLAND CREATION AND MANAGEMENT GENERALLY, AND IN PARTICULAR IN THE AREA OF THE NATIONAL FOREST, FOR THE BENEFIT OF THE GENERAL IMPROVEMENT OF LAND OR FOR THE ENVIRONMENT;(B) THE PROMOTION OF URBAN AND RURAL REGENERATION BY THE MAINTENANCE, IMPROVEMENT OR PROVISION OF PUBLIC AMENITIES; THE PROVISION OF RECREATIONAL FACILITIES FOR THE PUBLIC AT LARGE OR THOSE WHO BY REASON OF THEIR YOUTH, AGE, INFIRMITY OR DISABLEMENT, FINANCIAL HARDSHIP OR SOCIAL AND ECONOMIC CIRCUMSTANCES, HAVE NEED OF SUCH FACILITIES; AND THE PROTECTION OR CONSERVATION OF THE ENVIRONMENT; AND(C) THE ADVANCEMENT OF EDUCATION IN THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT THROUGH THE PROMOTION OF TRAINING AND EDUCATION AND THE UNDERTAKING AND PUBLISHING OF RESEARCH.FOR THE PURPOSE OF THE OBJECTS, SUSTAINABLE DEVELOPMENT MEANS “DEVELOPMENT WHICH MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS”.

Activities: The National Forest Company works to conserve, protect and enhance the environment in general and specifically in the National Forest, for public benefit; in particular woodland creation & management; promotion of urban and rural regeneration and training, education and research.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Environment/conservation/heritage, Economic/community Development/employment, Human Rights/religious Or Racial Harmony/equality Or Diversity, Recreation
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£10,186,441	£9,250,943	£16,833,319	42
2024-03-31	£7,207,053	£8,033,003	£16,023,642	41
2023-03-31	£12,292,514	£5,888,182	£16,680,733	38
2022-03-31	£5,842,396	£5,164,746	£9,705,419	34
2021-03-31	£5,614,419	£3,478,294	£8,834,452	29

Trustees

Name	Role	Appointed
Dr Anthony Ballance	Chair	2024-01-01
Anne Elizabeth Jenkins		2021-01-01
Beth Cambridge		2026-01-01
Emma Hooper-Smith		2026-01-01
JOHN NEIL EVERITT		2016-03-22
John Lockhart		2026-01-01
Matthew Brett Robinson		2023-01-01
Paul Orsi		2026-01-01
Penelope Ann Coates		2022-04-01
Ruth Gadsden		2023-01-01

THE NATIONAL FOREST COMPANY

England & Wales - Charity number 1166563

Accounts



THE NATIONAL
FOREST

National Forest Company Annual Report and Accounts

For the period 1 April 2024 to 31 March 2025

HC 1347

National Forest Company
Annual Report and Accounts
For the period 1 April 2024 to 31 March 2025

Presented to Parliament pursuant to Article 6
of the Government Resources and Accounts Act 2000
(Audit of Non-profit-making Companies) Order 2009

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Chair's letter

It is a pleasure as Chair of the National Forest Company (NFC) to be able to celebrate a year of real progress and significant delivery. Indeed, at a time when the organisation has recently marked its 30th anniversary in parliament with the launch of the Thriving Together report, it is a moment to also look back on the many achievements of the NFC and to set an ambitious agenda for the future.

Such achievements in the National Forest speak for themselves – the landscape transformation, biodiversity improvements, access benefits and economic uplift since the 1990s have all exceeded expectations. Just as the government is championing how growth and nature can be delivered hand in hand, the National Forest stands as a shining example of success – a proof of concept across a whole 200 square mile landscape. In an increasingly polarised world, it is heartening to see that such multiple benefits can still be achieved by thinking big and working together.

In its 30 years, the NFC has been through many changes and I am grateful to the six Chairs that have come before me to steer the organisation to what it is today. It has grown significantly in stature and purpose, not least doubling in size and turnover since it achieved charitable status in 2016. My thanks also go to Defra as our sponsor department for providing their continued support and funding to underpin that success. We were delighted to be able to host a visit from the Defra Secretary of State and Nature Minister during the year to demonstrate the value of long-term funding and focused effort to bring about transformation at scale.

So, it is fitting that having reached the milestone of 30 years of the NFC, we have now embarked on replicating that approach with the launch of the

first of three new national forests, the Western Forest, at the end of the year. This offers the opportunity to transform an agricultural landscape through trees, increasing yield, resilience and impact, and expanding the National Forest model. We look forward to working closely with colleagues at the Western Forest in the years to come, and to building a more influential network.

We are lucky at the NFC to have a strong Board and I would like to thank my fellow Trustees for their continued efforts during the year, in particular Paddy Harrop who came to the end of his term at the end of December 2024, having served on the Board for seven years and given such sterling service. We look forward to his continued involvement as a charity Member and Ambassador.

As the NFC now focuses its attention on 2025-26 with plans for more tree planting, a blueprint for the transformation of the Conkers visitor centre, completion of the first phase of the Midlands Forest Network and further developments for new national forests, there is no shortage of ambition. The organisation is in good shape, but success will require extending ever wider our network of businesses, funders, landowners and partners to have even greater impact. Thank you for all your support to date and I would encourage us all to join together with a renewed purpose as we look ahead to the next 30 years.



Dr Tony Ballance
Chair of the Board of Trustees

Chief Executive's foreword

2024-25 was the end of Defra's five-year Nature for Climate Fund (NFCF) programme aimed at accelerating tree planting rates across the country. The good news is that the rates of woodland creation have increased by 156% since the beginning of the programme and now stand at the highest level for 20 years, even before you add those trees planted outside of woodlands. The downside, however, is that this is still not enough to meet the very ambitious government targets or the levels of tree planting recommended by the Climate Change Committee. What the figures do show is that whilst progress is being made, there is still an urgency for organisations like the NFC to continue to step up their efforts and push themselves and the sector to do more.

I am pleased to say that, as a NFCF delivery body, the NFC is responding to this challenge. During the year we met our tree planting targets, pushed forward with proposals to connect up our wooded landscapes as part of the Midlands Forest Network and supported four pilot schemes to take forward the selection of a new national forest, culminating in the Western Forest being announced by the Minister in the spring. With the recent Spending Review seeing a strong settlement for trees and the new government having committed to three new national forests in its manifesto, there are significant opportunities for optimism for the future.

This report provides more detail of the NFC's other achievements throughout 2024-25 and below are a few selected highlights that show the range of outcomes for the environment, communities and the economy:

- Creating 149 hectares of new forest habitat, including more than 153,000 trees planted through grant schemes, acquisitions and the planning process.
- Expanding our estate by acquiring three new sites at Newchurch, Oakthorpe and Ulverscroft, increasing woodland creation and public access.
- Retaining or bringing more than 662 hectares of woodland into active management and increasing priority habitat cover to 29% of the Forest area.
- Achieving 91% of primary schools in the Forest enjoying regular outdoor learning and increasing the secondary schools' figure to 63%.
- Growing the number of community woodland management groups to more than 70.
- Securing nearly 40,000 hours of volunteering activity, engaging new audiences, enhancing wellbeing and increasing skills.
- Hosting the final Timber Festival and kicking off its legacy with a new arts and creativity programme in our Forest towns.
- Launching the new vision for the Heart of the National Forest and progressing the masterplanning work for the transformation of the Conkers visitor centre.

This has been a real team effort during a year of change and I would like to extend my thanks to the NFC Board and staff team for their enthusiasm and drive in making it all happen. Our thanks also to Amanda Fletcher who left us as Director of Corporate Services in December 2024 and to Bev Swift who stepped in as Interim Finance Director to see us through some important financial changes.

Equally important are our partners, who deserve recognition for all their contributions during the year. A huge thank you to the many landowners, funders, businesses, local authorities, community groups and individuals who have gone the extra mile to support the National Forest and our growing aspirations. We look forward to working with you in 2025-26 and bringing some of that optimism to the year ahead.



John Everitt OBE FRSA
Chief Executive/Accounting Officer

Directors' Annual Report

Introduction

This report provides the information as required by company law. In addition, as the National Forest Company (NFC) is a registered charity, the report provides any additional information as required by the Statement of Recommended Practice (SoRP) module 'Trustees' annual report'. The Trustees have agreed that a single report should be produced providing the required information rather than a separate Directors' report and Trustees' annual report.

National Forest Company status

The National Forest Company (NFC) was established in April 1995 with the objective of overseeing the creation of the National Forest which spans 200 square miles of central England. The NFC is a company limited by guarantee (registered number 2991970) and a registered charity (registered number 1166563) and operates from its registered office at Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire DE12 6BA.

Since being registered as a charity in April 2016 it has had the status as a Non-Profit Institution within the Public Sector, specifically within Central Government, as defined by the Office for National Statistics with no individual or entity having a controlling interest. The business of the charity is governed by its Board of Trustees however the charity does, given the levels of grant in aid funding received, continue to place economic reliance on the Department for Environment, Food and Rural Affairs (Defra).

Objectives and activities

The objects of the NFC as contained in its Articles of Association are:

'For the public benefit, the conservation, protection and improvement of the physical and natural environment so as to secure and enhance the enjoyment by the public of the same, in particular but without limitation to:

- (a) *woodland creation and management generally, and in particular in the area of the National Forest, for the benefit of the general improvement of land or for the environment;*
- (b) *the promotion of urban and rural regeneration by the maintenance, improvement or provision of public amenities; the provision of recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disablement,*

financial hardship or social and economic circumstances, have need of such facilities; and the protection or conservation of the environment; and

- (c) *the advancement of education in the environment and sustainable development through the promotion of training and education and the undertaking and publishing of research.'*

Strategy and priorities

The National Forest Strategy is based on its 25 Year Vision to 2045 with a focus on mitigating and adapting to a changing climate, including ambitious long term aspirations for 33% forest cover, access to woodland within 15 minutes for all Forest residents, and a low carbon economy.

The Corporate Plan 2023-2026 provides further detail with annual Key Performance Indicators based on 5 main operational themes for the Forest: Create, Manage, Inspire, Engage and Grow. Development themes of building the brand and securing resources for the Forest, and finance and resources themes relating to effective governance and management are also included.

Grant funding from Defra contributed significantly towards the delivery of objectives for the year, whilst simultaneously contributing to the delivery of the Defra Strategy, 25 Year Environment Plan and Environmental Improvement Plan.

Public benefit

In overseeing the strategic direction and activities for the year, the Trustees have been mindful of the Charity Commission guidance on public benefit and are satisfied that the NFC complies with these requirements.

The National Forest acts as a national exemplar of sustainability and its public benefit is based on its environmental, social and economic outcomes to mitigate and adapt to a changing climate.

The direct environmental benefits include the restoration of the landscape from planting more than 9.8 million trees since inception and the services that this provides for our natural capital including carbon sequestration, clean air and water, and protection of soils, as well as the protection and enhancement of wildlife. This has particular resonance as we respond to the urgency of both climate change and biodiversity loss. Social benefits relate to the physical and mental wellbeing of individuals who engage with the Forest and the considerable benefits

that are derived from programmes that promote access, volunteering, education, skills and training, improving the equality of these opportunities for all our communities. Economic benefits are provided to society as a whole through promoting more sustainable livelihoods, shifting to a low carbon and circular economy that reduces negative impacts, and through targeted work with deprived communities.

The benefits are felt by 240,000 residents living within the National Forest area, covering some of the least and most deprived areas of the country, with significant pockets of deprivation within our rural and urban areas; more than 8 million visitors who enjoy the Forest as a destination each year; 300,000 plus individuals who experience the National Forest through digital marketing; 16 million people reached by media and communications activity, and the expanding audience of supporters, partners and stakeholders who are inspired to engage with our work.

Volunteering statement

It is central to the ethos of the National Forest's development that local communities, businesses and visitors are offered opportunities to become engaged in creating and looking after the Forest, helping to underpin more sustainable, cost effective and resilient management. Volunteering has played a key role in this. Since its inception, the NFC has facilitated a wide range of organisations across the Forest to offer volunteering opportunities including conservation, woodland creation and management, and wildlife monitoring projects. The NFC now supports a Forest-wide network of more than 70 Community Woodland Management Groups providing sharing of knowledge, resources, training and skills development. The NFC itself is also directly involved in the engagement and management of volunteers.

During 2024-25, the NFC continued its volunteering activities through the Community Woodlands project funded by the National Lottery Heritage Fund, creating new volunteer groups in the heart of the National Forest, maintenance of the Meta Garden at the Conkers Discovery Centre and other activities. The volunteer sessions in 2024-25 totalled more than 38,172 hours (2023-24: 39,444 hours), with an approximate value of £466k (2023-24: £477k).

Equality, Diversity and Inclusion

At the heart of the NFC approach to Equality, Diversity and Inclusion (EDI) is the belief that the Forest is for everyone, and that the benefits of woods and trees and the opportunities to access them, should be equally available to everyone.

Assessing and monitoring progress against this underpins the NFC's work.

The NFC strives to give every individual the same opportunities to succeed, regardless of their background, and to create a workplace where everyone feels valued and respected, free from discrimination or harassment. Building positive relationships among all team members, and embracing differences, is key to achieving this. By prioritising EDI in its objectives and strategies, the NFC aims to enhance its ability to attract, nurture and support talent from all backgrounds, bringing a diversity of perspectives and ideas, and helping to tackle challenges with innovation and creativity.

During the year the NFC updated its EDI action plan with key priority actions taken forward by a working group with oversight from a dedicated Trustee. This has included work on the NFC's website with improvements to the accessibility of content and communications, and training for staff. EDI considerations also continue to be built into programme design with a particular focus on new projects this year such as arts and creativity to benefit less well-represented groups, and greenspaces to benefit those in deprived urban areas. This has also been expressed through the Timber Festival and community work to provide opportunities to engage new and broader audiences.

The NFC is a Disability Confident employer with a status of Committed and operates a guaranteed interview scheme for disabled applicants who declare a disability as defined by the Equality Act 2010 and meet the essential criteria for the post. To continue its support for disabled employees, the NFC joined Defra's framework agreement with Bennett Workplace in March 2023 to carry out workplace assessments and apply any reasonable adjustments for employees with specialist needs. The National Forest is also a partner in the Diverse Sustainability Initiative which acts to transform diversity within the sustainability and environmental sector.

Grant making policy

The NFC's grant making is targeted to support public benefit and the Charity's objects in line with Charity Commission guidance, and guidance set out in Managing Public Money. Grants awarded are an important means of delivering multiple Forest objectives including forest creation, woodland management, biodiversity, access, arts and culture, and community programmes. Grants are administered through an assessment process that considers priorities, impact and value for money.

Programmes are overseen by Trustee-led Working Groups, with higher level grants approved by the Board. This provides the necessary assurances and includes grant conditions for recipients to ensure that charitable purposes are adhered to. Forest creation is secured through grants awarded via the Changing Landscapes Scheme (CLS), for areas greater than 1 hectare, as well as via Parkland and Freewoods schemes, with a new Farming and Forestry grant scheme piloted.

The woodland management grant programme supports active management of woodlands covering a range of objectives including forestry, wildlife, access, landscape and community use.

Qualifying projects are normally eligible for up to 60% of total costs, with some funded programmes paying 100%.

Small grants are used to support community groups and small businesses that are helping to deliver the National Forest vision. Supported activities and projects can include arts and culture, volunteering, sustainable tourism, accessible green spaces, improved wellbeing, and growing and diversifying forest-related businesses. Grants normally require up to 50% of match- funding, helping to lever additional funds to support the Forest.

Grants amounting to £2,210,688 were awarded during 2024-25 (2023-24: £897,739), which included four grants awarded to successful applicants to the Forest for the Nation competition amounting to £620,539 (2023-24 £nil).

Representing a continued growth of grant schemes to deliver forest creation, the value of Changing Landscape Scheme grants increased, along with new Farming & Forestry grants being awarded for the first time. The Creating a Forest for Learning project continued supporting schools to provide outdoor learning training for school staff and to enhance the outdoor learning environment within schools through woodlands, with an increased focus on secondary schools. The 'Severn Trent Great Big Nature Boost' supports work on biodiversity restoration and enhancement across the Forest. This provided funds for the fifth year of the Habitat Enhancement Grant. The NFC's Small Grants this year were targeted to help improve wellbeing and increase participation from under-represented communities through activities such as Forest-inspired arts and wellbeing activities outdoors; as well as continued support for sustainable tourism.

	2024-25 No of grants	2024-25 £	2023-24 £
Changing Landscape Scheme grants	24	645,802	214,736
Farming & Forestry grant	1	434,884	–
Creating a Forest for Learning project	10	10,217	96,885
Habitat Enhancement Grants	52	225,928	196,870
Woodland management grants	51	103,262	107,779
NFC's Small Grants programme	21	30,239	63,952

The NFC's approach is to work collaboratively with partners, with grants being distributed to private landowners, community groups and other charities in the pursuit of its objectives. Grants to charities this year included Sheffield & Rotherham Wildlife Trust, Forest of Avon Trust, Ribble Rivers Trust, National Trust, Woodland Trust, Moira Furnace Museum Trust and St Joseph's Rural Centre.

Strategic Report

Financial overview

A net positive movement of funds of £810k was achieved for the year ending 31 March 2025 (2023-24: deficit of £657k) comprising an increase of £809k in unrestricted funds (2023-24: deficit of £1.124m) and a surplus of £1k relating to restricted funds (2023-24: £467k).

The unrestricted surplus of £810k is largely as a result of the receipt of grant income (£1.69m) for the purchase of land and the expenditure being capitalised, but offset by an impairment against the value of land held at 31 March 2025 of £749k. The resultant cash flow movement for the year is a net outflow, as per the consolidated cash flow statement, of £100k (23-24: outflow of £907k).

Total income for the year ending 31 March 2025 was £10.19m (2023-24: £7.21m). This represented an increase on the previous year and comprised £3.30m grant in aid from Defra (2023-24: £2.53m) and £3.16m from the fifth year of the Nature for Climate Fund programme (2023-24: £1.40m) also funded by Defra. The NFC continues to rely heavily on Defra funding and the high priority given to forestry and carbon within government gives confidence that both grant in aid and Nature for Climate Fund will continue at broadly similar levels.

The ongoing impact of cost of living pressures in the wider economy meant that corporate sponsorship and donations income were challenging with £137k achieved for Dedicate a Tree/ Dedicate a Grove (2023-24: £177k) however total (non-Defra) unrestricted income increased to £2.13m against the previous year's £1.74m mainly due to income received relating to carbon sequestration.

Expenditure for the year ending 31 March 2025 increased to £9.25m (2023-24: £8.03m), with enhanced delivery of charitable objectives, in particular on achievement of Nature for Climate Fund targets and new national forests. Of this, unrestricted expenditure was £5.42m (2023-24: £5.69m) with £749k being related to impairment of land and Conkers. Restricted expenditure was £3.83m (2023-24: £2.34m).

Restricted income again grew to £5.52m in 2024-25 (2023-24: £2.81m), largely comprising £3.16m Nature for Climate Funds, £708k for new national forests, £294k for the Charnwood Forest Landscape Partnership Scheme, £490k for the Severn Trent Great Big Nature Boost project and £324k for Heart of the National Forest infrastructure projects. These

projects, with their third-party funding, make a significant contribution to the delivery of corporate priorities, and also contribute to core cost recovery.

At the end of March 2025, the NFC reserves had increased from £16.02m to £16.83m, largely due to new site acquisitions increasing the fixed assets of the organization. This includes unrestricted general funds of £683k of which £476k is non-designated free reserves and £207k non-liquid unrestricted reserves.

Fundraising Statement

The NFC undertakes fundraising to support both core activity and project and capital needs in line with the Corporate Plan 2023-26. Fundraising is undertaken through an inhouse Development team led by the Director of Development. Funds are sought through grant-making bodies (public and private), individual donations and business support from companies whose activities and values align with those of the NFC.

The NFC is registered with the Fundraising Regulator and pays the voluntary annual levy on charitable organisations which spend more than £100,000 a year on fundraising activities. As such, the NFC demonstrates its compliance with the Code of Fundraising Practice and commitment to The Fundraising Promise that its fundraising is legal, open, honest and respectful – both can be viewed at fundraisingregulator.org.uk.

The NFC's Development Working Group, currently comprising one Trustee and two specialist advisors, and reporting to the Board, is responsible for oversight of the income generation strategy which includes fundraising.

Operationally, responsibility for the development, management and monitoring of fundraising activities is carried out by the NFC's Development Team. No complaints regarding the NFC's fundraising practice were received during the year.

Achievements against targets for 2024-25

This year saw Forest cover increase further beyond the milestone of 25% of land area and towards the 33% aspiration through grants, acquisitions and the planning process. The 149 hectares (ha) of new Forest creation was up on last year (2023-24: 139 ha) and this, coupled with hectares secured by planting previously acquired sites, meant that Defra's Nature for Climate Fund target for the year was also met. Notable creation schemes this year included

new acquisitions near Newchurch in Needwood, Oakthorpe in the Heart of the National Forest and Ulverscroft in Charnwood, a pilot Farming & Forestry grant scheme with the National Trust, and a range of other grants with private, public and voluntary sector partners. Forest creation activity also helped to deliver 84 ha of new access this year providing additional public benefit to communities and increasing the number of households within walking distance of an accessible woodland to more than 70%.

Alongside forest creation, our work to secure good management of woodlands and other habitats continued, improving their condition, reducing disease and enhancing wildlife. Through grants, support and advice, 662 ha of woodlands were either brought into or renewed their active management (2023-24: 562). This was complemented by the Habitat Enhancement Grant with Severn Trent's Great Big Nature Boost programme supporting the restoration or enhancement of a further 63 ha of non- woodland priority habitats. This work is moving towards our target of 30% of the Forest area for biodiversity by 2030. This year saw more than 150,000 trees planted (2023-24: 93,000), on newly acquired sites, as part of grant schemes, through the planning process or from community Plant a Tree events, bringing the overall tree planting totals closer to 10 million.

Forest creation work outside of the National Forest boundary was supported by the continued development of mapping and strategy for the Midlands Forest Network initiative. Alongside this, significant efforts were focused on running four pilot schemes to identify the first of the government's commitment to three new national forests, culminating in the Western Forest being selected as the winning bid and launched in March 2025.

Our community work had another successful year with a strong focus on our Creating a Forest for Learning programme. Primary schools in the Forest engaged in regular outdoor learning increased to 91% (up from 90% in 2023-24), and secondary schools saw a marked increase, now up to 63%, with support targeted to young people with Special Educational Needs and Disabilities. This is particularly exciting as it involves students embarking on the Level 1 Forestry in the Community Award.

Work with volunteers, in particular through the Charnwood Forest Landscape Partnership

Scheme and Community Woodlands project, both supported by the National Lottery Heritage Fund, continued to thrive. More than 38,000 volunteer hours were contributed during the year and the number of community groups managing woodlands increased to over 70. This included work with Queen's Hospital Burton, the BBC Make a Difference Woodland planted at Conkers and a community woodlands celebration event. Activities in Charnwood Forest, not least the declaration of Bradgate Park as a new National Nature Reserve for its geology, continue to make the case for the area being selected as a new UNESCO Global Geopark.

Our support for forest-related businesses and communities was enhanced by grants and advice with a focus on arts, wellbeing and sustainable tourism connected to the Forest. This included community arts organisations working in our Forest towns and health and wellbeing activities with harder to reach groups, alongside market testing and business support to bring forward new sustainable tourism accommodation. Economic growth opportunities have also been supported in the Heart of the National Forest with the creation of a new vision for the transformation of the Conkers Visitor Centre, and refurbishment works to establish a volunteer hub, as well as footpath upgrades with North West Leicestershire District Council, through the UK Shared Prosperity Fund.

Major events this year included the National Forest Walking Festival led by South Derbyshire District Council; the final Timber Festival run by partners Wild Rumpus; the launch of the Heart of the National Forest vision and launch of the 'Thriving Together' publication in the House of Commons to mark the 30th anniversary of the NFC. These were complemented by the new website going live, further landowner case study videos and a programme of national TV, radio and media activity.

Work towards the National Forest's objectives was underpinned by a programme of research and evidence including an assessment of the Forest's carbon baseline and net zero transition, reprofiling of forest cover and woodland management data, biodiversity audits and monitoring, and support to the national Treescapes initiatives.

A summary of progress against key targets drawn from the Strategy and Corporate Plan are set out below, demonstrating delivery against charitable objectives.

Headline targets

Targets	Progress
Create:	
Forest cover to reach 25.5% of 200 square mile National Forest area.	Exceeded. 25.7% achieved. Note that 0.1% = 50 hectares (ha).
150 ha of forest creation.	Total of 149 ha delivered comprising 49.4 ha through land acquisition, 93.14 ha through grant schemes and 6 ha from planning gain.
150,000 trees planted.	Exceeded. Total of 153,717 trees planted through NFC grant schemes, sites and as a result of planning gain.
Manage:	
Woodlands in active management.	No specific target set as forest cover layer updated. 70% achieved providing new baseline using updated forest cover layer and nationally available data.
400 ha of woodlands brought or retained in active management.	Exceeded. 662 ha achieved comprising new areas brought into active management and renewals.
50 ha of priority non-woodland habitat brought into or retained in active management.	Exceeded. 63 ha achieved comprising new areas brought into active management and renewals.
Inspire:	
80% of National Forest schools regularly delivering outdoor learning.	Target exceeded for primary schools with 91% achieved. 63% of secondary schools achieved giving an overall schools' figure of 85%.
50,000 audience reached through arts programme including Timber Festival.	Exceeded. 53,640 achieved comprising 31,740 people reached through the Arts Grants; 17,703 through other projects and 3,061 through Timber Festival including production, artists and guests.
Engage:	
90 ha of new access created.	84 ha created in total. Includes 34.5 ha from CLS and 49.4 ha from land acquisition.
50,000 volunteer hours completed in the Forest each year.	38,172 volunteer hours achieved including at Timber Festival and on the National Forest Way. Likely to be an underestimate as fewer organisations responded to reporting this year. Equivalent to £466k in kind contribution.

Targets	Progress
Grow:	
Increase visitor numbers to 9.05m pa.	8.24m visitors reported via independent Scarborough Tourism Economic Activity Monitor (STEAM) Report 2024 based on 2023 figures (ie 1 year in arrears). Whilst numbers recovered were below target, comparison showed that the National Forest recovered more of its visitors than other areas within England.
223,200 Conkers visitors.	202,986 achieved. Poor weather during the early part of the year had an adverse impact on visitor numbers.
80 National Forest businesses supported.	72 achieved. Includes businesses that have received any direct grants, bespoke advice, support or training. Impact is more significant as businesses supported outside the Forest boundary and indirectly through wider business networking are not included.

Securing resources, building the brand, governance and leadership

Targets	Progress
Securing resources:	
Increase unrestricted income for the NFC through sustainable sources to £657k.	£315k achieved. Levels reduced as a result of lower donations and targeting of restricted projects. Excludes additional unrestricted income secured from Defra.
Generate £582k of new restricted income.	£733k new funds raised for future work, including from Audemars Piguet Foundation, Arts Council England and National Lottery Heritage Fund, with £297k for 2024-25 financial year. Excludes additional Defra funds secured for work on new national forests.
Secure £290k through Conkers profit share and gift aid.	£291k achieved, even with poor weather in early part of the year reducing admissions numbers.
Building the brand:	
Increase National Forest website sessions to 250k.	188k achieved with delays to launch of new website.
Increase media profile: achieve at least 8 national and 52 local pieces of press coverage.	45 national and 110 local pieces of press coverage achieved.
Increase profile through 14m social reach and media impressions.	5 million social reach and media impressions achieved as a result of more targeted social media work.
Governance and leadership:	
Board effectiveness: attain assurance based on Charity Governance Code.	Achieved. Assurance secured through review of previous year's activity.
Unqualified audit opinion.	Achieved. Accounts laid on time with unqualified opinion.

Income generation performance

Income generation performance for the year was a mixed picture with unrestricted income below target, but significant success with restricted income for new projects. Although impacted by cost-of-living pressures, charitable and corporate support continued, and income was supported by additional unrestricted Defra funds for inflationary increases and restricted Defra funds for work on new national forests.

Total income during 2024-25 was £10.19m (2023-24: £7.21m). This represented an increase on the previous year and comprised £3.30m grant in aid from Defra (2023-24: £2.53m) and £3.16m from the fifth year of the Nature for Climate Fund programme (2023-24: £1.40m) also funded by Defra and including income for the Midlands Forest Network and new national forests. Income this year included corporate partnerships with 26 partners, including brand licence income, section 106 funds, tree dedication schemes, major gifts and a legacy from the late David Charles Barnett. In addition, restricted funds were secured from: the Audemars Piguet Foundation and Garfield Weston Foundation for the Creating a Forest for Learning project; National Lottery Heritage Fund for the Getting to Know your Greenspace project; National Lottery Heritage Fund for work on the Charnwood Forest Landscape Partnership Scheme; Arts Council England for creative projects across Burton and Coalville; local authority partners and others for work on tourism; Severn Trent for the Great Big Nature Boost programme; Valpak, the Phillips Charitable Trust and UK Shared Prosperity Fund via North West Leicestershire District Council for the creation of the Gatehouse volunteer hub; and Defra for landowner communications and promotions work.

Investment income for the year was managed by Cazenove through the NFC's investment (£500k invested in December 2020) in their Charity Responsible Multi-Asset Fund in line with our ethical investment policy. The policy ensures that the NFC's assets are invested in responsible investment funds, and specific assurance has been received that there are no investments in Russian assets. Careful management of investments is limiting liabilities from the conflicts in Ukraine and the Middle East, and uncertainties of trade policies on global markets. The Audit & Risk Committee has responsibility for agreeing strategy and monitoring the investment performance against agreed benchmarks including the objective of inflation plus 4% over the long term. In the year, funds have achieved c4%. During the reporting period there were no significant events that

affected the financial performance and position of the investment. The fund value as at the reporting date was slightly down at £507k (2023-24: £524k), although there are no plans to realise the assets and it is anticipated that the fund will increase in value over the medium term.

The financial outlook for the NFC will be impacted by the government's Spending Review and the resulting settlements for Defra's Arm's Length Bodies which will determine levels of core income. Whilst this is positive for 2025-26, the longer term funding position has still to be finalised. The future unrestricted funding position is likely to be challenging in the short term with pressures on levels of household and corporate income, although this has the potential to increase as the economy strengthens. Levels of restricted and commercial funds should be more resilient as the NFC broadens its funding portfolio and is able to present a more compelling case for investment.

The National Forest acknowledges and thanks all the organisations and individuals who have contributed their generous support during 2024-25, in particular:

Arts Council England
Audemars Piguet Foundation
Capital Fireplaces Ltd
The David Family Foundation
Department for Environment, Food & Rural Affairs
East Staffordshire Borough Council
FatFace
Gardiner Bros & Co (Leathers) Ltd
Garfield Weston Foundation
James Latham plc
My Pension Expert Ltd
National Lottery Heritage Fund
North West Leicestershire District Council
Omexom UK & ROI Powerteam Electrical Services (UK) Ltd
Mr Austin Reeves
Roger Bullivant Ltd
Rolls Royce
Rosewood Ltd
Selective Marketplace Ltd
Severn Trent
Mrs Susan Skirrow
Valpak Ltd
Woodland Trust
Anonymous

Plans for future periods

Key priorities for the coming year will focus on the ambitions set out in the Corporate Plan 2023 to 2026, as agreed by the Board, and include:

Create

- Deliver ambitious Nature for Climate Fund targets to increase forest creation and tree planting using land acquisition, grants, planning and advice.
- Drive forward the Western Forest initiative and two additional new national forests, building on the success of the National Forest model.
- Continue to develop the Midlands Forest Network outside the National Forest boundary with the Woodland Trust and key partners.

Manage

- Further increase active management of woodlands including measures to address pests and diseases, in particular grey squirrels, and to manage access.
- Enhance the NFC's estate with new planting schemes, demonstration and research programmes.
- Deliver non-woodland habitat enhancements and species recovery work to contribute to biodiversity 30 by 30 targets.

Inspire

- Expand the outdoor learning programme with the next phase of work, including secondary schools and early years, and continue progress towards all schools with regular provision.
- Continue the delivery phase of the Charnwood Forest Landscape Partnership Scheme with further progress towards Charnwood Forest's designation as a UNESCO Global Geopark.
- Deliver the new Arts and Creativity Strategy including the Arts Council England funded programme of arts and cultural activities and grants.

Engage

- Create and maintain public access across sites in the Forest.
- Further increase Community Management of Woodlands groups and volunteering, as part of a community woodlands programme and new greenspaces initiative.

- Deliver against the Heart of the National Forest vision including the Green Network with footpath and signage upgrades.

Grow

- Continue delivery of the Sustainable Tourism programme, in particular through a new strategy and tourism accommodation business support.
- Deliver the masterplan and funding strategy for the Conkers Visitor Centre in line with the National Forest brand.
- Explore feasibility for the Forest Enterprise Hub including purpose, partnerships and planning.

Cross-cutting work

- Support the Defra Spending Review, update the Framework Document with Defra and complete NFC governance changes with new Members and Trustees.
- Revise the National Forest brand and strategy, including a new Forest Creation Strategy and Corporate Plan.
- Continue to upgrade the NFC's new website including the regular supporter scheme.
- Grow major new income generation opportunities for restricted projects, legacy and individual giving.
- Increase advocacy and policy influence to raise profile, impact and understanding of the National Forest as well as demonstrating impact.
- Complete a wide ranging research and development programme including green finance, carbon assessment and outcome monitoring.
- Upgrade financial systems including new finance software and procedures.
- Improve and update HR policies and working practices.
- Continue to extend work on equality, diversity and inclusion across the Forest to ensure all audiences can enjoy the benefits of trees and woods.
- Develop the NFC's sustainability programme to reduce carbon and environmental impacts in line with Defra's Strategy.

Risk Management

The Board is responsible for management and monitoring of the risks facing the NFC, with the subsidiary company taking responsibility for its own risks and reporting these to the NFC's Audit & Risk Committee and Board. The principal strategic risks and uncertainties facing the NFC are set out below with corresponding plans for managing them.

Further information on risk and risk management is provided in the Governance Statement.

Strategic risks	Mitigation
Failure to adapt to changing climate and organisational strategy and delivery impacted negatively	Review of strategy and work programmes to include measures for adaptation (Fire, flood, heat, water management, species choice, wellbeing, etc). Annual review of policies to take account of climate change evidence and practice. Horizon scanning for long term strategy and policy development with partners. Budget and reserves in place for contingencies.
Inability to scale up Forest creation targets, meet Nature for Climate Fund commitments and take advantage of carbon/ tree planting opportunities.	Represent the NFC on Nature for Climate Fund programme board and provide oversight by Land and Forestry Working Group. Develop strong pipeline of schemes and acquisitions. Work with land agency to identify and accelerate opportunities. Complete new grant schemes and strategy work. Work outside the boundary on Midlands Forest Network corridors and new national forests to increase hectares.
Income generation strategy inadequate and does not meet targets.	Packaging work for restricted funding to cover core costs. New corporate and legacy programme to be further developed. High level fundraising group to be scoped. Development of new tree offer for larger bids. Review of customer journey and messaging for Forest Champions.
Loss of Defra funding support (particularly as part of the Spending Review) and backing of key partners.	Complete Spending Review phase 2 advocacy, including through Nature for Climate Fund Programme Board and Ministerial sessions. Demonstrate NFC impact and value for money through new research work. Raise profile of NFC with MPs, peers and in media. Explore closer collaboration opportunities with partners.
Opportunities from new national forests work lost or complicated by poor brand and strategy.	Continue high level advocacy programme including at Ministerial level with parliamentary events. Develop strong rationale and proposals for new national forests with Defra. Develop branding proposals for the National Forest and the suite of national forests. Run Western Forest grant programme to demonstrate concept.
Income risk – Gift aid and profit levels insufficient to deliver Conkers' vision and objectives and provide long term sustainability, requiring subsidy from the charity.	Complete in year repairs and refreshments for Conkers. Maximise gift aid and marketing opportunities. Manage annual budget and programme through National Forest Enterprises Board. Manage Conkers KPIs with Operator.
Project planning and major cash investment for upgrading facilities at Conkers not secured, leading to decline in turnover and profits.	Complete Conkers masterplanning exercise. Complete fundraising strategy and Business Plan. Submit expression of interest and secure development funds.
Deterioration of assets – Major investment or shutdown required to deal with significant deterioration of properties, loss of insurers due to risk.	Continue to upgrade Preventative Maintenance Plan for Conkers. Update fixed assets register with Operator. Continue to ensure dialogue with tenants of buildings and insurers. Review use of property use in light of current leases and work on the Forest Enterprise Hub.

Board of Trustees

The Trustees of the NFC throughout 2024-25 were as follows:

Name	Date of appointment as Trustee	Role
Tony Ballance	1 January 2024	Chair, Board of Trustees; Member, Remuneration Committee
Penny Coates	1 April 2022	Member, Audit & Risk Committee; Chair, National Forest Enterprises Ltd
John Everitt ⁽¹⁾	1 April 2015	Chief Executive
Ruth Gadsen	1 January 2023	Chair, Development Working Group
Alison Field	1 April 2018	Member, Land & Forestry Working Group; Chair, Land & Forestry Working Group ⁽²⁾ and Senior Independent Director
Paddy Harrop ⁽³⁾	1 April 2018	Chair, Land & Forestry Working Group; Member, Audit & Risk Committee
Anne Jenkins	1 January 2021	Chair, Tourism, Recreation & Communities Working Group
Mike Kapur	1 April 2018	Chair, Audit & Risk Committee; Member, Remuneration Committee
Matt Robinson	1 January 2023	Member, Audit & Risk Committee; Chair, Remuneration Committee

⁽¹⁾ John Everitt is the NFC's Chief Executive and also a Trustee. It was agreed that he should hold this dual role because of the nature of the NFC's current funding position whereby a significant proportion of the NFC's funds are from Defra and the Chief Executive holds the responsibility of Accounting Officer for those funds. To meet the standards for Managing Public Money, Accounting Officers are required to be represented at Board level. It is recognised that this is unusual within a charity, but is considered to be in the best interests of the Charity because of the funding relationship, and controls are in place to avoid any abuse of power or conflicts of interest. The Board has delegated the responsibility for the day-to-day management of the Charity to the Chief Executive. The Chief Executive reports directly to the Chair of Trustees and provides advice to the Board.

⁽²⁾ Appointed Chair of Land & Forestry Working Group on 1 January 2025

⁽³⁾ Retired 31 December 2024

Information on the recruitment and induction processes for Trustees and an overview of the governance arrangements in place is given in the Governance Statement. Trustees are required to disclose any interests they have that may potentially conflict with their management responsibilities for the NFC. This includes company directorships, public appointments and any other significant external interests. During 2024-25 no issues arose as a result of any Trustees' conflicts of interest. No Trustee, other than the Chief Executive who is a Trustee, had any transaction with the NFC, other than being reimbursed expenses necessarily incurred in fulfilling their duties as per Trustees' travel and expenses (Note 13). Information on the remuneration of the Chief Executive is detailed in the Remuneration and Staff Report.

Reserves

Total reserves at the end of the financial year increased to £16.83m from £16.02m. This movement in total reserves was made up of an increase in

unrestricted reserves of £809k with restricted reserves increasing by £1k from £485k to £486k.

The total unrestricted reserves balance of £16.35m comprises designated funds of £14.97m, revaluation reserves of £696k and a general fund balance of £683k. The general fund balance includes non-liquid assets of £207k meaning the Free Reserves balance at 31 March 2025 is £476k.

The Audit & Risk Committee reviewed the Reserves Policy during the year, prior to the Board reviewing the Policy at its subsequent meeting. Fund balances were further reviewed at year end and were approved as set out in the table below with a fund set aside to manage cash flows and other designated funds to mitigate risk. The designated funds support financial contingency, as well as enabling capital and one-off investments towards delivery of charitable objectives. Furthermore, there are designated funds of Investment Property Reserve which equates to the net book value of

investment property held at the balance sheet date and a new Land and Buildings Capital Asset Reserve which equates to the net book value, less the revaluation reserve amount, of the land and buildings held at the balance sheet date.

This has increased the level of designated funds at 31 March 2025 to the £14.97m (2024: £4.01m) and consequently reduced the general fund balance to £683k (2024: £10.72m). The target funding levels alongside actuals at March 2025 are set out below:

Summary of Funds and Target Levels	Target level (range)	Actual balance at 31 March 2025
General Fund: Unrestricted free reserves Working capital to manage cash flows	£400k	£476k
Designated Funds – Target Levels:		
Financial Contingency Fund Approximately four months running costs to be used in the event of major incident	£950k	£950k
Conkers Transformation Fund To support the costs of repairs and maintenance, transformation and capital refreshment for Conkers	£200k	£112k

Going concern

The Trustees have reviewed budgets, forecasts, and anticipated Grant in Aid receipts and other funding from Defra, and together with considering the potential impacts on its financial position from both internal and external risks, have concluded there is a reasonable expectation that the NFC has adequate resources to continue in operational existence for a period of at least 12 months from the date that the financial statements are approved. The Trustees are not aware of any proposed legislative changes which could significantly impact the organisation and consider that appropriate risk management procedures and mitigations are in place to monitor the operating environment and reduce any impact of known risks. Nor are they not aware of any other significant risks which potentially would impact on the ability of the organisation to continue to operate at the current level of activity.

All of the above factors inform the opinion that it is appropriate to adopt the going concern basis of preparation of the financial statements for 2024-25.

Auditors and their remuneration

Statutorily appointed auditor:
Comptroller and Auditor General
National Audit Office
157 – 197 Buckingham Palace Road
London SW1W 9SP

The fee for the audit of the financial statements in 2024-25 is £72,500 (2023-24: £50,000). No non-audit work was conducted by the National Audit Office during 2024-25.

Internal audit

Forvis Mazars LLP
First Floor
Two Chamberlain Square
Birmingham B3 3AX

Investment Managers

Cazenove Capital,
1 London Wall Place
London EC2Y 5AU

Bankers

The Co-operative Bank
Miller Street
Manchester M60 0AL

Solicitors

Ansons Solicitors,
St Mary's Chambers
5-7 Breadmarket Street
Lichfield
Staffordshire WS13 6LQ

Pension liabilities

All the NFC staff are members of the Principal Civil Service Pension Scheme (PCSPS). Information on the pension arrangements and accounting policy applied to pension liabilities is provided in Note 1.13 of the financial statements. Pension arrangements are detailed in the Remuneration and Staff Report which also provides information on pension benefits to which the NFC Chief Executive qualifies. No other Trustees are members of the PCSPS.

Losses, special payments and gifts

(this information is subject to audit)

There were no losses, special payments or gifts made during 2024-25 (2023-24: nil). No special severance payments that require disclosure were made during the year.

Government Functional Standards

The mandate for use of functional standards is provided by Managing Public Money (MPM) and endorsed by ministers through the Declaration on Government Reform. The standards support accounting officers to oversee functional work effectively and efficiently, and to target improvement.

Each standard sets expectations for what needs to be done, and why, relating to the work within its scope. The NFC Board is responsible for leading and directing the Charity and for determining strategy and guiding operational activity. Government functional standards are embedded within the National Forest Company's policies and procedures which are overseen by the Board and relevant Committees. The provisions of the Board, enable Defra to monitor performance and delivery in relation to grants given to the NFC and describes the arrangements that exist to safeguard propriety and regularity.

Payment of Suppliers

The standard term of payment for supplier contracts is 30 days from receipt and agreement of a valid invoice. This is embedded in all contracts with suppliers, with any exceptions agreed as part of contractual negotiations. However, the Company aims to pay undisputed invoices within 5 days of approval and 62% have been paid within this timescale (2023-24: 70%); 97% were paid within 10 days (2023-24: 95%). No claims were received during the year from suppliers for late payment of invoices under the Late Payment of Commercial Debts (Interest) Act 1998.

Employee Involvement

The National Forest Company regularly communicates with staff through a variety of mechanisms such as the bi-weekly staff meetings, written weekly updates and staff away days to provide information on matters of concern to them as employees. Additionally, staff are consulted on their views where decision making will affect their interests. During the year, an employee engagement survey was distributed to gather feedback on relevant issues with issues arising acted upon. The NFC continued to operate to

the Blended Working Framework and provided ongoing review and refinement of flexible working arrangements. Measures to promote staff wellbeing continue to be embedded with 37% of staff being Mental Health First Aid trained.

Staff are incentivised to deliver high quality outcomes for the National Forest through annual performance related bonuses linked to their job descriptions, with an in-year bonus scheme also used to reward exceptional effort.

Personal data related incidents

No personal data related incidents occurred during the year which needed to be reported to the Information Commissioner's office.

Post year end events and developments

There are no post year end events or developments which require to be reported on.

Sustainability Report

About our data

Sustainability performance is reported in line with HM Treasury's Sustainability Reporting Guidance 2024-25, as far as possible. The Greening Government Commitments (GGC) set out the actions UK government departments and their agencies will take to reduce their impact on the environment, in the current period April 2021 to March 2025. The NFC is below the organisational size threshold and exempt from GGC reporting but aligns with guidelines where possible. Where available, data from the last four years has been reported, as well as a baseline of 2017-18 in line with the GGC targets.

Carbon footprint reporting is aligned with the guidelines set out in the Greenhouse Gas Protocol (ghgprotocol.org). Reported figures are based on a mix of direct meter readings (manual or automatic) and billed amounts. Billed quantities may be subject to future adjustments dependent on supplier re-billing. To enable comparisons between years, data has been normalised by the average number of full-time equivalent (FTE) employees.

Summary of Greenhouse Gas Emissions tCO ₂ e	Unit	2024-25	2023-24	2022-23	2021-22	2017-18
Scope 1 Emissions – Fleet Vehicle	tCO ₂ e	1.37	1.08	0.67	–	–
Scope 2 Emissions – Building Energy Consumption	tCO ₂ e	8.36	6.91	8.17	8.92	20.59
Scope 3 Emissions – Business Travel	tCO ₂ e	6.98	10.53	5.36	2.12	8.99
Total Emissions	tCO ₂ e	16.71	18.52	14.20	11.04	29.58
Average number of staff (FTE)	FTE	42	41	36	30	21
Total Emissions per head	tCO ₂ e/FTE	0.40	0.45	0.39	0.37	1.41

Energy Consumption

The NFC operates from serviced accommodation leased from a private landlord, which is shared with two other units. Electricity is metered per unit and recharged by the landlord.

Energy consumption has remained lower compared to pre-Covid levels due to the blended working framework although a 21% increase has been reported in 2024-25. This can be attributed to an increase in office occupancy on Friday which had previously been an office closure day in the initial years post-COVID.

No additional energy saving measures were implemented in 2024-25, however the upgrade to

Task Force on Climate-related Financial Disclosures (TCFD)

The NFC is below the Arm's Length Body threshold for number of FTE staff (>500) or operating funding and income (>£500m) for mandatory reporting under the TCFD guidance.

Overview of carbon footprint

The NFC operates within the guidelines of a Blended Working Framework introduced in May 2022. The NFC continues to see lower emissions from electricity and lower business travel emissions per head compared to pre-COVID years, due to staff working more flexibly and fewer journeys needed with more meetings being held virtually.

Total emission per FTE has decreased compared to baseline. A significant reduction is reported in Scope 2 Emissions, 59% compared to baseline, due to a reduction in consumption alongside a decrease in the emission factor as the UK reduces coal use and increases renewable generation year on year.

a more energy efficient heating system in January 2023 continues to result in lower consumption during the winter months compared to previous years.

Since the acquisition of the National Forest Charitable Trust in 2022-23, the NFC owns several buildings in the Heart of the National Forest, only one of which the NFC has operational control of. This building was refurbished as a volunteer hub in 2024-25 with a small amount of energy consumption from its irregular use included in the figures below. This will be changed to a renewable tariff in 2025-26.

Building Energy Consumption (Scope 2)	Unit	2024-25	2023-24	2022-23	2021-22	2017-18
Scope 2 Emissions – Energy consumption	tCO ₂ e	8.36	6.91	8.17	8.92	20.59
Scope 2 Emissions – Energy consumption per head (FTE)	tCO ₂ e/FTE	0.20	0.17	0.23	0.30	0.98
Energy consumption	kWh	40,374	33,369	42,234	42,011	58,578
Energy consumption per head (FTE)	kWh/FTE	982	811	1,173	1,400	2,789
Total energy expenditure	£	25,334	14,134	14,805	8,033	9,868
Expenditure per head (FTE)	£/FTE	616	343	411	268	470
Average number of staff (FTE)	FTE	42	41	36	30	21

Fleet Vehicles

The NFC has a fleet of one leased diesel fleet vehicle, leased since 2022-23, which is used for forestry works across the NFC's estate. This vehicle meets the ULEZ emissions standards and will be replaced with a 100% battery electric powered vehicle when a suitable model is available on the market.

Fleet Vehicle (Scope 1)	Unit	2024-25	2023-24	2022-23
Scope 1 Emissions – Fleet Vehicle	tCO ₂ e	1.37	1.08	0.67
Fleet vehicle mileage	Miles	4,300	3,314	2,036
Fleet vehicle expenditure	£	830	925	604

Business Travel

The NFC's travel policy promotes low carbon forms of transport, car sharing and reduction of unnecessary travel to reduce environmental impact. Business travel has increased slightly, although staff continue to work within the guidelines of the blended framework, with meetings continuing to be held virtually alongside office working. Business travel mainly relates to inspections of management and planting works across the Forest and meetings with external stakeholders and partners that cannot be held virtually.

Business Travel (Scope 3)	Unit	2024-25	2023-24	2022-23	2021-22	2017-18
Total Scope 3 Emissions – Business Travel	tCO ₂ e	6.98	10.53	5.36	2.12	8.99
Scope 3 Emissions – Business Travel – Car	tCO ₂ e	4.96	4.88	4.21	2.09	8.99
Business Travel – Car – Staff (including Chief Executive)	Miles	17,123	16,224	13,602	7,462	22,951
Business Travel – Car – Staff mileage per head	miles/FTE	416	394	378	249	1,093
Average number of staff (FTE)	FTE	42	41	36	30	21
Business Travel – Car – Trustee	Miles	1,347	1,982	1,731	108	7,674
Business Travel – Car – All mileage	Miles	18,470	18,206	15,333	7,570	30,625
Scope 3 Emissions – Business Travel – Train	tCO ₂ e	0.63	0.63	0.95	0.03	N/A
Business Travel – Train	Km	17,751	17,627	26,778	816	N/A
Scope 3 Emissions – Business Travel – Air	tCO ₂ e	1.39	5.02	0.20	0.00	0.00
Business Travel – Air	Km	7,600	26,618 ¹	806	0	0
Total Business travel costs	£	16,205	16,254	20,601	5,491	22,381

Travel data includes official business travel by all staff and Trustees. Mileage relates to travel in staff/Trustees' own vehicles. Total business travel costs includes car mileage, rail and air.

Train travel data includes available mileage booked through the NFC's travel operator from July 2018 onwards. Data is unavailable prior to this data.

¹ Data has been reinstated due to double counting in the previous year.

Waste minimisation and management

The majority of waste generated at the NFC's office is paper and cardboard, all of which is recycled. Paper usage has decreased significantly in 2024-25 due to a move to paperless invoice processing in March 2024. Data reported between 2010-11 to 2014-15 averaged at 122 reams. Data from this point onwards is unavailable and the last reported value has been used as a baseline.

Waste	Unit	2024-25	2023-24	2014-15
Paper purchased	A4 ream equivalent	45	90	125

All other recyclable materials are recycled via the local authority recycling services; no data is currently available for this, nor for the minimal amount of waste that is not recyclable. IT equipment is recycled for refurbishment and re-use. Staff take home any food waste for composting.

In helping to plant more than 9.8 million trees across the National Forest, a critical aspect has been the need to help protect the trees from browsing mammals. Our current primary method is to use fencing, although different higher density tree planting is also an option. Fossil fuel based plastic

guards have been eradicated from use on our estate, however, where necessary in a small number of cases non-plastic tree guards are used on the estate. The NFC's grant schemes also promote the non-plastic tree guard option to landowners to reduce plastic waste and contamination. Ongoing work is being undertaken with contractors and volunteers, through the NFC's grants, to remove plastic tree guards on previously planted sites. These are collected and recycled into outdoor furniture where possible.

Water use (finite resource consumption)

Charges for water are included within the landlord's service charge for the building the NFC leases part of. The landlord does not provide usage data and data is not metered per business occupant, so accurate data is not available.

The volunteer hub is used infrequently, and water supply has been minimal at 1m² across the year. This will be monitored and reported as usage of the hub increases.

Sustainable Procurement

The NFC is aware of the role of public sector and charity procurement in meeting organisational needs for goods, services, works and utilities, while achieving value for money on a whole-life basis, minimising damage to the environment and generating benefits for society and the economy.

Wherever possible, the NFC ensures that environmental and social considerations are built into procurement processes, including environmental footprint, ethical considerations and social impact. Information on environmental policies of potential suppliers is requested and these are reviewed, where appropriate, as part of the tendering procedure when seeking to award contracts or place orders for goods and services. The NFC continues to develop its procedures to ensure that sustainability is fully integrated throughout the procurement process.

Nature Recovery and Biodiversity action planning

The NFC's contribution to nature recovery and biodiversity action planning is based on our own estate and contribution to habitat enhancements with partners across the National Forest. During the year, the estate increased from 692 to 729 ha of woodlands and other habitats, and across the Forest 725 ha of habitats were enhanced through management improvements. The total area of the Forest that is now supporting biodiversity is 29%.

Climate Change Adaptation

The NFC's work to support climate change adaptation includes changes in tree species selection to improve resilience of the Forest, connecting habitats to facilitate movement of wildlife as the climate changes, and a range of forest creation schemes to support economic and social adaptation. This includes providing green infrastructure for urban cooling, agroforestry and parkland trees to support changes in farming and wider habitat enhancements to slow the flow of water in river catchments.

Reducing environmental impacts from ICT and Digital

Our approach to reducing environmental impacts from ICT and Digital includes a focus on paperless practices, minimising data storage and expanding our use of cloud services and reducing the need for legacy physical infrastructure.

Sustainable Construction

Feasibility work has been completed this year to explore current carbon emissions from our estate buildings and opportunities to reduce these. This included examining replacement heating systems for the Conkers Discovery building and the potential for PV panels to meet some of the on-site electricity demand. Next steps will be to integrate the feasibility report's recommendations into the refurbishment of Conkers over the coming years. Further feasibility has explored the potential of extracting heat from mine water beneath the Conkers site although that has now been paused pending further work by the Mining Remediation Authority.

The refurbishment of the NFC's Gatehouse building was carried out and delivered to time and cost with a local contractor, improving energy efficiency whilst re-purposing the building as a volunteer hub. This work has improved procedures in sustainable procurement for the NFC's buildings, including fossil fuel use, the impacts on nature and environment, circularity, waste and lifetime costs/replacement of materials.

Additional sustainability activities

In 2024, the NFC appointed Small World Consulting to undertake a carbon footprint assessment of the National Forest landscape. This produced a baseline of carbon emissions in the Forest as of 2022, when the latest data were available. The report also produced land use targets to scale up carbon sequestration and a science-based fair-share decarbonisation trajectory across key priority areas. The analysis shows that since the early stages of Forest creation in the 1990s, trees and woodlands across the area, both newly planted and pre-existing, have captured 730,000 tonnes of CO₂e. In 2022 alone, over 50,000 tonnes of CO₂e were sequestered. The NFC will continue to track changes in the carbon footprint moving forward, helping to understand the effect of the National Forest on decarbonisation of the local area. Findings from this assessment will help to inform the development of future NFC strategies, including the upcoming forest creation strategy.

As part of the NFC's mitigation towards net zero or being carbon positive, trees were planted at the NFC's Minorca West site, specifically with the purpose of being monitored and evaluated for their carbon sequestration benefits and balanced against the NFC's carbon footprint. Assessment is also being made of new land acquisitions to assess their suitability for carbon accreditation of tree planting through the Woodland Carbon Code, to formalise the NFC's net carbon position.

The NFC's trial with biochar continues in collaboration with the University of Nottingham. The research is in the early stages of evaluation, but initial results demonstrate a positive impact on the soil. This work continues to help shape the NFC's future considerations for the use of biochar on the estate and in working with Heartwood Community Woodland Group (who were assisted in the purchase of a small kiln to make biochar). The NFC is also exploring the benefits of engaging volunteers in making small batches of biochar.

Biomass continues to be a common output for managed woodlands across the National Forest. The current stage and size of timber being produced in many woodlands results in thinnings being used as fuelwood and this trend is likely to continue for a large proportion of woodlands for the next decade or more. One large biomass business in the Forest continues to act as the major contractor and supplier of local biomass. This business has been supported in previous years through the NFC's Woodland Economy Grants.

The strategic report was approved by the Trustees on 14 October 2025 and signed on their behalf by:



Dr Tony Ballance

Chair of the Board of Trustees
14 October 2025



John Everitt OBE FRSA

Chief Executive/Accounting Officer/Trustee
14 October 2025

Statement of Trustees' and Accounting Officer's Responsibilities

The Board of Trustees of the National Forest Company is required to prepare a statement of accounts for each financial year in accordance with applicable law and regulations.

Section 394 of the Companies Act 2006 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 Company and of the profit or loss of the Company for that period. The Secretary of State for Environment, Food and Rural Affairs has directed the National Forest Company to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Company and of its incoming resources, application of resources and cash flows for the financial year.

In preparing the financial statements, the Trustees are required to comply with the requirements of FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting by Charities issued by the Charity Commission with regard to any additional requirements arising from the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Environment, Food and Rural Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Principal Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Chief Executive of the National Forest Company as the Company's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which

the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Forest Company's assets, are set out in Managing Public Money published by HM Treasury.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- 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; and
- the annual report and accounts as a whole are fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Dr Tony Ballance

Chair of the Board of Trustees
14 October 2025



John Everitt OBE FRSA

Chief Executive/Accounting Officer/Trustee
14 October 2025

Governance Statement

Overview

The National Forest Company (NFC) is a charitable company (limited by guarantee). As a charity, the NFC exists to carry out its charitable purposes.

As a Non-Profit Institution within the Public Sector specifically Central Government, the NFC operates at 'arm's length' from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra).

The NFC Board is responsible for leading and directing the Charity and for determining strategy and guiding operational activity. The terms of a Framework Document agreed between Defra and the NFC sets out the governance arrangements to be adhered to, clarifying the roles and responsibilities of Defra, including those of the Secretary of State as a Member of the NFC, and of the NFC itself. Its provisions enable Defra to monitor performance and delivery in relation to grants given to the NFC and describe the arrangements that exist to safeguard propriety and regularity.

The NFC seeks to comply with good practice as issued by the Charity Commission. It also complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' as it applies to the NFC, and operations are underpinned by the seven core principles ('the Nolan Principles') of good governance for public services. This Governance Statement provides an evaluation of the effectiveness of the NFC's governance, risk and internal control arrangements.

Governance Arrangements

Members and Board of Trustees

In accordance with the Articles of Association, the NFC Chair and Secretary of State for Environment, Food and Rural Affairs and at least two further independent individuals are Members of the Charity. The Secretary of State is in a minority when voting on NFC business and therefore cannot exercise a controlling influence.

The Board of Trustees was established in March 2016. The Board determines the strategy of the organisation and ensures that appropriate policies and procedures are in place to fulfil its obligations as to the use of public funds.

The Chair and Trustees, excluding the Chief Executive, are not remunerated but are entitled to be reimbursed out of pocket expenses necessarily incurred in fulfilling their duties. The NFC Chief

Executive is a Trustee and their remuneration is detailed in the Remuneration and Staff Report. All Trustees provide declarations of interest and these are recorded in a Register of Interests which is available on the National Forest Company website <https://www.nationalforest.org/about/who-we-are/our-governance/publication-scheme>.

The Board meets four times a year, and additionally as necessary, to consider business performance, organisational structure and strategy. The Board is the main decision making body of the NFC with a quorum based on three Trustees. Decisions are taken by the Board on key issues relating to governance, finance, policy and strategy. The Scheme of Delegations sets out decisions and responsibilities delegated to Committees, Working Groups and staff.

The membership of the Board of Trustees in 2024-25, excluding the Chief Executive, was as follows:

Tony Ballance (Chair)

Penny Coates

Ruth Gadsen

Alison Field

Paddy Harrop

Anne Jenkins

Mike Kapur

Matt Robinson

Paddy Harrop's term of office ended on 31 December 2024, having served two terms of three years.

Trustee recruitment is conducted through fair and open competition following Charity Commission guidance and with a focus on supporting diversity and inclusion. New Trustees undergo an induction programme to reinforce the roles and responsibilities of a Trustee, governance arrangements and the vision and strategy for the National Forest.

Standard agenda items for Board meetings include the Chief Executive's quarterly report and strategic summary reporting on progress against operational targets, giving headline commentary on activity, and an assessment of key risks. Declarations of interest, finance, income generation performance, oversight of delivery of Forest Creation, and a report of the activities of the Subsidiary Company are also standing items. Minutes from sub-committees of the Board, Working Groups and the Subsidiary

Company are also included within papers sent to Trustees.

Membership of the Board, its Committees, Working Groups and Subsidiary Board is provided on page 27.

During 2024-25 the Board considered a range of matters including:

- reviewing the annual NFC programme of work and budget;
- considering Conkers' 2023-24 trading performance, together with progress against Conkers' transformation plan;
- noting developments in relation to the Midlands Forest Network initiative;
- having oversight of the NFC's involvement in the Western Forest, and new national forests;
- agreeing Trustee succession and recruitment, together with Member recruitment;
- reviewing risk management, including consideration of strategic risks (charity and subsidiary) relating to the delivery of the NFC's objectives, going concern and financial sustainability;
- conducting an annual review of key policies;
- receiving the annual report of the Audit & Risk Committee;
- approving the annual landholding and valuation review;
- approving forest cover activities, including the 2024 Changing Landscape Scheme applications;
- agreeing land acquisitions (inside and outside the Forest boundary) recommended by the Land & Forestry Working Group;
- providing a steer on the forest creation strategy, including outside the boundary as part of the Midlands Forest Network and nationally through the new national forests initiatives;
- providing a steer on the fundraising strategy;
- revisiting the NFC's Equality, Diversity and Inclusion (EDI) statement and action plan;
- updating terms of reference for the Board, subsidiary Board, Committees and Working Groups; and
- approving the adoption of organisational trustee status for the new Charnwood Geopark body.

The Board undertakes annual reviews of its governance and Board effectiveness. The format of the review is based on the Charity Governance Code which sets the principles and recommended practice for good governance and drawing upon the Charity Commission's guidance using the recognised hallmarks of an effective charity, ie organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; diversity and openness and accountability.

The review again demonstrated that the NFC's governance processes and practice provide a high level of assurance against the Charity Commission's key principles and therefore provide a strong basis for assessing Board performance as 'effective'. There continues to be consensus amongst Trustees, and between staff and Trustees, on areas of strength, compliance and weakness. The review also assessed the quality of data, reports and papers to the Board which were considered to be of a good standard, enabling the Board to make effective decisions.

Whilst no areas requiring significant improvement were identified, work continued to build on the NFC's commitment to equality, diversity and inclusion (EDI), through a dedicated EDI steering group, action plan, and annual Board EDI strategy session.

Subsidiary Company

The National Forest Enterprises Ltd (NFE) oversees the commercial activities and assets of the Conkers Centre and estate, including the operating contract with Planning Solutions Ltd.

The directors of the subsidiary company are appointed by the NFC Board of Trustees and the company is chaired by an NFC Trustee, with the NFC Chief Executive also sitting on the board as a director to ensure that activities and any investment reflects the interests of the NFC. Operating non-primary purpose trading activity through the subsidiary provides additional safeguards to the NFC and generates unrestricted income through the gifting of profits at the year end.

A proportion of annual profits from the operation of Conkers are paid by Planning Solutions Ltd to National Forest Enterprises Ltd. The subsidiary company does not employ staff but the costs of NFC staff working on behalf of the company are recharged to the subsidiary and paid from the annual profits. Gift aid on visitor admissions to Conkers is received directly by the Charity and Trustees agree to its use to support priorities including investment in Conkers and/or time for

staff working on behalf of the company. Additional capital investment in Conkers as an asset of the Charity is also agreed by the NFC Board as advised by the subsidiary company.

In 2024-25, the National Forest Enterprises Board met four times and its work included:

- taking forward plans for the redevelopment of the Conkers Visitor Centre, strategic alignment to the new vision, and investment in repairs and maintenance;
- agreeing to recruit an additional Non-Executive Director to the Board with skills to complement the redevelopment ambitions for Conkers;
- approving the financial accounts (year ended March 2024) for the subsidiary;
- overseeing the operating contract for Conkers and monitoring financial security, budget, risk, health and safety, repairs and maintenance, key performance indicators and insurance; and
- overseeing the strike-off of the former subsidiary company, The Forest Experience Limited, on 23 July 2024.

Future business priorities for 2025-26 include masterplanning for the redevelopment of Conkers, together with fundraising and business planning for capital investment.

Whilst consolidated figures are included in these Group accounts, further details of the subsidiary company can be found in its individual annual report.

Board Committees and Working Groups

The Board of Trustees is supported by various Committees and Working Groups.

Each Committee and Working Group has key functions to discharge, and each is chaired by a Trustee, together with additional Trustee or non-executive representation. Appropriate staff are also involved.

The Committees and Working Groups are:

- Audit & Risk Committee (ARC) – covering issues on finance, investments, risk, health and safety, governance, policy and HR;
- Remuneration Committee – covering issues on remuneration of the Chief Executive and senior staff;
- Land & Forestry Working Group – covering issues on land policy, forest creation, forest

management and economy, NFC owned sites, access creation and biodiversity;

- Development Working Group – covering issues on income generation, marketing and communications, brand and product development; and
- Tourism, Recreation & Communities Working Group – covering issues on tourism and facilities, recreation and access, and communities, health, education, arts and training.

All Committees and Working Groups have written terms of reference.

Audit & Risk Committee (ARC)

The role of ARC is to provide assurance and recommendations to the Board on the effectiveness of its governance, financial management, internal control and risk management systems. ARC also monitors the work of external audit and the effectiveness of the internal audit service. The Committee also presents an annual report on its activities to the Board. ARC comprises of at least 3 Trustees, with the Chief Executive attending in their capacity as Accounting Officer.

ARC met 5 times during 2024-25. Its work included consideration of the financial statements and the Audit Completion Report issued by the external auditor prior to the accounts being certified by the Comptroller & Auditor General (C&AG) with an unqualified audit opinion; considering reports issued by internal audit; scrutinising finance reports, including income generation, prior to being presented to the Board; reviewing accounting policies; safety, health and wellbeing; fulfilling its responsibilities in respect of risk management (see below), and oversight of investments and performance of the appointed fund manager.

During the year, the Committee sought assurances from management that recommendations from the prior year's audit were being implemented. These included making improvements to the land valuation report and income recognition.

Other business conducted by ARC during the year included:

- reviewing strategic and standing risks, together with a going concern assessment, giving consideration to emerging risks. This included a workshop to consider the appropriateness of the risk register and mitigations, the risk management policy and risk appetite statement;
- overseeing relevant issues relating to the performance of Conkers;

- considering finances and risks relating to the Nature for Climate Fund programme, together with an assessment of the adequacy of oversight and controls;
- approving key policies, eg Financial Reserves; Health and Safety; Investment Policy Statement (including Ethical policy); Safeguarding; Scheme of Delegations; Volunteer; Wellbeing Framework; Whistleblowing, Tree Safety Management, and the Equality, Diversity and Inclusion Statement;
- reviewing the NFC's VAT arrangements, including registration and Partial Exemption Special Method (PESM);
- assessing performance against annual value for money indicators.
- reviewing fraud and risk, alongside the whistleblowing policy.

ARC also conducted its annual review of its effectiveness, utilising the National Audit Office's checklist, based on HM Treasury's Audit Committee Handbook. The conclusion was that the Committee continues to operate effectively and there were no areas of concern.

Remuneration Committee

The Remuneration Committee supports the Board in discharging its responsibilities for remuneration issues and generally meets once a year. Membership of the Committee comprises 3 Trustees including the Chairs of both the Board and ARC. The Committee provides the Board with recommendations on the Chief Executive's remuneration and benefits, and advises the Chief Executive on the pay and benefits of other senior staff. During the year the Committee considered and approved the framework for the NFC's revised pay bands for staff following discussion with Defra.

Land & Forestry Working Group

The Land & Forestry Working Group meets at least 4 times a year and is chaired by an NFC Trustee. Membership includes the Charity's retained land agent. Its primary function is to support and provide strategic oversight of the land and forestry aspects of the Charity's work.

In 2024-25 the Group's work included:

- leading delivery of Defra's Nature for Climate Fund (NFCF) programme through monitoring progress against the pipeline and targets for forest creation and woodland management, including overseeing forest creation and woodland management schemes;
- providing a steer on the NFC's landholdings and acquisitions/disposals;
- receiving updates on the Land & Forestry work programme and key performance indicators;
- developing the future Forest Creation Estate Strategy;
- conducting policy reviews, eg Tree Safety Policy, Pest and Disease;
- discussing woodland management and public access baselines;
- leading on measuring impact in the National Forest;
- overseeing the second Environmental Land Management test and trial.

Development Working Group

The Development Working Group meets 4 times a year and is chaired by a Trustee with external advisors. The primary function of the Group is to support the Development functions and provide strategic oversight relating to income generation, marketing, brand and communications and project development. In 2024-25 the Group's work included:

- development and monitoring of the income generation strategy and campaign performance;
- commenting on the Development team's work programme and key performance indicators for 2024-25;
- reviewing the NFC's corporate offer;
- considering the group's terms of reference;
- revisiting the Ethical Policy.

Tourism, Recreation & Communities Working Group

The Tourism, Recreation & Communities Working Group meets 3 times per year and is chaired by an NFC Trustee with an external advisor. The primary role of the Group is to provide a strategic overview and support in relation to tourism, recreation, arts and creativity, and community development activity. In 2024-25, the Group's work included:

- reviewing the work programme for 2024/25 and performance against targets;
- progressing a new Tourism Plan and programme of early market engagement for new tourism accommodation;
- overseeing the winding down of the National Forest Festival 'Timber';

- oversight of restricted projects including the Outdoor Learning Programme, Community Woodlands and Volunteering, and the Charnwood Forest Landscape Partnership Scheme;
- advice and guidance on restricted funding opportunities and bids relating to tourism, recreation and community activity;
- conducting an audit of the early years programme and considering next steps;
- exploring green social prescribing options;

- contributing to the Heart of the National Forest Vision.

Review of Effectiveness of Committees, Working Groups and the Subsidiary Board

The membership and remit of Committees and Working Groups and the Subsidiary Board is continually monitored to ensure it is fit for purpose. This has included scoping work for a new Non-Executive Director for the subsidiary company and bringing in additional specialist advisors to support the Trustees on Working Groups.

Attendance record of Trustees at meetings of the Board and its Committees, Working Groups and the Subsidiary Board

Board & Committee [Number of meetings in 2024-25]	Main Board [5]	Audit & Risk Committee [4]	Remuneration Committee [2]	Land & Forestry Working Group [5]	Development Working Group [2]	Tourism, Recreation & Communities Working Group [3]	National Forest Enterprises Ltd Board [4]
Trustee							
Tony Ballance	5/5*		2/2				
Penny Coates	4/5	4/4					3/4*
Ruth Gadsen	5/5				2/2*		
John Everitt**	5/5						4/4
Alison Field	5/5			5/5			
Paddy Harrop***	4/4	3/3		4/4*			
Anne Jenkins	4/5					3/3*	
Mike Kapur	3/5	4/4*	1/2				
Matt Robinson	5/5	3/4	2/2*				

* Denotes Chair.

** John Everitt attends the Audit & Risk Committee meetings and Remuneration Committee meetings in his capacity as Chief Executive and Accounting Officer.

*** Paddy Harrop retired 31 December 2024 with Alison Field taking over as Chair

Strategy and planning

The Board is responsible for determining the strategic direction of the organisation setting out the key objectives and indicators against which progress will be measured. It approved the Corporate Plan 2023-2026 which gives direction to strategic priorities for the Forest and the NFC and a clear framework for measuring success. The Plan provides the basis for annual work programmes and budgets, and is divided into 5 main operational themes centred around Create, Manage, Inspire, Engage and Grow. Development themes of building the brand and securing resources for the Forest, and Support Services themes relating to effective governance and management are also included.

The NFC's activity during 2024-25 was guided by the objectives and targets as detailed in the Plan and progress reports were given to the Board at each quarterly meeting. During the year further work was also carried out to summarise the National Forest vision and strategy for the new website, as well as producing the Thriving Together report to demonstrate progress and future plans for the NFC.

Whilst the NFC operates at arm's length from Defra, the Charity in its business plan needs to demonstrate how it uses grant funding from Defra to contribute to the Department's own business plan priorities and wider strategic objectives.

Defra's 25 Year Environment Plan produced in 2018 and Environmental Improvement Plan recognise the valuable role that forests and woodlands play in protecting and enhancing natural capital, including commitments to the public forest estate, national targets and community forestry. The Nature for Climate Fund and England Trees Action Plan developed in 2020-21 provide dedicated resources and greater policy direction to this agenda, and the NFC is represented on strategic and operational groups to contribute to the delivery of targets, now including the Nature for Climate Fund Programme Board.

These strategic initiatives include the NFC's contribution to national targets and manifesto commitments, specifically in relation to forest creation, tree planting and woodland management.

In 2024-25, the NFC continued plans in partnership with the Woodland Trust and wider partners to create the Midlands Forest Network. This initiative supports delivery of tree planting targets whilst using the experience from the National Forest to accelerate woodland creation outside of the National Forest boundary. During the year, the government set out a new manifesto commitment for 3 new national forests drawing on the NFC's

expertise and delivery. The NFC worked with Defra to take forward this work running a competitive process to identify potential project areas, culminating in the launch of the Western Forest in March 2025.

Internal controls and the work of internal audit

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charity's policies and objectives, to evaluate the likelihood of those risks being realized, the impact should they be realised, and to manage them efficiently, effectively and economically.

The programme of internal audit work undertaken by Forvis Mazars LLP during 2024-25, as approved by the Audit & Risk Committee, comprised both compliance and advisory activity including the following:

- Data protection;
- GIS Data mapping; and
- Financial controls – Restricted funds projects.

The one compliance based audit covered GDPR compliance, data protection and document retention arrangements. The audit specifically focused on general practices and processes compared with best practice, and an overview of the Customer Relationship Management (CRM) integration tool with the newly designed website. There were three moderate and one low recommendations with an overall assurance opinion of 'moderate'.

The two advisory based audits provided an advisory assessment and overview of the operational controls and internal usage of the new GIS data mapping system and an assessment of the systems and controls in place over the full processing of 'restricted funds' projects, which resulted in eight advisory recommendations. As a result of only one compliance based audit taking place, the internal auditors were unable to draw an informed opinion of the NFC's framework of governance, risk management and control.

There were no identified instances of fraud during the year.

Information management

The NFC takes the management of the information it holds very seriously and is not aware of any personal data losses in 2024-25 that would require notification to the Information Commissioner's Office.

All staff sign copies of the Company's policies relating to privacy and data handling and are mandated to undertake, and periodically repeat, the Civil Service Learning 'Security and Data Protection' course. All staff are engaged in work to further develop and embed protocols and good practice on the Customer Relationship Management database and staff are regularly reminded of the importance of following data handling procedures with regular refresher sessions and further training where necessary.

Safety, Health and Wellbeing

The NFC aims to ensure that all staff and volunteers remain safe and well and that the NFC's sites are safe, enjoyable places to visit. The NFC is committed to the Forest Industry Safety Accord and regularly reviews Safety, Health and Wellbeing policy and practices. Regular inspections are carried out at the NFC sites throughout the year.

Whistleblowing

The NFC has a Whistleblowing Policy and procedure with which all staff are familiar. There were no instances of whistleblowing in 2024-25, as was the case in 2023-24. The Policy includes reference to the NFC's Senior Independent Director as a contact and the requirement to report any serious cases to the Charity Commission. Staff are reminded of the Whistleblowing Policy and procedures at team meetings and through periodic updates, to ensure an open and accountable culture.

Risk Management

The NFC Board is responsible for determining the NFC's approach to risk, agreeing the Risk Policy, setting the culture and appetite for risk management and for monitoring the management of the highest scored risks as detailed in the Risk Register. Board Committees, Working Groups and the Subsidiary Board are responsible for overseeing the management of risks in their area of business and ensuring that the most effective plans are drawn up and implemented to mitigate them. This responsibility has been incorporated into their terms of reference.

The ARC has responsibility for reviewing the risk management process and the draft Risk Register before being presented to the Board.

The Committee is responsible for overseeing and reviewing the effectiveness of the systems of internal control and corporate governance within the Company with its assessment being informed by senior management and the work of the appointed auditors. Risk management features on the agenda for all ARC meetings.

The role of staff and the Senior Leadership Team (SLT) includes: identifying and evaluating significant risks faced by the NFC to be considered initially by ARC and subsequently the Board; implementing policies and associated action plans, and providing information to the Committees, Subsidiary Board and Working Groups on the status of risks and controls.

SLT is also responsible for producing the annual draft risk register. The register divides between the more strategic risks focusing on the key priorities and outcomes for the 3-year Corporate Plan and is formally reviewed by ARC and the Board every quarter. During the year, the risk policy and risk appetite statement were updated. Responsibility for the more operational risks falls to senior management and Working Groups and these are reported on in the Chief Executive's quarterly report to the Board which focuses on risks relating to the achievement of in-year targets.

In 2024-25 the key strategic risks related to the NFC's ability to scale up forest creation targets to meet Nature for Climate Fund commitments, and to take advantage of carbon/tree planting opportunities. Risks in relation to income generation and marketing also continued to feature, together with the long term development of Conkers and the staffing and governance of the organisation. These risks will continue to be managed during 2025-26 alongside the ongoing risks associated with the urgency of climate change, work on new national forests and the Spending Review settlement. The NFC's investments with Cazenove's Charity Responsible Multi-Asset Fund, in line with the NFC's investment policy, has no exposure to Ukraine or Russia and is being managed to limit risk from uncertain global trade policy. The investment policy includes the NFC's ethical policy with guidelines to inform investment decisions based on specific exclusions in line with the NFC's charitable purposes as well as social and environmental considerations including the UN global compact principles.

The NFC received no ministerial directions during the year.

Performance management

As Chief Executive, I have overall responsibility for the achievement of corporate objectives as detailed in the Corporate Plan. However, responsibility for delivery of many of these is delegated to other staff in the organisation.

Responsibilities and objectives are detailed in annual job plans for each employee and performance against these is assessed through the staff review system. This includes a mid-year and end of year assessment of how the individual has performed which determines any entitlement to a performance related bonus. The job plans also detail training and development needs identified to equip the individual to perform effectively.

The National Forest is being created for public benefit and the engagement and views of members of the public are welcomed. The Company has established procedures and arrangements for dealing with complaints and requests made under the Freedom of Information Act. During the year ended 31 March 2025, two complaints were received (compared with three in 2023-24). Both were responded to within the specified timescale and satisfactorily resolved.

Conclusion

As the designated Accounting Officer for the NFC, I have responsibility for the management and control of the resources used within the organisation and for discharging the responsibilities assigned to me in Managing Public Money.

I confirm that no significant issues in relation to governance, risk, performance or controls have arisen which need to be reported on in this Governance Statement.



John Everitt OBE FRSA

Chief Executive/Accounting Officer

14 October 2025

Remuneration and Staff Report

Remuneration Report

The NFC has prepared this Remuneration Report in accordance with the Government Financial Reporting Manual, which requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those who influence the decisions of the NFC as a whole and this is considered as meaning the Trustees and the Chief Executive.

Remuneration Policy

The Audit & Risk Committee has responsibility for advising the Board on strategic HR matters and the overall approach to NFC pay and reward, whilst the Remuneration Committee specifically advises the Board on the remuneration and benefits attached to the Chief Executive and advises the Chief Executive on pay and grading considerations relating to other senior roles.

The Remuneration Committee meets at least annually and comprises 3 Trustees, including the Chairs of the Board and Audit & Risk Committee.

Trustees' remuneration

Trustees, other than the Chief Executive, who is remunerated in his capacity as Chief Executive, do not receive any remuneration for their services. In accordance with the NFC's Articles of Association, all Trustees are entitled to the reimbursement

of reasonable travel and subsistence expenses necessarily incurred in fulfilling their duties. Excluding the Chief Executive, Trustees were reimbursed out-of-pocket expenses totalling £1,470 (2023-24: £1,760).

Remuneration of the Chief Executive (*subject to audit*):

The Chief Executive is the only executive Trustee of the NFC and the only Trustee who is a member of the Principal Civil Service Pension Scheme (PCSPS). John Everitt has been the NFC's Chief Executive since 5 January 2015. The Principal Accounting Officer for Defra has conferred Accounting Officer status on him. The salary for the post aligns most closely to the range for Senior Civil Service pay band 1.

The salary payable to the Chief Executive is reviewed on 1 April each year. In addition to salary, the Chief Executive is entitled to an annual non-consolidated, non-pensionable bonus of up to 10% of annual salary. The bonus payable is based on the performance level attained and is made as part of the appraisal process operating within the Company. The bonus relates to performance in the year it is reported. The level of bonus payable to the Chief Executive was determined by the Chair in consultation with members of the Remuneration Committee.

Emoluments of the Chief Executive (*this information is subject to audit*):

	2024-25				2023-24			
	Salary £'000	Bonus payments £'000	Pension benefits £'000	Total £'000	Salary £'000	Bonus payments £'000	Pension benefits £'000	Total £'000
John Everitt	90-95	5-10	36	135-140	85-90	5-10	35	130-135

Pension benefits are disclosed to the nearest £1,000

Salary

'Salary' includes gross salary; overtime; recruitment and retention allowances but excludes any bonus payments.

Pension benefits

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Benefits in kind

No benefits in kind (benefits provided by the NFC and treated by HM Revenue and Customs as a taxable emolument) were received in either year.

Benefits to which the Chief Executive qualifies under the PCSPS

(subject to audit)

	Accrued pension at pension age as at 31 March 2025	Real increase in pension and related lump sum at pension age	CETV at 31 March 2025	CETV at 31 March 2024	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
John Everitt	20 – 25	0 – 2.5	337	279	27

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this

report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the McCloud judgment). As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, CETV and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal and General Master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Read further details about the Civil Service pension arrangements at civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The

pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Staff Report

Staff employed *(totals subject to audit)*

Average number of persons employed (full time equivalent)

	2024-25			2023-24		
	Permanent (FTE)	Other (FTE)	Total (FTE)	Permanent (FTE)	Other (FTE)	Total (FTE)
Employees	34.9	6.7	41.6	31.1	8.3	39.4

Pay multiples and fair pay disclosure

(subject to audit)

The banded remuneration of the highest-paid employee (based on annualised, full-time equivalent) as at the reporting period end date was £100,000-£105,000 (2023-24: £95,000-£100,000). The highest-paid employee for both years was the Chief Executive.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee (based on the midpoint of their band) and the lower quartile, median and upper quartile remuneration of the organisation's workforce based on the full-time equivalent staff

at the year-end date on an annualised basis. This is shown in the table below, as at the reporting period end date.

	Lower (25th) quartile	Median	Upper (75th) quartile
31 March 2025			
Remuneration (Salary and benefits)	£35,025	£41,780	£47,048
Highest paid as multiple	2.9	2.5	2.2
Salary only (excl. bonuses and benefits in kind)	£34,157	£40,712	£45,453
Highest paid as multiple	2.7	2.3	2.0
31 March 2024			
Remuneration (Salary and benefits)	£32,495	£38,013	£45,096
Highest paid as multiple	3.0	2.6	2.2
Salary only (excl. bonuses and benefits in kind)	£31,681	£36,104	£41,425
Highest paid as multiple	2.8	2.4	2.1

The movements in the multiple are marginal and mostly correspond to the method of the calculation as it is based on the midpoint of the band of the Chief Executive and the movement in the midpoint is not a true reflection of any percentage increase in the remuneration of the highest paid individual. However, for the past two years, the percentage increase of the remuneration of the median employee has increased at a higher rate than the percentage increase of the remuneration of the highest paid individual. This is mainly due to pay uplifts for a number of operational roles as a result of expanding responsibilities as the organisation continues to grow.

Total remuneration includes salary, non-consolidated performance-related bonuses, and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Remuneration for the workforce at the reporting period end date, including fees paid, agency staff, apprentices and including the highest-paid employee, ranged from banded remuneration of £20,000-£25,000 to £100,000-£105,000 (2023-24: from banded remuneration of £20,000-£25,000 to £95,000-£100,000). The salary and related costs arising from the employment of staff are detailed in note 14 of the financial statements.

The percentage change in the remuneration of the highest paid employee was 4.1% (2023-24: 6.7%). The percentage change excluding bonus and benefits in kind was 5% (2023-24: 5.5%).

The percentage change in the average remuneration of employees was 5.3% (2023-24: 13.3%). The percentage change excluding bonuses and benefits in kind: 7.7% (2023-24: 10.1%).

Sickness absence

Staff absence due to sickness equated to an average of 4.5 days per employee during the year (2023-24: 2 days). The increase being the result of long term absences for ill health.

Gender diversity

The gender split of Trustees and staff employed as at 31 March 2025 was as follows:

	Female	Male	Total
Trustees	4	4	4
Staff, including the Chief Executive	27	16	43

Equal Opportunities

The Company is an equal opportunities employer. It is committed to a policy of non-discrimination on grounds of gender or marital status, sexual orientation, health (including pregnancy), disability, age, religion, colour, nationality or ethnic or national origin. Staff are required to observe this policy of non-discrimination in their dealings with members of the public and colleagues at work. All new staff are appointed on the basis of ability, qualification and suitability for the post. All staff are required to complete a diversity and inclusion course as part of a suite of mandatory training.

Staff engagement

Various channels are used to regularly communicate with staff, including weekly updates from the Chief Executive, fortnightly team meetings as well as individual team meetings. Key documents such as the Corporate Plan, papers and minutes of meetings of the Board, Audit & Risk Committee and Working Groups are made available to all staff. All staff team days are held regularly, an opportunity where everyone can be involved in generating new ideas, can contribute their thoughts and can engage

with continuing developments and plans for all areas of our work.

The NFC continues to operate a Blended Working Framework to support flexible working. During the year an employee engagement survey was conducted, which gathered feedback on how the framework was functioning. The results of this were analysed by the Senior Leadership Team and discussed with individual teams. No significant issues were identified. Measures to promote staff wellbeing and benefits continue to be embedded with staff not only being offered Mental Health First Aid training but having access to 24-hour counselling, a Cycle to Work Scheme, eyecare vouchers, gym and fitness discounts, together with subscriptions to Headspace which provides support for good mental health.

Staff are incentivised to deliver high quality outcomes for the National Forest through an annual performance-related bonus scheme linked to their job descriptions, with an in-year bonus scheme also used to reward exceptional effort.

A handwritten signature in black ink, appearing to read 'J. Everitt', with a large, stylized loop at the end.

John Everitt OBE FRSA

Chief Executive/Accounting Officer

14 October 2025

The Certificate and Report of the Comptroller and Auditor General to the Members of The National Forest Company and the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of the National Forest Company and its group for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000. The financial statements comprise the National Forest Company and its group's:

- Balance Sheet as at 31 March 2025;
- Consolidated Statement of Financial Activities including Income and Expenditure Account, and Consolidated Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Forest Company and its group's affairs as at 31 March 2025 and its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial

transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the National Forest Company and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Forest Company and its group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Forest Company and its group'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.

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

Other information

The other information comprises the information included in the Strategic Report and Directors' Annual Report but does not include the financial statements and my auditor's report thereon. The

Trustees and the Accounting Officer are responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury's Financial Reporting Manual.

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

- The Strategic Report and Directors' Annual Report have been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic Report and Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Forest Company and its group and their environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report and Directors' Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not

been received from branches not visited by my staff; or

- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement has not been prepared by the parent company; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Trustees and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Forest Company and its group from whom the auditor determines it necessary to obtain audit evidence.
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and the Charities Act 2011;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006 and the Charities Act 2011; and
- assessing the National Forest Company and its group'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 directors either intends to liquidate the entity or the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to certify and report on the financial statements in accordance with applicable law and the Government Resources and Accounts Act 2000.

My 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 certificate that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Forest Company and its group's accounting policies.
- inquired of management, the National Forest Company and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Forest Company and its group's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Forest Company and its group's controls relating to the National Forest Company and its group's compliance with the Companies Act 2006, Charities Act 2011, and Managing Public Money;
- inquired of management, National Forest Company and its group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
 - discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Forest Company and its group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Forest Company and its group's framework of authority and other legal and regulatory frameworks in which the National Forest Company and its group operates, I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Forest Company and its group. The key laws and regulations I considered in this context included Companies Act 2006, Charities Act 2011, the FRS 102 Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, the Government Financial Reporting Manual, Managing Public Money, employment law and tax Legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Gareth Davies

Comptroller and Auditor General

20 October 2025

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

National Forest Company

Consolidated Statement of Financial Activities and Income and Expenditure (SOFA) for the year ended 31 March 2025

	Note	Unrestricted funds £	Restricted funds £	Total 2024-25 £	Total 2023-24 (restated) £
Income					
Grant in aid	3	2,538,846	757,519	3,296,365	2,527,275
Nature for Climate Fund	3	–	3,158,000	3,158,000	1,399,799
Donations and legacies	4	1,248,010	32,600	1,280,610	1,315,657
Charitable activities	5	692,086	1,569,654	2,261,740	1,730,622
Other trading activities	6	80,658	–	80,658	123,021
Investment income	7	109,068	–	109,068	110,680
Total Income		4,668,668	5,517,773	10,186,441	7,207,053
Expenditure					
Raising Funds	8	908,545	–	908,545	816,633
Charitable Activities	8	4,511,332	3,831,066	8,342,398	7,216,370
Total Expenditure		5,419,877	3,831,066	9,250,943	8,033,003
Net Income/(Expenditure) before gains or losses		(751,209)	1,686,707	935,498	(825,950)
Net gains/(losses) on investments	17	(102,340)	–	(102,340)	173,681
Net Income/(Expenditure) before transfers		(853,549)	1,686,707	833,158	(652,269)
Transfers		1,686,152	(1,686,152)	–	–
Net Income/(Expenditure) after transfers		832,603	555	833,158	(652,269)
Other recognised gains/(losses)					
Gains/(losses) on revaluation of fixed assets		(23,481)	–	(23,481)	(4,565)
Gains/(losses) on foreign currency		–	–	–	(257)
Net movement in funds		809,122	555	809,677	(657,091)
Reconciliation of funds:					
Total Funds brought forward at start of the year		15,538,522	485,120	16,023,642	16,680,733
Total Funds carried forward at end of the year		16,347,644	485,675	16,833,319	16,023,642

The Statement of Financial Activities (SOFA) also complies with the requirements for an income and expenditure account under the Companies Act 2006. All income and expenditure derive from continuing activities. The comparative information for 2023-24 is provided in note 30. Information on the prior year adjustment and restatement is provided in note 2 and note 33, and affects notes 6, 7 and 17.

National Forest Company

Group (Consolidated) Balance Sheet as at 31 March 2025

	Notes	£	2025 £	2024 (restated) £
Fixed Assets:				
Intangible assets	15		116,846	201,545
Tangible assets	16		12,409,306	11,418,261
Investment property	17		2,283,000	2,370,000
Investments	17		507,270	524,183
Total Fixed Assets			<u>15,316,422</u>	<u>14,513,989</u>
Current Assets:				
Debtors	19	599,593		902,778
Cash at bank and in hand		<u>1,573,091</u>		<u>1,672,733</u>
Total Current Assets		<u>2,172,684</u>		<u>2,575,511</u>
Creditors: amount falling due within 1 year	20	<u>(655,787)</u>		<u>(1,065,858)</u>
Net Current Assets			<u>1,516,897</u>	<u>1,509,653</u>
Total Assets less Current Liabilities			<u>16,833,319</u>	<u>16,023,642</u>
Total Net Assets			<u><u>16,833,319</u></u>	<u><u>16,023,642</u></u>
The Funds of the Group:				
Restricted funds	25		485,675	485,120
Unrestricted funds:				
Designated funds	26	14,968,799		4,101,350
General funds		<u>682,767</u>		<u>10,717,613</u>
			15,651,566	14,818,963
Revaluation Reserve			696,078	719,559
			<u><u>16,833,319</u></u>	<u><u>16,023,642</u></u>

The National Forest Company is exempt under the provisions of Section 475 of the Companies Act 2006 from making the disclosure requirements under Part 16 under Section 482 (non-profit making companies subject to public sector audit) of that Act. Information on the prior year adjustment and restatement is provided in note 2 and note 33, and affects notes 16, 17, 26 and 32.

The Annual Report & Accounts were approved and authorised for issue by the Board of Trustees on 14 October 2025 and signed on behalf of the Board of Trustees:



Dr Tony Ballance
Chair

Dated: 14 October 2025



John Everitt OBE FRSA
Chief Executive/Accounting Officer

Dated: 14 October 2025

The National Forest Company (Company number 02991970)

National Forest Company

Parent Charity Balance Sheet as at 31 March 2025

	Notes	£	2025 £	2024 (restated) £
Fixed Assets:				
Intangible assets	15		116,846	201,545
Tangible assets	16		11,383,421	10,392,376
Investment property	17		1,195,000	1,220,000
Investments	17		507,270	524,183
Total Fixed Assets			<u>13,202,537</u>	<u>12,338,104</u>
Current Assets:				
Debtors	19	656,812		887,151
Cash at bank and in hand		<u>1,504,220</u>		<u>1,672,634</u>
Total Current Assets		<u>2,161,032</u>		<u>2,559,784</u>
Creditors: amount falling due within 1 year	20	<u>(644,135)</u>		<u>(1,050,147)</u>
Net Current Assets			<u>1,516,897</u>	<u>1,509,638</u>
Total Assets less Current Liabilities			<u>14,719,434</u>	<u>13,847,742</u>
Total Net Assets			<u><u>14,719,434</u></u>	<u><u>13,847,742</u></u>
The Funds of the Charity:				
Restricted funds	25		485,675	485,120
Unrestricted funds:				
Designated funds	26	13,112,415		2,951,350
General funds		<u>682,766</u>		<u>9,949,213</u>
			13,795,181	12,900,563
Revaluation Reserve			438,578	462,059
			<u><u>14,719,434</u></u>	<u><u>13,847,742</u></u>

The net movement of funds reported in the Statement of Financial Activities of the parent charity for the year was £871,692 (2023-24: £(727,360)). Information on the prior year adjustment and restatement is provided in note 2 and note 33, and affects notes 16, 17, 26 and 32.

The Annual Report & Accounts were approved and authorised for issue by the Board of Trustees on 14 October 2025 and signed on behalf of the Board of Trustees:



Dr Tony Ballance
Chair

Dated: 14 October 2025



John Everitt OBE FRSA
Chief Executive/Accounting Officer

Dated: 14 October 2025

The National Forest Company (Company number 02991970)

National Forest Company

Consolidated cash flow statement for the year ended 31 March 2025

	2024-25	2023-24
	£	(restated) £
Cash Flow from Operating Activities:		
Net cash flow from operating activities	1,588,799	355,143
Cash Flows from Investing Activities:		
Interest and rent from investments	109,068	110,680
Purchase of intangible fixed assets	–	(62,268)
Purchase of tangible fixed assets	(1,799,082)	(1,310,079)
Purchase of investment property	–	–
Proceeds from the sale of investments	1,573	–
Net Cash Used in Investing Activities	(1,688,441)	(1,261,667)
Effect of exchange rate changes on cash	–	(257)
Change in Cash and Cash Equivalents in the year	(99,642)	(906,781)
Cash and cash equivalents at start of the year	1,672,733	2,579,514
Cash and Cash Equivalents at end of the year	1,573,091	1,672,733

Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities

	2024-25	2023-24
	£	(restated) £
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	833,158	(652,269)
Adjustments for:		
Depreciation charges	35,635	30,676
Amortisation	59,726	–
Loss on disposal of intangible assets	24,973	–
(Gains)/losses on investments	102,340	(173,681)
Impairment charges	748,921	1,105,171
Decrease/(increase) in debtors	303,185	(30,400)
(Decrease)/Increase in creditors	(410,071)	186,326
Interest and rent from investment	(109,068)	(110,680)
	1,588,799	355,143

Analysis of Cash and Cash Equivalents

	2024-25	2023-24
	£	£
Cash in hand and at bank	1,573,091	1,672,733
Total Cash and Cash Equivalents	1,573,091	1,672,733

Information on the prior year adjustment and restatement is provided in note 2 and note 33.

Notes to the Accounts

1 Accounting Policies

1.1 Basis of Preparation and accounting convention

The National Forest Company (NFC) is a public benefit entity meeting the definition under FRS102 and is a company limited by guarantee and a charity registered in England and Wales.

The financial statements have been prepared, to the nearest £1, in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities', issued 1 January 2019 and Financial Reporting Standard 102 (FRS102) and the Companies Act 2006.

In addition, these financial statements also meet the accounting and disclosure requirements of the 2024-25 Government Financial Reporting Manual (FRM) issued by HM Treasury, where not inconsistent with the requirements of the SoRP and the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs.

The financial statements have been prepared on a going concern and accruals basis and under the modified historical cost convention, modified to account for the revaluation of land and buildings. They do not present Cash Flow Statement of Statement of Financial Activities for The National Forest Company, since as the parent in the group whose consolidated accounts are presented here, exemptions are available under the 'qualifying entity' rules and by analogy to section 408 of the Companies Act, as described in FRS 102. In both cases the results of the parent are fully consolidated into the group position presented, with the consolidated financial statements consolidating the financial statements of The National Forest Company and its subsidiary National Forest Enterprises Limited for the year ended 31 March 2025 with the consolidation being carried out on a line-by-line basis. The wholly owned subsidiary, The Forest Experience Ltd was dissolved on 23 July 2024.

1.2 Going Concern

The Trustees confirm that it is appropriate for The National Forest Company to adopt the going concern principle in preparing its accounts.

The Trustees have reviewed budgets, forecasts, and anticipated Grant in Aid receipts and other funding from Defra, and together with considering the potential impacts on its financial position from both internal and external risks, have concluded

there is a reasonable expectation that the NFC has adequate resources to continue in operational existence for a period of at least 12 months from the date that the accounts are approved. The Trustees are not aware of any proposed legislative changes which could significantly impact the organisation. NFC therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

1.3 Key Sources of Estimation Uncertainty and Significant Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of income and expenditure. All estimates are based on the NFC's knowledge of current facts and circumstances, assumptions concerning past events and forecasts of future events and actions. Actual results may differ from estimates made.

In the process of applying the NFC's accounting policies, the following judgements, and estimations, have been made which have the most significant impact on the amounts recognised in the financial statements:

Judgements

- Income recognition (see Note 1.4)
- Investment property classification (see Note 1.7c and Note 2)

Estimates

- The valuation of Conkers and land and buildings held as investments undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards including using a price to earnings multiplier calculated by the Surveyor (see Notes 1.9 and 1.11 below).
- The valuation of land, held as tangible fixed assets, undertaken by the directors of NFC (see Notes 1.9 and 1.11 below).

1.4 Income

Government grants

Grant-in-aid, including capital grant, is credited to income in the year for which it is received. It is regarded as unrestricted income since Defra, whilst requiring funds allocated be utilised in contributing to the delivery of departmental objectives, does not stipulate how any specific element of the grant should be spent.

Nature for Climate Fund grant is treated as restricted income and the recognition of income is conditional on delivering certain levels or volumes of a service or supply of goods and contractual payments from Government or public authorities and other parties which fund the provision of particular goods or services.

These have been presented as separate lines in the Statement of Financial Activities (SoFA) due to the materiality of the income as per the SoRP paragraph 4.13.

Income from donations and legacies

Donations are accounted for on receipt, with any income tax recoverable in relation to donations received under Gift Aid recognised at the time of the donation.

General donations are received and utilised for any of the NFC's charitable purposes. No direct benefit is provided to the donor in return, other than the knowledge that the NFC must use the gift to further its objectives. 'Dedicate a Grove' and 'Dedicate a Tree' income are gift donations which the NFC use to support the ongoing creation and management of the National Forest. This is classed as unrestricted income as it represents a contribution to the National Forest's creation which is intrinsically linked to other purposes of the Charity such as ongoing maintenance of woodlands, habitat creation and education, and is used to further the NFC's charitable purposes including woodland creation.

Donations in lieu of entry, for Conkers, are donations made by visitors, which are least 10% greater than the single admission price or equivalent to the price of an annual pass, for which the NFC grants them admission to the Conkers visitor attraction free of charge. The operator charges NFC a management fee for the visitors which are granted such an admission.

Legacy income is recognised upon notification (probate) for pecuniary legacies, and for residuary legacies when probate is granted and there is sufficient information on the value of the estate and probability of receipt.

Donation and legacy income with a condition or defined purpose attached is allocated to restricted income and any unspent amounts are shown on the balance sheet as a restricted fund balance.

Income from activities and generating funds

Income is accounted for net of VAT. Grant income entitlement is recognised when the NFC has met any performance or other deliverable criteria

for recognition and the monetary value can be measured reliably. Where the grant is received in advance of recognition it is deferred and included in creditors until entitlement occurs. If entitlement occurs before the income has been received it is accrued to debtors.

Grant income with a condition or defined purpose attached is allocated to restricted income and any unspent amounts are shown on the balance sheet as a restricted fund balance.

Income from Sponsorship

Sponsorship income is recognised as income when the conditions for its receipt have been met. Where there are conditions or specified deliverables then income received is not immediately recognised but is deferred as a liability until conditions imposed are met at which point the related income is recognised. Where there are no specified deliverables under the agreement then the income is recognised in line with the stage of completion of the agreement term.

1.5 Donated Services

NFC engages with unpaid volunteers to support our activities over the course of the year. Due to the absence of a reliable measurement basis, the contributions of volunteers are not included as income in the accounts. Other donated services or facilities are included in income at a valuation which is an estimate of the financial cost borne by a third party.

1.6 Expenditure

Expenditure is accounted for net of recoverable VAT on an accruals basis and is classified under the relevant activity within the Statement of Financial Activities.

All costs are allocated between the expenditure categories of the Statement of Financial Activities reflecting the objectives of the NFC as set out in the Directors' Report and the use of resources. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and support costs; being those costs of an indirect nature necessary to support them. The salary and related costs of staff employed wholly on the various charitable activities and raising funds are allocated to those activities. Where staff are engaged on more than one of these activities, the allocation is based on the estimated proportion of time spent on the activities. Indirect costs have been allocated on the basis of full-time equivalent headcount assigned to each of the charitable activities and activities for raising funds.

Governance costs include the costs of strategic planning, the Annual Report and Accounts, audit fees and Trustees' expenses.

Grants payable are recognised when the criteria for a constructive obligation are met, payment is probable, values can be measured reliably, and there are no conditions attached to its payment that limit its recognition.

1.7 Fixed Assets

(a) Operational Assets

Tangible fixed assets other than freehold land and buildings are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, using the straight-line method, as follows:

Fixtures, fittings, plant and equipment	– over 3 to 5 years
IT Equipment	– over 3 to 5 years
Motor vehicles	– over 5 years

Depreciation and amortisation charges are included in expenditure on charitable activities on the Statement of Financial Activities.

Land and buildings are revalued every five years by external professionally qualified valuers, on the basis on their open market value of existing use. In intervening years between full professional revaluations desktop valuation exercises are undertaken by NFC directors using evidence provided by professionally qualified valuers. The exception to this is when planting has taken place, which causes a change in use of the land, impacting the value of the land. When this occurs, a full revaluation is undertaken by external professionally qualified valuers at the end of the year when the planting has taken place.

Conkers land and buildings are revalued every year by external professionally qualified valuers, using the profits method by applying a multiplier to the fair maintainable operating profit to provide a capital value.

Where the valuation is higher than the purchase price paid, the excess over purchase price is credited to a Revaluation Reserve. Revaluation gains are recognised in the Statement of Financial Activities under 'Revaluation of assets' unless they reverse a charge for impairment previously recognised as a cost within the expenditure headings of the Statement of Financial Activities. Revaluation losses are recognised as an expense in the relevant expenditure heading of the Statement

of Financial Activities except to the extent they reverse any previous revaluation gains.

(b) Intangible Assets

Intangible assets are stated at historical cost less accumulated amortisation and any provision for impairment.

Website and IT software assets, when operational, are amortised (charged to raising funds) on a straight-line basis over a three-year period but each year an impairment review is undertaken to confirm whether the assets are still fit for purpose in delivering future cash flows whether directly or indirectly.

(c) Investment Property

Investment property represents land and buildings which are primarily held for the purpose of commercial letting. These are measured at fair value annually with any change recognised in the Statement of Financial Activities. Their fair values are based valuations undertaken by an independent Chartered Surveyor using the income/investment approach on desktop valuations estimated by third-party professional valuers (with a full physical valuation every five years).

(d) Investments

Investments are measured at current market value and any gains or losses arising from the revaluation are charged to the Statement of Financial Activities. They are sought in funds and investment products which are not contrary to NFC's aims and charitable objectives and so are held in the Cazenove Charity Responsible Multi-Asset Fund

1.8 Current assets and liabilities

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.9 Cash and cash equivalents

Cash and cash equivalents comprises cash at hand, in bank and short-term deposits. Short-term deposits are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant

risk of changes in value. Cash in bank is held in a combination of commercial banks and the Government Banking Service.

1.10 Financial Instruments

Other than financial investments, NFC has only financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.11 Foreign Currencies

Receipt and payment recognition of transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Exchange differences on monetary items are translated at the closing rate at the end of each reporting period with the differences taken to the Statement of Financial Activities.

1.12 Finance Leases

The NFC has no finance leases. Rentals under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

1.13 Pensions

The NFC accounts for pension contributions in the periods for which they are payable. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The NFC is unable to identify its share of the underlying assets and liabilities. The Scheme administrators carry out actuarial valuations of the Scheme and prepare full accounts for the Scheme. The NFC recognises in its accounts those costs collected from it by the Scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as "Pension Costs".

2 Prior Year Adjustments

Investment property

A change has been made in the judgement made relating to how we assess land owned by the organisation and its classification of an investment property. Land purchased and owned to meet the organisation's charitable objects should be appropriately treated as a tangible asset even if there happens to be a licence or farm business tenancy for grazing on the land. This is because the primary purpose for owning the land is not for investment purposes and so should not be treated as an investment property in line with FRS 102 and the charity SoRP. This has meant that £1.87m of land which was treated as investment property as

at 31 March 2024 (£2.68m at 1 April 2023) has been corrected to be shown as tangible assets.

Restricted funds

Furthermore, whilst undertaking the review of the land holdings for the above, the nature of the funding received to fund the acquisition of land since 2020-21 was also reviewed. Upon further consideration of the funding agreement and the organisation's framework document, it is deemed that the restriction associated with the Nature for Climate funding is satisfied when the income is used to acquire land purchased for the organisation's charitable purposes. This has meant that £2.95m of funds at 31 March 2024 (£2.27m at 1 April 2023) classified as restricted have been corrected to be shown as unrestricted funds.

The adjustments made have no impact on the total net asset position at 1 April 2023 or 31 March 2024. Note 33 provides details of the movements between classification of fixed assets and fund balances for the comparative year and the movement in classification of fund balances at 1 April 2023.

The impact on the comparative Statement of Financial Activities is a reclassification of £16,603 from investment income to other trading income and an increase in the amount of the restricted to unrestricted transfer by £684,803.

The impact on the comparative Cash Flow Statement is a £16,603 decrease in the cash flow from Interest and rent from investment and a £16,603 increase in the net cash provided by operating activities plus a £493,575 decrease in purchase of investment property and a £493,575 increase in purchase of tangible fixed assets.

3 Grant in aid and Nature for Climate Funds

Group	2024-25		2023-24	
	Unrestricted Funds £	Restricted Funds £	Unrestricted Funds £	Restricted Funds £
Grant in aid	2,538,846	757,519	2,527,275	–
Nature for Climate Fund	–	3,158,000	–	1,399,799

Grant in aid is received from Defra and is treated as unrestricted income since the Department, whilst requiring that funds allocated contribute to the delivery of its objectives, does not stipulate any specific purpose(s) as to how any of the funds must be utilised.

Grant in aid accounts is utilised to fund the forest creation and woodland management programmes, including the various grant schemes, contributes to the tourism and community engagement programmes and meets a significant proportion of governance and support costs.

Nature for Climate Funds, while also received from Defra, it is treated as restricted income, per the memorandum of understanding, which facilitates funding of new planting within the National Forest.

4 Donations and legacies

Group	2024-25		2023-24	
	Unrestricted Funds £	Restricted Funds £	Unrestricted Funds £	Restricted Funds £
Donations in lieu of entry (Conkers)	1,008,413	–	1,059,827	–
Dedicate a Grove	38,050	–	42,401	–
Dedicate a Tree	98,783	–	134,435	–
General donations	75,921	–	55,893	–
Other donations	–	32,600	–	23,000
Legacies	26,843	–	100	–
	1,248,010	32,600	1,292,657	23,000

5 Income from charitable activities

Group	2024-25		2023-24	
	Unrestricted Funds £	Restricted Funds £	Unrestricted Funds £	Restricted Funds £
Forest creation	254,726	207,984	30,743	292,365
Woodland management	–	504,457	–	326,452
Community engagement	–	545,262	–	196,359
Tourism and promotion	–	18,000	–	18,000
Charnwood Forest Partnership	–	293,951	–	553,913
Conkers	397,137	–	266,330	–
Other	40,223	–	45,403	1,057
	692,086	1,569,654	342,476	1,388,146

6 Income from other trading activities

Group	2024-25		2023-24	
	Unrestricted Funds £	Restricted Funds £	Unrestricted Funds (restated) £	Restricted Funds £
Corporate Partnerships	46,543	–	70,673	–
Other trading activities	34,115	–	52,348	–
	<u>80,658</u>	<u>–</u>	<u>123,021</u>	<u>–</u>

7 Investments

Group	2024-25		2023-24	
	Unrestricted Funds £	Restricted Funds £	Unrestricted Funds (restated) £	Restricted Funds £
Rental income	71,659	–	74,653	–
Investment income	19,836	–	21,848	–
Bank interest	17,573	–	14,179	–
	<u>109,068</u>	<u>–</u>	<u>110,680</u>	<u>–</u>

8 Analysis of Expenditure

Group	Direct Staff costs £	Other direct activity costs £	Grant funding of activity £	Support costs £	Total 2024-25 £
Raising Funds					
Development and fundraising costs	279,050	335,584	–	291,729	906,363
Investment management costs	–	2,182	–	–	2,182
Total Cost	<u>279,050</u>	<u>337,766</u>	<u>–</u>	<u>291,729</u>	<u>908,545</u>
Charitable Activities					
Forest creation	418,167	1,085,770	1,734,600	649,163	3,887,700
Woodland management	100,308	536,394	328,284	224,677	1,189,663
Community engagement	285,031	349,385	77,736	404,231	1,116,383
Tourism and promotion	72,275	106,305	44,634	89,300	312,514
Charnwood Forest Partnership	185,393	209,143	25,434	218,594	638,564
Conkers	–	1,197,574	–	–	1,197,574
Total Cost	<u>1,061,174</u>	<u>3,484,571</u>	<u>2,210,688</u>	<u>1,585,965</u>	<u>8,342,398</u>
Total All Costs	<u>1,340,224</u>	<u>3,822,337</u>	<u>2,210,688</u>	<u>1,877,694</u>	<u>9,250,943</u>

Comparative figures for 2023-24 can be found at note 30.

9 Analysis of Grant Funding of Activity

The NFC awards grants to a number of institutions, both organisations and landowners, to support activity which contributes to the achievement of its charitable objects. No grants were paid with the purpose of directly benefitting the personal circumstances of the individuals.

Group	Grants to organisations £	Grants to landowners £	Total 2024-25 £	Total 2023-24 £
Forest creation	891,734	842,866	1,734,600	366,328
Woodland management	109,721	218,563	328,284	317,760
Community engagement	103,170	–	103,170	176,999
Tourism and promotion	43,634	1,000	44,634	36,652
	<u>1,148,259</u>	<u>1,062,429</u>	<u>2,210,688</u>	<u>897,739</u>

Included in the funding activity of Forest Creation, in total £620,539 was paid to the combination of the National Trust, Forest of Avon Trust, Sheffield & Rotherham Wildlife Trust and Ribble Catchment Conservation Trust as part of the Forest for the Nation project.

Apart from grants paid to the National Trust (£208,834), Wild Rumpus CIC (£40,000), North West Leicestershire District Council (£17,851) and the Woodland Trust (£55,626), no other organisation received grants amounting to more than £20,000. Four landowners received grants amounting to more than £20,000 totalling £388,880.

Comparative figures for 2023-24 can be found at note 31.

10 Analysis of Support Costs

Group	Staff Costs £	Other costs £	Total 2024-25 £	Total 2023-24 £
Governance costs	105,063	90,154	195,217	178,516
Finance costs	239,744	24,297	264,041	184,349
Premises costs	–	128,296	128,296	98,144
ICT & Telecoms	68,891	167,092	235,983	210,108
Human Resources	68,891	62,362	131,253	215,864
Organisational support costs	124,353	111,956	236,309	213,050
PR & Communications	138,589	516	139,105	173,925
Grants administration	189,027	–	189,027	136,806
Charitable Activities	251,198	–	251,198	189,290
Advocacy	71,630	–	71,630	90,708
Depreciation	–	35,635	35,635	30,676
	<u>1,257,386</u>	<u>620,308</u>	<u>1,877,694</u>	<u>1,721,436</u>

Comparative figures for 2023-24 can be found at note 31.

11 Analysis of Governance Other Costs

Group	2024-25 £	2023-24 £
Trustees related expenditure	3,693	18,375
Legal and professional fees	–	1,473
Audit and annual report costs	85,765	54,082
Other	696	401
	<u>90,154</u>	<u>74,331</u>

12 Net Income/Expenditure for the Year

Group	2024-25 £	2023-24 £
This is stated after charging:		
Operating leases	53,534	53,534
Depreciation	35,635	30,676
Amortisation	59,726	–
Auditor's remuneration:		
Audit fee	72,500	50,000
Accountancy and tax services	–	–
	<u>–</u>	<u>–</u>

13 Trustees (Directors)

John Everitt is a Trustee and is employed by NFC as the Chief Executive for which he is remunerated. The detail of his remuneration is provided in the Remuneration and Staff Report. None of the other Trustees (or any persons connected with them) received any remuneration or benefits during the year. Excluding John Everitt, four trustees were reimbursed out-of-pocket expenses totalling £1,470 (2023-24: five totalling £1,760).

14 Employees

The average monthly headcount of contracted employees and the average full-time equivalent (FTE) number of employees during the year were as follows:

Group	2024-25 Headcount	2024-25 FTE	2023-24 Headcount	2023-24 FTE
Direct charitable activities	25	23	24	22
Management, administration and support	20	19	17	17
	<u>45</u>	<u>42</u>	<u>41</u>	<u>39</u>

Employment Costs:

Group	2024-25 £	2023-24 £
Wages and salaries	1,897,019	1,692,312
National Insurance costs	203,908	178,766
Pension costs	496,683	411,767
	<u>2,597,610</u>	<u>2,282,845</u>

14 Employees (cont.)

The number of employees with annual emoluments of £60,000 or more:

	2024-25 (number)	2023-24 (number)
£60,000 – £70,000	1	3
£70,000 – £80,000	2	–
£90,000 – £100,000	–	1
£100,000 – £110,000	1	–

There are five posts considered as paid executive Key Management Personnel of the charity (as defined by FRS102), comprising the Chief Executive, Director of Operations, Director of Development, Director of Corporate Resources, and Commercial Director. The employee benefits of Key Management Personnel amounted to £517,184 (2023-24: £503,723).

15 Intangible Fixed Assets

Group and Charity	Website £	Under Construction £	Total £
Cost			
At 1 April 2024	117,258	200,242	317,500
Additions	–	–	–
Disposals	(117,258)	(24,973)	(142,231)
Transfers	175,269	(175,269)	–
At 31 March 2025	175,269	–	175,269
Amortisation			
At 1 April 2024	115,955	–	115,955
Charge for the period	59,726	–	59,726
On disposal	(117,258)	–	(117,258)
At 31 March 2025	58,423	–	58,423
Net book value			
At 31 March 2025	116,846	–	116,846
At 31 March 2024	1,303	200,242	201,545

16 Tangible Fixed Assets

Group	Conkers Building £	Conkers Land £	Buildings £	Land (restated) £	Furniture and Fittings £	IT equipment £	Total £
Cost/Valuation							
At 1 April 2024	2,235,745	496,948	17,308	8,550,000	238,364	194,685	11,733,050
Additions	–	–	–	1,791,901	–	7,181	1,799,082
Disposals	–	–	–	–	(21,861)	(104,446)	(126,307)
Impairment	(105,690)	–	(830)	(642,401)	–	–	(748,921)
Revaluation	–	(23,492)	11	–	–	–	(23,481)
At 31 March 2025	<u>2,130,055</u>	<u>473,456</u>	<u>16,489</u>	<u>9,699,500</u>	<u>216,503</u>	<u>97,420</u>	<u>12,633,423</u>
Depreciation							
At 1 April 2024	–	–	–	–	174,611	140,178	314,789
Charge for the year	–	–	–	–	16,858	18,777	35,635
On disposal	–	–	–	–	(21,861)	(104,446)	(126,307)
At 31 March 2025	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>169,608</u>	<u>54,509</u>	<u>224,117</u>
Net book value							
At 31 March 2025	<u>2,130,055</u>	<u>473,456</u>	<u>16,489</u>	<u>9,699,500</u>	<u>46,895</u>	<u>42,911</u>	<u>12,409,306</u>
At 31 March 2024	<u>2,235,745</u>	<u>496,948</u>	<u>17,307</u>	<u>8,550,000</u>	<u>63,753</u>	<u>54,507</u>	<u>11,418,261</u>

The combined cost value of the revalued land and buildings, had the assets been carried under the historical cost and fair value model, at 31 March 2025 would be £15,589,370 (2024 : £13,797,469).

Charity	Conkers Building £	Conkers Land £	Buildings £	Land (restated) £	Furniture and Fittings £	IT equipment £	Total £
Cost/Valuation							
At 1 April 2024	2,235,745	496,948	17,308	7,524,115	238,364	194,685	10,707,165
Additions	–	–	–	1,791,901	–	7,181	1,799,082
Disposals	–	–	–	–	(21,861)	(104,446)	(126,307)
Impairment	(105,690)	–	(830)	(642,401)	–	–	(748,921)
Revaluation	–	(23,492)	11	–	–	–	(23,481)
At 31 March 2025	<u>2,130,055</u>	<u>473,456</u>	<u>16,489</u>	<u>8,673,615</u>	<u>216,503</u>	<u>97,420</u>	<u>11,607,538</u>
Depreciation							
At 1 April 2024	–	–	–	–	174,611	140,178	314,789
Charge for the year	–	–	–	–	16,858	18,777	35,635
On disposal	–	–	–	–	(21,861)	(104,446)	(126,307)
At 31 March 2025	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>169,608</u>	<u>54,509</u>	<u>224,117</u>
Net book value							
At 31 March 2025	<u>2,130,055</u>	<u>473,456</u>	<u>16,489</u>	<u>8,673,615</u>	<u>46,895</u>	<u>42,911</u>	<u>11,383,421</u>
At 31 March 2024	<u>2,235,745</u>	<u>496,948</u>	<u>17,308</u>	<u>7,524,115</u>	<u>63,753</u>	<u>54,507</u>	<u>10,392,376</u>

The combined cost value of the revalued land and buildings, had the assets been carried under the historical cost model, at 31 March 2025 would be £14,820,985 (2024 : £13,029,084). Impairments and Reversal of prior years' impairment on land are charged to the Statement of Finance Activity through expenditure on charitable activities as Forest Creation activity expenditure.

The annual valuation of land and buildings at 31 March 2025 was undertaken either by NFC directors using evidence provided by professionally qualified valuers or by external professionally qualified valuers, taking into account factors like agricultural grade, access, location, use and any restrictions.

17 Investments

Group	Cazenove Investment Fund £	Property £	Total £
Cost/Valuation			
At 1 April 2024 (restated)	524,183	2,370,000	2,894,183
Additions	–	–	–
Disposals	(1,573)	–	(1,573)
Revaluation	(15,340)	(87,000)	(102,340)
At 31 March 2025	<u>507,270</u>	<u>2,283,000</u>	<u>2,790,270</u>

The cost value of the revalued property, had the assets been carried under the historical cost and fair value model, at 31 March 2025 would be £2,087,270 (2024 : £2,087,270).

The annual valuation of land and buildings at 31 March 2025 was undertaken by external professionally qualified valuers.

Charity	Subsidiary company £	Cazenove Investment Fund £	Property £	Total £
Cost/Valuation				
At 1 April 2024 (restated)	–	524,183	1,220,000	1,744,183
Additions	–	–	–	–
Disposals	–	(1,573)	–	(1,573)
Revaluation	–	(15,340)	(25,000)	(40,340)
At 31 March 2025	<u>–</u>	<u>507,270</u>	<u>1,195,000</u>	<u>1,702,270</u>

The charity holds two shares, which is which is the entire issued share capital, of National Forest Enterprises Ltd, which were transferred to the charity at £nil cost.

The cost value of the revalued property, had the assets been carried under the historical cost model, at 31 March 2025 would be £929,770 (2024 : £929,770).

In the year ended 31 March 2021, £500,001 was invested in Cazenove Charity Responsible Multi-Asset Fund which, for 2024-25, has generated a return of £19,836 (2023-24: £21,848). The income is extracted to our reserves, rather than re-invested into the fund.

18 Consolidated subsidiary

The National Forest Company (Parent) wholly owns a trading subsidiary which is incorporated in the UK and has the same registered office as the NFC. The subsidiary undertaking, National Forest Enterprises Limited (Company Registration No. 03601510) holds property and manages the operating agreement with the independent third party which operates Conkers. The company donates its taxable profit to NFC as unrestricted funds.

Profit & Loss Account	2024-25 £	2023-24 £
Turnover	415,116	283,256
Gross Profit	415,116	283,256
Administrative expenses	(332,474)	(280,997)
Fair value movements	(62,000)	(12,000)
Operating profit	20,642	(9,741)
Profit for the financial year	20,642	(9,741)
	31 March 2025 £	31 March 2024 £
Capital and Reserves	2,113,887	2,175,887

19 Debtors

	Group		Parent	
	2025 £	2024 £	2025 £	2024 £
Amounts falling due within one year				
Trade debtors	186,417	173,810	182,601	168,136
Owed by subsidiary company	–	–	242,865	96,151
Owed by HMRC	59,910	71,372	59,858	69,305
Other debtors	13,329	8,460	13,329	8,460
Prepayments	92,493	85,592	92,493	85,592
Accrued income	243,110	558,508	61,332	454,471
	<u>595,259</u>	<u>897,742</u>	<u>652,478</u>	<u>882,115</u>
Amounts falling due after one year				
Other debtors	4,334	5,036	4,334	5,036
	<u>4,334</u>	<u>5,036</u>	<u>4,334</u>	<u>5,036</u>
Total debtors	<u>599,593</u>	<u>902,778</u>	<u>656,812</u>	<u>887,151</u>

Amounts owed by subsidiary company are repayable on demand and no interest is chargeable.

20 Creditors: Amounts Falling Due Within One Year

	Group		Parent	
	2025 £	2024 £	2025 £	2024 £
Trade creditors	260,599	161,948	260,541	157,831
Other Creditors	3,300	3,300	3,300	3,300
Accruals	239,738	298,524	228,144	286,930
Deferred income	152,150	602,086	152,150	602,086
	<u>655,787</u>	<u>1,065,858</u>	<u>644,135</u>	<u>1,050,147</u>

21 Deferred Income

	Balance at 1 April 2024 £	Additions £	Released £	Balance at 31 March 2025 £
Section 106	15,280	–	(5,730)	9,550
Severn Trent – Great Big Nature Boost	105,299	–	(105,299)	–
Fatface Carbon Project	200,000	–	(200,000)	–
UKSPF – Heart of the Forest	218,490	–	(218,490)	–
NFC Building Decarbonisation Project	50,000	–	(50,000)	–
Getting to know your Greenspace	–	124,439	–	124,439
Other	13,017	18,161	(13,017)	18,161
	<u>602,086</u>	<u>142,600</u>	<u>(592,536)</u>	<u>152,150</u>

Deferred income relates to income received but for which the specified outputs have not been delivered by the year end.

22 Financial Instruments

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and accrued income. Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

As the current cash requirements of the NFC are met largely through grant in aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The NFC has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal. The NFC investment of £500,001 with Cazenove's Charity responsible Multi- Asset Fund is a financial instrument with the measurement and accounting basis being fair value.

23 Commitments under operating leases

Future minimum rentals of the consolidated group payable under non-cancellable operating leases are as follows:

	2024-25 £	2023-24 £
Less than 1 year	53,534	53,534
Between 2 and 5 years	107,069	160,603
Over 5 years	–	–
	<u>160,603</u>	<u>214,137</u>

The obligations relate to the lease for office accommodation occupied by the National Forest Company which commenced on 1 April 2023 and will expire on 31 March 2028. The lease expense, including irrecoverable VAT for 2024-25 was £53,534 (2023-24: £53,534).

24 Other Financial Commitments

The NFC has entered into contracts (which are not leases or PFI contracts) under the Changing Landscape Scheme (CLS) and the Freewoods and Parkland Schemes. The payments to which the NFC is committed, analysed by the period during which the commitments fall due, are as follows:

	2024-25 £	2023-24 £
Less than 1 year	62,021	72,061
Between 2 and 5 years	285,788	347,809
Over 5 years	–	–
	<u>347,809</u>	<u>419,870</u>

25 Restricted Funds (Movement in Funds)

Group and Charity	Balance at 1 April 2024 (restated) £	Incoming Funds £	Resources Expended £	Transfers £	Balance at 31 March 2025 £
Nature for Climate Fund	239,608	3,058,000	(1,441,555)	(1,686,152)	169,901
Nature for Climate Fund – Midlands Forest Network	13,280	100,000	(113,280)	–	–
Creating a Forest for Learning project	44,081	110,000	(68,850)	–	85,231
Defra Comms & Forest for the Nation	–	757,519	(757,519)	–	–
Creating Working Woodlands project	1,468	–	(1,468)	–	–
Charnwood Forest Partnership Landscape scheme	99,647	293,951	(459,136)	–	(65,538)
Burton & Coalville arts projects	–	38,551	(5,515)	–	33,036
NFC Building Decarbonisation Project	–	50,000	(50,000)	–	–
Rolls Royce – Environmental Education	–	20,000	(20,000)	–	–
Severn Trent – Great Big Nature Boost	–	490,061	(487,992)	–	2,069
Midlands Forest Network	–	40,858	(13,028)	–	27,830
National Forest Community Woodlands	26,874	72,771	(99,645)	–	–
Valpak Ltd – various	29,161	12,600	(28,615)	–	13,146
UKSPF – Heart of the National Forest	–	323,941	(199,971)	–	123,970
Other restricted funds	31,001	149,521	(84,492)	–	96,030
	<u>485,120</u>	<u>5,517,773</u>	<u>(3,831,066)</u>	<u>(1,686,152)</u>	<u>485,675</u>

The transfer of £1,686,152 represents the expenditure on land purchased in the year, which has been capitalised on the balance sheet as unrestricted assets on the basis that the requirements attached to the funding have been met.

26 Designated Funds (Movement in Funds)

Group	Balance at 1 April 2024 £	New Designations £	Utilised funds £	Released £	Balance at 31 March 2025 £
Financial Contingency Fund	700,000	250,000	–		950,000
Land Acquisition, Management and Development Fund	500,000	–	–	(500,000)	–
Enterprise and Investment Fund	438,973	–	–	(438,973)	–
Conkers Repair & Investment Fund	92,377	20,000	–	–	112,377
Land and Buildings capital asset reserve	–	11,623,422	–	–	11,623,422
Investment property reserve (restated)	2,370,000	–	(87,000)	–	2,283,000
	<u>4,101,350</u>	<u>11,893,422</u>	<u>(87,000)</u>	<u>(938,973)</u>	<u>14,968,799</u>

Charity	Balance at 1 April 2024 £	New Designations £	Utilised funds £	Released £	Balance at 31 March 2025 £
Financial Contingency Fund	700,000	250,000	–		950,000
Land Acquisition, Management and Development Fund	500,000	–	–	(500,000)	–
Enterprise and Investment Fund	438,973	–	–	(438,973)	–
Conkers Repair & Investment Fund	92,377	20,000	–	–	112,377
Land and Buildings capital asset reserve	–	10,855,038	–	–	10,855,038
Investment property reserve (restated)	1,220,000	–	(25,000)	–	1,195,000
	<u>2,951,350</u>	<u>11,125,038</u>	<u>(25,000)</u>	<u>(938,973)</u>	<u>13,112,415</u>

Designated funds are unrestricted funds, but nevertheless designated by the Trustees for a particular purpose. Those purposes being a financial contingency fund, a repair and investment fund for Conkers and capital reserve funds equating to the net book value of land and buildings and investment property held by the group. The significant movement between general reserves and designated reserves is as a result of the new designation of the Land and Buildings capital asset reserve.

27 Analysis of Net Assets between Funds

Group	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2025 are represented by:			
Intangible fixed assets	116,846	–	116,846
Tangible fixed assets	12,409,306	–	12,409,306
Investments	2,790,270	–	2,790,270
Net current assets	1,031,222	485,675	1,516,897
	<u>16,347,644</u>	<u>485,675</u>	<u>16,833,319</u>

Charity	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2025 are represented by:			
Intangible fixed assets	116,846	–	116,846
Tangible fixed assets	11,383,421	–	11,383,421
Investments	1,702,270	–	1,702,270
Net current assets	1,031,222	485,675	1,516,897
	<u>14,233,759</u>	<u>485,675</u>	<u>14,719,434</u>

28 Related Party Disclosures

The charity owns the whole of the issued share capital of National Forest Enterprises Limited. During the year, the charity charged the subsidiary company £75,000 (2023-24: £68,386) for services and the subsidiary company donated its profits, through Gift Aid, of £82,642 (2023-24: £nil). At the year end the subsidiary company owed the charity £237,557 (2024: £96,151).

John Everitt, a trustee and the chief executive, has been a member of the National Lottery Heritage Fund Midlands and East Committee since January 2015. Grant Support of £276,059 (2023-24 £524,628) was received for the Charnwood Forest Landscape Partnership Scheme project; John Everitt declared an interest and was not party to the decision to award the funds.

During the year, no trustee or related parties has undertaken any material transactions with the Charity other than those disclosed in the Remuneration and Staff Report.

The NFC has dealings with the Department for Environment, Food and Rural Affairs (Defra) and some of its sponsored bodies.

	2024-25 £	2023-24 £
Defra – Grant in aid	3,296,365	2,527,275
Defra – Nature for Climate Fund	3,158,000	1,261,299
Rural Payments Agency (Woodland grants)	<u>14,396</u>	<u>11,355</u>

The NFC has an agreement with Forest Research allowing access to a National Forest site at Eastern Old Parks in order to undertake research into Ash Dieback disease.

29 Events after the Balance Sheet Date

The Annual Report and Accounts have been authorised for issue by the National Forest Company's Chief Executive and Trustees. The authorised to issue date is the date of the Comptroller and Auditor General's audit certificate.

30 Comparative Consolidated Statement of Financial Activities including Income and Expenditure Account for the year ended 31 March 2024

	Notes	Unrestricted Funds (restated) £	Restricted Funds (restated) £	Total 2023-24 £
Income				
Grant in aid	2	2,527,275	–	2,527,275
Nature for Climate Fund	2	–	1,399,799	1,399,799
Donations and legacies	3	881,039	–	881,039
Charitable activities	4	411,618	23,000	434,618
Other trading activities	5	342,476	1,388,147	1,730,623
Investment income	6	106,418	–	106,418
Total Income		<u>4,396,106</u>	<u>2,810,946</u>	<u>7,207,052</u>
Expenditure				
Raising Funds	31	816,633	–	816,633
Charitable Activities	31	4,876,467	2,339,903	7,216,370
Total Expenditure		<u>5,693,100</u>	<u>2,339,903</u>	<u>8,033,003</u>
Net Income/(Expenditure) before gains or losses		(1,296,994)	471,043	(825,951)
Net gains/(losses) on investments		173,681	–	173,681
Net Income/(Expenditure) before transfers		(1,123,313)	471,043	(652,270)
Transfers (restated)		688,092	(688,092)	–
Net Income/(Expenditure) after transfers		(435,221)	(217,049)	(652,270)
Other Recognised Gains and Losses:				
Gains/(losses) on revaluation of fixed assets		(4,565)	–	(4,565)
Gains/(losses) on foreign currency		–	(257)	(257)
Net Movement in Funds		<u>(439,786)</u>	<u>(217,306)</u>	<u>(657,092)</u>
Reconciliation of Funds:				
Total Funds at start of the year as originally stated		13,712,957	2,967,778	16,680,734
Prior year adjustment		2,265,351	(2,265,351)	–
Total Funds at start of the year as restated		<u>15,978,308</u>	<u>702,426</u>	<u>16,680,734</u>
Total Funds at end of the year		<u>15,538,522</u>	<u>485,120</u>	<u>16,023,642</u>

The restated figures represent a reclassification of £16,603 from investment income to other trading income and an increase in the amount of the restricted to unrestricted transfer by £684,803.

31 Comparative Analysis of Expenditure notes

Analysis of Expenditure

	Direct Staff costs £	Other direct activity costs £	Grant funding £	Support costs £	Total 2023-24 £
Raising Funds					
Development and fundraising costs	244,500	251,168	–	318,111	813,779
Investment management costs		2,854	–	–	2,854
Total Cost	244,500	254,022		318,111	816,633
Charitable Activities					
Forest creation	416,051	969,971	366,328	534,690	2,287,040
Woodland management	95,921	644,542	317,760	241,998	1,300,221
Community engagement	196,099	231,215	176,999	315,330	919,643
Tourism and promotion	73,114	169,326	36,652	104,828	383,920
Charnwood Forest Partnership	179,054	379,495	–	206,479	765,028
Conkers	–	1,560,518	–	–	1,560,518
Total Cost	960,239	3,955,067	897,739	1,403,325	7,216,370
Total All Costs	1,204,739	4,209,089	897,739	1,721,436	8,033,003

Analysis of Grant Funding of Activity

The NFC awards grants to a number of institutions, both organisations and landowners, to support activity which contributes to the achievement of its charitable objects. No grants were paid with the purpose of directly benefitting the personal circumstances of the individuals.

	Grants to organisations £	Grants to landowners £	Total 2023-24 £
Forest creation	201,299	165,029	366,328
Woodland management	93,850	223,910	317,760
Community engagement	176,999	–	176,999
Tourism and promotion	30,176	6,476	36,652
	502,324	395,415	897,739

Apart from grants paid to the National Trust (£70,930), South Derbyshire District Council (£22,961), Wild Rumpus CIC (£60,000), Fellowship of the School of Economic Science (£21,953) and the Woodland Trust (£55,626), no other organisation received grants amounting to more than £20,000. Four landowners received grants amounting to more than £20,000 totalling £388,880.

31 Comparative Analysis of Expenditure notes (cont)

Analysis of Support Costs

	Staff Costs £	Other costs £	Total 2023-24 £
Governance costs	104,185	74,331	178,516
Finance costs	151,507	32,842	184,349
Premises costs	–	98,144	98,144
ICT & Telecoms	62,796	147,312	210,108
Human Resources	62,796	153,068	215,864
Organisational support costs	106,542	106,508	213,050
PR & Communications	173,474	451	173,925
Grants administration	136,806	–	136,806
Charitable Activities	189,290	–	189,290
Advocacy	90,708	–	90,708
Depreciation	–	30,676	30,676
	<u>1,078,106</u>	<u>643,330</u>	<u>1,721,436</u>

32 Comparative Funds notes

Restricted Funds

Group and Charity	Balance at 1 April 2023 (restated) £	Incoming Funds £	Resources Expended £	Transfers £	Balance at 31 March 2024 (restated) £
Nature for Climate Fund	304,867	1,261,299	(641,755)	(684,803)	239,608
Nature for Climate Fund – Midlands Forest Network	10,712	100,000	(97,432)	–	13,280
Creating a Forest for Learning project	173,366	22,000	(151,285)	–	44,081
Defra Comms & Forest for the Nation	–	38,500	(40,021)	1,521	–
Creating Working Woodlands project	11,633	–	(10,165)	–	1,468
Charnwood Forest Partnership Landscape scheme	144,209	553,913	(598,476)	–	99,647
Burton & Coalville arts projects	–	1,057	–	(1,057)	–
Rolls Royce – Environmental Education	–	20,000	(20,000)	–	–
Severn Trent – Great Big Nature Boost	–	224,694	(262,987)	38,293	–
Midlands Forest Network	–	63,104	(65,805)	2,702	–
National Forest Community Woodlands	–	133,603	(106,729)	–	26,874
Valpak Ltd – various	48,628	–	(19,467)	–	29,161
UKSPF – Heart of the National Forest	–	34,510	(74,949)	40,439	–
Other restricted funds	9,012	358,266	(251,089)	(85,187)	31,001
	<u>702,427</u>	<u>2,810,946</u>	<u>(2,340,160)</u>	<u>(688,092)</u>	<u>485,120</u>

32 Comparative Fund notes (cont)

Designated Funds

Group	Balance at 1 April 2023 (restated) £	New Designations £	Utilised funds £	Released £	Balance at 31 March 2024 (restated) £
Financial Contingency Fund	700,000	–	–	–	700,000
Land Acquisition, Management and Development Fund	700,000	–	(200,000)	–	500,000
Enterprise and Investment Fund	500,000	–	(61,027)	–	438,973
Conkers Repair & Investment Fund	280,588	178,789	(367,000)	–	92,377
Land and Buildings asset reserve	–	–	–	–	–
Investment property reserve	2,222,000	160,000	(12,000)	–	2,370,000
	<u>4,402,588</u>	<u>338,789</u>	<u>(640,027)</u>	<u>–</u>	<u>4,101,350</u>

Charity	Balance at 1 April 2023 (restated) £	New Designations £	Utilised Funds £	Released £	Balance at 31 March 2024 (restated) £
Financial Contingency Fund	700,000	–	–	–	700,000
Land Acquisition, Management and Development Fund	700,000	–	(200,000)	–	500,000
Enterprise and Investment Fund	500,000	–	(61,027)	–	438,973
Conkers Repair & Investment Fund	280,588	178,789	(367,000)	–	92,377
Land and Buildings asset reserve	–	–	–	–	–
Investment property reserve	1,060,000	160,000	–	–	1,220,000
	<u>3,240,588</u>	<u>338,789</u>	<u>(628,027)</u>	<u>–</u>	<u>2,951,350</u>

Analysis of Net Assets between Funds

Group	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2024 are represented by:			
Intangible fixed assets	201,545	–	201,545
Tangible fixed assets	11,418,261	–	11,418,261
Investments	2,894,183	–	2,894,183
Net current assets	1,024,533	485,120	1,509,653
	<u>15,538,522</u>	<u>485,120</u>	<u>16,023,642</u>

32 Comparative Fund notes (cont)

Charity	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2024 are represented by:			
Intangible fixed assets	201,545	–	201,545
Tangible fixed assets	10,392,376	–	10,392,376
Investments	1,744,183	–	1,744,183
Net current assets	1,024,518	485,120	1,509,638
	<u>13,362,622</u>	<u>485,120</u>	<u>13,847,742</u>

33 Prior Year adjustment

As explained in Note 2, the organisation has revised its treatment of land owned which had ancillary licences and farm business tenancy agreements for grazing rights (impacting fixed asset classification for the group and charity) and its consideration of the treatment of restricted Nature for Climate income utilised to acquire land for charitable purposes (impacting funds classification of the group and charity). The impact to the fund balances as reported at 1 April 2023 and the balance sheet as reported at 31 March 2024 are provided below.

	As reported at 1 April 2023 £	Adjustment £	As restated at 1 April 2023 £
The Funds of the Group:			
Restricted funds	2,967,778	(2,265,351)	702,427
Unrestricted funds:			
Designated funds	4,649,143	(246,555)	4,402,588
General funds	8,339,688	2,511,906	10,851,594
	<u>12,988,831</u>	<u>2,265,351</u>	<u>15,254,182</u>
Revaluation Reserve	724,124	–	724,124
	<u>16,680,733</u>	<u>–</u>	<u>16,680,733</u>
	As reported at 1 April 2023 £	Adjustment £	As restated at 1 April 2023 £
The Funds of the Charity:			
Restricted funds	2,967,778	(2,265,351)	702,427
Unrestricted funds:			
Designated funds	4,649,143	(246,555)	4,402,588
General funds	6,411,557	2,511,906	8,923,463
	<u>11,060,700</u>	<u>2,265,351</u>	<u>13,326,051</u>
Revaluation Reserve	546,624	–	546,624
	<u>14,575,102</u>	<u>–</u>	<u>14,575,102</u>

33 Prior Year adjustment (cont)

Group Balance Sheet	As reported at 31 March 2024 £	Adjustment £	As restated at 31 March 2024 £
Fixed Assets:			
Intangible assets	201,545	–	201,545
Tangible assets	9,553,261	1,865,000	11,418,261
Investment property	4,235,000	(1,865,000)	2,370,000
Investments	524,183	–	524,183
Total Fixed Assets	14,513,989	–	14,513,989
Current Assets:			
Debtors	902,778	–	902,778
Cash at bank and in hand	1,672,732	–	1,672,732
Total Current Assets	2,575,510	–	2,575,510
Creditors: amount falling due within 1 year	(1,065,858)	–	(1,065,858)
Net Current Assets	1,509,653	–	1,509,653
Total Assets less Current Liabilities	16,023,642	–	16,023,642
Total Net Assets	16,023,642	–	16,023,642
The Funds of the Group:			
Restricted funds	3,435,275	(2,950,155)	485,120
Unrestricted funds:			
Designated funds	4,373,586	(272,236)	4,101,350
General funds	7,495,222	3,222,391	10,717,613
	11,868,808	2,950,155	14,818,963
Revaluation Reserve	719,559	–	719,559
	16,023,642	–	16,023,642

33 Prior Year adjustment (cont)

Charity Balance Sheet	As reported at 31 March 2024 £	Adjustment £	As restated at 31 March 2024 £
Fixed Assets:			
Intangible assets	201,545	–	201,545
Tangible assets	8,527,376	1,865,000	10,392,376
Investment property	3,085,000	(1,865,000)	1,220,000
Investments	524,183	–	524,183
Total Fixed Assets	<u>12,338,104</u>	<u>–</u>	<u>12,338,104</u>
Current Assets:			
Debtors	887,151	–	887,151
Cash at bank and in hand	<u>1,672,634</u>	<u>–</u>	<u>1,672,634</u>
Total Current Assets	<u>2,559,784</u>	<u>–</u>	<u>2,559,784</u>
Creditors: amount falling due within 1 year	<u>(1,050,147)</u>	<u>–</u>	<u>(1,050,147)</u>
Net Current Assets	<u>1,509,638</u>	<u>–</u>	<u>1,509,638</u>
Total Assets less Current Liabilities	<u>13,847,742</u>	<u>–</u>	<u>13,847,742</u>
Total Net Assets	<u>13,847,742</u>	<u>–</u>	<u>13,847,742</u>
The Funds of the Group:			
Restricted funds	3,435,275	(2,950,155)	485,120
Unrestricted funds:			
Designated funds	3,223,586	(272,236)	2,951,350
General funds	<u>6,726,822</u>	<u>3,222,391</u>	<u>9,949,213</u>
	9,950,408	2,950,155	12,900,563
Revaluation Reserve	<u>462,059</u>	<u>–</u>	<u>462,059</u>
	<u>13,847,742</u>	<u>–</u>	<u>13,847,742</u>

THE NATIONAL FOREST COMPANY

England & Wales - Charity number 1166563

Accounts



THE NATIONAL
FOREST

National Forest Company Annual Report and Accounts 2023-24

For the period 1 April 2023 to 31 March 2024

HC 401

National Forest Company
Annual Report and Accounts 2023-24
For the period 1 April 2023 to 31 March 2024

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Chair's letter

This is my first year as the new Chair of the National Forest Company (NFC) having taken up the position on 1 January 2024. It comes at a time of change for the country with a new government, policy and funding, and I am looking forward to steering the organisation through what will be an exciting next phase. At the NFC we firmly believe that trees can play a vital role in people's lives, helping to address so many of the challenges we face such as climate change, loss of biodiversity and wellbeing – and that the National Forest exemplifies the benefits that the creation of a forest environment can bring. This was outlined in our 'Planting Hope' publication, which I was pleased to help launch in the House of Commons as a showcase of more than thirty years of successful delivery.

Progress this year reflects some of my big priorities as the new NFC Chair which include continuing to scale up forest creation; extending our work beyond the National Forest's 200 square mile boundary; and transforming the Heart of the National Forest to become a major new sustainable destination. I am delighted to see progress with the Forest for the Nation, and the Midlands Forest Network taking shape, as well as infrastructure improvements for the Conkers Discovery Centre. These initiatives will all be important to the National Forest in the years to come.

It is also heartening to see the organisation itself continuing to develop, with changes in governance this year to simplify and streamline the new subsidiary company, National Forest Enterprises Ltd; new recruits to the NFC's Senior Leadership Team bringing more commercial expertise; and improvements in areas such as data and evidence,

sustainability and diversity. As Chair, I am keen to champion the NFC as an effective organisation that continues to provide best value for both public funds and charitable donations.

I would like to thank my fellow Trustees for their excellent support and guidance during the year and pay tribute to my predecessor, Lord Duncan of Springbank, for chairing the NFC so ably and handing over the reins of an organisation well placed to face the future. I would also like to extend my thanks to Professor Adrian Phillips who stood down this year from his role as a Member of the Charity. Adrian was one of the instigators of the National Forest and has seen it through from its inception to the present day. He remains one of our most committed advocates and we wish him well.

As we look to the opportunities for the year ahead, we can see the National Forest's influence growing and our approach to landscape transformation being adopted elsewhere across the country – not least in the new Government's manifesto commitment for 3 new National Forests. This is a reflection of the strength of our partnership working and I would like to thank all our businesses, funders, landowners and the wider community for your continued support both during the year and into the future.



Dr Tony Ballance
Chair of the Board of Trustees

Chief Executive's foreword

2023-24 has been a landmark year for the National Forest and its vision to transform 200 square miles of the Midlands through trees. During the year, the land area recorded as Forest cover increased to 25%, increasing the connectedness and resilience of this new Forest landscape. It is hard to overstate the scale of this transformation, in particular when we remember that the starting point in the early nineties was as low as 6% cover and the landscape was so badly degraded. Through continued delivery of new trees and woodlands, alongside more accurate mapping and evidence, this milestone is testament to the ongoing commitment to our National Forest vision and the many benefits it brings.

It comes at a time when the rates of woodland creation across England have also increased significantly with more than 4,500 hectares created in 2023-24, up from just over 3,130 hectares the previous year and a level that has not been seen in several decades. These figures highlight just what can be achieved with continued investment and the positive impact of Defra's Nature for Climate Fund programme. What is more, the partnerships developed this year highlight how this momentum can be maintained with the launch of the Midlands Forest Network initiative in partnership with the Midlands Engine and Woodland Trust, as well as the Forest for the Nation competition which kicked off with the Stage 1 applications and assessment.

This report sets out progress in the National Forest throughout the year and below are a few selected highlights that show the range of outcomes for the environment, communities and the economy:

- Creating more than 139 hectares of new forest habitat, including c93,000 trees planted through grant schemes, acquisitions and the planning process.
- Expanding our estate by acquiring new sites at Netherseal, Yoxall and Peggs Green, increasing woodland creation and public access.
- Retaining or bringing more than 560 hectares of woodland into active management and

increasing priority habitat cover to 28% of the Forest landscape.

- Progressing the new vision to guide the re-development of the Conkers Discovery Centre alongside the wider Heart of the National Forest vision.
- Hitting the milestone of 90% of primary schools in the Forest now enjoying regular outdoor learning.
- Achieving nearly 40,000 hours of volunteering activity, engaging new audiences, enhancing wellbeing and increasing skills.
- Developing a new Arts and Creativity Strategy to build on the Timber Festival and small arts grants programme with partners.

As ever, my thanks go to the NFC Board and staff team for their huge energy and determination to help achieve so much and, in particular, our outgoing Chair, Lord Duncan of Springbank. I look forward to continuing that good work with Dr Tony Ballance in the Chair, as we take on an ambitious programme for 2024-25.

In challenging times, the generosity and support of so many willing landowners, partners and individuals never ceases to surprise me, and I am extremely grateful for everyone's ongoing efforts. Indeed, having been fortunate enough to receive an OBE for services to conservation in the King's New Year's Honours, I feel this award is in part a recognition of everyone's contributions and a reflection of the amazing achievements of the National Forest itself.



John Everitt OBE FRSA
Chief Executive/Accounting Officer

Directors' Annual Report

Introduction

This report provides the information as required by company law. In addition, as the National Forest Company (NFC) is a registered charity, the report provides any additional information as required by the Statement of Recommended Practice (SoRP) module 'Trustees' annual report'. The Trustees have agreed that a single report should be produced providing the required information rather than a separate Directors' report and Trustees' annual report.

National Forest Company status

The National Forest Company was established in April 1995 with the objective of overseeing the creation of the National Forest which spans 200 square miles of central England. The NFC is a company limited by guarantee (registered number 2991970) and a registered charity (registered number 1166563). The NFC operates from its registered office at Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire DE12 6BA.

As a charity since April 2016 and applying the provisions of its Articles of Association, the business of the NFC is no longer under the majority control by the Secretary of State for Environment, Food and Rural Affairs. The NFC does, however, given the levels of grant in aid funding received, continue to place economic reliance on the Department for Environment, Food and Rural Affairs (Defra). Grant in aid is paid to the NFC under Section 153 of the Environmental Protection Act 1990. The NFC's status is a Non-Profit Institution within the Public Sector specifically within Central Government as defined by the Office for National Statistics.

Objectives and activities

The objects of the NFC as contained in its Articles of Association are:

'For the public benefit, the conservation, protection and improvement of the physical and natural environment so as to secure and enhance the enjoyment by the public of the same, in particular but without limitation to:

- (a) *woodland creation and management generally, and in particular in the area of the National Forest, for the benefit of the general improvement of land or for the environment;*
- (b) *the promotion of urban and rural regeneration by the maintenance, improvement or provision of public amenities; the provision of recreational*

facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, have need of such facilities; and the protection or conservation of the environment; and

- (c) *the advancement of education in the environment and sustainable development through the promotion of training and education and the undertaking and publishing of research.'*

Strategy and priorities

The National Forest Strategy is based on its 25 Year Vision to 2045 with a focus on mitigating and adapting to a changing climate, including ambitious long term targets for 33% forest cover, access to woodland within 15 minutes for all Forest residents, and net zero for carbon.

The new Corporate Plan 2023-2026 provides further detail with annual Key Performance Indicators based on 5 main operational themes for the Forest: Create, Manage, Inspire, Engage and Grow. Development themes of building the brand and securing resources for the Forest, and corporate services themes relating to effective governance and management are also included.

Grant funding from Defra contributed significantly towards the delivery of objectives for the year, whilst simultaneously contributing to the delivery of the Defra Strategy, 25 Year Environment Plan and Environmental Improvement Plan.

Public benefit

In overseeing the strategic direction and activities for the year, the Trustees have been mindful of the Charity Commission guidance on public benefit and are satisfied that the NFC complies with these requirements.

The National Forest acts as a national exemplar of sustainability and its public benefit is based on its environmental, social and economic outcomes to mitigate and adapt to a changing climate.

The direct environmental benefits include the restoration of the landscape from planting more than 9.5 million trees since inception and the services that this provides for our natural capital including carbon sequestration, clean air and water, and protection of soils, as well as the protection and enhancement of wildlife. This has particular resonance as we respond to the urgency of both climate change and biodiversity loss. Social benefits relate to the physical and

mental wellbeing of individuals who engage with the Forest and the considerable benefits that are derived from programmes that promote access, volunteering, education, skills and training, improving the equality of these opportunities for all our communities. Economic benefits are provided to society as a whole through promoting more sustainable livelihoods, shifting to a low carbon and circular economy that reduces negative impacts, and through targeted work with deprived communities.

The benefits are felt by 240,000 residents living within the National Forest area, many of whom are from disadvantaged backgrounds and under-represented groups in our urban and rural areas; more than 8 million visitors who enjoy the Forest as a destination each year; 300,000 plus individuals who experience the National Forest through the website; 16 million people reached by media and communications activity, and the expanding audience of supporters, partners and stakeholders who are inspired to engage with our work.

Volunteering statement

It is central to the ethos of the National Forest's development that local communities, businesses and visitors are offered opportunities to become engaged in creating and looking after the Forest, helping to underpin more sustainable, cost effective and resilient management. Volunteering has played a key role in this. Since its inception, the NFC has facilitated a wide range of organisations across the Forest to offer volunteering opportunities including conservation, woodland creation and management, and wildlife monitoring projects. The NFC now supports a Forest-wide network of 71 Community Woodland Management Groups providing: sharing of knowledge, resources, training and skills development. The NFC itself is also directly involved in the engagement and management of volunteers.

During 2023-24, the NFC continued its volunteering activities through the Community Woodlands project funded by the National Lottery Heritage Fund, and further activity with volunteers involved in the Timber Festival, maintenance of the Meta Garden at the Conkers Discovery Centre and other activities. The volunteer sessions in 2023-24 totalled more than 39,444 hours (2022-23: 38,000 hours), with an approximate value of £477k (2022-23: £397k).

Equality, Diversity and Inclusion

At the heart of the NFC approach to Equality, Diversity and Inclusion (EDI) is the belief that the Forest is for everyone, and that the benefits of woods and trees and the opportunity to access them, should be equally available to everyone.

Assessing and monitoring progress against this underpins the NFC's work.

The NFC strives to give every individual the same opportunities to succeed, regardless of their background, and to create a workplace where everyone feels valued and respected, free from discrimination or harassment. Building positive relationships among all team members, and embracing differences, is key to achieving this. By prioritising EDI in its objectives and strategies, the NFC aims to enhance its ability to attract, nurture and support talent from all backgrounds, bringing a diversity of perspectives and ideas, and helping to tackle challenges with innovation and creativity.

During the year the NFC updated its EDI statement and action plan with key priority actions being taken forward by a working group with oversight from a dedicated Trustee. This has included the development of a new website with improvements to the accessibility of content and communications. EDI considerations also continue to be built into programme design and a review of small grants has been completed to ensure that under-represented groups are encouraged to apply and benefit from supported projects. This has been demonstrated most clearly through the Timber Festival, arts and creativity grants and community grants where more diverse audiences have been engaged.

The NFC is a Disability Confident employer with a status of Committed and operates a guaranteed interview scheme for disabled applicants who declare a disability as defined by the Equality Act 2010 and meet the essential criteria for the post. To continue its support for disabled employees, the NFC joined Defra's framework agreement with Bennett Workplace in March 2023 to carry out workplace assessments and apply any reasonable adjustments for employees with specialist needs. The National Forest is also a partner in the Diverse Sustainability Initiative which acts to transform diversity within the sustainability and environmental sector.

Grant making policy

The NFC's grant making is targeted to support public benefit and the Charity's objects in line with Charity Commission guidance, and guidance set out in Managing Public Money. Grants awarded are an important means of delivering multiple Forest objectives including forest creation, woodland management, biodiversity, access, arts and culture, and community programmes. Grants are administered through an assessment process that considers priorities, impact and value for money. Higher level grants are approved annually by the Board and smaller grants by Trustee-led Working

Groups. This provides the necessary assurances and includes grant conditions for recipients to ensure that charitable purposes are adhered to. Forest creation is secured through grants awarded via the Changing Landscapes Scheme (CLS), for areas greater than 1 hectare, as well as via Parkland and Freewoods schemes, with a new Farming and Forestry grant scheme being piloted.

The woodland management grant programme supports active management of woodlands covering a range of objectives including forestry, wildlife, access, landscape and community use. Qualifying projects are normally eligible for up to 60% of total costs, with some funded programmes paying 100%.

Small grants of up to £10,000 are available to community groups and small businesses that are helping to deliver the National Forest vision. Supported activities and projects include arts and culture, volunteering, sustainable tourism, accessible green spaces, improved wellbeing, and growing and diversifying forest-related businesses. Grants normally require up to 50% of match-funding, helping to lever additional funds to support the Forest.

Grants totalling £897,739 were awarded during 2023-24 (2022-23: £809,159), representing an overall increase on the previous year and increases in the respective grant schemes. Note 18 of the accounts provides an analysis and information on grant recipients. The Changing Landscape Scheme grants awarded £214,736 (2022-23: £338,468), the reduction compared to the previous year was in part due to more parkland being created which is less expensive per hectare. The Creating a Forest for Learning project continued with 65 grants totalling £96,885 (2022-23: £11,244) supporting schools to provide outdoor learning training for school staff and to enhance the outdoor learning environment within schools through woodlands. The fourth year of the Habitat Enhancement Grant was run in 2023-24 with funding from Severn Trent Water. The 'Severn Trent Great Big Nature Boost' supports work on biodiversity restoration and enhancement across the Forest; 35 grants totalling £196,870 (2022-23: £182,504) were awarded. The NFC's Small Grants this year were targeted to help improve wellbeing and increase participation from under-represented communities through activities such as Forest-inspired arts and wellbeing activities outdoors; as well as continued support for sustainable tourism. Through the NFC's Small Grants programme, 27 grants totalling £63,952 (2022-23: £37,203) were supported.

The NFC works collaboratively with other charities in the pursuit of its objectives, including grants this year to National Trust, Bradgate Park Trust, Woodland Trust, Derby and Burton Hospitals Charity and Wild Minds.

Strategic Report

Financial overview

An operating deficit of £0.657m was achieved in 2023-24 (2022-23: surplus of £6.975m) comprising a deficit of £1.124m unrestricted (2023-24: surplus of £6.613m) and a surplus of £0.467m relating to restricted projects (2022-23: surplus of £0.363m).

The unrestricted deficit of £1.124m largely resulted from the impairment of 2 key assets. Firstly, the reduction in the year end valuation of the Conkers' land and buildings of £0.660m, after capital investment of £0.367m in the installation of a new roof. Secondly, being the impairment of NFC's land by £0.649m, due to large-scale tree planting during the year at our Newchurch and Minorca South sites. The cash movement as per the Consolidated cash flow statement is a decrease of £0.907m (22-23: increase of £0.049m) largely driven by the costs of tree planting and capital expenditure discussed above.

Total income during 2023-24 was £7.207m (2022-23: £6.618m plus £5.675m for the transfer of assets from the National Forest Charitable Trust giving total income of £12.293m). This represented an increase on the previous year (after taking into account the prior year transfer of assets) and comprised £2.527m grant in aid from Defra (2022-23: £2.401m) and £1.400m from the fourth year of the Nature for Climate Fund programme (2022-23: £1.151m) also funded by Defra. The NFC continues to rely heavily on Defra funding and the high priority given to forestry and net zero within government gives confidence that both grant in aid and Nature for Climate Fund will continue at broadly similar levels. The ongoing impact of cost of living pressures in the wider economy meant that corporate sponsorship and donations income were more challenging with £0.134m achieved for Dedicate a Tree (2022-23: £0.199m) and total unrestricted income of £1.742m being lower than the previous year (2022-23: £2.019m).

Expenditure during 2023-24 increased to £8.033m (2022-23: £5.888m), with enhanced delivery of charitable objectives, to catch up on tree planting activities delayed by poor weather. Of this, unrestricted expenditure was £5.693m (2022-23: £4.245m) with £1.151m being related to impairment of land and Conkers. Restricted expenditure was £2.340m (2022-23: £1.643m).

Restricted project income grew to £2.811m in 2023-24 (2022-23: £2.076m), largely comprising £1.400m Nature for Climate Funds, £0.554m for the

Charnwood Forest Landscape Partnership Scheme and £0.225m for the Severn Trent Great Big Nature Boost project. These projects, with their third-party funding, make a significant contribution to the delivery of corporate priorities, and also contribute to core cost recovery. Restricted funds reserves for 2023-24 stand at £3.257m (2022-23: £2.790m).

The NFC continues to act as an enabler, working in partnership with others to deliver its priorities. The awarding of grants remains an important means of delivering these priorities and during the year grants totalling £0.898m were awarded, representing an increase on the previous year (2022-23: £0.809m). No grants were made to support land acquisitions in 2023-24.

At the end of March 2024, the NFC reserves had decreased from £16.681m to £16.024m, largely due to investments in new site acquisitions, support for the Timber Festival and the impairment of Conkers land and buildings.

Of the £16.024m reserves, £14.514m relates to intangible assets, fixed assets and investments to further our charitable activities and unrestricted current assets held are £1.718m of which £700k represents the Financial Contingency Fund of approximately 4 months of running costs.

Fundraising Statement

The NFC undertakes fundraising to support both core activity and project and capital needs in line with the Corporate Plan 2023-26. Fundraising is undertaken through an inhouse Development team led by the Director of Development. Funds are sought through grant-making bodies (public and private), individual donations and business support from companies whose activities and values align with those of the NFC.

The NFC is registered with the Fundraising Regulator and pays the voluntary annual levy, as recommended for organisations with fundraising expenditure of over £100,000. As such, the NFC demonstrates its compliance with the Code of Fundraising Practice and commitment to The Fundraising Promise that its fundraising is legal, open, honest and respectful – both can be viewed at fundraisingregulator.org.uk.

The NFC's Development Working Group, comprising 1 Trustee and 2 specialist advisors and, reporting to the Board, is responsible for oversight of the income generation strategy which includes fundraising. Operationally, responsibility for the development,

management and monitoring of fundraising activities is carried out by the NFC's Development Team. No complaints regarding the NFC's fundraising practice were received during the year.

Achievements against targets for 2023-24

This year saw another strong delivery of grant schemes for Forest creation, despite the pressures on land use, with parkland schemes being particularly successful as a way of integrating farming and forestry activities. Other Forest creation mechanisms also delivered new hectares, and despite 3 land acquisitions being secured, the loss of a larger acquisition to a higher bidder meant that the NFC was unable to hit its target of 200 hectares (ha) of new forest habitats. Despite this, the total achieved of 139ha was up on last year (2022-23: 122ha) and this, coupled with hectares secured by planting previously acquired sites, meant that Defra's Nature for Climate Fund targets were exceeded to catch up on under-delivery in previous years. Notable creation schemes this year included new acquisitions at Netherseal, Peggs Green and Yoxall, a large parkland creation scheme with the Duchy of Lancaster, a Changing Landscape Scheme with the National Trust and a combined Changing Landscape Scheme/Parkland at Bretby. Forest cover has increased to more than 25% of the 200 square mile area of the Forest as a result of continued delivery and a re-mapping exercise of all tree and woodland cover data. Forest creation activity also helped to deliver 34ha of new access this year providing additional public benefit to communities and increasing the number of households within walking distance of an accessible woodland.

Alongside forest creation, our work to secure good management of woodlands and other habitats continued, improving their condition, reducing disease and enhancing wildlife. Through grants, support and advice, 562ha of woodlands were either brought into or renewed their active management. This was complemented by the Habitat Enhancement Grant with Severn Trent's Great Big Nature Boost programme supporting the restoration or enhancement of 46.5ha of non-woodland priority habitats. This work is helping to move towards our target of 30% of the Forest area for biodiversity by 2030. This year saw around 93,000 trees planted, primarily on newly acquired sites, despite the very wet weather conditions. This also involved planting with partners including through community Plant a Tree events, grant schemes and planning.

Forest creation work outside of the National Forest boundary was supported by the launch of the

Midlands Forest Network initiative, progressing preliminary work on strategy and mapping, as well as the first phase of Defra's Forest for the Nation competition with applications received and assessed to identify 4 candidate areas to work up their stage 2 submissions.

Our community work had a successful year with a strong focus on our Creating a Forest for Learning programme. Primary schools in the Forest engaged in regular outdoor learning increased to 90% (up from 78% in 2022-23). The programme also expanded into secondary schools, with support targeted to young people with Special Educational Needs and Disabilities, and an audit of early years provision is informing work with pre-schools.

Work with volunteers, in particular through the Charnwood Forest Landscape Partnership Scheme and Community Woodlands project, both supported by the National Lottery Heritage Fund, continues to grow. More than 39,000 volunteer hours were contributed during the year and the number of community groups managing woodlands increased to 71. Activities not only have a significant impact on physical and mental wellbeing of Forest residents but are now increasing formal training and skills to support employment.

Our support for forest-related businesses and communities was enhanced by grants and advice with a focus on arts, wellbeing and sustainable tourism connected to the Forest. This included community arts organisations working in our Forest towns, health and wellbeing activities with harder to reach groups and an accelerator programme to bring forward new sustainable tourism accommodation and facilities. Economic growth opportunities have also been supported in the Heart of the National Forest with the development of a new vision for the Conkers Visitor Centre and project delivery with North West Leicestershire District Council through the UK Shared Prosperity Fund.

Major events this year included the National Forest Walking Festival led by South Derbyshire District Council; the award winning Timber Festival run by partners Wild Rumpus; the 25th anniversary of the Toyota Partnership with partners in Derbyshire and Toyota City; the launch of the 'Planting Hope' publication in the House of Commons and the international ProGeo geological science conference hosted by the Charnwood Forest Landscape Partnership Scheme to promote the area as an aspiring UNESCO Global Geopark. These were complemented by improvements in communications including video case studies to demonstrate the impact of our work.

Work towards the National Forest's objectives was underpinned by a programme of research and evidence including national research trials for Defra's Environmental Land Management Scheme, Green Finance consultancy work, support for the

national Treescapes initiatives and continued biodiversity monitoring.

A summary of progress against key targets drawn from the Strategy and Corporate Plan are set out below, demonstrating delivery against charitable objectives.

Headline targets

Targets	Progress
Create:	
Forest cover to reach 23% of 200 square mile National Forest area.	25.3% secured with new mapping and evidence as well as new creation. Note that 0.1% = 50 hectares.
200ha of forest creation.	Total of 139ha delivered comprising 24.99ha land acquisition, 17.88ha under the Changing Landscape Scheme (CLS), 5.25ha under Freewoods and 78.76ha under Parklands. There is also 11.8ha from planning. Delays in land acquisition meant that the overall target was not met.
150,000 trees planted.	Total of 93,285 trees planted through NFC grant schemes, sites and as a result of planning gain. Under target as a result of poor weather reducing planting on the NFC estate.
Manage:	
82% of woodlands in active management.	Figure to be confirmed as woodland management figures are impacted by the re-mapping of Forest cover exercise.
400ha of woodlands brought or retained in active management.	Exceeded. 562ha achieved comprising new areas brought into active management and renewals.
100ha of priority non-woodland habitat brought into or retained in active management.	46.5ha reached comprising new areas brought into active management and renewals.
Inspire:	
80% of National Forest schools regularly delivering outdoor learning.	Target exceeded for primary schools with 90% achieved. 17% of secondary schools achieved giving an overall schools' figure of 77%.
45,000 audience reached through arts programme including Timber Festival.	62,726 reached. 58,371 people reached through the Arts Grants, including in person and online engagement. 4,395 people reached through Timber (1,445 paying guests, 2,950 production, artists and guests).
Engage:	
150ha of new access created.	34ha created in total. Includes 9.35ha from grants and 24.99ha from acquisition. Grants schemes with only linear access not included. Under target as a result of the main schemes this year being parkland which do not require access.
50,000 volunteer hours completed in the Forest each year.	39,444 volunteer hours achieved including at Timber Festival and on the National Forest Way. Additional volunteer hours have been supported through the Charnwood Forest Landscape Partnership Scheme. Equivalent to £477k in kind contribution.

Grow:

Increase visitor numbers to 9.05m pa.	8.11m visitors reported via independent Scarborough Tourism Economic Activity Monitor (STEAM) data based on 2023 assessment of 2022 figures (ie 1 year in arrears). Whilst numbers recovered were below target, regional comparison showed that the National Forest recovered more of its visitors than other areas within England.
220,000 Conkers visitors.	218,230 reached. Poor weather at key trading periods has had an adverse impact on visitor numbers, but numbers are up on previous year.
100 National Forest businesses supported.	69 on brand businesses directly supported based on grants, workshops and consultancy. Fewer but larger businesses were supported this year with more intensive support. Impact is more significant as businesses supported outside the Forest boundary and indirectly through wider business networking are not included.

Securing resources, building the brand, governance and leadership

Targets	Progress
Securing resources:	
Increase unrestricted income for the NFC through sustainable sources to £600k.	£411k achieved. Levels reduced as a result of lower donations resulting from cost of living and targeting of restricted projects.
Generate £625k of new restricted income.	£655k achieved. Target exceeded with funds secured including from Severn Trent for research, Arbor Days for tree planting and public sources for renewables, tests and trials and Forest for the Nation.
Achieve a return on investment (ROI) of 3:1.	ROI of 2:1 achieved in challenging funding climate.
Building the brand:	
Increase National Forest website sessions to 300k.	Exact session figures unavailable due to limited tracking capability connected to website upgrade.
Increase media profile: achieve 350 pieces of media content.	443 achieved. Levels exceeded with good national and local coverage.
Governance and leadership:	
Board effectiveness: attain assurance based on Charity Governance Code.	Achieved. Assurance secured through review of previous year's activity.
Unqualified audit opinion.	Achieved. Accounts laid on time with unqualified opinion.

Income generation performance

Income generation performance for the year was a mixed picture with unrestricted income below target, but significant success with restricted income for new projects. Although impacted by cost-of-living pressures, charitable and corporate support continued, and income was supported by additional Defra funds for site acquisition and establishment.

Total income during 2023-24 was £7.207m (2022-23: £6.618m plus £5.675m for the transfer of assets from the National Forest Charitable Trust giving total income of £12.293m). This represented an increase on the previous year (after taking into account the prior year transfer of assets) and comprised £2.527m grant in aid from Defra (2022-23: £2.401m) and £1.400m from the fourth year of the Nature for Climate Fund programme (2022-23: £1.151m) also funded by Defra. Income this year included corporate partnerships with 29 partners such as Selective Marketplace Ltd and Oleo Ltd, section 106 funds, and income through Plant a Tree events and the Dedicate a Tree scheme. In addition, restricted funds were secured from: the Audemars Piguet Foundation for the Creating a Forest for Learning project; National Lottery Heritage Fund for the National Forest Community Woodlands project; National Lottery Heritage Fund for work on the Charnwood Forest Landscape Partnership Scheme; local authority partners and others for work on tourism; Severn Trent for the Great Big Nature Boost programme; Valpak for work on reducing plastic tree guards and litter; Arbor Day Foundation for tree planting; Defra for the Environmental Land Management Scheme (ELMS) Test and Trial project, Midlands Forest Network, landowner communications and promotions work.

Investment income also increased with Cazenove continuing to manage the NFC's investment (£0.500m invested in December 2020) in their Charity Responsible Multi-Asset Fund in line with our ethical investment policy. The policy ensures that the NFC's assets are invested in responsible investment funds, and specific assurance has been received that there are no investments in Russian assets. Careful management of investments is limiting liabilities from the conflicts in Ukraine and the Middle East to the general impacts on global markets. The Audit & Risk Committee has responsibility for agreeing strategy and monitoring the investment performance against agreed benchmarks including the objective of inflation plus 4% over the long term. In the year, funds have achieved c4%. During the reporting period there were no significant events that affected the financial performance and position of the

investment. The fund value as at the reporting date was slightly up at £0.524m (2022-23: £0.499m), although there are no plans to realise the assets and it is anticipated that the fund will continue to increase in value over the medium term. The remaining reserves are held in instant access fixed-rate deposit accounts.

The financial outlook for the NFC will be impacted by the government's Spending Review and the resulting settlements for Defra's Arm's Length Bodies which will determine levels of core income. The future unrestricted funding position is likely to be challenging in the short term with pressures on levels of household and corporate income, although this has the potential to increase as the economy strengthens. Levels of restricted and commercial funds should be more resilient as the NFC broadens its funding portfolio and is able to present a more compelling case for investment.

Plans for future periods

Key priorities for the coming year will focus on the ambitions set out in the new Corporate Plan 2023 to 2026, as agreed by the Board, and include:

Create

- Deliver ambitious Nature for Climate Fund targets to increase forest creation and tree planting using land acquisition, grants, planning and advice.
- Drive forward the Forest for the Nation competition and new National Forests building on the success of the National Forest model.
- Continue to develop the Midlands Forest Network initiative outside the National Forest boundary in partnership with the Woodland Trust and Midlands Engine.

Manage

- Further increase active management of woodlands including measures to address pests and diseases.
- Enhance the NFC's estate with new planting schemes, demonstration and research programmes.
- Deliver non-woodland habitat enhancements and species recovery work to contribute to biodiversity 30 by 30 targets.

Inspire

- Expand the outdoor learning programme to secondary schools and early years and continue progress towards all schools with regular provision.
- Continue the delivery phase of the Charnwood Forest Landscape Partnership Scheme with further progress towards Charnwood Forest's designation as a UNESCO Global Geopark.
- Deliver the new Arts and Creativity Strategy including a programme of arts and cultural activities and grants.

Engage

- Create and maintain public access across sites in the Forest.
- Further increase Community Management of Woodlands groups and volunteering, as part of a community woodlands programme.
- Deliver against the Heart of the National Forest vision including the Green Web access network and creation of a volunteering hub.

Grow

- Continue delivery of the Sustainable Tourism programme including accommodation, facilities and events to grow a low carbon visitor economy.
- Deliver the vision for the Conkers Visitor Centre in line with the National Forest brand.

Cross-cutting work

- Continue to upgrade the NFC's new website including the National Forest Champions scheme.
- Grow major new income generation opportunities for restricted projects, green finance and individual giving.
- Increase advocacy and policy influence to raise profile, impact and understanding of the National Forest as well as demonstrating impact.
- Complete a wide ranging research and development programme including green finance, net zero for carbon and outcome monitoring.
- Continue to extend work on equality, diversity and inclusion across the Forest to ensure all audiences can enjoy the benefits of trees and woods.

- Develop the NFC's sustainability programme to reduce carbon and environmental impacts in line with Defra's Strategy.

Risk Management

The Board is responsible for management and monitoring of the risks facing the NFC. With the new subsidiary company, risk is also being managed through the company board and reported to the NFC's Audit & Risk Committee and Board. The principal strategic risks and uncertainties facing the NFC are set out below with corresponding plans for managing them.

Further information on risk and risk management is provided in the Governance Statement.

Strategic risks	Mitigation
Failure to adapt to changing climate and organisational strategy and delivery impacted negatively.	Review of strategy and work programmes to include measures for adaptation (fire, flood, heat, water management, species choice, wellbeing, etc). Annual review of policies to take account of climate change evidence and practice. Horizon scanning for long term strategy and policy development with partners. Budget and reserves in place for contingencies.
Inability to scale up Forest creation targets, meet Nature for Climate Fund commitments and take advantage of carbon/tree planting opportunities.	Nature for Climate Fund programme steering group and oversight by Land & Forestry Working Group. Pipeline of schemes and acquisitions, active partnership outreach to identify opportunities. Land agency arrangements to identify and accelerate opportunities. Mapping of opportunities and priority areas. ELMS pilots and work on new grant schemes long term. Engagement with Defra and partners to be more flexible on delivery. Work outside the boundary and on Midlands Forest Network/Forest for the Nation.
Income generation strategy for unrestricted income inadequate and does not meet targets.	New income generation strategy, staffing and development work to generate new income mechanisms including regular giving, green finance, restricted bids and corporate packages. Active website and integration with CRM. Income generation and marketing work to promote offer digitally. Brand collateral and messaging aligned to Greenprint. Packaging work for restricted funding to cover core costs.
Loss of Defra funding support (particularly as part of the Spending Review), and backing of key partners.	Continue close relationship with Ministers and officials, and as part of Nature for Climate Fund groups, complete Spending Review documents. Demonstrate NFC impact and value for money. Raise profile of the NFC with MPs, peers and in media. Secure high profile projects with Defra (Test and Trials, access, etc) and closer working with Defra communications team.
Loss of long term support and development opportunities (particularly with a general election). Loss of position as national lead/loss of regional leadership role with partners.	New Head of Advocacy recruitment and CEO role development. Advocacy programme to better engage with decision makers and highlight key impacts and messages including advocacy reports. Evidence and metrics work. Midlands Forest Network development and positioning with partners. Regional relationships with Midlands Engine, Local Authorities and MPs.
Income risk – Gift aid and profit levels insufficient to deliver Conkers' vision and objectives and provide long term sustainability, requiring subsidy from the Charity.	Strategic Plan for Conkers to determine refreshment projects and interventions required. Use of reserves fund to support investment. Manage performance through Commercial Director and National Forest Enterprises Board with PSL reporting against key performance indicators.
Succession planning – risk of Planning Solutions Ltd no longer being able to deliver the contract or their CEO not being available to lead the company.	National Forest Enterprises Board oversight of relationship with Planning Solutions Ltd (PSL), develop Continuity and Succession plans. Complete work on operator contract assets and liabilities.
Income risk to Conkers – Project planning and major cash investment to upgrade facilities and realise ambition and brand at Conkers not secured, leading to decline in turnover and profits.	Vision document, development of masterplan and investment plan for Conkers, new partnerships and capacity to drive forward capital income generation. Advocacy and positioning to increase profile, opportunity and benefits with potential funding partners.

Board of Trustees

The Trustees of the NFC throughout 2023-24 were as follows:

Name	Date of appointment as Trustee	Role
Lord Duncan of Springbank ⁽¹⁾	20 May 2020	Chair, Board of Trustees, Member, Remuneration Committee
Tony Ballance	1 January 2024	Chair, Board of Trustees, Member, Remuneration Committee
Penny Coates	1 April 2022	Member, Audit & Risk Committee Chair, National Forest Enterprises Ltd
John Everitt ⁽²⁾	1 April 2015	Chief Executive
Ruth Evans	1 January 2023	Chair, Development Working Group
Alison Field	1 April 2018	Member, Land & Forestry Working Group and Senior Independent Director
Paddy Harrop	1 April 2018	Chair, Land & Forestry Working Group, Member, Audit & Risk Committee
Anne Jenkins	1 January 2021	Chair, Tourism, Recreation & Communities Working Group
Mike Kapur	1 April 2018	Chair, Audit & Risk Committee, Member, Remuneration Committee
Matt Robinson	1 January 2023	Member, Audit & Risk Committee, Chair, Remuneration Committee

⁽¹⁾ Retired 31 December 2023

⁽²⁾ John Everitt is the NFC's Chief Executive and also a Trustee. It was agreed that he should hold this dual role because of the nature of the NFC's current funding position whereby a significant proportion of the NFC's funds are from Defra and the Chief Executive holds the responsibility of Accounting Officer for those funds. To meet the standards for Managing Public Money, Accounting Officers are required to be represented at Board level. It is recognised that this is unusual within a charity, but is considered to be in the best interests of the Charity because of the funding relationship, and controls are in place to avoid any abuse of power or conflicts of interest. The Board has delegated the responsibility for the day-to-day management of the Charity to the Chief Executive. The Chief Executive reports directly to the Chair of Trustees and provides advice to the Board.

Information on the recruitment and induction processes for Trustees and an overview of the governance arrangements in place is given in the Governance Statement. Trustees are required to disclose any interests they have that may potentially conflict with their management responsibilities for the NFC. This includes company directorships, public appointments and any other significant external interests. During 2023-24 no issues arose as a result of any Trustees' conflicts of interest. No Trustee, other than the Chief Executive who is a Trustee, had any transaction with the NFC, other than being reimbursed expenses necessarily incurred in fulfilling their duties as per Trustees' travel and expenses (Note 11). Information on the remuneration of the Chief Executive is detailed in the Remuneration and Staff Report.

Results for the year

The accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs and on the basis of the accounting policies set out in Note 1 to the accounts.

Total income for the year was £7.207m (2022-23: £6.618m plus £5.675m for the transfer of assets from the National Forest Charitable Trust giving total income of £12.293m) comprising £2.527m (2022-23: £2.401m) grant in aid from Defra and £1.400m Nature for Climate Funds (2022-23: £1.151m). Total expenditure was £8.033m (2022-23: £5.888m). After gains on investments and revaluation of fixed assets of £0.169m (2022-23: £0.560m), the net movement in funds was a deficit of £0.657m (2022-23: £6.975m), this included expenditure of £0.367m on Conkers' roof installation, £0.152m to enhance land acquisition during the year and additional

funds to catch up on tree planting activities delayed by poor weather.

Reserves

Total reserves at the end of the financial year decreased by £0.657m to £16.024m (2022-23: £16.681m). This change in total reserves was made up of an increase in restricted reserves of £0.467m and a decrease in unrestricted reserves of £1.124m explained below.

Restricted Reserves: at 31 March 2024, £3.257m of total reserves held were restricted funds as per Note 21, which includes fixed assets and investments of £2.400m, as per Note 22. The increase in restricted funds of £0.467m to £3.257m (2022-23: £2.790m) was due mainly to Nature for Climate Funds held at year end as per Note 20.

Unrestricted Reserves: total unrestricted reserves of £12.767m relates to non-liquid, fixed assets (excluding Cazenove Investment) of £11.589m with liquid assets of £1.177m at 31 March 2024. The unrestricted funds reduced by £1.124m to £12.767m (2022-23: £13.891m) and this was largely due to impairments of land and buildings, which included impairments of Conkers per Note 13.

The Audit & Risk Committee reviewed the Reserves Policy in October 2023, prior to the Board reviewing the Policy at its subsequent meeting. Separate funds were approved as set out in the table below with 1 fund set aside to manage cash flows and 4 other designated funds to mitigate risk. The designated funds support financial contingency, as well as to enable capital and one-off investments in delivery of charitable objectives. Target funding levels for 2023-24, alongside actuals at March 2024 are set out below:

Summary of Funds and Target Levels	Target level (range)	*31 March 2024
General Fund: Unrestricted free reserves Working capital to manage cash flows	£400k	£146k
Designated Funds – Target Levels 2023-24:		
Financial Contingency Fund (FCF) Approximately 4 months running costs to be used in the event of major cash flow problems	£650k – £700k	£700k
Land Acquisition, Establishment and Development Fund (LAEDF) To support land acquisition and site establishment costs	£500k – £700k	£500k
Enterprise and Investment Fund (EIF) To support innovation, enterprise, and commercial income, to secure long-term financial sustainability	£300k – £500k	£439k
Conkers Repairs and Investment Fund (CRIF) To support costs of repairs and maintenance, capital refreshment and emergency support for Conkers	£200k – £400k	£92k

*Balances per Note 20.

Going concern

The Balance Sheet as at 31 March 2024 shows that the NFC has total reserves of £16.024m (2022-23: £16.681m).

Looking ahead, the annual grant from Defra, ie via both grant in aid and the Nature for Climate Fund, is expected to continue to represent a high proportion of the NFC's income. Based on the Government's high priority for tree planting, grant in aid funding allocated as part of the Spending Review period is projected to remain at a similar level to the current allocation (ie £2.4m). Defra has also allocated a further £3.158m (2023-24: £2.4m) to the NFC from the

Nature for Climate Fund for 2024-25. The settlement on funding beyond the current Nature for Climate Fund as part of the Spending Review is still being determined. Pending the outcome of this Review, Defra has agreed a minimum allocation of £1m to the NFC to support the Nature for Climate Fund transition in 2025-26. In addition, the NFC's Board approved income generation strategy is delivering both unrestricted and restricted income, and the new website recently launched in 2024 is aimed at generating increased fundraising. The NFC's bank balance as at the end of March 2024 totals £1.673m. If required, and with Board approval, all designated funds of the Charity as described in the Reserves section above could be made available to meet the cash flow requirements of the Charity.

To support the long-term strategic development of the NFC and the National Forest, the Charity has completed the transitional activities following the acquisition of the National Forest Charitable Trust (NFCT), with a successful first full year of trading under the new arrangements. Continued professional advice on legal, financial and governance issues has been received from Mazars LLP and Browne Jacobson LLP to support the transition. The NFC's Audit & Risk Committee has continued to oversee this work to ensure that risks are being mitigated and to reduce any impact on the NFC's ability to continue as a going concern. Following the closure of the NFCT charity, the trading company arrangements have been simplified and a single trading company, National Forest Enterprises Ltd, is now in place. Operating trading through this subsidiary company helps to provide an additional level of protection to the Charity's going concern position.

Inflationary pressures are reducing on the operational activities of the Charity, and the risks associated with the ongoing conflicts in Ukraine and the Middle East are being managed. Risk management and mitigations are also being put in place to monitor the operating environment and reduce potential impacts, with heightened scrutiny in relation to fraud and cyber security. The Trustees are not aware of any other significant risk which may impact on the ability of the NFC to continue to operate at the current level of activity.

All of the above factors inform the opinion that it is appropriate to adopt the going concern basis of preparation of the financial statements for 2023-24

Auditors and their remuneration

Statutorily appointed auditor:
Comptroller and Auditor General
National Audit Office,
157 – 197 Buckingham Palace Road,
London SW1W 9SP

The fee for the audit of the financial statements in 2023-24 was £50,000 (2022-23: £47,525). No non-audit work was conducted by the National Audit Office during 2023-24.

Internal audit

Mazars LLP,
58 The Ropewalk,
Nottingham NG1 5DW

The Board has appointed Mazars as internal auditors who report on a quarterly basis to the Audit & Risk Committee.

Bankers

The Co-operative Bank,
Miller Street,
Manchester M60 0AL

Investment Managers

Cazenove Capital,
1 London Wall Place,
London EC2Y 5AU

Solicitors

Ansons Solicitors,
St Mary's Chambers,
5-7 Breadmarket Street,
Lichfield,
Staffordshire WS13 6LQ

Pension liabilities

All the NFC staff are members of the Principal Civil Service Pension Scheme (PCSPS). Information on the pension arrangements and accounting policy applied to pension liabilities is provided in Note 1.17 of the financial statements. Pension arrangements are detailed in the Remuneration and Staff Report which also provides information on pension benefits to which the NFC Chief Executive qualifies. No other Trustees are members of the PCSPS.

Losses, special payments and gifts

(this information is subject to audit)

There were no losses, special payments or gifts made during 2023-24 (2022-23: nil). No special severance payments that require disclosure were made during the year.

Government Functional Standards

The mandate for use of functional standards is provided by Managing Public Money (MPM) and endorsed by ministers through the Declaration on Government Reform. The standards support accounting officers to oversee functional work effectively and efficiently, and to target improvement.

Each standard sets expectations for what needs to be done, and why, relating to the work within its scope.

The NFC Board is responsible for leading and directing the Charity and for determining strategy and guiding operational activity. Government functional standards are embedded within the National Forest Company's policies and procedures which are overseen by the Board and relevant Committees. The provisions of the Board, enable Defra to monitor performance and delivery in relation to grants given to the NFC and describes

the arrangements that exist to safeguard propriety and regularity.

Payment of Suppliers

The standard term of payment for supplier contracts is 30 days from receipt and agreement of a valid invoice. This is embedded in all contracts with suppliers, with any exceptions agreed as part of contractual negotiations. However, the Company aims to pay undisputed invoices within 5 days of approval and 70% have been paid within this timescale (2022-23: 80%); 95% were paid within 10 days (2022-23: 94%). No claims were received during the year from suppliers for late payment of invoices under the Late Payment of Commercial Debts (Interest) Act 1998.

Research and development

During the year £125,271 was spent on research and development (2022-23: £58,038).

The main areas of activity were:

- Ecological appraisals;
- Green Finance Consultancy;
- ELMS pilot research undertaken for Defra;
- Biodiversity monitoring for the Severn Trent Great Big Nature Boost programme;
- Ongoing maintenance and support for our GIS systems; and
- Annual statistical analysis of the economic impact of tourism on the Forest area.

Employee Involvement

The National Forest Company regularly communicates with staff through a variety of mechanisms such as the bi-weekly staff meetings, written weekly updates and staff away days to provide information on matters of concern to them as employees. Additionally, staff are consulted on their views where decision making will affect their interests. During the year, an employee engagement survey was distributed to gather feedback on relevant issues with issues arising acted upon. The NFC continued to operate to the Blended Working Framework and provided ongoing review and refinement of flexible working arrangements. Measures to promote staff wellbeing continue to be embedded with 30% of staff being Mental Health First Aid trained.

Staff are incentivised to deliver high quality outcomes for the National Forest through annual performance related bonuses linked to their job descriptions, with an in-year bonus scheme also used to reward exceptional effort.

Sustainability Report

The NFC's sustainability performance is reported against a series of measures which are consistent, as far as possible, with HM Treasury sustainability reporting guidance 2023-24 and gives an overview of other areas where the NFC aims to make positive impacts through its operations.

In March 2023, the Defra Group Sustainability Strategy was published. This provides a framework for delivery of the Defra Group's sustainability action over a 10 year period and will support the NFC in developing Sustainability Delivery Plans and emissions reduction. This strategy builds on the greening government commitments (GGC) which set out the actions UK government departments and their partner organisations will take to reduce their impacts on the environment. The current GGC framework is set for the period between April 2021 to March 2025.

The NFC is below the organisational size threshold and is exempt from both Streamlined Energy and Carbon Reporting (SECR) and GGC reporting but will seek to align with SECR guidelines where possible. Carbon footprint reporting is aligned with the guidelines set out in the Greenhouse Gas Protocol (ghgprotocol.org). Reported figures are based on a mix of direct meter readings (manual or automatic) and billed amounts. Billed quantities may be subject to future adjustments dependent on supplier re-billing.

Summary of key sustainability data

The NFC operates from serviced accommodation leased from a private landlord. The data in this report therefore focuses primarily on our main

direct impacts which comprise energy consumption (Scope 2 Energy Indirect Emissions) and official business travel (Scope 3 Other Indirect Green House Gas (GHG) Emissions). Electricity is recharged by the landlord and an upgrade to a more energy efficient heating system for the offices took place in January 2023. The NFC began a lease on a diesel fleet vehicle from April 2023 with Scope 1 Direct Emissions reported.

Energy emissions and consumption are calculated for the fleet vehicle based on carbon emissions per mile from the total mileage; for business travel on the carbon emissions per mile for the total number of miles travelled by car, rail and air; and for office accommodation on carbon emissions per kWh from electricity use.

Water data cannot currently be reported upon as consumption is included within the landlord's service charge, rather than being metered separately, and accurate data is not available.

To enable comparisons to be made between years, the total energy emissions data has been normalised by the average number of full time equivalent (FTE) employees. This figure has reduced from pre-COVID levels.

The NFC operates within the guidelines of a Blended Working Framework introduced in May 2022. The NFC continues to see lower emissions from electricity and lower business travel emissions per head compared to pre-COVID years, due to staff working more flexibly and fewer journeys needed with more meetings being held virtually.

Summary of Greenhouse Gas Emissions tCO ₂ e	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Scope 1 Emissions – Fleet Vehicle	tCO ₂ e	1.08	0.67	–	–	–
Scope 2 Emissions – Building Energy Consumption	tCO ₂ e	6.91	8.17	8.92	8.75	14.51
Scope 3 Emissions – Business Travel	tCO ₂ e	10.64	5.36	2.12	0.84	6.18
Total Emissions	tCO ₂ e	18.63	14.20	11.04	9.59	20.69
Average number of staff (FTE)	FTE	41	36	30	26	22
Total Emissions per head	tCO ₂ e/FTE	0.45	0.39	0.37	0.37	0.94

Fleet Vehicles

The NFC began a lease for 1 diesel fleet vehicle in 2022-23 and is seeking to replace this with a 100% battery electric powered vehicle when a suitable model is available on the market.

Fleet Vehicle (Scope 1)	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Scope 1 Emissions – Fleet Vehicle	tCO ₂ e	1.08	0.67	–	–	–
Fleet vehicle mileage	Miles	3,314	2,036	–	–	–
Fleet vehicle expenditure	£	925	604	–	–	–

Energy Consumption

Building Energy Consumption (Scope 2)	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Scope 2 Emissions – Energy consumption	tCO ₂ e	6.91	8.17	8.92	8.75	14.51
Scope 2 Emissions – Energy consumption per head (FTE)	tCO ₂ e/FTE	0.17	0.23	0.30	0.34	0.66
Energy consumption	kWh	33,369	42,234	42,011	37,534	56,787
Energy consumption per head (FTE)	kWh/FTE	811	1,173	1,400	1,444	2,581
Total energy expenditure	£	14,134	14,805	8,033	8,152	10,564
Expenditure per head (FTE)	£/FTE	343	411	268	314	480
Average number of staff (FTE)	FTE	41	36	30	26	22

Business Travel

The NFC's travel policy promotes low carbon forms of transport, car sharing and reduction of unnecessary travel to reduce environmental impact. Business travel has increased slightly, although staff continue to work within the guidelines of the blended framework, with meetings continuing to be held virtually alongside office working. Business travel mainly relates to inspections of management and planting works across the Forest and meetings with external stakeholders and partners that cannot be held virtually. Air travel has increased due to an overseas visit undertaken by the CEO as part of the 25th anniversary for Derbyshire's Toyota City Partnership which includes the NFC.

Business Travel (Scope 3)	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Total Scope 3 Emissions – Business Travel	tCO ₂ e	10.64	5.36	2.12	0.84	6.18
Scope 3 Emissions – Business Travel – Car	tCO ₂ e	4.88	4.21	2.09	0.84	5.31
Business Travel – Car – Staff (including Chief Executive)	Miles	16,224	13,602	7,462	3,030	15,027
Business Travel – Car – Staff mileage per head	miles/FTE	394	378	249	117	683
Average number of staff (FTE)	FTE	41	36	30	26	22
Business Travel – Car – Trustee	Miles	1,982	1,731	108	-	3,590
Business Travel – Car – All mileage	Miles	18,206	15,333	7,570	3,030	18,617
Scope 3 Emissions – Business Travel – Train	tCO ₂ e	0.63	0.95	0.03	-	0.87
Business Travel – Train	Km	17,627	26,778	816	-	21,040
Scope 3 Emissions – Business Travel – Air	tCO ₂ e	5.13	0.20	-	-	-
Business Travel – Air	Km	27,021	806	-	-	-
Total Business travel costs	£	16,254	20,601	5,491	1,800	24,107

Travel data includes official business travel by all staff and Trustees. Mileage relates to travel in staff/Trustees' own vehicles. Total business travel costs includes car mileage and rail.

Train travel data includes available mileage booked through the NFC's travel operator.

Carbon reduction

As part of the NFC's programme of carbon reduction, work has been taken forward this year on improving the recording of carbon and assessing opportunities for reducing emissions including renewables generation and use, improvements to buildings and sustainable travel options. This has involved work with the Midlands Energy Hub through which funding has been secured and work now commenced on decarbonisation of the NFC's assets in the Heart of the National Forest.

Carbon sequestration

As part of the NFC's mitigation towards net zero or being carbon positive, trees were planted at the NFC's Minorca West site, specifically with the purpose of being monitored and evaluated for their carbon sequestration benefits and balanced against the NFC's carbon footprint. Assessment is also being made of new land acquisitions to assess their suitability for carbon accreditation of tree planting through the Woodland Carbon Code, to formalise the NFC's net carbon position.

Waste

The majority of waste generated at the NFC's office is paper and cardboard, all of which is recycled.

All other recyclable materials are recycled via the local authority recycling services; no data is currently available for this, nor for the minimal amount of waste that is not recyclable. IT equipment is recycled for refurbishment and re-use. Staff take home any food waste for composting.

Procurement

The NFC is aware of the role of public sector and charity procurement in meeting organisational needs for goods, services, works and utilities, while achieving value for money on a whole-life basis, minimising damage to the environment and generating benefits for society and the economy.

Wherever possible, the NFC ensures that environmental and social considerations are built into procurement processes. Information on environmental policies of potential suppliers is requested and these are reviewed, where appropriate, as part of the tendering procedure when seeking to award contracts or place orders for goods and services. The NFC continues to develop

its procedures to ensure that sustainability is fully integrated throughout the procurement process.

Tree guards

In helping to plant more than 9.5 million trees across the National Forest, a critical aspect has been the need to help protect the trees from browsing mammals. The NFC continues to use fencing as the primary method of control, however, where necessary in a small number of cases non-plastic tree guards on the estate are used. The NFC's grant schemes also promote the non-plastic tree guard option to reduce plastic waste and contamination. Ongoing work is being undertaken with volunteers and through the NFC's grants to remove plastic tree guards on previously planted sites. These are collected and recycled into outdoor furniture where possible.

Biochar

The NFC trial with biochar continues in collaboration with the University of Nottingham. The research is in the early stages of evaluation, but initial results demonstrate a positive impact on the soil. This work continues to help shape the NFC's future considerations for the use of biochar on the estate and in working with Heartwood Community Woodland Group (who were assisted in the purchase of a small kiln to make biochar). The NFC is also exploring the benefits of engaging volunteers in making small batches of biochar.

Biomass Production in the National Forest

Biomass continues to be a common output for managed woodlands across the National Forest. The current stage and size of timber being produced in many woodlands results in thinnings being used as fuelwood and this trend is likely to continue for a large proportion of woodlands for the next decade or more. One large biomass business in the Forest continues to act as the major contractor and supplier of local biomass. This business has been supported in previous years through the NFC's Woodland Economy Grants.

Personal data related incidents

No personal data related incidents occurred during the year which needed to be reported to the Information Commissioner's office.

Post year end events and developments

There are no post year end events or developments which require to be reported on other than the closure and strike off of the former subsidiary company, The Forest Experience Ltd.

The strategic report was approved by the Trustees on 10 December 2024 and signed on their behalf by:



Dr Tony Ballance

Chair of the Board of Trustees
10 December 2024



John Everitt OBE FRSA

Chief Executive/Accounting Officer/Trustee
10 December 2024

Statement of Trustees' and Accounting Officer's Responsibilities

The Board of Trustees of the National Forest Company is required to prepare a statement of accounts for each financial year in accordance with applicable law and regulations.

Section 394 of the Companies Act 2006 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 Company and of the profit or loss of the Company for that period. The Secretary of State for Environment, Food and Rural Affairs has directed the National Forest Company to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Company and of its incoming resources, application of resources and cash flows for the financial year.

In preparing the financial statements, the Trustees are required to comply with the requirements of FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting by Charities issued by the Charity Commission with regard to any additional requirements arising from the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Environment, Food and Rural Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Principal Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Chief Executive of the National Forest Company as the Company's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which

the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Forest Company's assets, are set out in Managing Public Money published by the HM Treasury.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- 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; and
- the annual report and accounts as a whole are fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Dr Tony Ballance

Chair of the Board of Trustees
10 December 2024



John Everitt OBE FRSA

Chief Executive/Accounting Officer/Trustee
10 December 2024

Governance Statement

Overview

The National Forest Company (NFC) is a charitable company (limited by guarantee). As a charity, the NFC exists to carry out its charitable purposes.

As a Non-Profit Institution within the Public Sector specifically Central Government, the NFC operates at 'arm's length' from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra).

The NFC Board is responsible for leading and directing the Charity and for determining strategy and guiding operational activity. The terms of a Framework Document agreed between Defra and the NFC sets out the governance arrangements to be adhered to, clarifying the roles and responsibilities of Defra, including those of the Secretary of State as a Member of the NFC, and of the NFC itself. Its provisions enable Defra to monitor performance and delivery in relation to grants given to the NFC and describes the arrangements that exist to safeguard propriety and regularity.

The NFC seeks to comply with good practice as issued by the Charity Commission. It also complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' as it applies to the NFC and operations are underpinned by the 7 core principles ('the Nolan Principles') of good governance for public services. This Governance Statement provides an evaluation of the effectiveness of the NFC's governance, risk and internal control arrangements.

Governance Arrangements

Members and Board of Trustees

In accordance with the Articles of Association, the NFC Chair and Secretary of State for Environment, Food and Rural Affairs and 2 further independent individuals are Members of the Charity. The Secretary of State is in a minority when voting on NFC business and therefore cannot exercise a controlling influence.

The Board of Trustees was established in March 2016. The Board determines the strategy of the organisation and ensures that appropriate policies and procedures are in place to fulfil its obligations as to the use of public funds.

The Chair and 8 Trustees, excluding the Chief Executive, are not remunerated but are entitled to be reimbursed out of pocket expenses necessarily incurred in fulfilling their duties. The NFC Chief

Executive is a Trustee and his remuneration is detailed in the Remuneration and Staff Report.

All Trustees provide declarations of interest and these are recorded in a Register of Interests which is available on the National Forest Company website nationalforest.org/about/who-we-are/our-governance/publication-scheme.

The Board meets 4 times a year, and additionally as necessary, to consider business performance, organisational structure and strategy. The Board is the main decision making body of the NFC with a quorum based on 3 Trustees. Decisions are taken by the Board on key issues relating to governance, finance, policy and strategy. The Scheme of Delegations sets out decisions and responsibilities delegated to Committees, Working Groups and staff.

The membership of the Board of Trustees in 2023-24, excluding the Chief Executive, was as follows:

Lord Duncan of Springbank (Chair)
 Tony Ballance (Chair)
 Penny Coates
 Ruth Evans
 Alison Field
 Paddy Harrop
 Anne Jenkins
 Mike Kapur
 Matt Robinson

In 2023, Lord Duncan of Springbank gave notice that his tenure would end on 31 December 2023 at the end of a term of 3 years.

The NFC undertook a recruitment exercise to recruit his replacement, and the new Chair, Dr Tony Ballance, was duly appointed on 1 January 2024.

Recruitment of Trustees is conducted through fair and open competition following Charity Commission guidance and with a focus on supporting diversity and inclusion.

The induction programme for Trustees includes: the roles and responsibilities of a Trustee; governance arrangements; vision and strategy for the National Forest, in particular familiarisation with the Corporate Plan, and meetings and presentations from staff on their operational areas. Handover meetings between new and retiring Trustees are also arranged, where appropriate, with the incoming Chair meeting Trustees, the outgoing Chair and

observing a Board meeting and strategy session as part of induction.

Standard agenda items for Board meetings include the Chief Executive's quarterly report and strategic summary reporting on progress against operational targets, giving headline commentary on activity, and an assessment of key risks. Declarations of interest, finance, income generation performance, oversight of delivery of Forest Creation, and a report of the activities of the Subsidiary Company are also standing items.

Minutes from sub-committees of the Board, working groups and the Subsidiary Company are also included within papers sent to Trustees.

Membership of the Board, its Committees, Working Groups and Subsidiary Board is provided on page 28.

During 2023-24 the Board considered a range of matters including:

- reviewing the annual programme of work and budget;
- agreeing the targets and indicative budgets for the NFC's Corporate Plan for 2023-26;
- establishment of a single trading subsidiary, ie National Forest Enterprises Ltd (NFE), and the resultant governance changes;
- considering Conkers' 2022-23 trading performance, together with its budget, priorities and trading performance for 2023-24;
- noting developments in relation to the Midlands Forest Network initiative;
- providing a steer on the NFC's involvement in the 'Forest for the Nation' initiative;
- agreeing Trustee/Chair succession and recruitment, together with the recruitment of a new Member following the retirement of Professor Adrian Phillips in December 2023;
- approving the introduction of a permanent, high-level, advocacy role within the Executive team;
- reviewing risk management, including consideration of strategic risks (charity and subsidiary) relating to the delivery of the NFC's objectives, going concern and financial sustainability;
- approving the revised Risk Policy, including the Risk Appetite Statement;

- approving the revised Financial Reserves Policy and endorsing the use of Cazenove Capital's short-term investment funds;
- receiving the annual report of the Audit & Risk Committee and approving its updated Terms of Reference;
- viewing and commenting on the new website during its development;
- noting progress against the Heart of the National Forest Vision, part of the long-term Vision and Strategy for the National Forest;
- approving the annual landholding and valuation review, including the land transferred as part of the National Forest Charitable Trust acquisition; the inaugural Estate Strategy 2023-2026 and the marketing for disposal of a small NFC site;
- approving forest cover activities including the 2023 Changing Landscape Scheme applications; next steps in relation to forest cover mapping and reporting methodology; and the introduction of a new policy relating to schemes outside the Forest boundary;
- agreeing land acquisitions (inside and outside the Forest boundary) recommended by the Land & Forestry Working Group;
- agreeing future strategy in respect of the Timber Festival;
- receiving a presentation on the NFC's Arts and Creativity Strategy; and
- considering an update on performance against key priority areas from the NFC's Equality, Diversity and Inclusion (EDI) commitment statement.

The Board undertakes annual reviews of its governance and Board effectiveness.

The format of the review is based on the Charity Governance Code which sets the principles and recommended practice for good governance and drawing upon the Charity Commission's guidance using the recognised hallmarks of an effective charity, ie organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; diversity and openness and accountability.

The review again demonstrated that the NFC's governance processes and practice provide a high level of assurance against the Charity Commission's key principles and therefore provided a strong basis for assessing Board performance as 'effective'. There

continues to be consensus amongst Trustees, and between staff and Trustees, on areas of strength, compliance and weakness.

The review also assessed the quality of reports and papers to the Board which were considered to be of a good standard, enabling the Board to make effective decisions.

One area was identified as requiring further development, ie equality, diversity and inclusion (EDI), and the Executive confirmed its intention to continue to build on the NFC's commitment by supporting the EDI working group and prioritising key actions.

Subsidiary Companies

During the year, changes were made to the NFC's 2 subsidiary companies, Heart of the National Forest Park Developments Ltd (HNFPD) which oversees the commercial development and management of the former National Forest Charitable Trust estate, and The Forest Experience Ltd (FE) which oversees the commercial activities of the Conkers Centre, including the operating contract with Planning Solutions Ltd.

On 22 September 2023, the Heart of the National Forest Park Developments Ltd changed its name to National Forest Enterprises Ltd (NFE) and agreed new Articles. The trade and assets of The Forest Experience Ltd were transferred to National Forest Enterprises Ltd on 29 January 2024, following which The Forest Experience Ltd was struck off on 16 July 2024 in line with the disclosure in The Forest Experience Ltd 31 March 2023 Financial Statements. National Forest Enterprises Ltd now oversees the activities of both former companies.

The directors of the subsidiary company are appointed by the NFC Board of Trustees and the company is chaired by an NFC Trustee, with the NFC Chief Executive also sitting on the board as a director to ensure that activities and any investment reflects the interests of the NFC. Operating non-primary purpose trading activity through the subsidiary provides additional safeguards to the NFC and generates unrestricted income through the gifting of profits at the year end.

A proportion of annual profits from the operation of Conkers are paid by Planning Solutions Ltd to National Forest Enterprises Ltd. The subsidiary company does not employ staff but the costs of NFC staff working on behalf of the company are recharged to the subsidiary and paid from the annual profits. Gift aid on visitor admissions to Conkers is received directly by the Charity and Trustees agree to its use to support investment in

Conkers and/or time for staff working on behalf of the company, if required. Additional capital investment in Conkers as an asset of the Charity is also agreed by the NFC Board as advised by the subsidiary company.

In 2023-24, the NFE Board's work included:

- assuming oversight of the transition and post-merger governance and management arrangements of the 2 subsidiaries;
- approving the financial accounts (year ended March 2023) for the 2 subsidiary companies;
- approving the Articles of Association for National Forest Enterprises Ltd;
- approving the Terms of Reference for the National Forest Enterprises Ltd Board;
- monitoring due diligence, governance and management arrangements, financial security, budget, risk, health and safety, repairs and maintenance, key performance indicators and insurance of the subsidiaries;
- contributing to the strategic plan and vision for the Conkers Centre; and
- commenting on the Clay Stocks (Heart of the Forest) restoration plan.

Future business developments for 2024-25 include taking forward plans for the re-development of the Conkers Centre, strategic alignment to the new vision, investment in repairs and maintenance, and fundraising for capital improvements.

Whilst consolidated figures are included in these Group accounts, further details of the subsidiary company can be found in its individual annual report.

Board Committees and Working Groups

The Board of Trustees is supported by various Committees and Working Groups.

Each Committee and Working Group has key functions to discharge, and each is chaired by a Trustee, together with additional Trustee or non-executive representation. Appropriate staff are also involved.

The Committees and Working Groups are:

- Audit & Risk Committee (ARC) – covering issues on finance, investments, risk, health and safety, governance, policy and HR;

- Remuneration Committee – covering issues on remuneration of the Chief Executive and senior staff;
- Land & Forestry Working Group – covering issues on land policy, forest creation, forest management and economy, NFC owned sites, access creation and biodiversity;
- Development Working Group – covering issues on income generation, marketing and communications, brand and product development; and
- Tourism, Recreation & Communities Working Group – covering issues on tourism and facilities, recreation and access, and communities, health, education, arts and training.

All Committees and Working Groups have written terms of reference.

Audit & Risk Committee (ARC)

The role of ARC is to provide assurance and recommendations to the Board on the effectiveness of its governance, financial management, internal control and risk management systems. ARC also monitors the work of the external audit and the effectiveness of the internal audit service. Minutes of meetings are circulated to all Trustees and oral reports given to the Board on business conducted. The Committee also presents an annual report on its activities to the Board.

ARC comprises 4 Trustees, with the Chief Executive attending in his capacity as Accounting Officer. Mike Kapur is Chair of ARC.

ARC met 4 times during 2023-24. Its work included consideration of the financial statements for 2022-23 and the Audit Completion Report issued by the external auditor prior to the accounts being certified by the Comptroller & Auditor General (C&AG) with an unqualified audit opinion; receiving the external auditor's Audit Planning Report for 2023-24; considering reports issued by internal audit; scrutinising finance reports, including income generation, prior to being presented to the Board; reviewing accounting policies; safety, health and wellbeing; fulfilling its responsibilities in respect of risk management (see below), and oversight of investments and performance of the appointed fund manager with particular emphasis on ethical investment, global uncertainties and additional investment opportunities.

During the year, the Committee sought assurances from management that recommendations from the prior year's audit were being implemented. These included making improvements to the land

valuation report which are being addressed and income recognition, which has been completed.

Other business conducted by ARC during the year included:

- reviewing strategic and standing risks, including a going concern assessment, and giving consideration to emerging risks;
- oversight of due diligence, governance and management arrangements, financial security, budget, health and safety, repairs and maintenance, key performance indicators and insurance of the subsidiaries, together with contributing to the evolving strategic brand vision;
- consideration of the finances and risks relating to the Nature for Climate Fund programme, together with an assessment of the adequacy of oversight and controls;
- an annual review of the NFC's Reserves Policy;
- reviewing the NFC's Whistleblowing Policy;
- recommending changes to ARC's Terms of Reference;
- conducting an annual review of the NFC's Scheme of Delegations;
- reviewing the NFC's VAT arrangements, including registration and Partial Exemption Special Method (PESM);
- reviewing annual value for money indicators;
- approving the NFC's Health and Safety Policy;
- reviewing the NFC's Risk Policy/Appetite Statement; and
- commenting on the NFC's Ethical Policy.

The NFC has a zero-tolerance policy towards fraud, bribery and corruption and all staff are required to undertake mandatory training, which includes content relating to fraud, bribery and corruption. Internal audits consider the risk and likelihood of fraud within the scope of their remits. The ARC review fraud and risk, alongside the whistleblowing policy.

During the year ARC conducted its annual review of its effectiveness, utilising the National Audit Office's checklist, based on HM Treasury's Audit Committee Handbook. The conclusion was that the Committee continues to operate effectively and there were no areas of concern.

Remuneration Committee

The Remuneration Committee supports the Board in discharging its responsibilities for remuneration issues and generally meets once a year. Membership of the Committee comprises 3 Trustees including the Chairs of both the Board and ARC. The Committee provides the Board with recommendations on the Chief Executive's remuneration and benefits, and advises the Chief Executive on the pay and benefits of other senior staff. During the year the Committee considered and approved the framework for the NFC's revised pay bands for staff following discussion with Defra.

Land & Forestry Working Group

The Land & Forestry Working Group meets 3 times a year and is chaired by an NFC Trustee. Membership includes the Charity's retained land agent. Its primary function is to support and provide strategic oversight of the land and forestry aspects of the Charity's work.

In 2023-24 the Group's work included:

- monitoring progress against the pipeline and targets for forest creation and woodland management;
- overseeing the NFC's forest creation and woodland management schemes;
- agreeing changes to the Forest Management grant;
- providing a steer on the NFC's landholdings and acquisitions/disposals;
- receiving updates on the Land & Forestry work programme;
- leading delivery of Defra's Nature for Climate Fund (NFCF) programme;
- developing an Estate Strategy;
- agreeing changes to the Tree Species Policy; making minor revisions to the Land Policy and developing a Schemes Outside the Forest Boundary Policy;
- considering the implications of Biodiversity Net Gain on the NFC estate;
- oversight of the Midlands Forest Network initiative; and
- discussing proposals for forest cover mapping and baseline.

Development Working Group

The Development Working Group meets 4 times a year with meetings being attended by 1 Trustee, being the designated chair.

Membership includes 2 external advisors.

The primary function of the Group is to support the Development functions and provide strategic oversight relating to income generation, project development, marketing and communications. In 2023-24 the Group's work included:

- development and monitoring of the income generation strategy;
- commenting on the Development team's work programme and key performance indicators for 2023-24;
- oversight of new product development including the NFC's Forest Champions scheme;
- consideration of the Brand, Marketing and Communications Strategy for 2023-26;
- development of a restricted funding tracker;
- assessment and review of the return on investment/advertising spend of the income generation campaign;
- oversight of the new website;
- agreeing changes to the operation of the Commercial Advisory Panel (a group of influential local advisors);
- consideration of the NFC's approach to its future fundraising strategy (restricted and unrestricted income) and advocacy work; and
- reviewing policies (Partner Engagement, Ethical, Social Media and Trademark).

Tourism, Recreation & Communities Working Group

The Tourism, Recreation & Communities Working Group meets 3 times per year and is chaired by an NFC Trustee. Membership includes 1 external advisor. The primary role of the Group is to provide a strategic overview and support in relation to the tourism, recreation, arts and creativity, and community development functions. In 2023-24, the Group's work included:

- reviewing the work programme for 2023/24 and performance against targets;
- considering the development of a Sustainable Tourism Framework/Vision and introduction of Local Visitor Economy Partnerships;

- continued oversight and input into the National Forest Festival 'Timber' for which the operator, Wild Rumpus, received funding from the NFC;
- oversight of restricted projects including the Outdoor Learning Programme, Community Woodlands and Volunteering, and the Charnwood Forest Landscape Partnership Scheme;
- advice and guidance on restricted funding opportunities and bids relating to tourism, recreation and community activity;
- contributing to the Heart of the National Forest Vision;
- development of the Arts and Creativity Strategy; and
- oversight of National Forest Society, Arts and Sustainable Tourism grants and supporting the review of the Small Grants scheme.

Review of Effectiveness of Committees, Working Groups and the Subsidiary Board

The membership and remit of Committees and Working Groups and the Subsidiary Board is continually monitored to ensure it is fit for purpose. This has included scoping work for a new Director for the subsidiary company and bringing in an additional specialist advisor to support the Trustees on 1 of the Working Groups.

Attendance record of Trustees at meetings of the Board and its Committees, Working Groups and the Subsidiary Board

Board & Committee [Number of meetings in 2023/24]	Main Board [4]	Audit & Risk Committee [4]	Remuneration Committee [2]	Land & Forestry Working Group [3]	Development Working Group [4]	Tourism, Recreation & Communities Working Group [3]	National Forest Enterprises Ltd Board [3]
Trustee	Attendance						
Lord Duncan of Springbank	3/4*		1/2				
Tony Ballance	1/1*						
Penny Coates	3/4	4/4					3/3*
Ruth Evans	4/4				4/4*		
John Everitt**	4/4						3/3
Alison Field	3/4			3/3			
Paddy Harrop	4/4	4/4		3/3*			
Anne Jenkins	2/4					3/3*	
Mike Kapur	4/4	4/4*	2/2				
Matt Robinson	4/4		2/2*				

* Denotes Chair.

** John Everitt attends the Audit & Risk Committee meetings and Remuneration Committee meetings in his capacity as Chief Executive and Accounting Officer.

Strategy and planning

The Board is responsible for determining the strategic direction of the organisation. It approved the Strategy for the Forest for the period 2014-2024 which sets out the key objectives and indicators against which progress will be measured over the 10-year period.

During the year, the Board approved the new Corporate Plan 2023-2026 which gives direction to strategic priorities for the Forest and the NFC and a clear framework for measuring success and identifying potential issues. It also provides the basis for annual work programmes and budgets. The Plan divides into 5 main operational themes centred around Create, Manage, Inspire, Engage and Grow. Development themes of building the brand and securing resources for the Forest, and Corporate Services themes relating to effective governance and management are also included. The NFC's activity during 2023-24 was guided by the objectives and targets as detailed in the Plan and progress reports were given to the Board at each quarterly meeting. Further work was also carried out to summarise the National Forest vision and strategy for the new website.

Whilst the NFC operates at arm's length from Defra, the Charity in its business plan needs to demonstrate how it uses grant funding from Defra to contribute to the Department's own business plan priorities and wider strategic objectives.

Defra's 25 Year Environment Plan produced in 2018 and Environmental Improvement Plan recognise the valuable role that forests and woodlands play in protecting and enhancing natural capital, including commitments to the public forest estate, national targets and community forestry. The Nature for Climate Fund and England Trees Action Plan developed in 2020-21 provide dedicated resources and greater policy direction to this agenda, and the NFC is represented on strategic and operational groups to contribute to the delivery of targets, now including the Nature for Climate Fund Programme Board.

These strategic initiatives include the NFC's contribution to national targets and manifesto commitments, specifically in relation to forest creation, tree planting and woodland management.

In 2023-24, the NFC continued plans in partnership with the Midlands Engine and Woodland Trust to create the Midlands Forest Network. This initiative supports delivery of tree planting targets whilst using the experience from the National Forest to accelerate woodland creation outside of the National Forest boundary. In addition, the NFC

worked with Defra to develop the Forest for the Nation competition. This new programme is focused on identifying potential project areas where a new nationally important forest could be created in England, using the experience of the NFC and National Forest.

Internal controls and the work of internal audit

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charity's policies and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The programme of internal audit work undertaken by Mazars LLP during 2023-24, as approved by the Audit & Risk Committee, contained a balance of compliance and advisory work comprising:

- key financial controls;
- income generation; and
- IT business continuity.

The key financial controls audit covered control account reconciliation, payments and supplier management. No significant issues were noted. For the income generation audit and the IT business continuity there were 3 housekeeping issues for each, with the relevant policies and procedures being reviewed and updated. All 3 audits provided an assurance opinion of 'substantial'.

At the end of the year a total of 6 recommendations were brought forward to follow up. Of the 6, 1 recommendation had been implemented and 5 were in progress.

The work undertaken and conclusions drawn informed the opinion expressed in the Annual Internal Audit Report for 2023-24 that the NFC's framework of governance, risk management and control is substantial in its overall adequacy and effectiveness. Some minor improvements were highlighted but none were considered fundamental.

There were no identified instances of fraud during the year.

Information management

The NFC takes the management of the information it holds very seriously and is not aware of any personal data losses in 2023-24 that would require notification to the Information Commissioner's Office.

All staff sign copies of the Company's policies relating to privacy and data handling and are mandated to undertake, and periodically repeat, the Civil Service Learning 'Security and Data Protection' course. All staff are engaged in work to further develop and embed protocols and good practice on the Customer Relationship Management database and staff are regularly reminded of the importance of following data handling procedures with regular refresher sessions and further training where necessary.

Safety, Health and Wellbeing

The NFC aims to ensure that all staff and volunteers remain safe and well and that the NFC's sites are safe, enjoyable places to visit.

The NFC is committed to the Forest Industry Safety Accord and regularly reviews Safety, Health and Wellbeing policy and practices. Regular inspections are carried out at the NFC sites throughout the year.

Staff absence due to sickness equated to an average of 2 days per employee during the year (2022-23: 1 day).

Whistleblowing

The NFC has a Whistleblowing Policy and procedure with which all staff are familiar. There were no instances of whistleblowing in 2023-24, as was the case in 2022-23. The Policy includes reference to the NFC's Senior Independent Director as a contact and the requirement to report any serious cases to the Charity Commission. Staff are reminded of the Whistleblowing Policy and procedures at team meetings and through periodic updates, to ensure an open and accountable culture.

Risk Management

The NFC Board is responsible for determining the NFC's approach to risk, agreeing the Risk Policy, setting the culture and appetite for risk management and for monitoring the management of the highest scored risks as detailed in the Risk Register. Board Committees and Working Groups are responsible for overseeing the management of risks in their area of business and ensuring that the most effective plans are drawn up and implemented to mitigate them.

This responsibility has been incorporated into their terms of reference.

The ARC has responsibility for reviewing the risk management process and the draft Risk Register before being presented to the Board. The Committee is responsible for overseeing and reviewing the effectiveness of the systems of internal control and corporate governance within the Company with its assessment being informed by senior management and the work of the appointed auditors. Risk management features on the agenda for all ARC meetings.

The role of staff and the Senior Leadership Team (SLT) includes: identifying and evaluating significant risks faced by the NFC to be considered initially by ARC and subsequently the Board; implementing policies and associated action plans, and providing information to the Committees, Subsidiary Board and Working Groups on the status of risks and controls.

SLT is also responsible for producing the annual draft risk register. The register divides between the more strategic risks focusing on the key priorities and outcomes for the 3-year Corporate Plan and is formally reviewed by ARC and the Board every quarter. During the year, the risk policy and risk appetite statement were updated. Responsibility for the more operational risks falls to senior management and Working Groups and these are reported on in the Chief Executive's quarterly report to the Board which focuses on risks relating to the achievement of in-year targets.

In 2023-24 the key strategic risks related to the NFC's ability to scale up forest creation targets to meet Nature for Climate Fund commitments, and to take advantage of carbon/tree planting opportunities. Risks in relation to income generation and marketing also continued to feature as significant risks on the register as a result of the increased cost of living and more uncertain political climate. However, these were mitigated by an increased focus on restricted fundraising, higher profile policy and communications liaison with Defra, and effective social media coverage. These risks will continue to be managed during 2024-25 alongside the additional key risks associated with the urgency of climate change, the long term development of Conkers and the staffing and governance of the organisation. The NFC's investments with Cazenove's Charity Responsible Multi-Asset Fund, in line with the NFC's investment policy, has no exposure to Ukraine or Russia. The investment policy includes the NFC's ethical policy with guidelines to inform investment decisions based on specific exclusions in line with the

NFC's charitable purposes as well as social and environmental considerations including the UN global compact principles.

The NFC received no ministerial directions during the year.

Task Force on Climate-related Financial Disclosures (TCFD)

The NFC is below the Arm's Length Body threshold for number of FTE staff (>500) or operating funding and income (>£500m) for mandatory reporting under the TCFD guidance.

Performance management

As Chief Executive, I have overall responsibility for the achievement of corporate objectives as detailed in the Corporate Plan. However, responsibility for delivery of many of these is delegated to other staff in the organisation.

Responsibilities and objectives are detailed in annual job plans for each employee and performance against these is assessed through the staff review system. This includes a mid-year and end of year assessment of how the individual has performed which determines any entitlement to a performance related bonus. The job plans also detail training and development needs identified to equip the individual to perform effectively.

The National Forest is being created for public benefit and the engagement and views of members of the public are welcomed. The Company has established procedures and arrangements for dealing with complaints and requests made under the Freedom of Information Act. During the year ended 31 March 2024, 3 complaints were received (compared with 6 in 2022-23). The complaints mostly related to third party sites and all were responded to within the specified timescale and satisfactorily resolved.

Conclusion

As the designated Accounting Officer for the NFC, I have responsibility for the management and control of the resources used within the organisation and for discharging the responsibilities assigned to me in Managing Public Money.

I confirm that no significant issues in relation to governance, risk, performance or controls have arisen which need to be reported on in this Governance Statement.



John Everitt OBE FRSA
Chief Executive/Accounting Officer
10 December 2024

Remuneration and Staff Report

(a) Remuneration Report

Remuneration Policy

The Audit & Risk Committee's (ARC) responsibilities include advising the Board on strategic HR, including pay and reward policy, whilst the Remuneration Committee specifically advises the Board on the remuneration and benefits attached to the Chief Executive Officer (CEO).

The Remuneration Committee also advises the CEO on pay and grading considerations relating to other senior roles.

The Remuneration Committee meets at least annually and comprises 3 Trustees, including the Chairs of the Board and ARC. The Committee members are identified on page 28.

Trustees' remuneration

Trustees, other than the Chief Executive, who is remunerated in his capacity as Chief Executive, do not receive any remuneration for their services. In accordance with the NFC's Articles of Association, all Trustees are entitled to the reimbursement of reasonable travel and subsistence expenses necessarily incurred in fulfilling their duties.

Total Trustee expenses for 2023-24 were £2,766 (2022-23: £3,791).

Remuneration of the Chief Executive

(this information is subject to audit):

The Chief Executive is the only executive Trustee of the NFC and the only Trustee who is a member of the Principal Civil Service Pension Scheme (PCSPS).

John Everitt has been the NFC's Chief Executive since 5 January 2015. The Principal Accounting Officer for Defra has conferred Accounting Officer status on him. The salary for the post aligns most closely to the range for Senior Civil Service pay band 1.

The salary payable to the Chief Executive is reviewed on 1 April each year. In addition to salary, the Chief Executive is entitled to an annual non-consolidated, non-pensionable bonus of up to 10% of annual salary. The bonus payable is based on the performance level attained and is made as part of the appraisal process operating within the Company. The bonus relates to performance in the year it is reported.

The level of bonus payable to the Chief Executive was determined by the Chair in consultation with members of the Remuneration Committee.

Emoluments of the Chief Executive *(this information is subject to audit):*

Name	Start date
John Everitt	5 January 2015

Single total figure of remuneration

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Official										
John Everitt	85 – 90	80 – 85	5 – 10	5 – 10	0	0	35	33	130 – 135	125 – 130

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **classic**, **premium**, and **classic plus** provide benefits on a final salary basis, whilst **nuvos** provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and **alpha** are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha** from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in 1 of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of **classic**, **premium**, and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. The pension figures in this report show pension earned in PCSPS or **alpha** – as appropriate. Where a member has benefits in both the PCSPS and **alpha**, the figures show the combined value of their benefits in the 2 schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age.

Older members of the PCSPS remained in that scheme, rather than moving to **alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of 2 parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or **alpha** benefits, the figures show the rolled back position, ie PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website civilservicepensionscheme.org.uk

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23 but are reported in the legacy scheme for the same period in 2023-24.

Benefits to which the Chief Executive qualifies under the PCSPS

(this information is subject to audit)

Official	Accrued pension at pension age as at 31/3/24	Real increase in pension and related lump sum at pension age	CETV at 31/3/24	CETV at 31/3/23	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
John Everitt	10 – 15	0 – 2.5	279	220	26

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension

arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

(b) Staff Report

Staff employed

Average number of persons employed: (this information is subject to audit)	Headcount	2023-24 Full time equivalent (FTE)	Headcount	2022-23 Full time equivalent (FTE)
Staff (including Chief Executive)	41	39	38	34

During 2023-24, all staff were employed on a permanent basis, apart from 8.36 FTE.

The salary and related costs arising from the employment of the above is detailed in Note 9 to the accounts.

Remuneration of staff

(this information is subject to audit)

All staff below the level of Chief Executive are employed in substantive posts, subject to the completion of a satisfactory probationary period. The terms of the pay review applied to staff at Grade 6 and below on 1 July each year, are normally applied to staff employed by the NFC.

Total emoluments of directors or employees earning more than £60,000 fall within the following bandings:

	2024	2023
£90,000 – £99,999	1	1
£80,000 – £89,999	–	–
£70,000 – £79,999	–	1
£60,000 – £69,999	3	2
	<u>4</u>	<u>4</u>

Total emoluments include salary and benefits in kind but exclude pension payments.

There were no exit payments in year.

Sickness absence

Staff absence due to sickness equated to an average of 2 days per employee during the year (2022-23: 1 day).

Gender diversity

The gender split of Trustees and staff employed as at 31 March 2024 was as follows:

	Male	Female	Total
Trustees	5	4	9
Staff, including the Chief Executive	16	29	45
Total	21	33	54

Equal Opportunities

The Company is an equal opportunities employer. It is committed to a policy of non-discrimination on grounds of gender or marital status, sexual orientation, health (including pregnancy), disability, age, religion, colour, nationality or ethnic or national origin. Staff are required to observe this policy of non-discrimination in their dealings with members of the public and colleagues at work. All new staff are appointed on the basis of ability, qualification and suitability for the post. All staff are required to complete a diversity and inclusion course as part of a suite of mandatory training.

the year an employee engagement survey was conducted, which gathered feedback on how the framework was functioning. The results of this were analysed by the Senior Leadership Team and discussed with individual teams. No significant issues were identified. Measures to promote staff wellbeing and benefits continue to be embedded with staff not only being offered Mental Health First Aid training but having access to 24 hour counselling, a Cycle to Work Scheme, eyecare vouchers, gym and fitness discounts, together with subscriptions to Headspace which provides support for good mental health.

Staff engagement

Various channels are used to regularly communicate with staff, including weekly updates from the Chief Executive, fortnightly team meetings as well as individual team meetings. Key documents such as the Corporate Plan, papers and minutes of meetings of the Board, Audit & Risk Committee and Working Groups are made available to all staff.

Staff are incentivised to deliver high quality outcomes for the National Forest through annual performance related bonuses linked to their job descriptions, with an in-year bonus scheme also used to reward exceptional effort.

Team days are held regularly where everyone has the opportunity to be involved in generating new ideas, to contribute their thoughts and to engage with continuing developments and plans for all areas of our work.

Fair pay disclosure

(this information is subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The NFC continues to operate to a Blended Working Framework to support flexible working. During

The remuneration as at 31 March 2024 of the Chief Executive, who is the highest and only paid director in the NFC, was in the range of £95,000 – £100,000 (2022-23: £90,000 – £95,000).

Ratio	Salary and benefits 2023-24	Ratio 2023-24	Salary 2023-24	Ratio 2023-24	Salary and benefits 2022-23	Ratio 2022-23	Salary 2022-23	Ratio 2022-23
25th percentile	£32,495	3.00	£31,681	2.76	£30,409	3.04	£30,317	2.72
Median	£38,013	2.56	£36,104	2.42	£32,500	2.85	£32,160	2.57
75th percentile	£45,096	2.16	£41,425	2.11	£39,303	2.35	£38,365	2.15

The median remuneration, 25th percentile pay remuneration and 75th percentile pay remuneration is based on annualised, full-time equivalent remuneration as at the end of the financial year.

The median pay ratio has marginally decreased from 2022-23. In line with Civil Service Pay Remit Guidance, on 1 July 2023 an award of 4.5% was made to eligible staff. There was also a one-off fixed non-consolidated payment of £1,500 made to staff in recognition of cost-of-living pressures.

The narrowing of the pay ratio for the financial year 2023-24 compared with financial year 2022-23 is because of pay uplifts for several operational roles as a result of adjustments made to job roles for expanding responsibilities, primarily in forest creation and related to the acquisition of NFCT.

Remuneration of the workforce ranged from £20k to £97k (2022-23: £17k to £95k).

The percentage changes in the highest paid Director's salary is 5% (2023: 9%). The percentage changes in the highest paid Director's performance pay and bonuses payable is 6% (2023: 21%).

The average percentage change in employees' salaries is 9% (2023: 4%).

The average percentage change in employees' performance-related pay is 3% (2023: 5%).

In 2023-24, no employees received remuneration in excess of the highest paid Director, as was the case in 2022-23.

Total remuneration includes full time salary equivalents and non-consolidated performance related bonuses but excludes employer pension contributions and the cash equivalent transfer value of pensions.



John Everitt OBE FRSA

Chief Executive/Accounting Officer
10 December 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE NATIONAL FOREST COMPANY AND THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the National Forest Company and its Group for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000. The financial statements comprise the National Forest Company and its Group's:

- Balance Sheets as at 31 March 2024;
- Consolidated Statement of Financial Activities and Income and Expenditure Account, National Forest Company Statement of Financial Activities and Income and Expenditure Account, and Consolidated Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Forest Company and its Group's affairs as at 31 March 2024 and its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the National Forest Company and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Forest Company and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Forest Company and its Group'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.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, if I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury's Financial Reporting Manual.

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

- the Strategic Report and the Directors' Annual Report have been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic Report and the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Forest Company and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement has not been prepared by the parent company; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Trustees and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Forest Company and its Group from whom the auditor determines it necessary to obtain audit evidence.
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and the Charities Act 2011;
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006 and the Charities Act 2011; and
- assessing the National Forest Company and its Group'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 Directors either intend

to liquidate the National Forest Company or its Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to certify and report on the financial statements in accordance with applicable law and the Government Resources and Accounts Act 2000.

My 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 certificate that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Forest Company and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, the National Forest Company and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Forest Company and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;

- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Forest Company and its Group's controls relating to the National Forest Company and its Group's compliance with the Companies Act 2006, Charities Act 2011, and Managing Public Money;
- inquired of management, National Forest Company and its Group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant specialists, including property experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Forest Company and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Forest Company and its Group's framework of authority and other legal and regulatory frameworks in which the National Forest Company and its Group operates, I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Forest Company and its Group. The key laws and regulations I considered in this context included Companies Act 2006, Charities Act 2011, the FRS 102 Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, the Government Financial Reporting Manual, Managing Public Money, employment law and tax Legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

11 December 2024

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

National Forest Company

Consolidated Statement of Financial Activities and Income and Expenditure Account for the year ended 31 March 2024

		2023-24			2022-23		
		Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
	Note	£	£	£	£	£	£
Income from:							
Grant in aid	2	2,527,275	–	2,527,275	2,400,713	–	2,400,713
Nature for Climate Fund	2	–	1,399,799	1,399,799	–	1,150,701	1,150,701
Assets transferred at Fair Value ⁽¹⁾	1	–	–	–	5,675,404	–	5,675,404
Donations Conkers	4	881,038	–	881,038	935,501	–	935,501
Donations	4	411,619	23,000	434,619	499,490	20,000	519,490
Charitable activities	5	342,476	1,388,146	1,730,622	448,630	905,177	1,353,807
Other trading activities	6	106,418	–	106,418	134,893	–	134,893
Investments		127,283	–	127,283	122,005	–	122,005
Total		4,396,107	2,810,945	7,207,053	10,216,636	2,075,878	12,292,514
Expenditure on:							
Raising funds	7	(816,633)	–	(816,633)	(796,826)	–	(796,826)
Charitable activities	8	(4,876,467)	(2,339,903)	(7,216,370)	(3,448,273)	(1,643,083)	(5,091,356)
Total		(5,693,100)	(2,339,903)	(8,033,003)	(4,245,099)	(1,643,083)	(5,888,182)
Net gains/(losses) on investments	14	173,681	–	173,681	(27,435)	478	(26,957)
Net income/(expenditure)		(1,123,311)	471,042	(652,269)	5,944,102	433,273	6,377,376
Transfers between funds	20	3,289	(3,289)	–	(97,173)	97,173	–
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	13	(4,565)	–	(4,565)	765,599	(178,225)	587,374
Gains/(loss) on Foreign Currency	15	–	(257)	(257)	–	10,565	10,565
Net movement in funds		(1,124,587)	467,496	(657,092)	6,612,528	362,786	6,975,314
Reconciliation of funds:							
Total funds brought forward	20	13,891,180	2,789,553	16,680,733	7,278,652	2,426,767	9,705,419
Total funds carried forward	20	12,766,593	3,257,049	16,023,642	13,891,180	2,789,553	16,680,733

⁽¹⁾ Fair Value of assets transferred as per Note 1.5.

National Forest Company

National Forest Company Statement of Financial Activities and Income and Expenditure Account for the year ended 31 March 2024

	Note	Unrestricted funds £	Restricted funds £	2023-24 Total funds £	Unrestricted funds £	Restricted funds £	2022-23 Total funds £
Income from:							
Grant in aid	2	2,527,275	–	2,527,275	2,400,713	–	2,400,713
Nature for Climate Fund	2	–	1,399,799	1,399,799	–	1,150,701	1,150,701
Assets transferred at Fair Value ⁽¹⁾	1	–	–	–	3,749,519	–	3,749,519
Donations Conkers	4	881,039	–	881,039	935,501	–	935,501
Donations	4	411,619	23,000	434,619	588,880	20,000	608,880
Charitable activities	5	160,880	1,388,146	1,549,026	103,735	905,177	1,008,912
Other trading activities	6	106,419	–	106,419	134,893	–	134,893
Investments		96,245	–	96,245	91,410	–	91,410
Total		4,183,476	2,810,945	6,994,422	8,004,652	2,075,878	10,080,530
Expenditure on:							
Raising funds	7	(813,373)	–	(813,373)	(794,252)	–	(794,252)
Charitable activities	8	(4,669,363)	(2,339,903)	(7,009,266)	(3,162,493)	(1,643,083)	(4,805,576)
Total		(5,482,737)	(2,339,903)	(7,822,639)	(3,956,745)	(1,643,083)	(5,599,828)
Net (losses)/gains on investments	14	185,681	–	185,681	(31,935)	478	(31,457)
Net income/(expenditure)		(1,113,581)	471,042	(642,536)	4,015,971	433,273	4,449,244
Transfers between funds	20	3,289	(3,289)	–	(97,173)	97,173	–
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	13	(84,565)	–	(84,565)	588,099	(178,225)	409,874
Gains/(loss) on Foreign Currency	15	–	(257)	(257)	–	10,565	10,565
Net movement in funds		(1,194,857)	467,496	(727,358)	4,506,897	362,786	4,869,683
Reconciliation of funds:							
Total funds brought forward	20	11,785,549	2,789,553	14,575,102	7,278,652	2,426,767	9,705,419
Total funds carried forward	20	10,590,692	3,257,049	13,847,742	11,785,549	2,789,553	14,575,102

⁽¹⁾ Fair Value of assets transferred as per Note 1.5.

National Forest Company

Balance Sheets

as at 31 March 2024

	Note	National Forest Company		Consolidated	
		As at 31 March 2024 £	Reclassified ⁽¹⁾ As at 31 March 2023 £	As at 31 March 2024 £	Reclassified ⁽¹⁾ As at 31 March 2023 £
Fixed assets:					
Intangible assets	12	201,545	139,277	201,545	139,277
Tangible assets ⁽¹⁾	13	8,527,376	7,620,710	9,553,261	8,566,594
Investment property ⁽¹⁾	14	3,085,000	3,742,000	4,235,000	4,904,000
Investment	14	524,183	498,502	524,183	498,502
Total fixed assets		12,338,104	12,000,489	14,513,989	14,108,373
Current assets:					
Debtors	15	887,151	854,070	902,778	872,379
Cash at bank and in hand	16	1,672,634	2,579,508	1,672,732	2,579,513
Total current assets		2,559,784	3,433,578	2,575,510	3,451,892
Liabilities:					
Creditors: Amounts falling due within one year	17	(1,050,147)	(858,965)	(1,065,858)	(879,532)
Net current assets		1,509,638	2,574,613	1,509,653	2,572,360
Total assets less current liabilities		13,847,742	14,575,102	16,023,642	16,680,733
Total net assets		13,847,742	14,575,102	16,023,642	16,680,733
The funds of the Charity:					
Unrestricted funds	20	9,950,407	11,060,700	11,868,808	12,988,831
Restricted funds	20	3,435,275	2,967,778	3,435,275	2,967,778
Revaluation Reserve	21	462,059	546,624	719,559	724,124
		13,847,742	14,575,102	16,023,642	16,680,733

⁽¹⁾ Prior year reclassified as per Note 3.

The Notes on pages 45 to 80 form part of the accounts.

The National Forest Company is exempt under the provisions of Section 475 of the Companies Act 2006 from making the disclosure requirements under Part 16 under Section 482 (non-profit making companies subject to public sector audit) of that Act.

The financial statements were approved by the Board of Trustees on 10 December 2024 and signed on its behalf by:



Dr Tony Ballance
Chair of the Board of Trustees



John Everitt OBE FRSA
Chief Executive/Accounting Officer

National Forest Company

Cash Flow Statement for the twelve months ended 31 March 2024

		National Forest Company		Consolidated	
		2023-24	2022-23	2023-24	2022-23
	Note	£	£	£	£
Cash flows from operating activities					
Net cash provided by operating activities		369,486	901,376	338,540	870,786
Cash flow from investing activities					
Interest and rent from investment	SoFA	96,244	91,410	127,283	122,005
Purchase of property, plant and equipment	13	(816,504)	(859,056)	(816,504)	(859,056)
Purchase of Investment Property	14	(493,575)	–	(493,575)	–
Purchase of investments	14	–	–	–	–
Purchase of Intangible asset	12	(62,268)	(95,313)	(62,268)	(95,313)
Net cash provided by (used in) investing activities		(1,276,103)	(862,959)	(1,245,064)	(832,364)
Change in cash and cash equivalents in the reporting period					
		(906,617)	38,416	(906,524)	38,422
Cash and cash equivalents at 1 April	16	2,579,508	2,530,527	2,579,513	2,530,527
Change in cash and cash equivalents due to exchange rate movements	SoFA	(257)	10,565	(257)	10,565
Cash and cash equivalents at 31 March	16	1,672,634	2,579,508	1,672,732	2,579,513
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities					
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	SoFA	(642,536)	4,576,244	(652,269)	6,377,376
Adjustments for:					
Impairment charges	13/14	1,205,171	309,935	1,205,171	309,935
Reversal of prior years' impairment charges	13/14	(100,000)	(405,626)	(100,000)	(405,626)
Depreciation	13	30,676	23,537	30,676	23,537
Amortisation	12	–	4,547	–	4,547
Asset Transfer from National Forest Charitable Trust	13/14	–	(3,574,114)	–	(5,385,000)
(Gains)/losses on investments	14	(185,681)	31,457	(173,681)	26,957
(Increase)/Decrease in debtors	15	(33,081)	(339,078)	(30,400)	(250,478)
Increase/(Decrease) in creditors	17	191,182	365,884	186,326	291,543
Interest and rent from investment	SoFA	(96,245)	(91,410)	(127,283)	(122,005)
Net cash provided by (used in) operating activities		369,486	901,376	338,540	870,786
b) Analysis of cash and cash equivalents					
Cash at bank and in hand	16	1,672,634	2,579,508	1,672,732	2,579,513
Cash and cash equivalents at 31 March		1,672,634	2,579,508	1,672,732	2,579,513

Notes to the Accounts

Note 1 to the Financial Statements

1.1 Statement of accounting policies

The NFC is a public benefit entity and is a company limited by guarantee and a charity registered in England and Wales. These financial statements have been prepared in compliance with FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting and Reporting by Charities. In addition, these financial statements also meet the accounting and disclosure requirements of the Companies Act 2006 and the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury, where not inconsistent with the requirements of the SoRP and the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs.

Where the NFC has a choice of accounting policy to adopt, a judgement has been made to select the most appropriate policy to suit the particular circumstances for the purpose of giving a true and fair view. The particular policies adopted by the NFC are described below. They have been applied consistently in dealing with items which are considered material in relation to the accounts.

1.2 Going concern

These financial statements have been prepared on the basis of the NFC being a going concern. This judgement made by the Trustees takes into consideration the level of reserves held by the Company; and for 2024-25 grant in aid funding from Defra remains at a similar base level to the 2023-24 allocation. Defra has allocated a further £3.158m for 2024-25 to the NFC from the Nature for Climate Fund, with an additional minimum £1m proposed for 2025-26, after commencing in 2020-21. A more detailed discussion of Going Concern is included on page 15.

1.3 Significant judgements and accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of income and expenditure. All estimates are based on the NFC's knowledge of current facts and circumstances, assumptions concerning past events and forecasts of future events and actions. Actual results may differ from estimates made.

In the process of applying the NFC's accounting policies, the following judgements, and estimations,

have been made which have the most significant impact on the amounts recognised in the financial statements:

Judgements

- Income recognition (see Note 1.6 below).
- Acquisition of National Forest Charitable Trust (see Note 1.5 Disclosures below).

Estimates

- Annual valuation of the NFC owned land and buildings undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (see Notes 1.9 and 1.11 below).

1.4 Accounting convention

The accounts have been prepared on a going concern basis, on an accruals basis and under the modified historical cost convention, modified to account for the revaluation of land and buildings.

1.5 Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the National Forest Company and its wholly owned subsidiaries National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd for the year ended 31 March 2024. Consolidation has been carried out on a line-by-line basis.

Disclosures

On 1 April 2022 the NFC acquired the National Forest Charitable Trust (NFCT) and 100% of the share equity of its subsidiaries National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd.

The NFCT transaction was considered to be an acquisition rather than a merger (as per FRS 102 Appendix I Merger definition, page 312) as the creation of a new reporting entity had not been formed.

Assets transferred at fair value, at nil costs and in substance a gift.

At the acquisition date £5,675,404 of assets in total were transferred to the Consolidated NFC. This comprised of £3,749,519 to the NFC; being of £86,179 cash, £204,225 debtors, £2,969,115 fixed assets and £490,000 investments from the NFCT. A further £768,385 fixed assets, and £1,157,500 investments were transferred from National Forest Enterprises

Ltd (formerly Heart of the National Forest Park Developments Ltd).

As at the reporting date of 31 March 2023 the changes that arose from the new business combinations were £437,000 that comprised of £20,000 gain on investment and £235,000 revaluation on fixed assets of the NFC (formerly NFCT assets), £4,500 gain on investment and £177,500 revaluation on fixed assets of National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd).

The NFCT's final accounts to 30 June 2022 can be found at <https://find-and-update.company-information.service.gov.uk/company/03649753>.

1.6 Income recognition

Government grants

Grant in aid is credited to income in the year that it is received. It is regarded as unrestricted income since Defra, whilst requiring funds allocated be utilised in contributing to the delivery of departmental objectives, does not stipulate how any specific element of the grant should be spent.

Nature for Climate Fund grant is treated as restricted income and the recognition of income is conditional on delivering certain levels or volumes of a service or supply of goods and contractual payments from Government or public authorities and other parties which fund the provision of particular goods or services.

This has been presented as a separate line in the Statement of Financial Activities (SoFA) due to the materiality of the income as per the SoRP paragraph 4.13.

Income from donations

General donations are received and utilised for any of the NFC's charitable purposes. No direct benefit is provided to the donor in return, other than the knowledge that the NFC must use the gift to further its objectives. Income from donations is unrestricted.

'Dedicate a Grove' and 'Dedicate a Tree' income are gift donations which the NFC use to support the ongoing creation and management of the National Forest. This is classed as unrestricted income as it represents a contribution to the National Forest's creation which is intrinsically linked to other purposes of the Charity such as ongoing maintenance of woodlands, habitat creation and education, and is used to further the NFC's charitable purposes including woodland creation.

The NFC receives an annual donation from Rolls-Royce. This is a restricted donation to support South Derbyshire District Council's (SDDC) Environmental Education Project and is paid over to SDDC as a disbursement upon receipt of a satisfactory progress report, as reflected in the agreement.

Donations from Conkers is the gift aided admission receipts from entry into the Conkers visitor attraction, which is offset by management fees to the operator.

Income from donations is recognised on evidence of entitlement to the donation, the receipt is probable and its amount can be measured reliably.

Income from activities and generated funds

Income is accounted for net of VAT, with VAT accounted on the Balance Sheet as a current liability. Grant income entitlement is recognised when the NFC has met any performance or other deliverable criteria for recognition and the monetary value can be measured reliably. Where the grant is received in advance of recognition it is deferred and included in creditors until entitlement occurs. If entitlement occurs before the income has been received it is accrued to debtors. Income is allocated to restricted income when it is given by the donor or grant maker for defined purposes.

Income from Sponsorship

Sponsorship income is recognised as income when the conditions for its receipt have been met, as per SoRP (5.39 – 5.47). Where there are conditions or specified deliverables then income received is not immediately recognised but is deferred as a liability until conditions imposed are met at which point the related income is recognised in the SoFA.

Where there are no specified deliverables under the agreement then the income is recognised in the SoFA, in line with the stage of completion of the agreement term.

1.7 Expenditure

Expenditure is accounted for net of VAT on an accruals basis and is classified under the relevant activity within the SoFA. VAT is posted to the Balance Sheet as a current asset.

1.8 Expense allocation

Costs are allocated to the main areas of NFC activity of raising funds, forest creation, woodland management, tourism and promotion, community engagement and various restricted projects reflecting the objectives of the NFC as set out in the Directors' Report.

Governance costs include Trustee expenses, production of the Annual Report and Accounts, audit fees and bank charges. The salary and related costs of the Chief Executive, who is also a Trustee, are now included within governance costs (35%) and support costs (65%) following the introduction of a timesheet recording system.

The salary and related costs of staff employed wholly on raising funds and the various charitable activities are allocated to those activities. Where staff are engaged on more than 1 of these activities, timesheets capture the percentage of each individual's time spent on each activity.

Indirect costs have been allocated to the headings in the SoFA on the basis of full-time equivalent headcount of staff employed directly on charitable activities and activities for raising funds. The exception is grants administration costs which have been allocated on a staff time basis via the timesheets.

1.9 Tangible fixed assets

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provisions 10.33 to 10.36. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2024 by Fisher German and Bagshaws LLP, Chartered Surveyors. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality. The land valuations reflect the site use at the date of the valuation, ie open land, grazing land, young woodland and mature woodland. When planting takes place and there is a change of use in the land, ie tree planting, the valuation report reflects this with any impairment in value taken to the SoFA. For Conkers land and building the Profits Method of valuation is used, as this is considered more appropriate, whereby the fair value is calculated by determination of a Fair Maintainable Trade (Turnover) and a Fair Maintainable Operating Profit. In the current year, an additional valuation allowance of £0.210m was included in the calculation of the fair value of Conkers land and building for capital expenditure allowance that would be expected to be incurred to maintain the expected trading potential. Land and buildings in the Balance Sheet are shown at the valuations provided per Note 13 and 14.

Where the valuation is higher than the purchase price paid, the excess over purchase price is credited to a Revaluation Reserve. Where land or

buildings are revalued due to a change in market values but remain at below the purchase price, the loss on revaluation is charged to the SoFA in the year of the revaluation. Where revaluation losses offset any previous revaluation gains, these losses are recognised in the 'gains/(losses) on the revaluation of fixed assets' section of the SoFA. Similarly, where as a result of a proposed change of use there is impairment in the value of the land or buildings, the loss on impairment is charged to the SoFA in the year of the impairment. Where in a subsequent year the value of land or buildings which has been the subject of an impairment charge increases, usually as a result of an increase in market values, and the valuation remains at below the purchase price, then the increase is charged to the SoFA as a reversal of previous years' impairment. Changes in the value of land or buildings arising from revaluation or impairment are reflected in the balance of General Funds and in the Revaluation Reserve.

Impairment and reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via forest creation activity (Note 8).

Depreciation

Depreciation is provided on a straight-line basis on the cost of furniture and fittings and information technology assets, to write them down to their estimated residual values over their expected useful lives. Expectations are informed by past experience and reflect anticipated usage of such assets.

Furniture and fittings and information technology assets have an expected useful life of between 3 and 5 years. No depreciation is charged in the year of acquisition of the asset but a full year is charged in the year of disposal.

1.10 Intangible Fixed Assets

During the year further work has taken place to re-develop the website to generate future funding, as per Note 12 Asset under construction.

All intangible assets are measured at their historical cost at acquisition. Following the initial recognition of the website, subsequent measurement will be the website at cost less accumulated amortisation and impairment losses.

At the end of each reporting period an impairment review will be performed to determine whether the website is still fit for purpose in generating funds and achieving our expectations.

Amortisation will be charged on a straight-line basis over the useful economic life of the asset and

the useful economic life will be reviewed at each reporting date.

When reviewed at 31 March 2024 by the Audit & Risk Committee (ARC), the impairment review identified an extended lifespan for the existing website, and recognised the continuing function of the website into 2024-25. The carried forward value as at 31 March 2024 is considered to have an immaterial difference to the brought forward as at 1 April 2023 value and therefore, no amortisation has been charged in 2023-24.

1.11 Investments

Investment property

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provision 10.48. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2024. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality.

In the 2023-24 financial year, 7 properties with a Net Book Value of £1.257m have been transferred and re-classified to fixed assets due to land surrendered on Farm Business Tenancies.

Investment Property in the Balance Sheet is shown at the valuations provided per Note 14.

Investments

Investments are measured at fair value and any gains or losses arising from the revaluation are charged to the SoFA. In 2023-24 the gain on the Investment property was £148,000 (2022-23: £49,500).

Within investments the NFC recognises the Cazenove Charity Responsible Multi-Asset Fund investment of £0.524m.

1.12 Current assets and liabilities

Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

A de minimis threshold of £300 has been adopted when determining debtors and creditors at the end of March.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances held in a Business Instant Saver account and cash balances held by the Government Banking Service.

1.14 Leases

The NFC has no finance leases.

Rentals under operating leases are charged to the SoFA on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

1.15 Financial Instruments

The NFC has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi-Asset Fund is a financial instrument with the measurement and accounting basis being fair value. The fair value as determined by the fund managers as at 31 March 2024 is £524,183.

1.16 Foreign Currencies

Receipt and payment recognition of transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Exchange differences on monetary items are translated at the closing rate at the end of each reporting period with the differences taken to the Statement of Financial Activities (SoFA).

1.17 Staff costs and pensions

The NFC accounts for staff costs and pension contributions in the periods for which they are payable. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The NFC is unable to identify its share of the underlying assets and liabilities. The Scheme administrators carry out actuarial valuations of the Scheme and prepare full accounts for the Scheme.

The NFC recognises in its accounts those costs collected from it by the Scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as "Pension Costs".

Note 2 Grant in aid

Grant in aid of £2,527,275 was received from Defra in 2023-2024 (2022-23: £2,400,713). The grant is treated as unrestricted income since the Department, whilst requiring that funds allocated contribute to the delivery of its objectives, does not stipulate any specific purpose(s) as to how any of the funds must be utilised.

Grant in aid accounts for 35% of total NFC income and is utilised to fund the forest creation and woodland management programmes, including the various grant schemes, contributes to the tourism and community engagement programmes and meets a significant proportion of governance and support costs.

Nature for Climate Funds of £1,399,799 was received from Defra in 2023-24 (2022-23: £1,150,701). This grant is treated as restricted income, per the

memorandum of understanding, which facilitates funding of new planting within the National Forest. Nature for Climate Funds accounts for 19% of total NFC income.

Note 3 Prior year reclassified

Upon review of the Company's valuations report for the period 2023-24, it was identified that £0.240m of investment land was incorrectly classified as a tangible asset for 2022-23. Thus, the comparative balances as at 31 March 2023 have been amended to reclassify that value from land in tangible assets to land in investment assets. This reclassification adjustment resulted in a decrease in tangible assets of £0.240m and an increase in investment assets for the prior year by £0.240m. There are no other impacts on the financial statements for the year ended 31 March 2023.

Statement of Financial Position at 31 March 2023

	Note	National Forest Company			Consolidated		
		As at 31 March 2023 £	Reclassified £	As reclassified £	As originally reported £	Reclassified £	As reclassified £
Fixed assets:							
Intangible assets	12	139,277	-	139,277	139,277	-	139,277
Tangible assets	13	7,860,710	(240,000)	7,620,710	8,806,594	(240,000)	8,566,594
Investment property	14	3,502,000	240,000	3,742,000	4,664,000	240,000	4,904,000
Investment	14	498,502	-	498,502	498,502	-	498,502
Total fixed assets		12,000,489	-	12,000,489	14,108,373	-	14,108,373

Note 4
Income from Donations

	National Forest Company						Consolidated					
	Unrestricted			Restricted			Unrestricted			Restricted		
	£	£	£	£	£	£	£	£	£	£	£	£
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2023-24	2022-23	2023-24	2023-24	2022-23	2023-24	2023-24	2022-23	2023-24	2023-24	2022-23	2023-24
	£	£	£	£	£	£	£	£	£	£	£	£
Donations Conkers	881,038	–	881,038	935,501	–	935,501	881,038	–	881,038	935,501	–	935,501
Donations	234,682	–	234,682	262,289	–	262,289	234,682	–	234,682	262,289	–	262,289
Dedicate a Grove	42,401	–	42,401	18,749	–	18,749	42,401	–	42,401	18,749	–	18,749
Dedicate a Tree	134,435	–	134,435	198,652	–	198,652	134,435	–	134,435	198,652	–	198,652
Rolls Royce	–	20,000	20,000	–	20,000	20,000	–	20,000	20,000	–	20,000	20,000
Legacies	100	–	100	19,800	–	19,800	100	–	100	19,800	–	19,800
Other	–	3,000	3,000	–	–	–	–	3,000	3,000	–	–	–
Total	1,292,657	23,000	1,315,657	1,434,991	20,000	1,454,991	1,292,657	23,000	1,315,657	1,434,991	20,000	1,454,991

Note 5

Income from charitable activities

	National Forest Company						Consolidated					
	Unrestricted	Restricted	Total		Unrestricted	Restricted	Unrestricted	Restricted	Total		Unrestricted	Restricted
			£	£					£	£		
Woodland creation grants	–	11,355	–	12,172	–	11,355	–	12,172	11,355	–	–	12,172
Section 106 agreements	–	246,450	–	–	–	246,450	–	–	246,450	–	–	–
Tourism and promotion programme	–	18,000	–	18,000	–	18,000	–	18,000	18,000	–	–	18,000
Charnwood Forest Landscape Partnership Scheme	–	553,913	–	455,128	–	553,913	–	455,128	553,913	–	–	455,128
Timber Festival	–	–	–	(6,750)	–	–	–	(6,750)	–	–	–	(6,750)
National Forest Trek	–	1,057	–	43,473	–	1,057	–	43,473	1,057	–	–	43,473
Community Forest Woodland Outreach project	–	–	–	(630)	–	–	–	(630)	–	–	–	(630)
Severn Trent – Great Big Nature Boost	–	224,694	–	243,534	–	224,694	–	243,534	224,694	–	–	243,534
ELMS Test and Trial	–	63,104	–	4,228	–	63,104	–	4,228	63,104	–	–	4,228
Valpack	–	–	–	48,628	–	–	–	48,628	–	–	–	48,628
Greenspring	–	–	5,278	–	–	–	–	–	–	5,278	–	–
National Forest Community Woods	–	133,603	–	33,968	–	133,603	–	33,968	133,603	–	–	33,968
UKSPF - Heart of the National Forest	–	34,510	–	–	–	34,510	–	–	34,510	–	–	–
Creating a Forest for Learning project	–	22,000	–	–	–	22,000	–	–	22,000	–	–	–
Arbor Day Foundation	–	45,915	–	–	–	45,915	–	–	45,915	–	–	–
Plant a Tree scheme	5,743	–	3,746	–	5,743	–	–	–	5,743	3,746	–	–
Other	155,136	33,546	94,711	53,426	336,732	33,546	370,279	53,426	370,279	439,606	53,426	493,032
Total	160,880	1,388,146	103,735	905,177	342,476	1,388,146	1,730,622	448,630	1,730,622	905,177	1,553,807	

Note 6

Income from other trading activities

	National Forest Company					Consolidated				
	Unrestricted		Restricted		Total	Unrestricted		Restricted		Total
	£		£			£		£		
Other trading activities	70,673		–		60,586	60,586		–		60,586
Sponsorship	35,745		–		74,307	74,307		–		74,307
Total	106,418		–		134,893	134,893		–		134,893

Note 7

Cost of activities for raising funds

	National Forest Company			Consolidated		
	Total		Total	Total		Total
	2023-24	2022-23		2023-24	2022-23	
	£	£	£	£	£	£
Activities undertaken directly	498,522	594,664		498,522		594,663
Support costs	314,851	199,588		318,111		202,163
	813,373	794,252		816,633		796,826

Note 8

Consolidated – Analysis of expenditure on charitable activities

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2023-24 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £
Forest Creation	1,329,534	366,328	495,754	2,191,616	450,126	395,767	391,275	1,237,168
Woodland Management	414,880	317,760	234,181	966,820	323,573	286,514	177,877	787,964
Tourism and Promotion	130,578	36,652	93,029	260,260	104,577	19,531	80,473	204,581
Community Engagement	87,060	176,999	199,828	463,887	116,786	107,347	238,455	462,588
National Forest Trek	–	–	–	–	74,406	–	13,242	87,648
Charnwood Forest Landscape Partnership Scheme	558,549	–	206,479	765,028	332,782	–	195,260	528,042
Creating a Forest for Learning project	142,164	–	19,342	161,506	35,341	–	50,160	85,501
Timber Festival	71,840	–	11,799	83,639	63,534	–	4,312	67,846
Creating Working Woodlands project	10,165	–	–	10,165	2,481	–	–	2,481
Community Forest Woodland Outreach project	–	–	–	–	26,575	–	–	26,575
Severn Trent – Great Big Nature Boost	229,871	–	7,374	237,245	195,180	–	11,678	206,858
ELMS Test and Trial	66,392	–	443	66,835	37,151	–	13,469	50,620
National Forest Community Woodlands	106,729	–	58,994	165,723	45,792	–	48,335	94,127
Midland Forest Network	56,490	–	38,936	95,426	–	–	–	–
UKSPF – Heart of the National Forest	74,949	–	37,166	112,116	–	–	–	–
Other	75,587	–	–	75,587	46,249	–	–	46,249
Conkers	1,560,518	–	–	1,560,518	1,203,108	–	–	1,203,108
Total	4,915,305	897,739	1,403,326	7,216,370	3,057,661	809,159	1,224,536	5,091,356

Note 8

National Forest Company – Analysis of expenditure on charitable activities

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2023-24 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £
Forest Creation	1,325,759	366,328	490,973	2,183,060	450,151	395,767	386,721	1,232,639
Woodland Management	396,837	317,761	232,323	946,921	306,489	286,514	175,877	768,880
Tourism and Promotion	130,578	36,652	92,246	259,476	104,577	19,531	79,587	203,694
Community Engagement	87,060	176,999	198,171	462,230	116,786	107,347	235,892	460,025
National Forest Trek	–	–	–	–	74,406	–	13,072	87,478
Charnwood Forest Landscape Partnership Scheme	558,549	–	204,363	762,912	332,782	–	192,772	525,554
Creating a Forest for Learning project	142,164	–	19,144	161,308	35,323	–	49,519	84,842
Timber Festival	71,840	–	11,678	83,518	63,534	–	4,256	67,790
Creating Working Woodlands project	10,165	–	–	10,165	2,481	–	–	2,481
Community Forest Woodland Outreach project	–	–	–	–	26,575	–	–	26,575
Severn Trent – Great Big Nature Boost	229,871	–	7,299	237,170	195,180	–	11,528	206,708
ELMS Test and Trial	66,392	–	438	66,830	37,321	–	13,300	50,621
National Forest Community Woodlands	106,729	–	58,390	165,118	45,792	–	47,718	93,510
Midland Forest Network	56,490	–	38,537	95,027	–	–	–	–
UKSPF – Heart of the National Forest	74,949	–	36,785	111,735	–	–	–	–
Other	75,587	–	–	75,587	46,249	–	–	46,249
Conkers	1,388,210	–	–	1,388,210	948,529	–	–	948,529
Total	4,721,179	897,740	1,390,348	7,009,266	2,786,175	809,159	1,210,242	4,805,576

Note 9

Staff costs and pensions

9.1 Employees with earnings above £60,000

	2023-24	2022-23
£90,000 – £99,999	1	1
£80,000 – £89,999	-	-
£70,000 – £79,999	-	1
£60,000 – £69,999	3	2
	<u>4</u>	<u>4</u>

9.2 Staff salaries, social security and pensions

	Permanent contracts £	Other contracts £	2023-24 Total £	Permanent contracts £	Other contracts £	2022-23 Total £
Salaries	1,360,899	331,413	1,692,312	1,158,642	200,965	1,359,607
Social security costs	146,242	32,524	178,766	126,376	16,973	143,349
Pension costs	351,110	60,657	411,767	303,187	42,356	345,543
	<u>1,858,251</u>	<u>424,594</u>	<u>2,282,845</u>	<u>1,588,205</u>	<u>260,294</u>	<u>1,848,499</u>

9.3 Average number of persons employed

	2023-24		2022-23	
	Headcount	Full time equivalent	Headcount	Full time equivalent
Staff (including Chief Executive)	<u>41</u>	<u>39</u>	<u>38</u>	<u>34</u>

The full time equivalent of employees includes 8.36 FTE fixed term staff.

Note 10

Consolidated – Support costs 2023-24

	Raising Funds	Forest creation	Woodland Management	Tourism		Community Engagement	National Forest Trek		Forest Landscape Partnership Scheme		Creating a Learning project		Great Big Nature Boost		ELMS Test and Trial		National Forest Community Woodlands		Midland Forest Network		UK Shared Prosperity Fund		Grants administration		2023-24		Basis of £ apportionment	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs	179,379	245,015	72,364	33,120	67,345	-	-	116,431	10,907	6,653	4,158	250	33,266	21,956	20,958	218,561	1,030,362	Headcount										
Governance Costs	31,099	42,478	12,546	5,742	11,676	-	-	20,186	1,891	1,153	721	43	5,767	3,806	3,633	14,174	154,917	Headcount										
Premises costs	19,702	26,911	7,948	3,658	7,397	-	-	12,788	1,198	731	457	27	3,654	2,411	2,302	8,980	98,144	Headcount										
ICT & Telecoms	29,573	40,393	11,930	5,460	11,103	-	-	19,195	1,798	1,097	686	41	5,484	3,620	3,455	13,478	147,313	Headcount										
HR & Recruitment	28,462	38,877	11,482	5,255	10,686	-	-	18,474	1,731	1,056	660	40	5,278	3,484	3,325	12,972	141,782	Headcount										
Office costs	16,498	22,534	6,655	3,046	6,194	-	-	10,708	1,003	612	382	23	3,060	2,019	1,928	7,519	82,182	Headcount										
PR related	91	124	37	17	34	-	-	59	6	3	2	-	17	11	11	41	451	Headcount										
Travel	4,883	6,670	1,970	902	1,833	-	-	3,170	297	181	113	7	906	598	571	2,226	24,326	Headcount										
Training & Development	2,266	3,095	914	418	851	-	-	1,471	138	84	53	3	420	277	265	1,033	11,285	Headcount										
Depreciation	6,158	8,411	2,484	1,137	2,312	-	-	3,997	374	228	143	9	1,142	754	719	2,807	30,676	Headcount										
Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Headcount										
Grants administration	-	61,245	105,851	34,295	80,398	-	-	-	-	-	-	-	-	-	-	(281,790)	-	Staff time										
	318,111	495,754	234,181	93,029	199,828	-	206,479	19,342	11,799	7,374	443	58,994	38,936	37,166	-	1,721,437												

Note 10 (continued)
Consolidated – Support costs 2022-23

	Raising Funds	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement	National Forest Trek	Charnwood Forest Landscape Partnership Scheme	Creating a Forest for Learning project	Timber Festival	Severn Trent – Great Big Nature Boost	ELMS Test and Trial	National Forest Community Woodlands	Midland Forest Network	UK Shared Prosperity Fund	Grants administration	2022-23	Basis of £ apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£		Headcount
Staff costs	106,702	167,637	75,532	32,705	86,597	6,990	103,059	26,474	2,275	6,163	7,110	25,511	-	-	152,238	798,993	Headcount
Governance Costs	25,866	40,637	18,310	7,928	20,992	1,695	24,983	6,418	552	1,494	1,723	6,184	-	-	13,321	170,103	Headcount
Premises costs	14,213	22,330	10,061	4,356	11,535	931	13,728	3,526	303	821	947	3,398	-	-	7,320	93,469	Headcount
ICT & Telecoms	16,394	25,756	11,605	5,025	13,305	1,074	15,834	4,068	350	947	1,092	3,920	-	-	8,443	107,813	Headcount
HR & Recruitment	15,559	24,445	11,014	4,769	12,627	1,019	15,028	3,860	332	899	1,037	3,720	-	-	8,013	102,322	Headcount
Office costs	10,212	16,044	7,229	3,130	8,288	669	9,864	2,534	218	590	680	2,442	-	-	5,259	67,159	Headcount
PR related	68	107	48	21	55	4	66	17	1	4	5	16	-	-	35	447	Headcount
Travel	4,160	6,532	2,943	1,274	3,374	272	4,015	1,032	89	240	277	994	-	-	2,140	27,342	Headcount
Training & Development	4,719	7,345	3,341	1,446	3,830	309	4,558	1,171	101	273	314	1,129	-	-	2,431	30,967	Headcount
Depreciation	3,579	5,623	2,534	1,097	2,905	234	3,457	888	76	207	238	856	-	-	1,843	23,537	Headcount
Amortisation	691	1,087	489	212	561	45	668	172	15	40	46	165	-	-	356	4,547	Headcount
Grants administration	-	73,732	34,771	18,510	74,386	-	-	-	-	-	-	-	-	-	(201,399)	-	Staff time
	202,163	391,275	177,877	80,473	238,455	13,242	195,260	50,160	4,312	11,678	13,469	48,335	-	-	-	1,426,699	

Note 10 (continued)
National Forest Company – Support costs 2023-24

	Raising Funds	£	Forest creation	£	Woodland Management	£	Tourism		Community Engagement		National Forest Trek		Landscap Partnership Scheme		Forest for Learning project		Great Big Nature Boost		ELMS Test and Trial		National Forest Community Woodlands		Midland Forest Network		UK Shared Prosperity Fund administration		Grants		2023-24		Basis of £ apportionment	
							£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£		£
Staff costs	179,379		245,015		72,364		33,120		67,345		-		116,431		10,907		6,653		4,158		250		33,266		21,956		20,958		218,561		1,030,362	Headcount
Governance Costs	28,343		38,714		11,434		5,233		10,641		-		18,397		1,723		1,051		657		39		5,256		3,469		3,311		12,918		141,190	Headcount
Premises costs	19,702		26,911		7,948		3,638		7,397		-		12,788		1,198		731		457		27		3,654		2,411		2,302		8,980		98,144	Headcount
ICT & Telecoms	29,573		40,393		11,930		5,460		11,103		-		19,195		1,798		1,097		686		41		5,484		3,620		3,455		13,478		147,313	Headcount
HR & Recruitment	28,256		38,595		11,399		5,217		10,608		-		18,341		1,718		1,048		655		39		5,240		3,458		3,301		12,878		140,755	Headcount
Office costs	16,048		21,919		6,474		2,963		6,025		-		10,416		976		595		372		22		2,976		1,964		1,875		7,314		79,939	Headcount
PR related	91		124		37		17		34		-		59		6		3		2		-		17		11		11		41		451	Headcount
Travel	5,036		6,878		2,032		930		1,891		-		3,269		306		187		117		7		934		616		588		2,295		25,085	Headcount
Training & Development	2,266		3,095		914		418		851		-		1,471		138		84		53		3		420		277		265		1,033		11,285	Headcount
Depreciation	6,158		8,411		2,484		1,137		2,312		-		3,997		374		228		143		9		1,142		754		719		2,807		30,676	Headcount
Amortisation	-		-		-		-		-		-		-		-		-		-		-		-		-		-		-		-	Headcount
Grants administration	-		60,917		105,309		34,113		79,965		-		-		-		-		-		-		-		-		-		(280,304)		-	Staff time
	314,851		490,973		232,323		92,246		198,171		-		204,363		19,144		11,678		7,299		438		58,390		38,537		36,785		-		1,705,199	

Note 10 (continued)
National Forest Company – Support costs 2022-23

	Raising Funds	Forest creation	Woodland Management	Tourism and Community Engagement	National Forest Trek	Charnwood Forest Landscape Partnership Scheme	Creating a Forest for Learning project Festival	Severn Trent – Great Big Nature Boost	ELMS Test and Trial	National Forest Community Woodlands	Midland Forest Network	UK Shared Prosperity Fund	Grants administration	2022-23	Basis of £ apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£		Headcount
Staff costs	106,702	167,637	75,532	32,705	86,597	6,990	103,059	26,474	2,275	6,163	7,110	25,511	–	152,238	798,992
Governance Costs	23,632	37,128	16,729	7,243	19,179	1,548	22,825	5,863	504	1,365	1,575	5,650	–	12,172	155,413
Premises costs	14,213	22,330	10,061	4,356	11,535	931	13,728	3,526	303	821	947	3,398	–	7,317	93,466
ICT & Telecoms	16,367	25,713	11,586	5,016	13,283	1,072	15,808	4,061	349	945	1,091	3,913	–	8,429	107,633
HR & Recruitment	15,559	24,445	11,014	4,769	12,627	1,019	15,028	3,860	332	899	1,037	3,720	–	8,013	102,322
Office costs	9,930	15,596	7,027	3,043	8,057	650	9,588	2,463	212	573	661	2,373	–	5,112	65,286
PR related	68	107	48	21	55	4	66	17	1	4	6	16	–	35	450
Travel	4,128	6,486	2,922	1,265	3,350	270	3,987	1,024	88	238	275	988	–	2,128	27,151
Training & Development	4,719	7,417	3,341	1,446	3,830	309	4,558	1,171	101	273	314	1,128	–	2,430	31,037
Depreciation	3,579	5,623	2,534	1,097	2,905	234	3,457	888	76	207	238	856	–	1,843	23,537
Amortisation	691	1,087	489	212	561	45	668	172	15	40	46	165	–	356	4,548
Grants administration	–	73,152	34,594	18,414	73,913	–	–	–	–	–	–	–	(200,073)	–	–
	199,590	386,720	175,877	79,588	235,892	13,075	192,771	49,520	4,256	11,527	13,300	47,720	–	–	1,409,836

Note 11

Governance costs

	National Forest Company		Consolidated	
	2023-24	2022-23	2023-24	2022-23
	£	£	£	£
Trustees' travel and expenses	2,007	3,791	2,766	3,791
Trustee meetings and meals external	948	797	948	797
Trustee training and development	813	-	813	-
Annual Report and Accounts production	4,082	3,858	4,082	3,858
Fees payable for the audit of the Annual Accounts	50,000	47,525	61,250	62,200
Internal audit fees	13,664	13,512	13,664	13,512
Bank charges	7,681	11,784	7,927	11,798
Professional and Legal Fees	-	12,977	1,473	12,977
Trustee recruitment	13,848	19,414	13,848	19,414
Other sundry expenditure	401	127	401	127
Strategic costs ⁽¹⁾	47,745	41,628	47,745	41,628
	141,190	155,413	154,917	170,102

⁽¹⁾ Strategic costs represent 35% of the Chief Executive's employment costs (2022:23 32%).

Note 12

Intangible Assets National Forest Company and Consolidated

	Asset under construction £	Website £	Total £
Cost or valuation			
At 1 April 2023	137,974	117,258	255,232
Additions during the year	62,268	–	62,268
Transfer during the year	–	–	–
At 31 March 2024	<u>200,242</u>	<u>117,258</u>	<u>317,500</u>
Amortisation			
At 1 April 2023	–	115,955	115,955
Charges in the period:	–	–	–
At 31 March 2024	<u>–</u>	<u>115,955</u>	<u>115,955</u>
Net Book Value 31 March 2024	<u>200,242</u>	<u>1,303</u>	<u>201,545</u>
Cost or valuation			
At 1 April 2022	42,661	117,258	159,919
Additions during the year	95,313	–	95,313
Transfer during the year	–	–	–
At 31 March 2023	<u>137,974</u>	<u>117,258</u>	<u>255,232</u>
Amortisation			
At 1 April 2022	–	111,408	111,408
Charges in the period:	–	4,547	4,547
At 31 March 2023	<u>–</u>	<u>115,955</u>	<u>115,955</u>
Net Book Value 31 March 2023	<u>137,974</u>	<u>1,303</u>	<u>139,277</u>

Asset under construction relates to the charges incurred for the development of the new NFC website.

All intangible asset costs are associated with National Forest Company.

Note 13

Tangible Assets National Forest Company and Consolidated

	National Forest Company						Consolidated							
	Conkers – Buildings		Conkers – Land		Buildings		Land		Furniture & Information Technology		Total			
	£	£	£	£	£	£	£	£	£	£	£			
Cost or valuation														
At 1 April 2023 (Reclassified) ⁽¹⁾	2,508,278	517,558	19,164	4,467,116	214,707	178,000	7,904,823	2,508,278	517,558	19,164	5,413,000	214,707	178,000	8,850,707
Additions during the year	367,000	–	–	409,161	23,657	16,685	816,504	367,000	–	–	409,161	23,657	16,685	816,504
Impairment	(501,026)	–	(1,409)	(649,161)	–	–	(1,151,596)	(501,026)	–	(1,409)	(649,161)	–	–	(1,151,596)
Reversal of prior years' impairment	–	–	–	100,000	–	–	100,000	–	–	–	100,000	–	–	100,000
Revaluation (loss)/gain to Revaluation Reserve	(138,507)	(20,610)	(448)	75,000	–	–	(84,565)	(138,507)	(20,610)	(448)	155,000	–	–	(4,565)
Investment property transfer	–	–	–	1,257,000	–	–	1,257,000	–	–	–	1,257,000	–	–	1,257,000
At 31 March 2024	<u>2,235,745</u>	<u>496,948</u>	<u>17,307</u>	<u>5,659,116</u>	<u>238,364</u>	<u>194,685</u>	<u>8,842,165</u>	<u>2,235,745</u>	<u>496,948</u>	<u>17,307</u>	<u>6,685,000</u>	<u>238,364</u>	<u>194,685</u>	<u>9,868,049</u>
Depreciation														
At 1 April 2023	–	–	–	–	161,436	122,677	284,113	–	–	–	–	161,436	122,677	284,113
Charges in the period:	–	–	–	–	13,175	17,501	30,676	–	–	–	–	13,175	17,501	30,676
At 31 March 2024	–	–	–	–	174,611	140,178	314,789	–	–	–	–	174,611	140,178	314,789
Net Book Value														
31 March 2024	<u>2,235,745</u>	<u>496,948</u>	<u>17,307</u>	<u>5,659,116</u>	<u>63,753</u>	<u>54,507</u>	<u>8,527,376</u>	<u>2,235,745</u>	<u>496,948</u>	<u>17,307</u>	<u>6,685,000</u>	<u>63,753</u>	<u>54,507</u>	<u>9,553,260</u>

⁽¹⁾ Prior year reclassified as per Note 3.

Note 13 (continued)
Tangible Assets National Forest Company and Consolidated

Cost or valuation	National Forest Company										Consolidated									
	Conkers – Buildings					Conkers – Land					Reclassified ⁽¹⁾					Furniture & Information Technology				
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2022	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	185,013	161,993	161,993	161,993	3,490,506
Additions during the year	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	29,694	16,007	16,007	16,007	859,056
Disposals/transfers during the year	2,369,771	446,502	18,727	134,115	–	–	–	–	–	–	2,369,771	446,502	18,727	902,500	–	–	–	–	–	3,737,500
Impairment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(268,355)
Reversal of prior years' impairment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revaluation (loss)/gain to Revaluation Reserve	138,507	71,056	437	199,874	–	–	–	–	–	–	138,507	71,056	437	377,374	–	–	–	–	–	587,374
Investment property transfer ⁽¹⁾	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
At 31 March 2023	<u>2,508,278</u>	<u>517,558</u>	<u>19,164</u>	<u>4,467,116</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,508,278</u>	<u>517,558</u>	<u>19,164</u>	<u>5,413,000</u>	<u>214,707</u>	<u>178,000</u>	<u>178,000</u>	<u>178,000</u>	<u>8,850,707</u>	<u>134,500</u>
Depreciation																				
At 1 April 2022	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	154,145	106,431	106,431	106,431	260,576
Charges in the period:	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7,291	16,246	16,246	16,246	23,537
Depreciation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revaluation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation charged on disposals	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investment property transfer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
At 31 March 2023	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>161,436</u>	<u>122,677</u>	<u>122,677</u>	<u>122,677</u>	<u>284,113</u>
Net Book Value																				
31 March 2023	<u>2,508,278</u>	<u>517,558</u>	<u>19,164</u>	<u>4,467,116</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,508,278</u>	<u>517,558</u>	<u>19,164</u>	<u>5,413,000</u>	<u>53,271</u>	<u>55,323</u>	<u>55,323</u>	<u>55,323</u>	<u>8,566,595</u>	<u>–</u>

⁽¹⁾ Prior year reclassified as per Note 3.

Note 13 (continued)

Tangible Assets National Forest Company and Consolidated

The Net Book Value of £9,553,260, of which £1,025,885 is land belonging to National Forest Enterprises Ltd and £8,527,376 assets of the National Forest Company, comprising Conkers £2,750,000, Land £5,659,116, Furniture and Fittings £63,753 and IT £54,507.

Investment property transfer – Land value of £1,257,000 has been reclassified from investment property (Note 14 Land), due to land surrendered on Farm Business Tenancies.

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed consolidated: Land £4,839,493 (2022-23: £4,444,359) Buildings £2,253,052 (2022-23: £2,503,498).

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed National Forest Company: Land £4,071,108 (2022-23: £3,675,974) Buildings £2,253,052 (2022-23: £2,503,498). All land and buildings are freehold.

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

Impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Note 14

Investments National Forest Company and Consolidated

	National Forest Company				Consolidated			
	Property	Land	Cazenove Investment Fund	Total	Property	Land	Cazenove Investment Fund	Total
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2023 (Reclassified) ⁽¹⁾	1,060,000	2,682,000	498,502	4,240,502	2,222,000	2,682,000	498,502	5,402,502
Additions during the year	–	493,575	–	493,575	–	493,575	–	493,575
Disposals/transfers during the year	–	(1,257,000)	–	(1,257,000)	–	(1,257,000)	–	(1,257,000)
Impairment	–	(53,575)	–	(53,575)	–	(53,575)	–	(53,575)
Reversal of prior years' impairment	–	–	–	–	–	–	–	–
Revaluation (loss)/gain	160,000	–	25,681	185,681	148,000	–	25,681	173,681
At 31 March 2024	<u>1,220,000</u>	<u>1,865,000</u>	<u>524,183</u>	<u>3,609,183</u>	<u>2,370,000</u>	<u>1,865,000</u>	<u>524,183</u>	<u>4,759,183</u>

	National Forest Company				Consolidated			
	Property	Reclassified ⁽¹⁾ Land	Cazenove Investment Fund	Reclassified ⁽¹⁾ Total	Property	Reclassified ⁽¹⁾ Land	Cazenove Investment Fund	Reclassified ⁽¹⁾ Total
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2022	525,000	2,806,000	531,539	3,862,539	525,000	2,806,000	531,539	3,862,539
Additions during the year	–	–	–	–	–	–	–	–
Disposals/transfers during the year ⁽¹⁾	490,000	(134,500)	–	355,500	1,647,500	(134,500)	–	1,513,000
Impairment	–	(41,580)	–	(41,580)	–	(41,580)	–	(41,580)
Reversal of prior years' impairment	–	95,500	–	95,500	–	95,500	–	95,500
Revaluation (loss)/gain	45,000	(43,420)	(33,037)	(31,457)	49,500	(43,420)	(33,037)	(26,957)
At 31 March 2023	<u>1,060,000</u>	<u>2,682,000</u>	<u>498,502</u>	<u>4,240,502</u>	<u>2,222,000</u>	<u>2,682,000</u>	<u>498,502</u>	<u>5,402,502</u>

⁽¹⁾ Prior year reclassified as per Note 3.

Note 14 (continued)

Investments National Forest Company and Consolidated

The Net Book Value of £4,759,183, of which £1,150,000 is Property belonging to National Forest Enterprises Ltd and £3,609,183 assets of the National Forest Company, comprising Property £1,220,000, Land £1,865,000 and Cazenove Investment Fund £524,183.

Investment Land includes 9 sites (8 Sites National Forest Company) that are part or wholly, commercially let.

In the 2023-24 financial year, £1,257,000 (relating to 7 sites) has been transferred and re-classified to Tangible Assets (Note 13, Land) due to land surrendered on Farm Business Tenancies.

For each revalued class of investment asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed for consolidated: property £1,945,000 (2022-23: £1,945,000); Land £2,253,052 (2022-23: £2,503,498).

For each revalued class of investment asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed for National Forest Company: property £825,000 (2022-23: £825,000); Land £2,253,052 (2022-23: £2,503,498). All land and buildings are freehold.

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

Impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Reversal of prior years' impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

In the 2020-21 financial year £500,001 was invested in Cazenove Charity Responsible Multi-Asset Fund, generating a return of £21,848 (2022-23: £21,291). The income is extracted to our reserves, rather than re-invested into the fund. Fair value measurement of the fund by the investment managers as at 31 March 2024 resulted in a gain of £25,681. This has been reflected as a cash equivalent due to it being a high liquid investment.

Note 15
Debtors

	National Forest Company		Consolidated	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Amounts falling due within one year:	£	£	£	£
VAT	69,305	22,171	71,372	37,124
Prepayments	85,592	83,372	85,592	83,372
Owed by Subsidiary ⁽¹⁾	96,151	185,419	–	–
Accrued Income:				
– Creating a Forest for Learning project ⁽²⁾	26,367	86,352	26,367	86,352
– Charnwood Forest Landscape Partnership Scheme	264,350	117,325	264,350	117,325
– Community Woodlands – NLHF funding	34,464	26,437	34,464	26,437
– Other	129,290	132,539	233,327	163,135
Debtors:				
– Trade debtors	168,136	190,510	173,810	192,762
– Other debtors	8,460	6,876	8,460	162,803
	<u>882,114</u>	<u>851,001</u>	<u>897,744</u>	<u>869,310</u>
Amount falling due after more than one year:				
Other debtors	<u>5,036</u>	<u>3,069</u>	<u>5,036</u>	<u>3,069</u>
	<u>5,036</u>	<u>3,069</u>	<u>5,036</u>	<u>3,069</u>
Total debtors	<u>887,151</u>	<u>854,070</u>	<u>902,780</u>	<u>872,379</u>

⁽¹⁾ Amount Owed by a Subsidiary is repayable on demand and no interest is chargeable.

⁽²⁾ Creating a Forest for Learning project accrued income includes the unrealised exchange gain on foreign currency.

Note 16

Cash at bank and in hand

	National Forest Company		Consolidated	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£	£	£	£
Balance at 1 April:	2,579,508	2,530,527	2,579,513	2,530,527
Net increase/(decrease) in cash and cash equivalent balances	(906,874)	48,981	(906,781)	48,986
Balance at 31 March	<u>1,672,634</u>	<u>2,579,508</u>	<u>1,672,732</u>	<u>2,579,513</u>
The following balances at 31 March				
Commercial banks and cash in hand	1,421,436	2,329,961	1,421,535	2,329,966
Government Banking Service	251,197	249,547	251,197	249,547
	<u>1,672,634</u>	<u>2,579,508</u>	<u>1,672,732</u>	<u>2,579,513</u>

Note 17

Creditors

	National Forest Company		Consolidated	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£	£	£	£
Amounts falling due within one year:				
Trade creditors	157,831	288,197	161,948	249,090
Other Creditors	3,300	9,593	3,300	9,593
Accruals	286,930	212,456	298,524	227,130
Deferred income ⁽¹⁾	602,086	348,719	602,086	348,719
	1,050,147	858,965	1,065,858	834,532

⁽¹⁾ Deferred income relates to specified outputs delivered in 2024-25.

Note 17

Creditors (continued)

Analysis of movement of deferred income

	Other	Nature for Climate Fund	Section 106 Funds	Severn Trent – Great Big Nature Boost	Carbon project ⁽³⁾	Community Forest Woodland Outreach project	Charnwood Development project	Creating a Forest for Learning project	UK Shared prosperity Fund	Decarbonisation project	Total
	£	£	£	£	£	£	£	£	£	£	£
31 March 2017 Deferred	–	–	–	–	–	–	3,962	44,403	–	–	48,365
31 March 2018 Released	–	–	–	–	–	–	(3,962)	(44,403)	–	–	(48,365)
31 March 2018 Deferred	–	–	–	–	–	–	2,000	36,364	–	–	38,364
31 March 2019 Released	–	–	–	–	–	–	(2,000)	(36,364)	–	–	(38,364)
31 March 2019 Deferred	–	–	–	–	–	–	–	28,151	–	–	28,151
31 March 2020 Released	–	–	–	–	–	–	–	(28,151)	–	–	(28,151)
31 March 2020 Deferred	3,650	–	–	–	–	8,333	–	–	–	–	11,983
31 March 2021 Released	(3,650)	–	–	–	–	–	–	–	–	–	(3,650)
31 March 2021 Deferred	5,672	–	–	–	100,000	–	–	–	–	–	105,672
31 March 2022 Released	(5,672)	–	–	–	–	(8,333)	–	–	–	–	(14,005)
31 March 2022 Deferred	10,387	–	–	31,932	50,000	–	–	–	–	–	92,319
31 March 2023 Released	(10,387)	–	–	(31,932)	–	–	–	–	–	–	(42,319)
31 March 2023 Deferred	19,766	77,299	99,458	2,196	–	–	–	–	–	–	198,719
31 March 2024 Released	(19,766)	(77,299)	(99,458)	(2,196)	–	–	–	–	–	–	(198,719)
31 March 2024 Deferred ⁽²⁾	13,017	–	15,279	105,300	50,000	–	–	–	218,490	50,000	452,086
Total	13,017	–	15,279	105,299	200,000	–	–	–	218,490	50,000	602,086

⁽²⁾ Deferred income 'Other' 2024 relates to sponsorship contracts £11,657 split over 2 financial years.

⁽³⁾ Carbon Project – delays in releasing the deferred income have been caused by a backlog of projects with the carbon verification provider.

Note 18

Analysis of Grants

The NFC awards grants to a number of institutions and landowners to support activity which contributes to the achievement of its charitable objects. No grants were paid with the purpose of directly benefitting the personal circumstances of the individuals.

	Grants to Institutions		Grants to Landowners		Support Costs		2023-24		Grants to Institutions		Grants to Landowners		Support Costs		2022-23	
	£		£		£		£		£		£		£		£	
Forest creation, access and nature conservation	201,299		165,029		60,917		427,244		134,844		260,923		73,152		468,919	
Woodland Management	93,851		223,910		105,309		423,069		70,785		215,729		34,594		321,109	
Community engagement	176,999		-		79,965		256,964		107,347		-		73,913		181,260	
Tourism and promotion	30,177		6,476		34,113		70,765		18,419		1,112		18,414		37,945	
Total	502,325		395,414		280,304		1,178,042		331,395		477,765		200,073		1,009,232	

During the 2023-24 financial year, the NFC awarded grants to the following:

Institution and/or Landowner	2023-24		2022-23	
	£		£	
South Derbyshire District Council	22,961		1,475	
Leicestershire County Council	4,876		4,976	
National Trust	70,930		-	
Fellowship of the School of Economic Science	21,953		-	
Duchy of Lancaster	3,413		10,597	
Bradgate Park Trust	6,003		68,859	
Woodland Trust	40,886		32,336	
Severn Trent Water	-		37,490	
Football Association	-		23,668	
Grants to other institutions	331,304		151,994	
Grants to landowners/Individuals	395,414		477,764	
Total Grants paid	897,739		809,159	

Note 19

Trading Subsidiaries

The subsidiaries undertaking is as follows:

Name	STATEMENT OF COMPREHENSIVE INCOME	31 March 2024	31 March 2023
The Forest Experience Limited		£	£
Registered in			
England and Wales Company	Turnover	–	410,506
Number 03601522	Gross profit	–	410,506
Registered address	Administrative expenses	–	(321,116)
Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, DE12 6BA, England	Operating Profit	–	89,390
Activity	Profit for the financial year	–	89,390
Other amusement and recreation activities – operating CONKERS visitor attraction.			
Shareholder funds	Balance Sheet:	£	£
£2	Current assets	–	167,875
	Creditors	–	(167,873)
	Net assets	–	2
	Share capital and reserves	–	2
Name	STATEMENT OF COMPREHENSIVE INCOME	31 March 2024	31 March 2023
National Forest Enterprises Ltd (Heart of The National Forest Park Developments Limited)		£	£
Registered in	Turnover	283,256	32,472
England and Wales Company	Gross profit1	283,256	32,472
Number 03601510	Administrative expenses	(280,997)	(34,731)
Registered address	Fair value movements	(12,000)	4,500
Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, DE12 6BA, England	Operating Profit	(9,741)	2,241
Activity	(Loss)/Profit for the financial year	(9,741)	2,241
Other amusement and recreation activities – holding and preparing land.	Other comprehensive income for the year		
Shareholder funds	Unrealised surplus on revaluation of tangible fixed assets	80,000	945,885
£2	Total comprehensive income for the year	70,259	948,126
		31 March 2024	31 March 2023
	Balance Sheet:	£	£
	Fixed assets	2,175,885	2,107,885
	Current assets	111,866	35,859
	Creditors	(111,864)	(38,116)
	Net assets	2,175,887	2,105,628
	Capital and reserves		
	Called up share capital	2	2
	Revaluation reserve	1,025,885	945,885
	Investment property reserve	1,150,000	1,162,000
	Profit and loss account	–	(2,259)
		2,175,887	2,105,628

The National Forest Company own 100% of the ordinary share capital of the subsidiary listed above. The trade and assets of The Forest Experience Ltd were transferred to National Forest Enterprises Ltd on 29 January 2024, following which Forest Experience Ltd was struck off on 16 July 2024 in line with the disclosure in the Forest Experience Ltd 31 March 2023 Financial Statements.

Note 20

Consolidated – Summary of funds: 2023-24

	As at 1 April 2023	Income	Expenditure	Revaluation	Foreign Currency gain/ (loss)	Transfers ⁽¹⁾	As at 31 March 2024
	£	£	£	£	£	£	£
Unrestricted							
General Fund	8,339,688	4,217,318	(5,065,073)	–	–	3,289	7,495,223
Financial Contingency Fund ⁽²⁾	700,000	–	–	–	–	–	700,000
Land Acquisition, Management and Development Fund ⁽³⁾	700,000	–	(200,000)	–	–	–	500,000
Enterprise and Investment Fund ⁽⁴⁾	500,000	–	(61,027)	–	–	–	438,973
Conkers Repair & Investment Fund ⁽⁵⁾	280,588	178,789	(367,000)	–	–	–	92,377
Investments ⁽⁶⁾	2,468,555	–	–	173,681	–	–	2,642,236
Revaluation Reserve	902,349	–	–	(4,565)	–	–	897,784
Total Unrestricted	13,891,180	4,396,107	(5,693,100)	169,117	–	3,289	12,766,593
Restricted							
Nature for climate funds ⁽⁷⁾	2,402,706	1,399,799	(779,208)	–	–	1,521	3,024,818
Other restricted funds ⁽⁹⁾	9,011	358,266	(251,089)	–	–	(85,187)	31,001
Creating a Forest for Learning project	173,366	22,000	(151,028)	–	(257)	–	44,081
Timber Festival	–	–	–	–	–	–	–
Creating Working Woodlands project	11,633	–	(10,165)	–	–	–	1,468
Charnwood Forest Landscape Partnership Scheme ⁽⁸⁾	144,209	553,913	(598,476)	–	–	–	99,647
National Forest Trek	–	1,057	–	–	–	(1,057)	–
Community Forest Woodland Outreach project	–	–	–	–	–	–	–
Rolls Royce	–	20,000	(20,000)	–	–	–	–
Severn Trent – Great Big Nature Boost	–	224,694	(262,987)	–	–	38,293	–
ELMS Test and Trial	–	63,104	(65,805)	–	–	2,702	–
National Forest Community Woodlands	–	133,603	(106,729)	–	–	–	26,874
Valpack	48,628	–	(19,467)	–	–	–	29,161
UKSPF – Heart of the National Forest	–	34,510	(74,949)	–	–	40,439	–
Total Restricted	2,789,553	2,810,945	(2,339,903)	–	(257)	(3,289)	3,257,049
Total Reserves	16,680,733	7,207,054	(8,033,003)	169,117	(257)	–	16,023,642

Note 20 (continued)

Consolidated – Summary of funds: 2023-24

2023-24 National Forest Company Consolidated Reserves:

Total reserves of £16.024m (2022-23: £16.681m) per the table above. These include a share of the subsidiary of £2.176m (2022-23: £2.106m).
Unrestricted Reserves: These are £12.767m (2022-23: £13.891m) per the table above. These include share of the subsidiary of £2.176m (2022-23: £2.106m) Unrestricted funds - are funds given to NFC with no restrictions on use.

⁽¹⁾ Transfers from unrestricted (General fund) to restricted funds are match funding contributions; transfers from other restricted funds include £106 £67,233, Sustrans £17,447 and Active Choice £507.

Unrestricted - designated funds: These are unrestricted funds which have been set aside by the Trustees for particular purposes as below:-

⁽²⁾ Financial Contingency Fund - equates to approximately 4 months of NFC running costs and to be used in the event of major cashflow problems.

⁽³⁾ Land Acquisition, Management and Development Fund (LAMDF) - available to support land acquisition and initial site establishment costs.

⁽⁴⁾ Enterprise and Investment Fund (EIF) - available to support innovation, enterprise and long-term financial sustainability.

⁽⁵⁾ Conkers Investment Fund - funds set aside to support repairs and maintenance, capital refreshment and emergency support for Conkers.

⁽⁶⁾ Investments - the value as per note 14 £4,759m of which £3,850m is unrestricted and the balance £0,909m restricted as part of Nature for climate funds reserve (Note 22).

Restricted Reserves: These are £3.257m (2022-23: £2.789m) per the table above. These are funds which have been given to NFC for specific purposes by funders.

⁽⁷⁾ £3.025m is Nature for Climate Fund.

⁽⁸⁾ £0.100m is Charnwood Forest Landscape Partnership Scheme.

⁽⁹⁾ Other restricted funds include Woodland Trust, Section 106 and AP C Scothern Fund carried forward.

Note 20 (continued)

National Forest Company – Summary of fund movements 2023-24

	As at 1 April 2023	Income	Expenditure	Revaluation	Foreign Currency gain/ (loss)	Transfers ⁽¹⁾	As at 31 March 2024
	£	£	£	£	£	£	£
Unrestricted							
General Fund	6,416,056	4,004,687	(4,854,710)	–	–	3,289	5,569,321
Financial Contingency Fund ⁽²⁾	700,000	–	–	–	–	–	700,000
Land Acquisition, Management and Development Fund ⁽³⁾	700,000	–	(200,000)	–	–	–	500,000
Enterprise and Investment Fund ⁽⁴⁾	500,000	–	(61,027)	–	–	–	438,973
Conkers Repair & Investment Fund ⁽⁵⁾	280,588	178,789	(367,000)	–	–	–	92,377
Investments ⁽⁶⁾	2,464,055	–	–	185,681	–	–	2,649,736
Revaluation Reserve	724,849	–	–	(84,565)	–	–	640,284
Total Unrestricted	11,785,548	4,183,476	(5,482,737)	101,116	–	3,289	10,590,690
Restricted							
Nature for climate funds ⁽⁷⁾	2,402,706	1,399,799	(779,208)	–	–	1,521	3,024,818
Other restricted funds ⁽⁹⁾	9,011	358,266	(251,089)	–	–	(85,187)	31,001
Creating a Forest for Learning project	173,366	22,000	(151,028)	–	(257)	–	44,081
Timber Festival	–	–	–	–	–	–	–
Creating Working Woodlands project	11,633	–	(10,165)	–	–	–	1,468
Charnwood Forest Landscape Partnership Scheme ⁽⁸⁾	144,209	553,913	(598,476)	–	–	–	93,647
National Forest Trek	–	1,057	–	–	–	(1,057)	–
Community Forest Woodland Outreach project	–	–	–	–	–	–	–
Rolls Royce	–	20,000	(20,000)	–	–	–	–
Severn Trent – Great Big Nature Boost	–	224,694	(262,987)	–	–	38,293	–
ELMS Test and Trial	–	63,104	(65,805)	–	–	2,702	–
National Forest Community Woodlands	–	133,603	(106,729)	–	–	–	26,874
Valpack	48,628	–	(19,467)	–	–	–	29,161
UKSPF – Heart of the National Forest	–	34,510	(74,949)	–	–	40,439	–
Total Restricted	2,789,553	2,810,945	(2,339,903)	–	(257)	(3,289)	3,257,049
Total Reserves	14,575,101	6,994,421	(7,822,640)	101,116	(257)	–	13,847,740

Note 20 (continued)

National Forest Company – Summary of fund movements 2023-24

National Forest Company Reserves

National Forest Company unrestricted reserves are £10.591m (2022-23: £11.785m) per the table above. These are funds given to NFC with no restrictions on use.

⁽¹⁾ Transfers from unrestricted (General fund) to restricted funds are match funding contributions; transfers from other restricted funds include S106 £67,233, Sustrans £17,447 and Active Choice £507.

Unrestricted – designated funds: These are unrestricted funds which have been set aside by the Trustees for particular purposes as below:-

⁽²⁾ Financial Contingency Fund - equates to approximately 4 months of NFC running costs and to be used in the event of major cash flow problems.

⁽³⁾ Land Acquisition, Management and Development Fund (LAMDF) - available to support land acquisition and initial site establishment costs.

⁽⁴⁾ Enterprise and Investment Fund (EIF) - available to support innovation, enterprise and long-term financial sustainability.

⁽⁵⁾ Conkers Investment Fund - funds set aside to support repairs and maintenance, capital refreshment and emergency support for Conkers.

⁽⁶⁾ Investments - the value as per note 14 £3.609m of which £2,700m is unrestricted and the balance £0.909m restricted as part of Nature for climate funds reserve (Note 22).

National Forest Company restricted reserves are £3.257m (2022-23: £2.789m) per the table above. These are funds which have been given to NFC for specific purposes by funders.

⁽⁷⁾ £3.025m is Nature for climate funds.

⁽⁸⁾ £0.100m is Charnwood Forest Landscape Partnership Scheme.

⁽⁹⁾ Other restricted funds include Woodland Trust, Section 106 and AP C Scothern Fund carried forward.

Note 21

Analysis of net assets between funds

	National Forest Company						Consolidated					
	Unrestricted			Unrestricted			Unrestricted			Unrestricted		
	£	Restricted	Total 31 March	£	Restricted	Total 31 March	£	Restricted	Total 31 March	£	Restricted	Total 31 March
General Fund	9,950,407	3,435,275	13,385,683	11,060,700	2,967,778	14,028,478	11,868,808	3,435,275	15,304,083	12,988,831	2,967,778	15,956,609
Revaluation Reserve	640,284	(178,225)	462,059	724,849	(178,225)	546,624	897,784	(178,225)	719,559	902,349	(178,225)	724,124
Net assets	10,590,691	3,257,050	13,847,742	11,785,549	2,789,553	14,575,102	12,766,592	3,257,050	16,023,642	13,891,180	2,789,553	16,680,733

Note 22

Analysis of funds

	National Forest Company						Consolidated					
	Unrestricted			Unrestricted			Unrestricted			Unrestricted		
	£	Restricted	Total 31 March	£	Restricted	Total 31 March	£	Restricted	Total 31 March	£	Restricted	Total 31 March
Intangible assets	201,545	–	201,545	139,277	–	139,277	201,545	–	201,545	139,277	–	139,277
Fixed assets ⁽¹⁾	7,036,043	1,491,333	8,527,376	6,649,442	971,268	7,620,710	8,061,928	1,491,333	9,553,261	7,595,326	971,268	8,566,594
Investments ⁽¹⁾	2,700,573	908,610	3,609,183	2,980,224	1,260,278	4,240,502	3,850,574	908,610	4,759,184	4,142,224	1,260,278	5,402,502
Current assets	1,702,678	857,107	2,559,784	2,875,571	558,007	3,433,578	1,718,403	857,107	2,575,510	2,893,886	558,007	3,451,893
Creditors	(1,050,147)	–	(1,050,147)	(858,965)	–	(858,965)	(1,065,858)	–	(1,065,858)	(879,532)	–	(879,532)
Total reserves	10,590,692	3,257,050	13,847,742	11,785,549	2,789,553	14,575,102	12,766,593	3,257,050	16,023,642	13,891,180	2,789,553	16,680,733

Reserve balances at 31 March are represented by:

⁽¹⁾ Prior year reclassified as per Note 3.

Note 23

Commitments under operating leases

The future minimum lease payments under operating leases which the NFC is committed to make under operating leases are as follows:

	31 March 2024	31 March 2023
	£	£
Obligations under operating leases comprise:		
Buildings, office accommodation lease		
Not later than 1 year	53,534	–
Later than 1 year and within 5 years	160,603	–
Later than 5 years	–	–
	<u>214,137</u>	<u>–</u>

The above obligations relate to the lease for office accommodation occupied by the National Forest Company which commenced on 1 April 2023 and will expire on 31 March 2028.

The lease expense for 2023-24 was £48,008 (2022-23: £48,207).

The future minimum lease payments under operating leases which the NFC is committed to receive under operating leases are as follows:

	31 March 2024	31 March 2023
	£	£
Recognition under operating leases comprise:		
Property and Farm Business Tenancies (FBT) leases		
Not later than 1 year	38,374	49,026
Later than 1 year and within 5 years	72,760	107,834
Later than 5 years	–	–
	<u>111,134</u>	<u>156,860</u>

The above recognition relates to the lease of National Forest Company owned assets.

The Boathouse is leased on a long-term tenancy.

Hanging Hill Farm is a periodic short term tenancy.

FBT are short term grazing and grassland tenancies on various sites.

Note 24

Other financial commitments

Forest creation schemes

The Company has entered into contracts (which are not leases or PFI contracts) under the Changing Landscape Scheme (CLS) and the Freewoods and Parkland Schemes. The payments to which the NFC is committed, analysed by the period during which the commitments fall due, are as follows:

	31 March 2024	31 March 2023
	£	£
Not later than 1 year	72,061	87,338
Later than 1 year and not later than 5 years	347,809	357,644
Later than 5 years	–	–
	<u>419,870</u>	<u>444,982</u>

Note 25

Financial Instruments

As the current cash requirements of the NFC are met largely through grant in aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The NFC has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal. The NFC investment of £500,001 with Cazenove's Charity responsible Multi- Asset Fund is a financial instrument with the measurement and accounting basis being fair value, of which the fair value being determined by the fund managers as at 31 March 2024 to be £524,183.

Note 26

Related party transactions

Key management personnel of the Charity:

John Everitt has been a member of the National Lottery Heritage Fund Midlands and East Committee since January 2015. Grant Support of £524,628 (2022-23: £334,761) was received for the Charnwood Forest Landscape Partnership Scheme project; John Everitt declared an interest and was not party to the decision to award the funds.

John Everitt is a director of National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd, subsidiaries of the National Forest Company. National Forest Enterprises Ltd owed £96,151 (2022-23: £264,561) and paid nil (2022-23: £16,028) in gifted profit proceeds to the National Forest Company.

Trustee, Mike Kapur, appointed on 1 April 2018, is Chair of Leicester City Football Club Trust. The NFC paid £nil (2022-23: £25,000) to Leicester City Football Club Trust for the Community Forest Woodland Outreach project.

Trustee, Alison Field, appointed on 1 April 2018, is Vice President of Royal Forestry Society (RFS). National Forest Company paid £214.34 (2022-23: £204.50) for membership subscription of the RFS.

Trustee, Penny Coates, appointed on 1 April 2022, is a director of National Forest Enterprises Ltd, subsidiary of National Forest Company. National Forest Enterprises Ltd paid nil (2022-23: £175,171) in gifted profit proceeds to the National Forest Company.

During the year, no trustee or related parties has undertaken any material transactions with the Charity other than those disclosed in the Remuneration and Staff Report.

All amounts were settled as at 31 March 2024 with the exception of Charnwood Forest Landscape Partnership Scheme project quarter 4 claim of £264,350 and National Forest Enterprises Ltd £96,151 and are accrued in the accounts.

The NFC has dealings with the Department for Environment, Food and Rural Affairs (Defra) and some of its sponsored bodies. The NFC receives grant in aid (GiA) from Defra. During the year, the NFC received £2,527,275 (2022-23: £2,400,713) GiA and £1,261,299 (2022-23: £1,228,000) via the Nature for Climate Fund.

The NFC received £11,355 from Rural Payments Agency (2022-23: £12,171) for woodland grants.

The NFC received nil (2022-23: £10,675) from Natural England for the Community Forest Woodland Outreach project.

The NFC has an agreement with Forest Research allowing access to a National Forest site at Eastern Old Parks in order to undertake research into Ash Dieback disease.

All amounts were settled as at 31 March 2024 with the exception of £264,350 Charnwood Forest Landscape Partnership Scheme and National Forest Enterprises Ltd £96,151.

Note 27

Events after the reporting period

The Forest Experience Ltd was struck off on 16 July 2024 at Companies House.

The Annual Report and Accounts have been authorised for issue by the National Forest Company's Chief Executive and Trustees. The authorised to issue date is the date of the Comptroller and Auditor General's audit certificate.

THE NATIONAL FOREST COMPANY

England & Wales - Charity number 1166563

Accounts



THE NATIONAL
FOREST

National Forest Company Annual Report and Accounts

For the year ended 31 March 2023

HC 25

National Forest Company
Annual Report and Accounts 2022-23
For the period 1 April 2022 to 31 March 2023

Presented to Parliament pursuant to Article 6
of the Government Resources and Accounts Act 2000
(Audit of Non-profit-making Companies) Order 2009

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Chair's letter

This is our first year as the new National Forest Company (NFC) Group having acquired our two subsidiary companies from the National Forest Charitable Trust (NFCT), together with significant land and assets. During the year we have worked hard to assimilate these changes, with new governance, staffing, funding and partnerships all put in place. I am pleased that the impact and benefits for the NFC are already being felt, with an uplift in the Balance Sheet of more than £5m, the Conkers visitor centre reporting another profitable year and a renewed focus placed on the Heart of the National Forest with an ambitious vision developed and UK Shared Prosperity Funds secured thanks to North West Leicestershire District Council.

This was the last year of the 2020-2023 Corporate Plan for the NFC. Looking back on the last three years, it is heartening to see just how much has been delivered; Forest cover is approaching 23% of land area, the 9 million trees target has been met and major gains have been achieved in areas such as biodiversity, outdoor learning and sustainable tourism. Moreover, the organisation has almost doubled in both staff and turnover, largely due to Defra's Nature for Climate Fund helping to accelerate Forest creation.

We are now embarking on our new three-year Corporate Plan, looking to expand our influence and delivery further beyond the 200 square miles of the National Forest, as part of the Midlands Forest Network initiative. As the country faces the growing challenges of a changing climate, biodiversity

decline and economic uncertainty, our approach of using trees as the catalyst to regenerate landscapes, lives and livelihoods is more relevant than ever.

I would like to thank my fellow Trustees for their excellent support and guidance during a year of change. We have said goodbye to outgoing Trustees, Tony Ballance and Jack Buckner both having served two terms, and to co-optees Andrew Bridge and Martin Traynor (as well as other former NFCT Trustees and staff) who have diligently seen us through the NFCT transition period. I am also delighted to have welcomed Ruth Evans and Matt Robinson as our new recruits who will add further expertise to what is already a strong and committed Board.

As we move into my final year as Chair, I will be looking to appoint my successor and continuing to ensure that the NFC is in good shape for the future. Can I thank you all as businesses, funders, landowners and the wider community for your ongoing support as we embark on the next phase of our aspirations for the National Forest.



Lord Duncan of Springbank PhD FGS
Chair of the Board of Trustees

Chief Executive's foreword

2022-23 has been an exciting year for the National Forest where we have been able to showcase our work on the national stage. Whether at the RHS Chelsea Flower Show with a gold medal winning garden, at Westminster Abbey as part of the Trees of Life COVID-19 Memorial Service, through the FatFace clothing collection inspired by the Forest or the latest Aardman promotion, the National Forest has been able to demonstrate its message of positive change.

As we continue to increase forest cover, identifying new sites for creation gets even harder. During the year a number of grant schemes and land acquisitions have stalled or been deferred, and greater emphasis is being placed on flexibility of grants and proactive engagement with landowners to unlock these opportunities for the future.

This year has also been one of considerable organisational development, recruiting new staff and Trustees, producing a new Corporate Plan and adopting a new corporate structure. We continue to enjoy our status as an Arm's Length Body of Defra as well as a charity and believe that this enables us to deliver good value for money for both the public purse and our charitable donors.

This report outlines progress throughout the year and below are a few selected highlights that show how our work continues to have a significant impact both for the Forest and beyond:

- Creating more than 120 hectares of new forest habitat, including c120k trees planted through grant schemes and acquisitions.
- Expanding our Minorca Woods by acquiring an adjacent site to provide woodland creation and public access.
- Restoring and enhancing over 200 hectares of habitat as part of our plans for 30% of land for biodiversity by 2030.
- Commencing the Community Woodlands project funded by the National Lottery Heritage Fund to increase participation and volunteering.

- Extending outdoor learning to more than three quarters of our primary schools in the Forest, and scoping additional work with secondary and early years.
- Running research and demonstration programmes including Tests and Trials for Defra's Environmental Land Management Scheme and involvement in national Treescapes projects.
- Initiating plans for gaining UNESCO Global Geopark status for Charnwood Forest as part of the Landscape Partnership Scheme.
- Running another successful Timber Festival with partners, Wild Rumpus, and the second National Forest Trek.

My heartfelt thanks to the NFC Board and staff team for their efforts this year, and for the support of so many of our partners and individuals who have helped make it all possible. Looking to the future, the NFC is poised to drive forward the next set of challenges – accelerating delivery of the Nature for Climate programme, expanding outwards with the Midlands Forest Network and developing the vision and purpose for Conkers. We look forward to engaging with existing and new partners to make these a success.

Finally, I would like to recognise the contribution of three long-standing members of staff who all retired in 2022. Sue Anderson, Angela Beech and Carol Rowntree Jones each worked for the NFC for more than 20 years, demonstrating an impressive commitment to the cause and helping us make the National Forest what it is today.



John Everitt FRSA
Chief Executive/Accounting Officer

Directors' Annual Report

Introduction

This report provides the information as required by company law. In addition, as the National Forest Company (NFC) is a registered charity, the report provides any additional information as required by the Statement of Recommended Practice (SoRP) module 'Trustees' annual report'. The Trustees have agreed that a single report should be produced providing the required information rather than a separate Directors' report and Trustees' annual report.

National Forest Company status

The National Forest Company was established in April 1995 with the objective of overseeing the creation of the National Forest which spans 200 square miles of central England. The NFC is a company limited by guarantee (registered number 2991970) and a registered charity (registered number 1166563). The NFC operates from its registered office at Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire DE12 6BA.

As a charity since April 2016 and applying the provisions of its Articles of Association, the business of the NFC is no longer under the majority control by the Secretary of State for Environment, Food and Rural Affairs. The NFC does, however, given the levels of grant in aid funding received, continue to place economic reliance on the Department for Environment, Food and Rural Affairs (Defra). Grant in aid is paid to the NFC under Section 153 of the Environmental Protection Act 1990. The NFC's status is a Non-Profit Institution within the Public Sector specifically within Central Government as defined by the Office for National Statistics.

Objectives and activities

The objects of the NFC as contained in its Articles of Association are:

'For the public benefit, the conservation, protection and improvement of the physical and natural environment so as to secure and enhance the enjoyment by the public of the same, in particular but without limitation to:

- (a) woodland creation and management generally, and in particular in the area of the National Forest, for the benefit of the general improvement of land or for the environment;*
- (b) the promotion of urban and rural regeneration by the maintenance, improvement or provision of public amenities; the provision of recreational*

facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, have need of such facilities; and the protection or conservation of the environment; and

- (c) the advancement of education in the environment and sustainable development through the promotion of training and education and the undertaking and publishing of research.'*

Strategy and priorities

The National Forest Strategy covering the period 2014–2024 includes the following priorities:

- Creating and managing a Forest for the nation
- Creating the visitor destination and making the most of the asset
- Creating the Forest for Everyone
- Governance, income generation and marketing

The Strategy is based on creating a resilient Forest environment in the face of climate change, continuing to move forward with new forest creation and increasing the emphasis and investment in woodland management. It also includes a focus on a Forest society, increasing new access routes and engaging people and communities in outdoor activity through education, volunteering and enjoyment. In addition, the Strategy prioritises work to create a sustainable, low carbon Forest economy, developing the visitor, woodland and green economy in line with the Forest brand.

To support this, the Strategy recognises the organisational development required for the NFC to meet future challenges, including upgrading its governance and systems as a new charity, growing its income to increase financial sustainability, and building a stronger brand.

Grant funding from Defra contributed significantly towards the delivery of objectives for the year, whilst simultaneously contributing to the delivery of the Defra Strategy, 25 Year Environment Plan and Environmental Improvement Plan.

Public benefit

In overseeing the strategic direction and activities for the year, the Trustees have been mindful of the Charity Commission guidance on public benefit and are satisfied that the NFC complies with these requirements.

The National Forest acts as a national exemplar of sustainability and its public benefit is based on its environmental, social and economic outcomes to mitigate and adapt to climate change.

The direct environmental benefits include the restoration of the landscape from planting more than 9.5 million trees and the services that this provides for our natural capital including carbon sequestration, clean air and water, and protection of soils, as well as the protection and enhancement of wildlife. This has particular resonance as we respond to the urgency of both climate change and biodiversity loss. Social benefits relate to the physical and mental wellbeing of individuals who engage with the Forest and the considerable benefits that are derived from programmes that promote access, volunteering, education, skills and training, improving the equality of these opportunities for all our communities. Economic benefits are provided to society as a whole through promoting more sustainable livelihoods, shifting to a low carbon and circular economy that reduces negative impacts, and through targeted work with deprived communities.

The benefits are felt by the 209,000 residents living within the National Forest area, many of whom are from disadvantaged backgrounds and under-represented groups in our urban and rural areas; the c9 million visitors who enjoy the Forest as a destination each year; the c300,000 plus individuals who experience the National Forest through the website; the 16m people impacted by media and communications activity, and the expanding audience of supporters, partners and stakeholders who are inspired to engage with our work.

Volunteering statement

It is central to the ethos of the National Forest's development that local communities, businesses and visitors are offered opportunities to become engaged in creating and looking after the Forest, helping to underpin more sustainable, cost effective and resilient management. Volunteering has played a key role in this. Since its creation, the NFC has facilitated a wide range of organisations across the Forest to offer volunteering opportunities including conservation, woodland creation and management, and wildlife monitoring projects. The NFC now supports a Forest-wide network of 70 Community Woodland Management Groups providing sharing of knowledge, resources, training and skills development.

The NFC itself is also directly involved in the engagement and deployment of volunteers, with a volunteering policy approved by the Board.

During 2022-23, the NFC continued its volunteering activities through the Community Woodlands project funded by the National Lottery Heritage Fund, and further activity with volunteers involved in the Timber Festival, re-homing of the Meta Garden and other activities. The volunteer sessions in 2022-23 totalled more than 38,000 hours (2021-22: 40,000 hours), with an approximate value of £397k (2021-22: £380K).

Equality, Diversity and Inclusion

Diversity and inclusion of our staff and volunteers, as well as ensuring that the National Forest attracts and engages with a diverse range of audiences and stakeholders is a key priority.

During the year we extended our Equality, Diversity and Inclusion strategy with key priority actions being taken forward by a small staff working group with oversight from a dedicated Trustee.

Work includes ensuring that the Forest's vision, programme of work, projects and processes show due regard for diversity and inclusion and consider the impact of decisions on under-represented groups, including those having access to grants and support. Of particular note this year was Trustee recruitment to provide an equal gender balance on the NFC Board, subsidy for deaf and disabled groups and artists to attend Timber Festival, work with a youth panel, grant support for projects with neurodiverse, LGBTQ+ and ethnic groups, as well as improvements to accessibility of the website content and communications.

The NFC is a Disability Confident employer with a status of Committed and operates a guaranteed interview scheme for disabled applicants who declare a disability as defined by the Equality Act 2010 and meet the essential criteria for the post. To continue support for disabled employees, the NFC joined Defra's framework agreement with Bennett Workplace in March 2023 to carry out workplace assessments and apply any reasonable adjustments for employees with specialist needs.

Grant making policy

The NFC's grant making is targeted to support public benefit and the charity's objects in line with Charity Commission guidance, and guidance set out in Managing Public Money. Grants awarded are an important means of delivering multiple Forest objectives including forest creation, woodland management, biodiversity, access, arts and culture, and community programmes. Grants are administered through an assessment process that considers priorities, impact and value for money. Higher level grants are approved annually by the

Board and smaller grants by Trustee-led Working Groups. This provides the necessary assurances and includes grant conditions for recipients to ensure that charitable purposes are adhered to. Forest creation is secured through grants awarded via the Changing Landscapes Scheme (CLS), for areas greater than 1 hectare.

The woodland management grant programme supports active management of woodlands covering a range of objectives including forestry, wildlife, access, landscape and community use. Qualifying projects are normally eligible for up to 60% of total costs, with some funded programmes paying 100%.

Small grants to communities and organisations are made through a range of Small Grants Funds. These support activities and projects that include access, arts and culture, community, heritage, wildlife and recreation. Grants normally cover up to 50% of project costs, helping to lever additional funds to support the Forest.

Grants totalling £809,159 were awarded during 2022-23 (2021-22: £1,228,071). Note 18 of the accounts provides an analysis and information on grant recipients. The Changing Landscapes Scheme (CLS) grant awarded £338,468 (2021-22: £504,180), and our Creating a Forest for Learning project continued with 13 grants totalling £11,244 (2021-22: £12,874), supporting schools to provide outdoor learning training for school staff and to enhance the outdoor learning environment within schools through woodlands. The third year of the Habitat Enhancement Grant was run in 2022-23 with funding from Severn Trent Water. The 'Severn Trent Great Big Nature Boost' supports work on biodiversity restoration and enhancement across the Forest; 32 grants totalling £182,054 (2021-22: £128,170) were awarded. To provide additional support to those businesses and communities still recovering from COVID-19 and the cost of living, grant schemes were targeted this year for work on Arts and Health & Wellbeing, as well as continued support on Sustainable Tourism. This included an additional 18 grants totalling £37,023 (2021-22: £23,354) to support business recovery and target communities most in need.

The NFC works collaboratively with other charities in the pursuit of its objectives, including grants this year to Bradgate Park Trust, Woodland Trust, Derby and Burton Hospitals Charity and Wild Minds.

Strategic Report

Financial overview

An operating surplus of £6.975m was achieved in 2022-23 (2021-22: £0.871m) comprising £6.613m unrestricted (2021-22: £0.520m) and £0.363m relating to restricted projects (2021-22: £0.351m). The unrestricted surplus of £6.613m largely resulted from the transfer of assets at fair value of £5.675m (land and buildings £5.385m, debtors £0.204m and cash £0.086m) due to the acquisition of the National Forest Charitable Trust (NFCT) taking place on 1 April 2022 and (non-cash) gains on revaluation of fixed assets £0.766m, due to rising land prices. The cash movement as per the Consolidated cashflow statement is £0.049m.

Total income during 2022-23 was £12.293m (2021-22: £5.842m) of which £5.675m is the transfer of assets from NFCT, £2.401m is grant in aid from Defra (2021-22: £2.401m) and £1.151m being the third year of the Nature for Climate Fund programme (2021-22: £1.894m) also funded by Defra. The NFC continues to rely heavily on Defra funding and the high priority given to forestry and net zero within government and reflected in the Spending Review gives confidence that both grant in aid and Nature for Climate Fund will continue at broadly similar levels. The uncertainties in the wider economy meant that corporate sponsorship and donations income were more challenging with £0.199m achieved for Dedicate a Tree (2021-22: £0.312m). With the acquisition of the NFCT and incorporating the subsidiary companies as part of consolidated accounts for 2022-23, £2.019m of unrestricted income was achieved (2021-22: £0.710m).

Expenditure during 2022-23 was £5.888m (2021-22: £5.165m) of which unrestricted expenditure was £4.245m (2021-22: £2.632m) and restricted expenditure was £1.643m (2021-22: £2.533m). As a result of the NFCT acquisition, £1.352m of the unrestricted expenditure was expensed on Conkers Management fees and subsidiary expenditure. 21% (2021-22: 41%) of the total expenditure was spent on forest creation, which excludes land acquisitions (Note 8), securing 122 hectares of new forest habitat (202 hectares in 2021-22) whilst also helping to deliver associated targets.

Restricted project income was £2.076m in 2022-23 (2021-22: £2.686m), largely comprising £1.151m Nature for Climate Funds, £0.455m for the Charnwood Forest Landscape Partnership Scheme and £0.244m for the Severn Trent Great Big Nature Boost project. These projects, with their third-party funding, make a significant contribution to the

delivery of corporate priorities, and also contribute to core cost recovery. Restricted funds reserves for 2022-23 stand at £2.790m (2021-22: £2.427m). As per Note 22, £2.232m relates to land and investments (land with Farm Business Tenancies) funded through Nature for Climate Fund and £0.558m in current assets, restricted cash deferred to be spent on restricted projects.

The NFC continues to act as an enabler, working in partnership with others to deliver its priorities. The awarding of grants remains an important means of delivering these priorities and during the year grants totalling £0.809m were awarded (2021-22: £1.228m). No grants were made to support land acquisitions in 2022-23.

£0.97m of contributions and match funding was transferred from unrestricted funds to restricted funds for the 'National Forest Trek', National Forest 'Timber' Festival, Forest Foxes project and the 'Environmental Land Management Scheme (ELMS) Test and Trial' project, enabling delivery of charitable outcomes.

At the end of March 2023, the NFC reserves had increased from £9.705m to £16.681m, largely as a result of the acquisition of the NFCT and the associated land and property assets, income and expenditure transferring to the NFC. Of the £16.681m reserves, £14.108m relates to intangible assets, fixed assets and investments to further our charitable activities and unrestricted current assets held are £2.894m. Whilst the NFC reserves have increased, this is balanced against increasing liabilities including ongoing site maintenance and future investment, and larger commitments for financial contingencies as per Note 24.

Fundraising Statement

The NFC is registered with the Fundraising Regulator and abides by its Code of Fundraising Practice, ensuring that fundraising activities are legal, open, honest and respectful. The standards can be accessed via the Fundraising Regulator website fundraisingregulator.org.uk. The NFC does not use the services of professional fundraisers.

The NFC's Development Working Group, comprising one Trustee and two specialist advisors and, reporting to the Board, is responsible for oversight of the income generation strategy which includes fundraising. Operationally, responsibility for the development, management and monitoring of fundraising activities is carried out by the NFC's Development Team.

No complaints have been received about the NFC's fundraising practice.

Achievements against targets for 2022-23

This year saw a strong delivery of grant schemes for Forest creation despite the ongoing difficulties of competition for land, inflationary cost pressures and uncertainty in the farming sector. However, delays in land acquisitions, deferrals of some schemes and limited delivery through the planning system meant that the NFC was unable to hit its target of 200-250 hectares (ha) of new forest habitats, with a total of 122ha being delivered (2021-22: 202ha). Many of the delays and deferred schemes have been moved into future years and it is anticipated that hectare targets can be subsequently made up over the short term with two years of Nature for Climate funds to run. Notable creation schemes this year included an extension to the NFC's Minorca Woods complex with a new acquisition, parkland creation schemes at the Deer Park in Staffordshire and Calke Abbey in Derbyshire, and a Changing Landscape Scheme at Bradgate Park in Leicestershire. Forest cover has increased to 22.6% of the 200 square mile area of the Forest as continued progress is made towards our long term ambitions. Forest creation activity helped to deliver 57ha of new access this year providing additional public benefit to communities and increasing the number of households within walking distance of an accessible woodland.

Alongside forest creation, our work to secure good management of woodlands was extended this year with grants, support and advice helping to ensure that 416ha of woodlands were either brought into or renewed their active management. This has continued to ensure woodlands in active management exceeded 80%, well in excess of the national average. The Habitat Enhancement Grant with Severn Trent's Great Big Nature Boost programme meant that 201ha of wildlife habitats were restored or enhanced. This is helping to improve connectivity across the Forest and support threatened species, including through enhancing wildflower meadows, deadwood creation and pond restoration, moving towards our target of 30% of the Forest area for biodiversity by 2030. Around 120k trees were planted this year. This included continued planting and site development works at Minorca Woods near Measham, as well as through community Plant a Tree events, grant schemes and planning. Nature for Climate funds also helped the NFC to develop work on the Midlands Forest Network to begin to shape this initiative with partners outside of the National Forest boundary.

Our community work was particularly successful this year with a strong focus on our Creating a Forest for Learning programme helping to increase primary schools engaged in regular outdoor learning to 78% (up from 63% in 2021-22), with a particular focus on those in deprived communities. The programme is also expanding to engage with secondary schools in the Forest, with support targeted to young people with Special Educational Needs and Disabilities.

Similar successes were seen in our work with volunteers, in particular through the Charnwood Forest Landscape Partnership Scheme and new Community Woodlands project, both supported by the National Lottery Heritage Fund. As a result, volunteering and community engagement has flourished, with more than 38,000 hours contributed during the year and the number of community groups managing woodlands now reaching 70. This work has a considerable impact on physical and mental wellbeing of Forest residents as well as bringing smaller sites into good condition.

Our support for low carbon businesses and communities was enhanced by grants and advice with a focus on arts, wellbeing and sustainable tourism connected to the Forest. This included local artists working with young people to create and showcase creative work at Timber Festival and the Charnwood Sculpture trail, targeted outdoor activities for harder to reach groups to enhance wellbeing, and progress with new sustainable tourism accommodation and facilities.

Major events this year included the National Forest Walking Festival led by South Derbyshire District Council; another successful Timber Festival run by partners Wild Rumpus and featuring local, national and international arts programming; the second National Forest Trek along the 75 mile National Forest Way; a gold medal winning garden at the RHS Chelsea Flower Show created in partnership with Meta and garden designer Joe Perkins, and re-homed at Conkers; as well as the Trees of Life COVID-19 Memorial Service at Westminster Abbey in collaboration with the National Memorial Arboretum and with trees blessed by multi-faith representatives.

Work towards the National Forest's objectives was underpinned by a programme of research and evidence including completion of a national research trial for the ELMS, support for the national Treescapes initiatives, creation of a new GIS mapping system and improvements to biodiversity monitoring.

A summary of progress against key targets drawn from the Strategy and Corporate Plan are set out below, demonstrating delivery against charitable objectives.

Forest Environment

Targets	Progress
Forest Creation:	
Forest cover to reach 22.75% of 200 square mile National Forest area.	22.6% secured, up from 22.3% at beginning of the year. Note that 0.1% = 50 hectares.
200 – 250ha of forest creation.	Total 122ha achieved comprising 16ha as part of a 22ha acquisition at Minorca South, 30.42ha under the Changing Landscape Scheme (CLS), 1.42ha under Freewoods and 47.97ha under Parklands. There is also 22.25ha from planning, and 3.56ha from re-mapping and other activity. Delays in land acquisition meant that the overall target was not met.
150,000 trees planted.	Total of 118,434 trees planted through NFC grant schemes, sites and as a result of planning gain, plus 2,460 distributed as part of free trees schemes. Slightly under target as a result of poor weather.
Woodland Management:	
85% of woodlands in active management.	81% of woodlands in active management through grants and support to landowners. Lower overall result despite hectares exceeding target as some previously recorded sites are no longer under contracted management grants.
400ha of woodlands brought or retained in active management.	Exceeded. 416ha achieved comprising new areas brought into active management and renewals.

Forest Society

Targets	Progress
Access creation:	
80% of Forest sites created with public access.	Achieved. 80% public access maintained with access included as part of new schemes and acquisitions.
150ha of new access created.	57.7ha created in total. Below target as a result of overall reduced hectares delivered. New planning sites where the only access is public right of way have not been included in the total but represent a further 39.7 ha of partial access.
Promoting outdoor activity:	
67% of National Forest primary schools regularly delivering outdoor learning.	Target exceeded. 78% primary schools having regular outdoor learning achieved, with both primary and secondary schools now on target.
42,000 volunteer hours completed in the Forest each year.	38,066 volunteer hours achieved including at Timber Festival and on the National Forest Way. Additional volunteer hours have been supported through the Charnwood Forest Landscape Partnership Scheme.
70 Community Woodland Management Groups operating.	Target achieved: 70 Groups now operating, supported by the new Community Woodlands project.

Forest Economy

Targets	Progress
Visitor economy:	
Increase visitor numbers to 9.05m pa.	8m visitors reported via independent Scarborough Tourism Economic Activity Monitor (STEAM) data based on 2022 assessment of 2021 figures (ie one year in arrears). Whilst numbers recovered were slightly below target, regional comparison showed that the National Forest recovered more of its visitors than other areas within England.
Visitor spend pa increased to £472m and tourism jobs increased to 5,363.	£420m visitor spend and 4,430 jobs achieved. Visitor spend and jobs slightly below targets in line with visitor numbers, based on STEAM data.
4,000 Timber Festival attendees (including 2,500 customers).	Targets achieved with 2,500 guests and 2,000 production and crew.
Low carbon enterprise:	
100 National Forest businesses supported.	73 on brand businesses directly supported based on grants, workshops and consultancy. Fewer but larger businesses were supported this year with more intensive support. Impact is more significant as businesses supported outside the Forest boundary and indirectly through wider business networking are not included.

Securing resources, building the brand, governance and leadership

Targets	Progress
Securing resources:	
Increase unrestricted income for the NFC through sustainable sources to £605k.	£464k achieved. Levels reduced as a result of lower donations resulting from cost of living and targeting restricted projects.
Generate £500k of new restricted income.	£613k achieved. Target exceeded with funds secured including for Community Woodlands and the Heart of the Forest programme.
Achieve a campaign return on investment (ROI) of 3:1.	ROI of 3:1 achieved with good overall performance despite challenging funding climate.
Building the brand:	
Increase National Forest website sessions to 300k.	196k achieved. Levels reduced as new website delayed and limited refresh of existing site.
Increase media profile: achieve 350 pieces of media content.	205 achieved. Levels reduced with loss of Media Officer part way through the year.
Governance and leadership:	
Board effectiveness: attain assurance based on Charity Governance Code.	Achieved. Assurance achieved through review of previous year's activity.

Income generation performance

Income generation performance for the year was a mixed picture with unrestricted income below target, but significant success with restricted income for new projects. Although impacted by cost of living pressures, charitable and corporate support continued, and major events helped to showcase the work of the National Forest to broader audiences. Key relationships with both Aardman and FatFace helped to support fundraising and demonstrate the mutual benefits of partnership working.

Total income for the year was £12.293m of which £2.401m was grant in aid and £1.151m Nature for Climate Funds from Defra, £5.675m transferred at fair value from the acquisition of the National Forest Charitable Trust and £1.616m achieved in the year as a result of the acquisition and associated subsidiaries. Income this year included the development of nine new agreements with partners such as Professional Technical Limited and TNEI Group, section 106 funds, and income through Plant a Tree events and the Dedicate a Tree scheme. In addition, restricted funds were secured from: the Audemars Piguet Foundation for the Creating a Forest for Learning project; National Lottery Heritage Fund for a new project – National Forest Community Woodlands; National Lottery Heritage Fund for work on the Charnwood Forest Landscape Partnership Scheme; local authority partners and others for work on tourism; NHS Derby and Derbyshire Clinical Commissioning Group for the GreenSpring social prescribing programme; Severn Trent for the Great Big Nature Boost programme; Valpak for work on reducing plastic tree guards and litter; Defra for the ELMS Test and Trial project, Midlands Forest Network and landowner communications and promotions work.

Investment income also increased with Cazenove continuing to manage the NFC's investment (£0.500m in December 2020) in their Charity Responsible Multi-Asset Fund in line with our ethical investment policy. The investment policy ensures NFC's assets are invested in responsible investment funds, and specific assurance has been received that there are no investments in Russian assets. Careful management of investments is limiting liabilities from the war in Ukraine to the general impacts on global markets. The Audit & Risk Committee has responsibility for agreeing strategy and monitoring the investment performance against agreed benchmarks including the objective of inflation plus 4% over the long term. In the year, funds have achieved c4%. During the reporting period there were no significant events that affected the financial performance and

position of the investment. The fund value as at the reporting date was slightly down at £0.499m (2021-22: £0.532m), although there are no plans to realise the assets and it is anticipated that they will recover over the medium term. The remaining reserves are held in instant access fixed-rate deposit accounts.

Plans for future periods

Key priorities for the coming year will focus on the ambitions set out in the new Corporate Plan 2023 to 2026, as agreed by the Board, and include:

Create

- Deliver ambitious Nature for Climate Fund targets to increase forest creation and tree planting using land acquisition, grants, planning and advice.
- Complete mapping of urban areas in the Forest and proposals for increasing tree cover.
- Develop the Midlands Forest Network initiative outside the National Forest boundary in partnership with the Woodland Trust and Midlands Engine.

Manage

- Further increase active management of woodlands including measures to address pests and diseases.
- Enhance the NFC's estate with new planting schemes, demonstration and research programmes.
- Deliver non-woodland habitat enhancements and species recovery work to contribute to the biodiversity 30 by 30 targets.

Inspire

- Expand the outdoor learning programme to secondary schools and early years, and continue progress towards all primary schools with regular provision.
- Continue the delivery phase of the Charnwood Forest Landscape Partnership Scheme with further progress towards Charnwood Forest's designation as a UNESCO Global Geopark.
- Launch a new Arts and Creativity Strategy including a programme of arts and cultural activities and grants.

Engage

- Create and maintain public access across sites in the Forest.

- Further increase Community Management of Woodlands groups and volunteering, as part of the community woodlands programme with the Rural Community Councils.
- Deliver against the Heart of the Forest masterplan including the Green Web access network and creation of a volunteering hub.

Grow

- Continue delivery of the Sustainable Tourism programme including accommodation, facilities and events to grow the visitor economy.
- Run the award winning Festival 'Timber' in partnership with Wild Rumpus.
- Develop the vision for the Conkers Visitor Centre in line with the National Forest brand.

Cross-cutting work

- Launch the new NFC website together with new National Forest Champions scheme.
- Grow major new income generation opportunities for restricted projects, green finance and individual giving.
- Increase advocacy and policy influence to raise profile, impact and understanding of the National Forest.
- Complete a wide ranging research and development programme including a Defra Tests and Trials project on green finance.
- Develop the NFC's sustainability programme to reduce carbon and environmental impacts in line with Defra's Strategy.
- Recruit a new Chair for the NFC and complete governance changes for the subsidiary companies.

Risk Management

The Board is responsible for management and monitoring of the risks facing the NFC. With the acquisition of the new subsidiary companies, risk is also being managed through the company boards and reported to the NFC's Audit & Risk Committee and Board. The principal strategic risks and uncertainties facing the NFC are set out below with corresponding plans for managing them. Further information on risk and risk management is provided in the Governance Statement.

Strategic risks	Mitigation
Failure to adapt to changing climate and organisational strategy and delivery impacted negatively.	Review of strategy and work programmes to include measures for adaptation (Fire, flood, heat, water management, species choice, wellbeing, etc). Annual review of policies to take account of climate change evidence and practice. Horizon scanning for long term strategy and policy development with partners. Budget and reserves in place for contingencies.
Inability to scale up Forest creation targets, meet Nature for Climate Fund commitments and take advantage of green finance/tree planting opportunities.	Internal steering group and oversight by Land & Forestry Working Group. New staffing, pipeline of schemes and acquisitions, active partnership outreach to identify opportunities. Land agency arrangements to identify and accelerate opportunities. Mapping of opportunities and priority areas. Development of new grant schemes and engagement with Defra and partners to increase flexibility of working including outside the Forest boundary.
Income generation strategy for unrestricted income inadequate in uncertain fundraising climate and does not meet targets.	Income generation strategy and product development work to generate new income mechanisms including regular giving, green finance and corporate packages. Active website and integration with CRM. Income generation campaign and marketing work to promote offer digitally. Restricted income generation to cover core costs.
Loss of Defra support and backing of key partners / change in policy resulting from a general election.	Demonstrate the NFC's impact and value for money. Continue close relationship with Ministers and Officials including as part of Nature for Climate Fund Groups and Environmental Improvement Plan. Raise profile of NFC with MPs, peers and in media, with advocacy including parliamentary events and dialogue. Secure high profile projects with Defra (research, case studies, Tests and Trials) and continue closer working with Defra communications team.
Staffing and governance inadequate to manage post-acquisition arrangements with NFCT, and ensure ongoing profits for Conkers.	Dedicated staffing and governance changes to oversee arrangements. Specialist advice to manage financial changes and impacts. New vision and Strategic Plan for Conkers, Repairs and Maintenance Plan to support investment required, and reserves fund established to mitigate risk.

Board of Trustees

The Trustees of the NFC throughout 2022-23 were as follows:

Name	Date of appointment as Trustee	Role
Lord Duncan of Springbank	20 May 2020	Chair, Board of Trustees, Member, Remuneration Committee
Tony Ballance ⁽¹⁾	1 April 2016	Member, Audit & Risk Committee, Chair, Remuneration Committee
Jack Buckner ⁽¹⁾	1 April 2016	Chair, Development Working Group, Member, Tourism, Recreation & Communities Working Group
Penny Coates	1 April 2022	Member, Audit & Risk Committee
John Everitt ⁽²⁾	1 April 2015	Chief Executive
Ruth Evans	1 January 2023	Chair, Development Working Group
Alison Field	1 April 2018	Member, Land & Forestry Working Group
Paddy Harrop	1 April 2018	Chair, Land & Forestry Working Group, Member, Audit & Risk Committee
Anne Jenkins	1 January 2021	Chair, Tourism, Recreation & Communities Working Group
Mike Kapur	1 April 2018	Chair, Audit & Risk Committee, Member, Remuneration Committee
Matt Robinson	1 January 2023	Member, Audit & Risk Committee, Chair, Remuneration Committee

⁽¹⁾ Retired 31 December 2022

⁽²⁾ John Everitt is the NFC's Chief Executive and also a Trustee. It was agreed that he should hold this dual role because of the nature of the NFC's current funding position whereby a significant proportion of the NFC's funds are from Defra and the Chief Executive holds the responsibility of Accounting Officer for those funds. To meet the standards for Managing Public Money, Accounting Officers are required to be represented at Board level. It is recognised that this is unusual within a charity, but is considered to be in the best interests of the charity because of the funding relationship, and controls are in place to avoid any abuse of power or conflicts of interest. The Board has delegated the responsibility for the day-to-day management of the Charity to the Chief Executive. The Chief Executive reports directly to the Chair of Trustees and provides advice to the Board.

Information on the recruitment and induction processes for Trustees and an overview of the governance arrangements in place is given in the Governance Statement.

Trustees are required to disclose any interests they have that may potentially conflict with their management responsibilities for the NFC. This includes company directorships, public appointments and any other significant external interests. During 2022-23 no issues arose as a result of any Trustees' conflicts of interest. No Trustee, other than the Chief Executive who is a Trustee, had any transaction with the NFC, other than being reimbursed expenses necessarily incurred in fulfilling their duties as per Trustees' travel and expenses (Note 11). Information on the remuneration of the Chief Executive is detailed in the Remuneration and Staff Report.

Results for the year

The accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs and on the basis of the accounting policies set out in Note 1 to the accounts.

Total income for the year was £12.293m (2021-22: £5.842m) of which £2.401m (2021-22: £2.401m) was grant in aid from Defra and £1.151m was Nature for Climate Funds (2021-22: £1.894m). Total expenditure was £5.888m (2021-22: £5.165m).

After gains and losses on investments the net income was £6.975m (2021-22: £0.871m).

Total reserves at the end of the financial year increased to £16.681m (2021-22: £9.705m) of which £2.790m comprised restricted funds (2021-22: £2.427m) and unrestricted funds £13,891m due

to the acquisition of the National Forest Charitable Trust (2021-22: £7.279m).

The unrestricted reserves of £13.891m largely relates to non-liquid, fixed assets (excluding Cazenove Investment) of £11.378m. The increase in unrestricted reserves of £6.975m is reflected by transfer of assets of £5.675m as a result of the

acquisition and a surplus of £0.766m generated from revaluation gain due to rising land prices.

Reserves

The unrestricted reserves are held as a series of designated funds. The Audit & Risk Committee reviewed the Reserves Policy in October 2022, prior to the Board reviewing of the Policy at its subsequent meeting.

Fund	Target level/range
Unrestricted free reserves Working capital to manage cashflows	£400k
Financial Contingency Fund (FCF) Approximately four months running costs to be used in the event of major cashflow problems	£650k – £700k
Land Acquisition and Establishment Fund (LAMDF) To support land acquisition and site establishment costs	£500k – £700k
Enterprise and Investment Fund (EIF) To support innovation, enterprise, and commercial income, to secure long-term financial sustainability	£300k – £500k
Conkers Investment Fund (CIF) – NEW To support costs of repairs and maintenance, capital refreshment and emergency support for Conkers	£200k – £400k

As per Note 20 balances held in the four designated funds were FCF £700,000, LAMDF £700,000, EIF £500,000 and CIF £280,588.

The amount of general reserves held after making allowances for restricted and designated funds is £8.340m, primarily made up of fixed assets (2021-22: £3.196m).

As at 31 March 2023, £2.790m of total reserves held were restricted funds as per Note 20, which includes fixed assets and investments of £2.232m, as per Note 22.

Going concern

The Balance Sheet as at 31 March 2023 shows that the NFC has total reserves of £16.681m (2021-22: £9.705m).

Looking ahead, the annual grant from Defra, ie via both Grant in Aid and the Nature for Climate Fund, is expected to continue to represent a high proportion of the NFC income. Based on the Government's high priority for tree planting, grant in aid funding allocated as part of the Comprehensive Spending Review period is projected to remain at a similar base level to that allocated for 2022-23 (ie £2.4m). Defra has also allocated a further £2.4m (2021-22: £2.4m) to the NFC from the Nature for Climate Fund for 2023-24. Funds at the same level

have been agreed in principle for the following year, and discussions are underway on legacy funding beyond the current Nature for Climate Fund. In addition, the NFC's Board approved income generation strategy is delivering both unrestricted and restricted income, and the new website being launched in 2024 is aimed at generating increased fundraising. The NFC's bank balance as at the end of March 2023 totals £2.580m. If required, and with Board approval, all designated funds of the Charity as described in the Reserves section above could be made available to meet the cashflow requirements of the business.

To support the long term strategic development of the NFC and the National Forest, the Charity has completed the acquisition of the National Forest Charitable Trust (NFCT). Continued professional advice on legal, financial and governance issues has been received from Mazars LLP and Browne Jacobson LLP during the first year of these new arrangements. The NFC's Audit & Risk Committee has overseen the work to ensure that risks are being mitigated and to reduce any impact on the NFC's ability to continue as a going concern. The NFCT charity has now been dissolved, the two subsidiary companies have transferred to the NFC as the parent charity, and all NFCT assets have also been transferred to the NFC. Operating trading through the subsidiary companies also helps to provide an

additional level of protection to the Charity's going concern position.

Cost of living and inflationary pressures are increasing on the Charity, exacerbated by political uncertainties and the ongoing conflict in Ukraine. Risk management and mitigations are being put in place to monitor the operating environment and reduce potential impacts, with heightened scrutiny in relation to fraud and cyber security. The Trustees are not aware of any other significant risk which may impact on the ability of the NFC to continue to operate at the current level of activity.

All of the above factors inform the opinion that it is appropriate to adopt the going concern basis for the preparation of financial statements for 2022-23.

Auditors and their remuneration

Statutorily appointed auditor:
Comptroller and Auditor General
National Audit Office,
157 – 197 Buckingham Palace Road,
London SW1W 9SP

The fee for the audit of the financial statements in 2022-23 was £47,525 (2021-22: £31,000). No non-audit work was conducted by the National Audit Office during 2022-23.

Internal audit

Mazars LLP,
58 The Ropewalk,
Nottingham NG1 5DW

The Board has appointed Mazars as internal auditors who report on a quarterly basis to the Audit & Risk Committee.

Bankers

The Co-operative Bank,
Miller Street,
Manchester M60 0AL

Investment Managers

Cazenove Capital,
1 London Wall Place,
London EC2Y 5AU

Solicitors

Ansons Solicitors,
St Mary's Chambers,
5-7 Breadmarket Street,
Lichfield,
Staffordshire WS13 6LQ

Pension liabilities

All the NFC staff are members of the Principal Civil Service Pension Scheme (PCSPS). Information on the pension arrangements and accounting policy applied to pension liabilities is provided in Note 1 of the financial statements. Pension arrangements are detailed in the Remuneration and Staff Report which also provides information on pension benefits to which the NFC Chief Executive qualifies. No other Trustees are members of the PCSPS.

Losses, special payments and gifts

(this information is subject to audit)

There were no losses, special payments or gifts made during 2022-23 (2021-22: nil). No special payments that require disclosure were made during the year.

Payment of Suppliers

The standard term of payment for supplier contracts is 30 days from receipt and agreement of a valid invoice. This is embedded in all contracts with suppliers, with any exceptions agreed as part of contractual negotiations. However, the Company aims to pay undisputed invoices within five days of approval and 80% have been paid within this timescale (2021-22: 84%); 94% were paid within ten days (2021-22: 97%). No claims were received during the year from suppliers for late payment of invoices under the Late Payment of Commercial Debts (Interest) Act 1998.

Research and development

During the year £58,038 was spent on research and development (2021-22: £105,757).

The main areas of activity were:

- Mineral sites assessment;
- Measuring wellbeing across the National Forest;
- Environmental Land Management Scheme (ELMS) pilot research undertaken for Defra;
- Biodiversity monitoring for the 'Great Big Nature Boost' programme;
- Ongoing maintenance and support for our GIS systems; and
- Annual statistical analysis of the economic impact of tourism on the Forest area.

Employee Involvement

The National Forest Company regularly communicate with staff through a variety of

mechanisms such as the biweekly staff meetings, written weekly updates and quarterly staff away days to provide information on matters of concern to them as employees. Additionally, staff are consulted on their views where decision making will affect their interests. During the year a Blended Working Framework was introduced following the return to office working post pandemic. A staff survey was distributed to gather feedback on how the framework was functioning, the results influenced changes to the framework and additional desks were installed to allow more people to work from the office. Measures to promote staff wellbeing continue to be embedded and during the year 50% of staff completed Mental Health First Aid training.

Staff are incentivised to deliver high quality outcomes for the National Forest through annual performance related bonuses linked to their job descriptions, with an in year bonus scheme also used to reward exceptional effort.

Sustainability Report

The NFC's sustainability performance is reported against a series of measures which are consistent, as far as possible, with HM Treasury sustainability reporting guidance 2022-23 and gives an overview of other areas where the NFC aims to make positive impacts through its operations.

In March 2023, the Defra Group Sustainability Strategy was published. This provides a framework for delivery of sustainability action over the next ten years from the Defra group which will support the NFC in developing Sustainability Delivery Plans and emissions reduction. This strategy builds on the greening government commitments (GGC) which sets out the actions UK government departments and their partner organisations will take to reduce their impacts on the environment. The current GGC framework is set for the period between April 2021 to March 2025.

The NFC is below the organisational size threshold and is exempt from both Streamlined Energy and Carbon Reporting (SECR) and GGC reporting but will seek to align with SECR guidelines where possible. Carbon footprint reporting is aligned with the guidelines set out in the Greenhouse Gas Protocol (ghgprotocol.org). Reported figures are based on a mix of direct meter readings (manual or automatic) and billed amounts. Billed quantities may be subject to future adjustments dependant on supplier re-billing.

The NFC operates from serviced accommodation leased from a private landlord. The data in this report therefore focuses primarily on our main direct impacts which comprise energy consumption (Scope 2 Energy Indirect Emissions) and official business travel (Scope 3 Other indirect Green House Gas (GHG) Emissions). Electricity is recharged by the landlord and an upgrade to a more energy efficient heating system for the offices took place in January 2023. The NFC began a lease on a diesel fleet vehicle from April 2023 with Scope 1 Direct Emissions reported.

Water data cannot currently be reported upon as consumption is included within the landlord's service charge, rather than being metered separately, and accurate data is not available.

To enable comparisons to be made between years, the total energy emissions data has been normalised by the average number of full time equivalent (FTE) employees.

Following the removal of COVID-19 restrictions and the introduction of the Blended Working Framework in May 2022, the NFC continues to see lower emissions from electricity and lower business travel emissions compared to pre-COVID years, due to staff working more flexibly and fewer journeys needed with meetings being held virtually.

Summary of key sustainability data

Summary of Greenhouse Gas Emissions	Unit	2022-23	2021-22	2020-21	2019-20	2018-19
Scope 1 Emissions – Fleet Vehicle	tCO ₂ e	0.67	–	–	–	–
Scope 2 Emissions – Building Energy Consumption	tCO ₂ e	8.17	8.92	8.75	14.51	15.35
Scope 3 Emissions – Business Travel	tCO ₂ e	5.36	2.12	0.84	6.18	9.02
Total Emissions	tCO ₂ e	14.20	11.04	9.59	20.69	24.37
Average number of staff (FTE)	FTE	36	30	26	22	24
Total Emissions per head	tCO ₂ e/FTE	0.39	0.37	0.37	0.94	1.02

Fleet Vehicles

The NFC began a lease for one diesel fleet vehicle in 2022-23 and is seeking to replace this with a 100% battery electric powered vehicle when the existing lease agreement expires in August 2024.

Fleet Vehicle (Scope 1)	Unit	2022-23	2021-22	2020-21	2019-20	2018-19
Scope 1 Emissions – Fleet Vehicle	tCO ₂ e	0.67	–	–	–	–
Fleet vehicle mileage	miles	2,036	–	–	–	–
Fleet vehicle expenditure	£	604	–	–	–	–

Energy Consumption

Following the acquisition of the National Forest Charitable Trust, building energy consumption reported in 2022-23 includes an additional building owned and operated by the NFC.

Building Energy Consumption (Scope 2)	Unit	2022-23	2021-22	2020-21	2019-20	2018-19
Scope 2 Emissions – Energy consumption	tCO ₂ e	8.17	8.92	8.75	14.51	15.35
Scope 2 Emissions – Energy consumption per head (FTE)	tCO ₂ e/FTE	0.23	0.30	0.34	0.66	0.64
Energy consumption	kWh	42,234	42,011	37,534	56,787	54,233
Energy consumption per head (FTE)	kWh/FTE	1,173	1,400	1,444	2,581	2,260
Total energy expenditure	£	14,805	8,033	8,152	10,564	8,779
Expenditure per head (FTE)	£/FTE	411	268	314	480	366
Average number of staff (FTE)	FTE	36	30	26	22	24

Business Travel

The NFC's travel policy promotes low carbon forms of transport, car sharing and reduction of unnecessary travel to reduce environmental impact. With COVID-19 restrictions being removed, business travel has increased slightly, although staff are now working within the blended framework working arrangements, with meetings continuing to be held virtually alongside office working. Business travel mainly relates to inspections of management and planting works across the Forest and meetings with external stakeholders and partners that cannot be held virtually.

Business Travel (Scope 3)	Unit	2022-23	2021-22	2020-21	2019-20	2018-19
Total Scope 3 Emissions – Business Travel	tCO ₂ e	5.36	2.12	0.84	6.18	9.02
Scope 3 Emissions – Business Travel – Car	tCO ₂ e	4.21	2.09	0.84	5.31	8.35
Business Travel – Car – Staff (incl Chief Executive)	miles	13,602	7,462	3,030	15,027	22,478
Business Travel – Car – Staff mileage per head	miles/FTE	378	249	117	683	937
Average number of staff (FTE)	FTE	36	30	26	22	24
Business Travel – Car – Trustee	miles	1,731	108	-	3,590	6,232
Business Travel – Car – All mileage	miles	15,333	7,570	3,030	18,617	28,710
Scope 3 Emissions – Business Travel – Train	tCO ₂ e	0.95	0.03	-	0.87	0.67
Business Travel – Train	km	26,778	816	-	21,040	15,036
Scope 3 Emissions – Business Travel – Air (Domestic)	tCO ₂ e	0.20	-	-	-	-
Business Travel – Air (Domestic)	km	806	-	-	-	-
Total Business travel costs	£	20,601	5,491	1,800	24,107	22,381

Travel data includes official business travel by all staff and Trustees. Mileage relates to travel in staff/Trustees' own vehicles. Total business travel costs includes car mileage and rail.

Train travel data includes available mileage booked through the NFC's travel operator.

Carbon sequestration

The NFC is working with Defra's Sustainability Team to explore carbon sequestration for the Defra Group to support the Sustainability Strategy's targets for net zero. This includes proposals which will be developed in 2023-24 for carbon sequestration using the Woodland Carbon Code for new tree planting on the NFC estate.

Waste

The majority of waste generated at the NFC's office is paper and cardboard, all of which is recycled.

All other recyclable materials are recycled via the local authority recycling services; no data is currently available for this, nor for the minimal amount of waste that is not recyclable. IT equipment is recycled for refurbishment and re-use. Staff take home any food waste for composting.

Procurement

The NFC is aware of the role of public sector and charity procurement in meeting organisational needs for goods, services, works and utilities, while achieving value for money on a whole-life

basis, minimising damage to the environment and generating benefits for society and the economy.

Wherever possible, the NFC ensures that environmental and social considerations are built into procurement processes. Information on environmental policies of potential suppliers is requested and these are reviewed, where appropriate, as part of the tendering procedure when seeking to award contracts or place orders for goods and services. The NFC continues to develop its procedures to ensure that sustainability is fully integrated throughout the procurement process.

Tree guards

Within the National Forest, 9.5 million trees have now been planted. To help protect the trees from browsing mammals, planting is usually undertaken within fenced areas. Where tree guards have had to be used, these have varied in size and type, from plastic to biodegradable guards. In 2021-22 the decision was taken to stop using plastic tree guards on the NFC estate. The NFC also operates a plastic tree guard recycling scheme, introduced in 2017, to remove and recycle historic guards. Guards are recycled in the UK and are used to make recycled

products, such as benches that are returned for use on the estate. NFC grants now also have provision for collection and recycling of tree guards and by 2023-24 the aim is to have removed plastic guards completely from all grant offers by incentivising the use of sustainable biodegradable tree guards. The NFC is already tripling the uptake of non-plastic tree guards through its grant offers.

Biochar

The NFC has continued to undertake trials with biochar in collaboration with the University of Nottingham. This research is testing growth of newly planted trees to determine whether there is a benefit to growing trees through adding biochar to the soils. Biochar is created by burning biomass in low oxygen conditions producing the carbon rich substance. If the trials are successful, they could act as a catalyst for use of the product across the NFC estate which could help to act as an additional carbon store.

Ready to Burn Group Scheme

During 2022-23 the National Forest Company set up a Ready to Burn group scheme. The purpose of a group scheme is to offset the cost and administrative burden for any individual applicant to encourage a higher rate of uptake for the mandatory legislation, requiring all firewood sold to be licensed at <20% moisture content. The group scheme focuses on small producers with an upper limit on output of 600m³, any larger producers must apply for a solo license. During the last financial year a wide call out was sent to all eligible firewood producers within the Forest, with an invitation to express interest and apply to the scheme. This resulted in two businesses applying, with one later withdrawing. A further incentive to promote firewood of local provenance has been added to the scheme, with suppliers selling 70% or more of their firewood sourced from within the boundary being allowed access to the National Forest logo alongside their Ready to Burn logo and license. Currently the one member has passed their audit and continues to see the scheme as beneficial to their business operations. Future efforts will be made to encourage other small producers, who are currently unlicensed, to join the group scheme and encourage growth to the firewood market within the National Forest operating under the new legislation.

Biomass Production in the National Forest

Biomass continues to be a common output for managed sites across the National Forest. The current stage and size of timber being produced in many woodlands results in thinnings being used

as fuelwood and this trend is likely to continue for a large proportion of woodlands for the next decade or more. One large biomass business in the Forest continues to act as the major contractor and supplier of local biomass, this business has been supported in previous years through Woodland Economy Grants.

Personal data related incidents

No personal data related incidents occurred during the year which needed to be reported to the Information Commissioner's office.

Post year end events and developments

On 22 September 2023 the subsidiary Heart of the National Forest Park Developments Ltd and The Forest Experience Ltd merged and combined into one reporting entity renamed National Forest Enterprises Ltd wholly owned by the National Forest Company, please refer to Note 27. There are no other post year end events or developments which require to be reported on.

The strategic report was approved by the Trustees, on 27 November 2023 and signed on their behalf by:



Lord Duncan of Springbank PhD FGS

Chair of the Board of Trustees
27 November 2023



John Everitt FRSA

Chief Executive/Accounting Officer/Trustee
27 November 2023

Statement of Trustees' and Accounting Officer's Responsibilities

The Board of Trustees of the National Forest Company is required to prepare a statement of accounts for each financial year in accordance with applicable law and regulations.

Section 394 of the Companies Act 2006 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 Company and of the profit or loss of the Company for that period. The Secretary of State for Environment, Food and Rural Affairs has directed the National Forest Company to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Company and of its incoming resources, application of resources and cash flows for the financial year.

In preparing the financial statements, the Trustees are required to comply with the requirements of FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting by Charities issued by the Charity Commission with regard to any additional requirements arising from the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Environment, Food and Rural Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Principal Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Chief Executive of the National Forest Company as the Company's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which

the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Forest Company's assets, are set out in Managing Public Money published by the HM Treasury.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- 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; and
- the annual report and accounts as a whole are fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Lord Duncan of Springbank PhD FGS

Chair of the Board of Trustees
27 November 2023



John Everitt FRSA

Chief Executive/Accounting Officer/Trustee
27 November 2023

Governance Statement

Overview

The National Forest Company (NFC) is a charitable company (limited by guarantee). As a charity, the NFC exists to carry out its charitable purposes. As a Non-Profit Institution within the Public Sector specifically Central Government, the NFC operates at 'arm's length' from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra).

The NFC Board is responsible for leading and directing the Charity and for determining strategy and guiding operational activity. The terms of a Framework Document agreed between Defra and the NFC sets out the governance arrangements to be adhered to, clarifying the roles and responsibilities of Defra, including those of the Secretary of State as a Member of the NFC, and of the NFC itself. Its provisions enable Defra to monitor performance and delivery in relation to grants given to the NFC and describes the arrangements that exist to safeguard propriety and regularity.

The NFC seeks to comply with good practice as issued by the Charity Commission. It also complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' as it applies to the NFC and operations are underpinned by the seven core principles ('the Nolan Principles') of good governance for public services. This Governance Statement provides an evaluation of the effectiveness of the NFC's governance, risk and internal control arrangements.

Governance Arrangements

Members and Board of Trustees

In accordance with the Articles of Association, the NFC Chair and Secretary of State for Environment, Food and Rural Affairs and two further independent individuals are Members of the Charity. The Secretary of State is in a minority when voting on the NFC business and therefore cannot exercise a controlling influence.

The Board of Trustees was established in March 2016. The Board determines the strategy of the organisation and ensures that appropriate policies and procedures are in place to fulfil its obligations as to the use of public funds.

The Chair and eight Trustees, excluding the Chief Executive, are not remunerated but are entitled to be reimbursed out of pocket expenses necessarily incurred in fulfilling their duties. The NFC Chief

Executive is a Trustee and his remuneration is detailed in the Remuneration and Staff Report.

All Trustees provide declarations of interest and these are recorded in a Register of Interests which is available on the National Forest Company website nationalforest.org/about/who-we-are. The Board meets four times a year, and additionally as necessary, to consider business performance, organisational structure and strategy.

The membership of the Board of Trustees in 2022-23, excluding the Chief Executive, was as follows:

Lord Duncan of Springbank (Chair)

Tony Ballance

Jack Buckner

Penny Coates

Ruth Evans

Alison Field

Paddy Harrop

Anne Jenkins

Mike Kapur

Matt Robinson

The terms of office of two Trustees, Tony Ballance and Jack Buckner, who had been in office since 1 April 2016, ended on 31 December 2022, both having served two terms of three years with the second term being extended by nine months to coincide better with the Annual General Meeting cycle.

The NFC undertook an open recruitment exercise to recruit their replacements, and two new Trustees (Ruth Evans and Matt Robinson), both of whom it was felt would bring strong and relevant skills and experience to complement and strengthen the Board, were appointed with effect from 1 January 2023.

Recruitment of Trustees is conducted through fair and open competition following Charity Commission guidance.

Penny Coates, a National Forest Charitable Trust Trustee, also took office on 1 April 2022. This was a non-standard appointment to ensure a smooth transition and provide continuity following the acquisition of the National Forest Charitable Trust on 1 April 2022.

At the same time, Andrew Bridge and Martin Traynor, National Forest Charitable Trust Trustees and Chairs of the NFCT's subsidiary companies (National Forest Enterprises Ltd previously Heart of the National Forest Park Developments Ltd and

Forest Experience Ltd respectively) were co-opted onto the NFC's Board, to provide additional support to the process. Both served for a period of one year and stood down on 31 March 2023.

The induction programme for Trustees includes: the roles and responsibilities of a Trustee; governance arrangements; vision and strategy for the National Forest, including familiarisation with the Corporate Plan, and meetings and presentations from staff on their operational areas. Handover meetings between new and retiring Trustees are also arranged where appropriate.

Standard agenda items for Board meetings include the Chief Executive's quarterly report and strategic summary reporting on progress against operational targets and giving headline commentary on activity analysed between successes, challenges, risks and opportunities. A finance report, declarations of interest, income generation and campaign performance report and oversight of delivery of Defra's Nature for Climate Fund (NFCF) programme and post-acquisition governance and management, including a Subsidiaries' Company Report reporting on risk, financial performance and health and safety, are also standing items.

Minutes from sub-committees of the Board, working groups and subsidiary companies are also included within papers sent to Trustees.

During 2022-23 the Board considered a range of matters including:

- reviewing the annual programme of work and budget;
- establishment of a temporary Transition Working Group to provide oversight and assistance during the transition phase following the acquisition of the National Forest Charitable Trust;
- the Midlands Forest Network, a new initiative being developed with lead partners comprising the NFC, the Woodland Trust and the Midlands Engine;
- Trustee succession and recruitment;
- risk management, including consideration of strategic risks relating to the delivery of the NFC's objectives, going concern, COVID-19 impacts and financial sustainability;
- adoption of a Governance Handbook summarising governance procedures and arrangements for the NFC and containing amendments based on recommendations arising from Internal Audit's review of governance in March 2021;

- continued development of a long-term Vision and Strategy for the National Forest, with particular focus on the Heart of the Forest Masterplan Vision;
- receiving the annual report of the Audit & Risk Committee, together with approving its updated Terms of Reference;
- receiving and approving the annual landholdings review and acquisition, as recommended by the Land & Forestry Working Group;
- approving the 2022 Changing Landscape Scheme applications, as recommended by the Land & Forestry Working Group;
- endorsing a proposal to explore the possibility of establishing a Tree Nursery in partnership with Leicestershire County Council;
- a strategic review of the NFC's senior capacity and structure, including strengthening the advocacy function;
- approving the updated Terms of Reference for the Senior Independent Director role;
- adoption of a formal menu of training opportunities for Trustees, ranging from online learning to in person and organised courses;
- inputting into both the process and format of the NFC's Corporate Plan for 2023-26;
- considering the Annual Income Generation Campaign Plan and reviewing performance;
- considering an update on performance against key priority areas from the NFC's Equality, Diversity and Inclusion (EDI) Statement;
- reviewing the annual Safety, Health and Wellbeing (SHaW) report as recommended by the Audit & Risk Committee; and
- approving the revised Risk Policy and introduction of a Risk Appetite Statement.

The Board undertakes annual reviews of its governance and Board effectiveness.

The format of the review is based on the Charity Governance Code which sets the principles and recommended practice for good governance and drawing upon the Charity Commission's guidance using the recognised hallmarks of an effective charity, ie organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; diversity and openness and accountability.

The review undertaken again demonstrated that the NFC's governance processes and practice provide a high level of assurance against the Charity Commission's key principles and therefore provided a strong basis for assessing Board performance as 'effective'. There continues to be consensus amongst Trustees, and between staff and Trustees, on areas of strength, compliance and weakness.

The review also assessed the quality of reports and papers to the Board which were considered to be of a good standard, enabling the Board to make effective decisions.

Areas for improvement and further refinement included:

- Benchmarking – the Executive would continue to look for ways to develop benchmarking, alongside key performance indicators and value for money indicators; and
- Equality, Diversity and Inclusion (EDI) – the Executive would continue progress that had already been made through the working group's activity.

Subsidiary Companies

With the acquisition of the National Forest Charitable Trust (NFCT), two wholly owned subsidiary companies (National Forest Enterprises Ltd previously Heart of the National Forest Park Developments Ltd, HNFPD, and The Forest Experience Ltd, FE) have transferred to the NFC as the parent charity. NFE oversees the commercial development and management of the former NFCT estate and FE oversees the commercial activities of the Conkers Centre, including the operating contract with Planning Solutions Ltd.

The directors of the subsidiary companies are appointed by the NFC Board of Trustees. Each is chaired by an NFC Trustee, with the NFC Chief Executive also sitting on both boards as a director to ensure that activities and any investment reflects the interests of the NFC. Operating non-primary purpose trading activity through the subsidiaries provides additional safeguards to the NFC and unrestricted income through the gifting of profits at the year end.

Future business developments for 2023-24 include strategic visioning for the re-development of the Conkers Centre, including stakeholder research and feedback, as well as significant investment in repairs and maintenance.

A post Balance Sheet event to report is that, on 22 September 2023, the Heart of the National Forest Park Developments changed its name to the

National Forest Enterprises Ltd and agreed new Articles, under professional legal guidance from Browne Jacobson LLP. The Forest Experience Ltd also agreed strike off proceedings for dissolution.

Whilst consolidated figures are included in these Group accounts, further details of the subsidiary companies can be found in their individual annual reports.

Board Committees and Working Groups

The Board of Trustees is supported by various Committees and Working Groups which have key functions to discharge. Each is chaired by a Trustee and has additional Trustee or non-executive representation. Appropriate staff are also involved.

The Committees and Working Groups are:

- Audit & Risk Committee (ARC) – covering issues on finance, investments, risk, health and safety, governance, policy and HR;
- Remuneration Committee – covering issues on remuneration of the Chief Executive and senior staff;
- Land & Forestry Working Group – covering issues on land policy, forest creation, forest management and economy, NFC owned sites, access creation and biodiversity;
- Development Working Group – covering issues on income generation, marketing and communications, brand and product development; and
- Tourism, Recreation & Communities Working Group – covering issues on tourism and facilities, recreation and access, and communities, health, education, arts and training.

All Committees and Working Groups have written terms of reference. Membership of the Board, its Committees and Working Groups is provided on page 28.

Review of Effectiveness of Working Groups

The membership and remit of Committees and Working Groups has been considered by the Board in light of the recent changes following the acquisition of the National Forest Charitable Trust, including representation on the boards of the subsidiary companies. This has included bringing in specialist advisors to support the Trustees on several groups. In line with good practice, ARC undertook a review of its own effectiveness which is reported upon below.

Audit & Risk Committee (ARC)

The role of ARC is to provide assurance and recommendations to the Board on the effectiveness of its governance, financial management, internal control and risk management systems. ARC also monitors the work of the external audit and the effectiveness of the internal audit service. Minutes of meetings are circulated to all Trustees and oral reports given to the Board on business conducted. The Committee also presents an annual report on its activities to the Board.

ARC comprises four Trustees, with the Chief Executive attending in his capacity as Accounting Officer. Mike Kapur is Chair of ARC.

ARC met four times during 2022-23. Its work included consideration of the financial statements for 2021-22 and the Audit Completion Report issued by the external auditor prior to the accounts being certified by the Comptroller & Auditor General (C&AG) with an unqualified audit opinion; receiving the external auditor's oral Audit Planning Report for 2022-23; considering reports issued by internal audit; scrutinising finance reports, including income generation, prior to them being presented to the Board; reviewing accounting policies; safety, health and wellbeing; fulfilling its responsibilities in respect of risk management (see below), and oversight of investments and performance of the appointed fund manager with particular emphasis on inflation and the Ukrainian conflict.

During the year, the Committee sought assurances from management that recommendations from the prior year's audit were being implemented.

These centred around making improvements to the land valuation report which are being addressed and income recognition, which has been addressed.

Other business conducted by ARC during the year included:

- review of strategic and standing risks, together with the risks associated with COVID-19, and including a going concern assessment;
- oversight of due diligence, governance and management arrangements, financial security, budget, health and safety, and insurance, following acquisition of the National Forest Charitable Trust on 1 April 2022;
- consideration of the finances and risks relating to the Nature for Climate Fund programme, together with an assessment of the adequacy of oversight and controls;
- an annual review of the NFC's Reserves Policy;
- consideration of progress relating to Counter Fraud, Bribery and Corruption (Government Functional Standard);
- conducting an annual review of the NFC's Scheme of Delegations;
- review of the NFC's VAT arrangements;
- review of the Safety, Health and Wellbeing annual report to the Board;
- review of the Risk Policy / Appetite Statement; and
- noting minor amendments to the Ethical Policy.

The NFC has a zero-tolerance policy towards fraud, bribery and corruption and all staff are required to undertake mandatory training, which includes content relating to fraud, bribery and corruption. Internal audits consider the risk and likelihood of fraud within the scope of their remits. The Audit & Risk Committee review fraud and risk, alongside the whistleblowing policy.

During the year ARC conducted its annual review of its effectiveness, utilising the National Audit Office's checklist, based on HM Treasury's Audit Committee Handbook. The conclusion was that the Committee continues to operate effectively and there were no areas of concern.

Remuneration Committee

The Remuneration Committee supports the Board in discharging its responsibilities for remuneration issues and generally meets once a year. Membership of the Committee comprises three Trustees including the Chairs of both the Board and ARC. The Committee provides the Board with recommendations on the Chief Executive's remuneration and benefits, and advises the Chief Executive on the pay and benefits of other senior staff.

Land & Forestry Working Group

The Land & Forestry Working Group meets five times a year and is chaired by an NFC Trustee. Membership includes the Charity's retained land agent. Its primary function is to support and provide strategic oversight of the land and forestry aspects of the Charity's work.

In 2022-23 the Group's work included:

- monitoring progress against targets for forest creation and woodland management;
- reviewing the effectiveness of the various schemes operated by the NFC, together with the development of a new suite of schemes

and agent incentives, and including an assessment of risks/mitigations;

- overseeing NFC's landholdings (including the integration of the portfolio resulting from the National Forest Charitable Trust acquisition) and acquisitions / disposals;
- exploring the potential to establish a Tree Nursery in partnership with Leicestershire County Council;
- leading delivery of Defra's Nature for Climate Fund (NFCF) programme;
- leading on the Heart of the Forest Vision and Masterplan;
- developing an Estate Strategy;
- establishing urban tree cover baselines and mapping;
- utilising the priority mapping function to explore potential for forest creation outside the Forest boundary;
- participation in Defra's Environmental Land Management Scheme Test and Trials and consideration of a further project;
- oversight of the Midlands Forest Network initiative; and
- agreeing a Pest and Diseases Policy.

Development Working Group

The Development Working Group meets four times a year with meetings being attended by one Trustee, being the designated chair.

Membership includes two external funding advisors.

The primary function of the Group is to support the development functions and provide strategic oversight across income generation, project development, marketing and communications. In 2022-23 the Group's work included:

- development and monitoring of the income generation strategy and campaign;
- oversight of the projects and product development pipeline including development of a regular supporter product;
- working in partnership with the National Memorial Arboretum to deliver a COVID-19 memorial woodland site in their grounds, including supporting the 'Trees of Life' memorial service held at Westminster Abbey;

- oversight of the draft brand and marketing strategy 2023-26;
- assessment and review of the return on investment of the income generation campaign;
- consideration of the NFC's approach to future strategy and advocacy work;
- conducting a fundraising workshop focusing on the income generation strategy; and
- approving amendments to the NFC's Ethical Policy and Ethical Business Policy.

Tourism, Recreation & Communities Working Group

The Tourism, Recreation & Communities Working Group meets four times per year and is chaired by an NFC Trustee. The primary role of the Group is to provide a strategic overview and support across the tourism, recreation, arts and creativity, and community development functions. In 2022-23, the Group's work included:

- leading on the Sustainable Tourism Accommodation Guide and progressing the Sustainable Tourism Accelerator Programme;
- continued oversight and input into the National Forest Festival 'Timber' now operated by Wild Rumpus but receiving funding from the NFC;
- oversight of restricted projects and funding bids supporting the NFC tourism, recreation, arts and community development strategies;
- contributing to the Heart of the Forest Masterplan and Vision;
- development of an Arts and Creativity Strategy;
- leading on the Outdoor Learning programme; and
- oversight of the Forest Society projects, eg GreenSpring, Creating Working Woodlands, Creating a Forest for Learning, Forest Foxes, Community Woodlands and the Charnwood Forest Landscape Partnership Scheme.

Attendance record of Trustees at meetings of the Board and its Committees and Working Groups

Board & Committee [Number of meetings in 2022/23]	Main Board [4]	Audit & Risk Committee [4]	Remuneration Committee [1]	Land & Forestry Working Group [5]	Development Working Group [4]	Tourism, Recreation & Communities Working Group [4]
Trustee	Attendance					
Lord Duncan of Springbank	3/4*		1/1			
Tony Ballance	3/3	2/3	1/1*			
Jack Buckner	3/3				3/4*	1/3
Penny Coates	4/4	3/4				
Ruth Evans	1/1				0/1*	
John Everitt**	4/4					
Alison Field	4/4			4/5		
Paddy Harrop	3/4	4/4		5/5*		
Anne Jenkins	4/4					4/4*
Mike Kapur	3/4	4/4*	1/1			
Matt Robinson	1/1					

* Denotes Chair.

** John Everitt attends the Audit & Risk Committee meetings and Remuneration Committee meetings in his capacity as Chief Executive and Accounting Officer.

Strategy and planning

The Board is responsible for determining the strategic direction of the organisation. It approved the Strategy for the Forest for the period 2014-2024 which sets out the key objectives and indicators against which progress will be measured over the ten-year period.

During the year, the Board considered the long-term vision and strategy for the National Forest and the NFC. Further work was carried out to summarise this for the new website which will include new sections on the vision and strategy and will be launched in 2023-24.

The 2020-23 Corporate Plan, as approved by the Board, gives direction to strategic priorities for the Forest and the NFC and a clear framework for measuring success and identifying potential issues. It also provides the basis for annual work programmes and budgets. The Plan divides into three main operational themes centred around the Forest environment, society and economy. Development themes of building the brand and

securing resources for the Forest, and corporate services themes relating to effective governance and management are also included. The NFC's activity during 2022-23 was guided by the objectives and targets as detailed in the Plan and progress reports were given to the Board at each quarterly meeting. A new NFC Corporate Plan from 2023-2026 was also developed to take the organisation forward.

Whilst the NFC operates at arm's length from Defra, the Charity in its business plan needs to demonstrate how it uses grant funding from Defra to contribute to the Department's own business plan priorities and wider strategic objectives.

Defra's 25 Year Environment Plan produced in 2018 and Environmental Improvement Plan recognise the valuable role that forests and woodlands play in protecting and enhancing natural capital, including commitments to the public forest estate, national targets and community forestry. The Nature for Climate Fund and England Trees Action Plan developed in 2020-21 provide dedicated resources and greater policy direction to this agenda, and the NFC is represented on strategic and operational groups to contribute to the delivery of targets,

now including the Nature for Climate Fund Programme Board.

These strategic initiatives include the NFC's contribution to national targets and manifesto commitments, specifically in relation to forest creation, tree planting and woodland management.

In 2022-23, the NFC also developed plans in partnership with the Midlands Engine and Woodland Trust for the Midlands Forest Network. This initiative will support delivery of tree planting targets whilst using the experience from the National Forest to accelerate woodland creation outside of the National Forest boundary.

Internal controls and the work of internal audit

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charity's policies and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The programme of internal audit work undertaken by Mazars LLP during 2022-23, as approved by the Audit & Risk Committee contained a balance of compliance and advisory work, comprising:

- key financial controls;
- wellbeing;
- risk management; and
- the National Forest Charitable Trust acquisition.

The key financial controls audit covered control account reconciliation, payments and supplier management. No significant issues were noted, with only one minor housekeeping issue which was rectified. For the National Forest Charitable Trust there were three housekeeping issues and one significant recommendation, with the relevant policies and procedures being reviewed and updated. Both these audits were rated 'moderate'.

At the end of the year a total of 12 recommendations were brought forward to follow up (one of which was an outstanding recommendation from 2021-22). Of the 12, ten recommendations had been implemented and two were in progress.

The work undertaken and conclusions drawn informed the opinion expressed in the Annual Internal Audit Report for 2022-23 that the NFC's framework of governance, risk management and control is moderate in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted but none were considered fundamental, and the assessment of 'moderate' is partly a reflection of new areas of work being undertaken.

There were no identified instances of fraud during the year.

Information management

The NFC takes the management of the information it holds very seriously and is not aware of any personal data losses in 2022-23 that would require notification to the Information Commissioner's Office.

All staff sign copies of the Company's policies relating to privacy and data handling and are mandated to undertake, and periodically repeat, the Civil Service Learning 'Protecting Information' course. All staff are engaged in work to further develop and embed protocols and good practice on the Customer Relationship Management database and staff are regularly reminded of the importance of following data handling procedures with regular refresher sessions and further training where necessary.

Safety, Health and Wellbeing

The NFC aims to ensure that all staff and volunteers remain safe and well and that the NFC's sites are safe, enjoyable places to visit.

The NFC is committed to the Forest Industry Safety Accord and regularly reviews Safety, Health and Wellbeing policy and practices. Regular inspections are carried out at the NFC sites throughout the year.

Staff absence due to sickness equated to an average of one day per employee during the year (2021-22: two days).

Whistleblowing

The NFC has a Whistleblowing Policy and procedure with which all staff are familiar. There were no instances of whistleblowing in 2022-23, as was the case in 2021-22. The Policy includes reference to the NFC's Senior Independent Director as a contact and the requirement to report any serious cases to the Charity Commission. Staff are reminded of the Whistleblowing Policy and procedures at team meetings and through periodic updates, to ensure an open and accountable culture.

Risk Management

The NFC Board is responsible for determining the NFC's approach to risk, agreeing the Risk Policy, setting the culture of risk management and for monitoring the management of the highest scored risks as detailed in the Risk Register. Board Committees and Working Groups are responsible for overseeing the management of risks in their area of business and ensuring that the most effective plans are drawn up and implemented to mitigate them.

This responsibility has been incorporated into their terms of reference.

The ARC has responsibility for reviewing the risk management process and the full draft Risk Register before the highest scored risks are presented to the Board. The Committee is responsible for overseeing and reviewing the effectiveness of the systems of internal control and corporate governance within the Company with its assessment being informed by senior management and the work of the appointed auditors. Risk management features on the agenda for all ARC meetings.

The role of staff and the Senior Leadership Team (SLT) includes: identifying and evaluating significant risks faced by the NFC to be considered initially by ARC and subsequently the Board; implementing policies and associated action plans, and providing information to the Committees, subsidiary boards and Working Groups on the status of risks and controls.

SLT is also responsible for producing the annual draft risk register. The register divides between the more strategic risks focusing on the key priorities and outcomes for the three-year Corporate Plan and is formally reviewed by ARC and the Board every quarter. During the year, the risk policy was updated and a new risk appetite statement was approved. Responsibility for the more operational risks falls to senior management and Working Groups and these are reported on in the Chief Executive's quarterly report to the Board which focuses on risks relating to the achievement of in-year targets.

In 2022-23 the key strategic risks related to the NFC's ability to scale up forest creation targets to meet Nature for Climate Fund commitments, and to take advantage of carbon / tree planting opportunities. Risks in relation to income generation and marketing also continued to feature as significant risks on the register as a result of the increased cost of living and more uncertain political climate. However, these were mitigated

by an increased focus on restricted fundraising, higher profile policy and communications liaison with Defra, and effective social media coverage. These risks will continue to be managed during 2023-24 alongside the additional key risks relating to strategies adequately reflecting the urgency of climate change and the staffing and governance of the organisation being adequate to manage the recent acquisition of the National Forest Charitable Trust. The NFC's investments with Cazenove's Charity Responsible Multi-Asset Fund, in line with the NFC's ethical investment policy, has no exposure to Ukraine or Russia.

The NFC received no ministerial directions during the year.

Performance management

As Chief Executive, I have overall responsibility for the achievement of corporate objectives as detailed in the Corporate Plan. However, responsibility for delivery of many of these is delegated to other staff in the organisation.

Responsibilities and objectives are detailed in annual job plans for each employee and performance against these is assessed through the staff review system. This includes a mid-year and end of the year assessment of how the individual has performed which determines any entitlement to a performance related bonus. The job plans also detail training and development needs identified to equip the individual to perform effectively.

The National Forest is being created for public benefit and the engagement and views of members of the public are welcomed. The Company has established procedures and arrangements for dealing with complaints and requests made under the Freedom of Information Act. During the year ended 31 March 2023, six complaints were received (compared with 12 in 2021-22). The complaints mostly related to third party sites and all were responded to within the specified timescale and satisfactorily resolved.

Conclusion

As the designated Accounting Officer for the NFC, I have responsibility for the management and control of the resources used within the organisation and for discharging the responsibilities assigned to me in Managing Public Money.

I confirm that no significant issues in relation to governance, risk, performance or controls have arisen which need to be reported on in this Governance Statement.

A handwritten signature in black ink, appearing to read 'J. Everitt', with a large, stylized loop at the end.

John Everitt FRSA
Chief Executive/Accounting Officer
27 November 2023

Remuneration and Staff Report

(a) Remuneration Report

Remuneration Policy

The Audit & Risk Committee's (ARC) responsibilities include advising the Board on strategic HR, including pay and reward policy, whilst the Remuneration Committee specifically advises the Board on the remuneration and benefits attached to the Chief Executive Officer (CEO).

The Remuneration Committee also advises the CEO on pay and grading considerations relating to other senior roles.

The Remuneration Committee meets at least annually and comprises three Trustees, including the Chairs of the Board and ARC. The Committee members are identified on page 28.

Trustees' remuneration

Trustees, other than the Chief Executive, who is remunerated in his capacity as Chief Executive, do not receive any remuneration for their services. In accordance with the NFC's Articles of Association, all Trustees are entitled to the reimbursement of reasonable travel and subsistence expenses necessarily incurred in fulfilling their duties. Total Trustee expenses for 2022-23 were £3,791.

Emoluments of the Chief Executive (*this information is subject to audit*):

Name	Start date
John Everitt	5 January 2015

Remuneration of the Chief Executive

(*this information is subject to audit*):

The Chief Executive is the only executive Trustee of the NFC and the only Trustee who is a member of the Principal Civil Service Pension Scheme (PCSPS).

John Everitt has been the NFC's Chief Executive since 5 January 2015. The Principal Accounting Officer for Defra has conferred Accounting Officer status on him. The salary for the post aligns most closely to the range for Senior Civil Service pay band 1.

The salary payable to the Chief Executive is reviewed on 1 April each year. In addition to salary, the Chief Executive is entitled to an annual non-consolidated, non-pensionable bonus of up to 10% of annual salary. The bonus payable is based on the performance level attained and is made as part of the appraisal process operating within the Company. The bonus relates to performance in the year it is reported.

The level of bonus payable to the Chief Executive was determined by the Chair in consultation with members of the Remuneration Committee.

Single total figure of remuneration

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Official										
John Everitt	80 – 85	75 – 80	5 – 10	5 – 10	0	0	33	30	125 – 130	110 – 115

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of

final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For

premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum.

Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Benefits to which the Chief Executive qualifies under the PCSPS

(this information is subject to audit)

Official	Accrued pension at pension age as at 31/3/23	Real increase in pension and related lump sum at pension age	CETV at 31/3/23	CETV at 31/3/22	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
John Everitt	10 – 15	0 – 2.5	196	161	20

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the

member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

(b) Staff Report

Staff employed

Average number of persons employed: (this information is subject to audit)	Headcount	2022-23 Full time equivalent (FTE)	Headcount	2021-22 Full time equivalent (FTE)
Staff (including Chief Executive)	38	34	34	30

During 2022-23, all staff were employed on a permanent basis, apart from 6.3 FTE.

The salary and related costs arising from the employment of the above is detailed in Note 9 to the accounts.

Remuneration of staff

(this information is subject to audit)

All staff below the level of Chief Executive are employed in substantive posts, subject to the completion of a satisfactory probationary period. The terms of the pay review applied to staff at Grade 6 and below within core-Defra, on 1 July each year, are normally applied to staff employed by the NFC.

Total emoluments of directors or employees earning more than £60,000 fall within the following bandings:

	2023	2022
£90,000 – £99,999	1	–
£80,000 – £89,999	–	1
£70,000 – £79,999	1	–
£60,000 – £69,999	2	2
	<u>4</u>	<u>3</u>

Total emoluments include salary and benefits in kind but exclude pension payments.

There were no exit payments in year.

Sickness absence

Staff absence due to sickness equated to an average of one day per employee during the year (2021-22: 2 days).

Gender diversity

The gender split of Trustees and staff employed as at 31 March 2023 was as follows:

	Male	Female	Total
Trustees	5	4	9
Staff, including the Chief Executive	16	22	38
Total	21	26	47

Equal Opportunities

The Company is an equal opportunities employer. It is committed to a policy of non-discrimination on grounds of gender or marital status, sexual orientation, health (including pregnancy), disability, age, religion, colour, nationality or ethnic or national origin. Staff are required to observe this policy of non-discrimination in their dealings with members of the public and colleagues at work. All new staff are appointed on the basis of ability, qualification and suitability for the post. All staff are required to complete a diversity and inclusion course as part of a suite of mandatory training.

During the year a Blended Working Framework was introduced following the return to office working post pandemic. A staff survey was distributed to gather feedback on how the framework was functioning, the results influenced changes to the framework and additional desks were installed to allow more people to work from the office. Measures to promote staff wellbeing continue to be embedded and during the year 50% of staff completed Mental Health First Aid training.

Staff are incentivised to deliver high quality outcomes for the National Forest through annual performance related bonuses linked to their job descriptions, with an in-year bonus scheme also used to reward exceptional effort.

Staff engagement

Various channels are used to regularly communicate with staff, including weekly updates from the Chief Executive, fortnightly team meetings as well as individual team meetings. Key documents such as the Corporate Plan, papers and minutes of meetings of the Board, Audit & Risk Committee and Working Groups are made available to all staff.

Team days are held regularly where everyone has the opportunity to be involved in generating new ideas, to contribute their thoughts and to engage with continuing developments and plans for all areas of our work.

Fair pay disclosure

(this information is subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The remuneration as at 31 March 2023 of the Chief Executive, who is the highest and only paid director in the NFC, was in the range of £90,000 – £95,000 (2021-22: £80,000 – £85,000).

Ratio	Salary and benefits 2022-23	Ratio 2022-23	Salary 2022-23	Ratio 2022-23	Salary and benefits 2021-22	Ratio 2021-22	Salary 2021-22	Ratio 2021-22
25th percentile	£30,409	3.04	30,317	2.72	£30,004	2.75	£29,180	2.66
Median	£32,500	2.85	32,160	2.57	£35,895	2.3	£35,895	2.16
75th percentile	£39,303	2.35	38,365	2.15	£40,265	2.05	£39,015	1.99

Remuneration of the workforce ranged from £17k to £95k (2021-22: £17k to £85k).

The percentage changes in the highest paid Director's salary is 9% (2022: nil). The percentage changes in the highest paid Director's performance pay and bonuses payable is 21% (2022: 18%).

The average percentage change in employees' salaries is 4% (2022: nil due to a pay freeze). The average percentage change in employees' performance-related pay is 5% (2022: 11%).

In 2022-23, no employees received remuneration in excess of the highest paid Director, as was the case in 2021-22.

Total remuneration includes full time salary equivalents and non-consolidated performance related bonuses but excludes employer pension contributions and the cash equivalent transfer value of pensions.

A handwritten signature in black ink, appearing to read 'John Everitt', with a large, stylized loop at the end.

John Everitt FRSA
Chief Executive/Accounting Officer
27 November 2023

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE NATIONAL FOREST COMPANY AND THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the National Forest Company and its group for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The financial statements comprise the National Forest Company's and its Group's:

- Balance Sheets as at 31 March 2023;
- Consolidated Statement of Financial Activities and Income and Expenditure Account, National Forest Company Statement of Financial Activities and Income and Expenditure Account and Consolidated Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Forest Company's and its Group's affairs as at 31 March 2023 and its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial

transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the National Forest Company and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Forest Company and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Forest Company and its Group'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.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's

certificate and report thereon. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, if I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury's Financial Reporting Manual.

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

- the Strategic Report and the Directors' Annual Report have been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic Report and the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Forest Company and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited

are not in agreement with the accounting records and returns; or

- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement has not been prepared by the parent company; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Forest Company and its Group from whom the auditor determines it necessary to obtain audit evidence;
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and Charities Act 2011;
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006 and Charities Act 2011; and
- assessing the National Forest Company and its Group'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 Directors either intend to liquidate the National Forest Company or its

Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to certify, audit and report on the financial statements in accordance with applicable law and the Government Resources and Accounts Act 2000. My 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 certificate that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Forest Company and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, National Forest Company and its Group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Forest Company and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;

- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Forest Company and its Group's controls relating to the National Forest Company and its Group's compliance with the Companies Act 2006, Charities Act 2011 and Managing Public Money;
- inquired of management, the National Forest Company and its Group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant specialists, including property experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Forest Company and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transaction and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Forest Company and its Group's framework of authority and other legal and regulatory frameworks in which the National Forest Company and its Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Forest Company and its Group. The key laws and regulations I considered in this context included Companies Act 2006, Charities Act 2011, the FRS 102 Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, the Government Financial Reporting Manual, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I inquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

29 November 2023

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

National Forest Company

Consolidated Statement of Financial Activities and Income and Expenditure Account for the year ended 31 March 2023

		Unrestricted funds	Restricted funds	2022-23 Total funds	Unrestricted funds	Restricted funds	2021-22 Total funds
	Note	£	£	£	£	£	£
Income from:							
Grant in aid	2	2,400,713	–	2,400,713	2,400,715	–	2,400,715
Nature for Climate Fund	2	–	1,150,701	1,150,701	–	1,894,000	1,894,000
Assets transferred at Fair Value	3	5,675,404	–	5,675,404	–	–	–
Donations Conkers	4	935,501	–	935,501	–	–	–
Donations	4	499,490	20,000	519,490	584,863	21,542	606,405
Charitable activities	6	448,630	905,177	1,353,807	12,512	752,701	765,213
Other trading activities	6	134,893	–	134,893	112,702	17,500	130,202
Investments		122,005		122,005	45,861	–	45,861
Total		10,216,636	2,075,878	12,292,514	3,156,653	2,685,743	5,842,396
Expenditure on:							
Raising funds	7	(796,826)	–	(796,826)	(662,375)	–	(662,375)
Charitable activities	8	(3,448,273)	(1,643,083)	(5,091,356)	(1,969,754)	(2,532,617)	(4,502,371)
Total		(4,245,099)	(1,643,083)	(5,888,182)	(2,632,129)	(2,532,617)	(5,164,746)
Net gains/(losses) on investments							
	14	(27,435)	478	(26,957)	61,621	33,323	94,944
Net income/(expenditure)							
		5,944,102	433,273	6,377,376	586,145	186,449	772,594
Transfers between funds							
	20	(97,173)	97,173	–	(126,055)	126,055	–
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	13	765,599	(178,225)	587,374	59,500	–	59,500
Gains/(loss) on Foreign Currency	15	–	10,565	10,565	–	38,873	38,873
Net movement in funds							
		6,612,528	362,786	6,975,314	519,590	351,377	870,967
Reconciliation of funds:							
Total funds brought forward	20	7,278,652	2,426,767	9,705,419	6,759,062	2,075,390	8,834,452
Total funds carried forward	20	13,891,180	2,789,553	16,680,733	7,278,652	2,426,767	9,705,419

National Forest Company

National Forest Company Statement of Financial Activities and Income and Expenditure Account for the year ended 31 March 2023

	Note	Unrestricted funds £	Restricted funds £	2022-23 Total funds £	Unrestricted funds £	Restricted funds £	2021-22 Total funds £
Income from:							
Grant in aid	2	2,400,713	–	2,400,713	2,400,715	–	2,400,715
Nature for Climate Fund	2	–	1,150,701	1,150,701	–	1,894,000	1,894,000
Assets transferred at Fair Value	3	3,749,519	–	3,749,519	–	–	–
Donations Conkers	4	935,501	–	935,501	–	–	–
Donations	4	588,880	20,000	608,880	584,863	21,542	606,405
Charitable activities	5	103,735	905,177	1,008,912	12,512	752,701	765,213
Other trading activities	6	134,893	–	134,893	112,702	17,500	130,202
Investments		91,410	–	91,410	45,861	–	45,861
Total		8,004,651	2,075,878	10,080,529	3,156,653	2,685,743	5,842,396
Expenditure on:							
Raising funds	7	(794,252)	–	(794,252)	(662,375)	–	(662,375)
Charitable activities	8	(3,162,493)	(1,643,083)	(4,805,576)	(1,969,754)	(2,532,617)	(4,502,371)
Total		(3,956,745)	(1,643,083)	(5,599,828)	(2,632,129)	(2,532,617)	(5,164,746)
Net (losses)/gains on investments	14	(31,935)	478	(31,457)	61,621	33,323	94,944
Net income/(expenditure)		4,015,971	433,273	4,449,244	586,145	186,449	772,594
Transfers between funds	20	(97,173)	97,173	–	(126,055)	126,055	–
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	13	588,099	(178,225)	409,874	59,500	–	59,500
Gains/(loss) on Foreign Currency	15	–	10,565	10,565	–	38,873	38,873
Net movement in funds		4,506,897	362,786	4,869,683	519,590	351,377	870,967
Reconciliation of funds:							
Total funds brought forward	20	7,278,652	2,426,767	9,705,419	6,759,062	2,075,390	8,834,452
Total funds carried forward	20	11,785,549	2,789,553	14,575,102	7,278,652	2,426,767	9,705,419

National Forest Company

Balance Sheets

as at 31 March 2023

	Note	National Forest Company		Consolidated	
		As at 31 March 2023 £	As at 31 March 2022 £	As at 31 March 2023 £	As at 31 March 2022 £
Fixed assets:					
Intangible assets	12	139,277	48,512	139,277	48,512
Tangible assets	13	7,860,710	3,229,930	8,806,594	3,229,930
Investment property	14	3,502,000	3,331,000	4,664,000	3,331,000
Investment	14	498,502	531,539	498,502	531,539
Total fixed assets		12,000,489	7,140,981	14,108,373	7,140,981
Current assets:					
Debtors	15	854,070	621,901	872,379	621,901
Cash at bank and in hand	16	2,579,508	2,530,527	2,579,513	2,530,527
Total current assets		3,433,578	3,152,428	3,451,892	3,152,428
Liabilities:					
Creditors: Amounts falling due within one year	17	(858,965)	(587,990)	(879,532)	(587,990)
Net current assets		2,574,613	2,564,438	2,572,360	2,564,438
Total assets less current liabilities		2,574,613	2,564,438	2,572,360	2,564,438
Total net assets		14,575,102	9,705,419	16,680,733	9,705,419
The funds of the Charity:					
Unrestricted funds	20	11,238,925	7,141,902	13,167,056	7,141,902
Restricted funds	20	2,789,553	2,426,767	2,789,553	2,426,767
Revaluation Reserve	21	546,624	136,750	724,124	136,750
		14,575,102	9,705,419	16,680,733	9,705,419

The Notes on pages 46 to 76 form part of the accounts.

The National Forest Company is exempt under the provisions of Section 475 of the Companies Act 2006 from making the disclosure requirements under Part 16 under Section 482 (non-profit making companies subject to public sector audit) of that Act.

The financial statements were approved by the Board of Trustees on 22 November 2023 and signed on its behalf by:

Lord Duncan of Springbank PhD FGS
Chair of the Board of Trustees

John Everitt FRSA
Chief Executive/Accounting Officer

National Forest Company

Cash Flow statement for the twelve months ended 31 March 2023

		National Forest Company		Consolidated	
		2022-23	2021-22	2022-23	2021-22
	Note	£	£	£	£
Cash flows from operating activities					
Net cash provided by operating activities		901,376	1,253,353	870,786	1,253,353
Cash flow from investing activities					
Interest and rent from investment	SoFA	91,410	45,861	122,005	45,861
Purchase of property, plant and equipment ⁽¹⁾	13	(859,056)	(47,329)	(859,056)	(47,329)
Purchase of Investment Property ⁽²⁾	14	–	(866,580)	–	(866,580)
Purchase of investments	14	–	–	–	–
Purchase of Intangible asset	12	(95,313)	(42,661)	(95,313)	(42,661)
Net cash provided by (used in) investing activities		(862,959)	(910,709)	(832,364)	(910,709)
Change in cash and cash equivalents in the reporting period					
		38,416	342,644	38,421	342,644
Cash and cash equivalents at 1 April	16	2,530,527	2,149,010	2,530,527	2,149,010
Change in cash and cash equivalents due to exchange rate movements	SoFA	10,565	38,873	10,565	38,873
Cash and cash equivalents at 31 March	16	2,579,508	2,530,527	2,579,513	2,530,527
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities					
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	SoFA	4,576,244	772,594	6,377,376	772,594
Adjustments for:					
Impairment charges	13/14	309,935	544,000	309,935	544,000
Reversal of prior years' impairment charges	13/14	(405,626)	(132,000)	(405,626)	(132,000)
Depreciation	13	23,537	17,122	23,537	17,122
Amortisation	12	4,547	11,701	4,547	11,701
Asset Transfer from National Forest Charitable Trust	13/14	(3,574,114)	–	(5,385,000)	–
(Gains)/losses on investments	14	31,457	(94,944)	26,957	(94,944)
Decrease/(Increase) in debtors	15	(339,078)	(73,243)	(250,478)	(73,243)
Increase (Decrease) in creditors	17	365,884	253,984	291,543	253,984
Interest and rent from investment	SoFA	(91,410)	(45,861)	(122,005)	(45,861)
Net cash provided by (used in) operating activities		901,376	1,253,353	870,786	1,253,353
b) Analysis of cash and cash equivalents					
Cash at bank and in hand	16	2,579,508	2,530,527	2,579,513	2,530,527
Cash and cash equivalents at 31 March		2,579,508	2,530,527	2,579,513	2,530,527

Analysis of changes in net debt

c) Consolidated	At start of Year £	Cash-flows £	Non-cash changes £	At end of year £
Cash	2,530,527	48,986	–	2,579,513
Cash equivalents (investments)	531,539	–	(33,037)	498,502
Borrowings	–	–	–	–
Total	3,062,066	48,986	(33,037)	3,078,015

d) National Forest Company	At start of Year £	Cash-flows £	Non-cash changes £	At end of year £
Cash	2,530,527	48,981	–	2,579,508
Cash equivalents (investments)	531,539	-	(33,037)	498,502
Borrowings	–	–	–	–
Total	3,062,066	48,981	(33,037)	3,078,010

Notes to the Accounts

Note 1 to the Financial Statements

1.1 Statement of accounting policies

The NFC is a public benefit entity and is a company limited by guarantee and a charity registered in England and Wales. These financial statements have been prepared in compliance with FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting and Reporting by Charities. In addition, these financial statements also meet the accounting and disclosure requirements of the Companies Act 2006 and the 2022-23 Government Financial Reporting Manual (FRM) issued by HM Treasury, where not inconsistent with the requirements of the SoRP and the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs.

Where the NFC has a choice of accounting policy to adopt, a judgement has been made to select the most appropriate policy to suit the particular circumstances for the purpose of giving a true and fair view. The particular policies adopted by the NFC are described below. They have been applied consistently in dealing with items which are considered material in relation to the accounts.

1.2 Going concern

These financial statements have been prepared on the basis of the NFC being a going concern. This judgement made by the Trustees takes into consideration the level of reserves held by the Company; and an indication from Defra that grant in aid funding for the next Comprehensive Spending Review period should remain at a similar base level to the 2022-23 allocation. Defra has also allocated a further £2.45m per year to the NFC from the Nature for Climate Fund for the next two years, after commencing in 2020-21. The acquisition of the National Forest Charitable Trust took place 1 April 2022 with all NFCT assets transferring to the NFC at fair value. The NFC's Audit & Risk Committee has overseen the due diligence work to ensure that risks were mitigated to reduce the impact on the NFC's ability to continue as a going concern.

1.3 Significant judgements and accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of income and expenditure. All estimates are based on the NFC's knowledge of current facts and circumstances, assumptions concerning past

events and forecasts of future events and actions. Actual results may differ from estimates made.

In the process of applying the NFC's accounting policies, the following judgements, and estimations, have been made which have the most significant impact on the amounts recognised in the financial statements:

Judgements

- Income recognition (see Note 1.6 below)

Estimates

- Useful economic lives of tangible fixed assets (see Note 1.9 below)
- Useful economic lives of intangible fixed assets (see Note 1.10 below)
- Annual valuation of the NFC owned land and buildings undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (see Notes 1.9 and 1.11 below).

1.4 Accounting convention

The accounts have been prepared on a going concern basis, on the accruals basis and under the modified historical cost convention, modified to account for the revaluation of land and buildings.

1.5 Basis of Consolidation

Due to the acquisition of the National Forest Charitable Trust (NFCT) and its subsidiaries on 1 April 2022, the transfer of its assets (in substance a gift), the financial statements are now prepared on a basis of consolidation. The consolidated financial statements consolidate the financial statements of the National Forest Company and its wholly owned subsidiaries National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd for the year ended 31 March 2023. Consolidation has been carried out on a line-by-line basis.

Disclosures

On 1 April 2022 the National Forest Company acquired the National Forest Charitable Trust (NFCT) and 100% of the share equity of its subsidiaries National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd. The assets were transferred at nil costs and in substance a gift. At the acquisition date £5,675,404 of assets were transferred to the National Forest Company comprising of £86,179 cash, £2,969,115 fixed assets and £490,000

investments from the NFCT; £768,385 fixed assets, £1,157,500 investment and £29,055 of debtors from National Forest Enterprises Ltd (formerly Heart of the National Forest park Developments Ltd); and £175,170 of debtors from The Forest Experience Ltd.

As at the reporting date of 31 March 2023 the changes arising from the new business combinations are £437,000 comprising of £20,000 gain on investment and £235,000 revaluation on fixed assets of the National Forest Company (formerly NFCT assets), £4,500 gain on investment and £177,500 revaluation on fixed assets of National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd).

The NFCT's final accounts to 30 June 2022 can be found at <https://find-and-update.company-information.service.gov.uk/company/03649753>.

1.6 Income recognition

Government grants

Grant in aid is credited to income in the year that it is received. It is regarded as unrestricted income since Defra, whilst requiring funds allocated be utilised in contributing to the delivery of departmental objectives, does not stipulate how any specific element of the grant should be spent.

Nature for Climate Fund grant is treated as restricted income and the recognition of income is conditional on delivering certain levels or volumes of a service or supply of goods and contractual payments from Government or public authorities and other parties which fund the provision of particular goods or services.

This has been presented as a separate line in the Statement of Financial Activities (SoFA) due to the materiality of the income as per the SoRP para 4.13.

Income from donations

General donations are received and utilised for any of the NFC's charitable purposes. No direct benefit is provided to the donor in return, other than the knowledge that the NFC must use the gift to further its objectives. Income from donations is unrestricted.

'Dedicate a Grove' and 'Dedicate a Tree' income are gift donations which the NFC use to support the ongoing creation and management of the National Forest. This is classed as unrestricted income as it represents a contribution to the National Forest's creation which is intrinsically linked to other purposes of the charity such as ongoing maintenance of woodlands, habitat creation and education, and is used to further the NFC's charitable purposes including woodland creation.

The NFC receives an annual donation from Rolls-Royce. This is a restricted donation to support South Derbyshire District Council's (SDDC) Environmental Education Project and is paid over to SDDC as a disbursement upon receipt of a satisfactory progress report, as reflected in the agreement.

Donations from Conkers is the gift aided admission receipts from entry into the Conkers visitor attraction, which is a new income stream as a result of the acquisition and is offset by management fees to the operator.

Income from donations is recognised on evidence of entitlement to the donation, the receipt is probable and its amount can be measured reliably.

Income from activities and generated funds

Income is accounted for net of VAT, with VAT accounted on the Balance Sheet as a current liability. Grant income entitlement is recognised when the NFC has met any performance or other deliverable criteria for recognition and the monetary value can be measured reliably. Where the grant is received in advance of recognition it is deferred and included in creditors until entitlement occurs. If entitlement occurs before the income has been received it is accrued to debtors. Income is allocated to restricted income when it is given by the donor or grant maker for defined purposes.

Income from Sponsorship

Sponsorship income is recognised as income when the conditions for its receipt have been met, as per SoRP (5.39 – 5.47). Where there are conditions or specified deliverables then income received is not immediately recognised but is deferred as a liability until conditions imposed are met at which point the related income is recognised in the SoFA.

Where there are no specified deliverables under the agreement then the income is recognised in the SoFA, in line with the stage of completion of the agreement term.

1.7 Expenditure

Expenditure is accounted for net of VAT on an accruals basis and is classified under the relevant activity within the SoFA. VAT is posted to the Balance Sheet as a current asset.

1.8 Expense allocation

Costs are allocated to the main areas of NFC activity of raising funds, forest creation, woodland management, tourism and promotion, community engagement and various restricted projects reflecting the objectives of the NFC as set out in the Directors' Report.

Governance costs include Trustee expenses, production of the Annual Report and Accounts, audit fees and bank charges. The salary and related costs of the Chief Executive, who is also a Trustee, are now included within governance costs (32%) and support costs (68%) following the introduction of a timesheet recording system.

The salary and related costs of staff employed wholly on raising funds and the various charitable activities are allocated to those activities. Where staff are engaged on more than one of these activities, timesheets capture the percentage of each individual's time spent on each activity.

Indirect costs have been allocated to the headings in the SoFA on the basis of full time equivalent headcount of staff employed directly on charitable activities and activities for raising funds. The exception is grants administration costs which have been allocated on a staff time basis via the timesheets.

1.9 Tangible fixed assets

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provisions 10.33 to 10.36. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2023 by Fisher German and Andrew Granger and Co, Chartered Surveyors. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality. The land valuations reflect the site use at the date of the valuation, ie open land, grazing land, young woodland and mature woodland. When planting takes place and there is a change of use in the land, ie tree planting, the valuation report reflects this with any impairment in value taken to the SoFA. Land and buildings in the Balance Sheet are shown at the valuations provided per Note 13 and 14.

Where the valuation is higher than the purchase price paid, the excess over purchase price is credited to a Revaluation Reserve. Where land or buildings are revalued due to a change in market values but remain at below the purchase price, the loss on revaluation is charged to the SoFA in the year of the revaluation. Similarly, where as a result of a proposed change of use there is impairment in the value of the land or buildings, the loss on impairment is charged to the SoFA in the year of the impairment. Where in a subsequent year the value of land or buildings which has been the subject of an impairment charge increases, usually

as a result of an increase in market values, and the valuation remains at below the purchase price, then the increase is charged to the SoFA as a reversal of previous years' impairment. Changes in the value of land or buildings arising from revaluation or impairment are reflected in the balance of unrestricted funds and in the Revaluation Reserve.

Impairment and reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via forest creation activity (Note 8).

The tangible assets transferred from the acquisition of the National Forest Charitable Trust, were valued by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of land and buildings as at 1 April 2022 by Matthews and Goodman using the market and profit approach and transferred to NFC at a fair value of £3.738m (Note 13). In line with NFC's accounting policy of revaluing land and buildings at the reporting date, this valuation was undertaken as at 31 March 2023 by Chartered Surveyors Fisher German with revaluation gain of £0.413m (Note 13) credited to a Revaluation Reserve.

Depreciation

Depreciation is provided on a straight-line basis on the cost of furniture and fittings and information technology assets, to write them down to their estimated residual values over their expected useful lives. Expectations are informed by past experience and reflect anticipated usage of such assets.

Furniture and fittings and information technology assets have an expected useful life of between three and five years. No depreciation is charged in the year of acquisition of the asset but a full year is charged in the year of disposal.

1.10 Intangible Fixed Assets

During the year further work has taken place to re-develop the website to generate future funding, as per Note 12 Asset under construction.

All intangible assets are measured at their historical cost at acquisition. Following the initial recognition of the website, subsequent measurement will be the website at cost less accumulated amortisation and impairment losses.

At the end of each reporting period an impairment review will be performed to determine whether the website is still fit for purpose in generating funds and achieving our expectations.

Amortisation will be charged on a straight line basis over the useful economic life of the asset and the useful economic life will be reviewed at each reporting date. No amortisation was charged in the month of capitalisation (August 2018) but a full month in the year of disposal.

When reviewed at 31 March 2023 by the Audit & Risk Committee (ARC), it was agreed that the existing website should be written off in full in 2023-24 (autumn) at the end of its useful economic life because it would then be replaced by the cost of the new re-developed website. The website has been amortised from when it went live in September 2018, with the expense being charged to Support costs Note 10.

1.11 Investments

Investment property

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provision 10.48. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2023. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality.

The investment assets transferred from the acquisition of the National Forest Charitable Trust, were valued by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of land and buildings as at 1 April 2022 by Matthews and Goodman and transferred to NFC at a fair value of £1.648m (Note 14). In line with NFC's accounting policy of revaluing land and buildings at the reporting date, this valuation was undertaken by Chartered Surveyors Fisher German with revaluation gains of £0.025m (Note 14) credited to a Revaluation Reserve.

In the 2022-23 financial year, three properties with a Net Book Value of £0.375m have been transferred and re-classified to fixed assets due to land surrendered on Farm Business Tenancies.

Investment Property in the Balance Sheet is shown at the valuations provided per Note 14.

Investments

Investments are measured at fair value and any gains or losses arising from the revaluation are charged to the SoFA. In 2022-23 the gain on the Investment property was £45,000 (2021-22: £25,000).

Within investments the NFC recognises the Cazenove Charity Responsible Multi-Asset Fund investment of £0.499m.

1.12 Current assets and liabilities

Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

A de minimis threshold of £300 has been adopted when determining debtors and creditors at the end of March.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances held in a Business Instant Saver account and cash balances held by the Government Banking Service. Cash equivalents include £498,502 invested with Cazenove Charity Responsible Multi-Asset Fund.

1.14 Leases

The NFC has no finance leases.

Rentals under operating leases are charged to the SoFA on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

1.15 Financial Instruments

The NFC has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi-Asset Fund is a financial instrument with the measurement and accounting basis being fair value. The fair value as determined by the fund managers as at 31 March 2023 is £498,502.

1.16 Foreign Currencies

Receipt and payment recognition of transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Exchange differences on monetary items are translated at the closing rate at the end of each reporting period with the differences taken to the Statement of Financial Activities (SoFA).

1.17 Staff costs and pensions

The NFC accounts for staff costs and pension contributions in the periods for which they are payable. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The NFC is unable to identify

its share of the underlying assets and liabilities. The Scheme administrators carry out actuarial valuations of the Scheme and prepare full accounts for the Scheme.

The NFC recognises in its accounts those costs collected from it by the Scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as “Pension Costs”.

Note 2 Grant in aid

Grant in aid of £2,400,713 was received from Defra in 2022-2023 (2021-22: £2,400,715). The grant is treated as unrestricted income since the Department, whilst requiring that funds allocated contribute to the delivery of its objectives, does not stipulate any specific purpose(s) as to how any of the funds must be utilised.

Grant in aid accounts for 20% of total NFC income and is utilised to fund the forest creation and woodland management programmes, including the various grant schemes, contributes to the tourism and community engagement programmes and meets a significant proportion of governance and support costs.

Nature for Climate Funds of £1,150,701 was received from Defra in 2022-23 (2021-22: £1,894,000). This grant is treated as restricted income, per the memorandum of understanding, which facilitates funding of new planting within the National Forest.

Nature for Climate Funds accounts for 9% of total NFC income.

Note 3 Assets transferred at Fair Value

Assets transferred at fair value on the 1 April 2022 arising from the acquisition of the National Forest Charitable Trust and 100% of the share equity of its subsidiaries National Forest Enterprises Ltd (formerly Heart of the National Forest Charitable Trust) and The Forest Experience Ltd was £5.675m, comprising of land and buildings £5.385m, debtors £0.204m and cash £0.086m.

Note 4
Income from Donations

	National Forest Company						Consolidated					
	Unrestricted		Restricted		Total		Unrestricted		Restricted		Total	
	£	£	£	£	£	£	£	£	£	£	£	£
Donations												
Conkers	935,501	–	–	–	–	935,501	–	–	–	–	–	–
Income received from FE Ltd & NFE Ltd												
	89,390	–	–	–	–	–	–	–	–	–	–	–
Donations	262,289	–	–	–	269,902	262,289	269,902	269,902	–	–	269,902	–
Dedicate a Grove	18,749	–	–	–	3,025	18,749	–	3,025	–	–	3,025	–
Dedicate a Tree	198,652	–	–	–	311,936	198,652	–	311,936	–	–	311,936	–
Rolls Royce	–	20,000	20,000	–	20,000	–	20,000	–	20,000	–	20,000	–
Legacies	19,800	–	–	–	–	19,800	–	–	–	–	–	–
Other	–	–	–	1,542	1,542	–	–	–	1,542	–	1,542	–
Total	1,524,381	20,000	20,000	21,542	606,405	1,434,991	20,000	584,863	21,542	606,405	606,405	606,405

Note 5

Income from charitable activities

	National Forest Company						Consolidated					
	Unrestricted			Restricted			Unrestricted			Restricted		
	£	£	£	£	£	£	£	£	£	£	£	£
	Total			Total			Total			Total		
	2022-23	2021-22	2020-21	2022-23	2021-22	2020-21	2022-23	2021-22	2020-21	2022-23	2021-22	2020-21
Woodland creation grants	12,172	12,975	12,975	12,172	12,975	12,975	12,172	12,975	12,975	12,172	12,975	12,975
Section 106 agreements	–	–	–	–	27,025	27,025	–	–	–	–	27,025	27,025
Tourism and promotion programme	–	18,000	18,000	–	18,000	18,000	–	18,000	18,000	–	18,000	18,000
Charnwood Forest Landscape Partnership Scheme	–	455,128	455,128	–	455,128	455,128	–	455,128	455,128	–	307,218	307,218
Timber Festival	–	(6,750)	(6,750)	–	(6,750)	(6,750)	–	(6,750)	(6,750)	–	6,750	6,750
National Forest Trek	–	43,473	43,473	–	43,473	43,473	–	43,473	43,473	–	47,939	47,939
Community Forest Woodland Outreach project	–	(630)	(630)	–	(630)	(630)	–	(630)	(630)	–	60,381	60,381
Severn Trent – Great Big Nature Boost	–	243,534	243,534	–	201,683	201,683	–	243,534	243,534	–	201,683	201,683
ELMS Test and Trial	–	4,228	4,228	–	4,228	4,228	–	4,228	4,228	–	45,530	45,530
Valpack	–	48,628	48,628	–	–	–	–	48,628	48,628	–	–	–
Greenspring	5,278	–	–	7,250	–	–	5,278	–	–	7,250	–	7,250
National Forest Community Woods	–	33,968	33,968	–	–	–	–	33,968	33,968	–	–	–
Plant a Tree scheme	3,746	–	–	925	–	925	3,746	–	–	925	–	925
Other	94,711	53,426	53,426	4,337	25,200	25,200	439,606	53,426	53,426	4,337	25,200	29,537
Total	103,735	905,177	1,008,912	12,512	752,701	765,213	448,630	905,177	1,353,807	12,512	752,701	765,213

Note 6

Income from other trading activities

	National Forest Company					Consolidated				
	Unrestricted		Restricted		Total	Unrestricted		Restricted		Total
	£	£	£	£		£	£	£	£	
Other trading activities	60,586	–	–	–	49,125	60,586	49,125	–	–	49,125
Sponsorship	74,307	–	–	17,500	81,077	74,307	63,577	–	17,500	81,077
Total	134,893	–	–	17,500	130,202	134,893	112,702	–	17,500	130,202

Note 7

Cost of activities for raising funds

	National Forest Company			Consolidated		
	Total		Total	Total		Total
	2022-23	2021-22		2022-23	2021-22	
	£	£	£	£	£	£
Activities undertaken directly	594,664	462,614	462,614	594,663	462,614	462,614
Support costs	199,588	199,761	199,761	202,163	199,761	199,761
	794,252	662,375	662,375	796,826	662,375	662,375

Note 8

Analysis of expenditure on charitable activities National Forest Company – Consolidated

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2021-22 £
Forest Creation	450,126	395,767	391,275	1,237,168	848,593	952,017	299,814	2,100,424
Woodland Management	323,573	286,514	177,877	787,964	385,320	180,780	118,862	684,962
Tourism and Promotion	104,577	19,531	80,473	204,581	109,128	1,697	52,891	163,716
Community Engagement	116,786	107,347	238,455	462,588	51,185	93,577	68,222	212,984
National Forest Trek	74,406	–	13,242	87,648	83,694	–	12,721	96,415
Charnwood Forest Landscape Partnership Scheme	332,782	–	195,260	528,042	249,736	–	184,028	433,764
Creating a Forest for Learning project	35,341	–	50,160	85,501	39,086	–	26,287	65,373
Timber Festival	63,534	–	4,312	67,846	168,610	–	38,672	207,282
Creating Working Woodlands project	2,481	–	–	2,481	105,660	–	48,745	154,405
Community Forest Woodland Outreach project	26,575	–	–	26,575	73,323	–	43,541	116,864
Severn Trent – Great Big Nature Boost	195,180	–	11,678	206,858	161,893	–	26,166	188,059
ELMS Test and Trial	37,151	–	13,469	50,620	73,959	–	4,164	78,123
National Forest Community Woodlands	45,792	–	48,335	94,127	–	–	–	–
Other	46,249	–	–	46,249	–	–	–	–
Conkers	1,203,108	–	–	1,203,108	–	–	–	–
Total	3,057,661	809,159	1,224,536	5,091,356	2,350,187	1,228,071	924,113	4,502,371

Note 8

Analysis of expenditure on charitable activities National Forest Company

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2021-22 £
Forest Creation	450,151	395,767	386,721	1,232,639	848,593	952,017	299,814	2,100,424
Woodland Management	306,489	286,514	175,877	768,880	385,320	180,780	118,862	684,962
Tourism and Promotion	104,577	19,531	79,587	203,695	109,128	1,697	52,891	163,716
Community Engagement	116,786	107,347	235,892	460,025	51,185	93,577	68,222	212,984
National Forest Trek	74,406	–	13,072	87,478	83,694	–	12,721	96,415
Charnwood Forest Landscape Partnership Scheme	332,782	–	192,772	525,554	249,736	–	184,028	433,764
Creating a Forest for Learning project	35,323	–	49,519	84,842	39,086	–	26,287	65,373
Timber Festival	63,534	–	4,256	67,790	168,610	–	38,672	207,282
Creating Working Woodlands project	2,481	–	–	2,481	105,660	–	48,745	154,405
Community Forest Woodland Outreach project	26,575	–	–	26,575	73,323	–	43,541	116,864
Severn Trent – Great Big Nature Boost	195,180	–	11,528	206,708	161,893	–	26,166	188,059
ELMS Test and Trial	37,321	–	13,300	50,621	73,959	–	4,164	78,123
National Forest Community Woodlands	45,792	–	47,718	93,510	–	–	–	–
Other	46,249	–	–	46,249	–	–	–	–
Conkers	948,529	–	–	948,529	–	–	–	–
Total	2,786,175	809,159	1,210,242	4,805,576	2,350,187	1,228,071	924,113	4,502,371

Note 9

Staff costs and pensions

9.1 Employees with earnings above £60,000

	2022-23	2021-22
£90,000 – £99,999	1	–
£80,000 – £89,999	–	1
£70,000 – £79,999	1	–
£60,000 – £69,999	2	2
	<u>4</u>	<u>3</u>

9.2 Staff salaries, social security and pensions

	Permanent contracts £	Other contracts £	2022-23 Total £	Permanent contracts £	Other contracts £	2021-22 Total £
Salaries	1,158,642	200,965	1,359,607	1,011,808	169,483	1,181,291
Social security costs	126,376	16,973	143,349	107,493	12,971	120,464
Pension costs	303,187	42,356	345,543	266,730	39,449	306,179
	<u>1,588,205</u>	<u>260,294</u>	<u>1,848,499</u>	<u>1,386,031</u>	<u>221,903</u>	<u>1,607,934</u>

9.3 Average number of persons employed

	2022-23		2021-22	
	Headcount	Full time equivalent	Headcount	Full time equivalent
Staff (including Chief Executive)	<u>38</u>	<u>34</u>	<u>34</u>	<u>30</u>

The full time equivalent of employees includes 6.3 FTE fixed term staff.

Note 10

Consolidated Support costs 2022-23

	Raising Funds	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement	National Forest Trek	Charmwood Forest Landscape Partnership Scheme	Creating a Forest for Learning project	Timber Festival	Working Woodlands Project	Community Forest Outreach project	Severn Trent – Nature Boost	ELMS Community Woodlands administration	Grants	2022-23	Basis of £ apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs	106,702	167,637	75,532	32,705	86,597	6,990	103,059	26,474	2,275	-	-	6,163	7,110	152,238	798,993	Headcount
Governance Costs																
Premises costs	25,866	40,637	18,310	7,928	20,992	1,695	24,983	6,418	552	-	-	1,494	1,723	13,321	170,103	Headcount
ICT & Telecoms	14,213	22,330	10,061	4,356	11,535	931	13,728	3,526	303	-	-	821	947	7,320	93,469	Headcount
HR & Recruitment	16,394	25,756	11,605	5,025	13,305	1,074	15,834	4,068	350	-	-	947	1,092	8,443	107,813	Headcount
Office costs	15,559	24,445	11,014	4,769	12,627	1,019	15,028	3,860	332	-	-	899	1,037	8,013	102,322	Headcount
PR related	10,212	16,044	7,229	3,130	8,288	669	9,864	2,534	218	-	-	590	680	5,259	67,159	Headcount
Travel	68	107	48	21	55	4	66	17	1	-	-	4	5	35	447	Headcount
Training & Development	4,160	6,532	2,943	1,274	3,374	272	4,015	1,032	89	-	-	240	277	2,140	27,342	Headcount
Depreciation	4,719	7,345	3,341	1,446	3,830	309	4,558	1,171	101	-	-	273	314	2,431	30,967	Headcount
Amortisation	3,579	5,623	2,534	1,097	2,905	234	3,457	888	76	-	-	207	238	1,843	23,537	Headcount
Grants administration	691	1,087	489	212	561	45	668	172	15	-	-	40	46	356	4,547	Headcount
	-	73,732	34,771	18,510	74,386	-	-	-	-	-	-	-	-	(201,399)	-	Staff time
	202,163	391,275	177,877	80,473	238,455	13,242	195,260	50,160	4,312	-	-	11,678	13,469	-	1,426,699	

Note 10 (continued)
Consolidated support costs 2021-22

	Raising Funds	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement	National Forest Trek	Charnwood Forest Landscape Partnership Scheme	Creating a Forest for Learning project	Timber Festival	Creating Woodlands Project	Community Woodland Outreach project	Severn Trent – Great Big Nature Boost	ELMS Test and administration Trial	Grants	2021-22	Basis of apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs	109,200	134,729	33,656	22,255	18,881	6,954	100,600	14,369	21,140	26,647	23,802	14,304	2,276	120,114	648,927	Headcount
Governance Costs	29,346	36,206	9,045	5,981	5,074	1,869	27,035	3,862	5,681	7,161	6,397	3,844	612	11,795	153,908	Headcount
Premises costs	18,930	23,356	5,835	3,858	3,273	1,206	17,440	2,491	3,665	4,619	4,126	2,480	395	7,606	99,280	Headcount
ICT & Telecoms	13,591	16,768	4,189	2,770	2,350	865	12,521	1,788	2,631	3,317	2,962	1,780	283	5,463	71,278	Headcount
HR & Recruitment	16,807	20,736	5,180	3,425	2,906	1,070	15,483	2,212	3,254	4,101	3,663	2,201	350	6,755	88,143	Headcount
Office costs	3,256	4,017	1,003	664	563	207	2,999	428	630	794	710	426	68	1,309	17,074	Headcount
PR related	160	197	49	33	28	10	147	21	31	39	35	21	4	64	839	Headcount
Travel	1,631	2,012	503	332	282	104	1,502	215	316	398	355	214	34	655	8,553	Headcount
Training & Development	1,344	1,658	414	274	232	86	1,238	177	260	328	293	176	28	540	7,048	Headcount
Depreciation	3,265	4,028	1,006	665	564	208	3,008	430	632	797	712	428	68	1,312	17,123	Headcount
Amortisation	2,231	2,753	688	455	386	142	2,055	294	432	544	486	292	46	897	11,701	Headcount
Grants administration		53,354	57,294	12,179	33,683	–	–	–	–	–	–	–	–	(156,510)	–	Staff time
	199,761	299,814	118,862	52,891	68,222	12,721	184,028	26,287	38,672	48,745	43,541	26,166	4,164	–	1,123,874	

Note 10

National Forest Company Support costs 2022-23

	Raising Funds	Forest creation	Woodland Management	Tourism and Community Promotion	Trek Scheme	National Forest Partnership	Creating a Forest for Learning	Timber Festival	Working Woodlands Project	Community Forest Outreach project	Severn Trent – Nature Boost	ELMS Community Woodlands administration	Grants	2022-23	Basis of £ apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs	106,702	167,637	75,532	32,705	86,597	6,990	103,059	26,474	2,275	-	6,163	7,110	152,238	798,993	Headcount
Governance Costs															
Premises costs	23,632	37,128	16,729	7,243	19,179	1,548	22,825	5,863	504	-	1,365	1,575	12,172	155,413	Headcount
ICT & Telecoms	14,213	22,330	10,061	4,356	11,535	931	13,728	3,526	303	-	821	947	7,317	93,466	Headcount
HR & Recruitment	16,367	25,713	11,586	5,016	13,283	1,072	15,808	4,061	349	-	945	1,091	8,429	107,633	Headcount
Office costs	15,559	24,445	11,014	4,769	12,627	1,019	15,028	3,860	332	-	899	1,037	8,013	102,322	Headcount
PR related	9,930	15,596	7,027	3,043	8,057	650	9,588	2,463	212	-	573	661	5,112	65,285	Headcount
Travel	68	107	48	21	55	4	66	17	1	-	4	6	35	448	Headcount
Training & Development	4,128	6,486	2,922	1,265	3,350	270	3,987	1,024	88	-	238	275	2,128	27,149	Headcount
Depreciation	4,719	7,417	3,341	1,446	3,830	309	4,558	1,171	101	-	273	314	2,430	31,037	Headcount
Amortisation	3,579	5,623	2,534	1,097	2,905	234	3,457	888	76	-	207	238	1,843	23,537	Headcount
Grants administration	691	1,087	489	212	561	45	668	172	15	-	40	46	356	4,547	Headcount
	-	73,152	34,594	18,414	73,913	-	-	-	-	-	-	-	(200,073)	-	Staff time
	199,588	386,721	175,877	79,587	235,892	13,072	192,772	49,519	4,256	-	11,528	13,300	47,718	-	1,409,830

Note 10 (continued)
National Forest Company support costs 2021-22

	Raising Funds	Forest creation	Forest management	Woodland	Tourism and Promotion	Community Engagement	National Forest Trek	Charnwood Forest Landscape Partnership Scheme	Creating a Forest for Learning project	Timber Festival	Creating Woodlands Project	Community Woodland Outreach project	Severn Trent – Great Big Nature Boost	ELMS Test and administration Trial	Grants	2021-22	Basis of
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£ apportionment
Staff costs	109,200	134,729	33,656	22,255	18,881	6,954	100,600	27,035	14,369	21,140	26,647	23,802	14,304	2,276	120,114	648,927	Headcount
Governance Costs	29,346	36,206	9,045	5,981	5,074	1,869	27,035	27,035	3,862	5,681	7,161	6,397	3,844	612	11,795	153,908	Headcount
Premises costs	18,930	23,356	5,835	3,858	3,273	1,206	17,440	17,440	2,491	3,665	4,619	4,126	2,480	395	7,606	99,280	Headcount
ICT & Telecoms	13,591	16,768	4,189	2,770	2,350	865	12,521	12,521	1,788	2,631	3,317	2,962	1,780	283	5,463	71,278	Headcount
HR & Recruitment	16,807	20,736	5,180	3,425	2,906	1,070	15,483	15,483	2,212	3,254	4,101	3,663	2,201	350	6,755	88,143	Headcount
Office costs	3,256	4,017	1,003	664	563	207	2,999	2,999	428	630	794	710	426	68	1,309	17,074	Headcount
PR related	160	197	49	33	28	10	147	147	21	31	39	35	21	4	64	839	Headcount
Travel	1,631	2,012	503	332	282	104	1,502	1,502	215	316	398	355	214	34	655	8,553	Headcount
Training & Development	1,344	1,658	414	274	232	86	1,238	1,238	177	260	328	293	176	28	540	7,048	Headcount
Depreciation	3,265	4,028	1,006	665	564	208	3,008	3,008	430	632	797	712	428	68	1,312	17,123	Headcount
Amortisation	2,231	2,753	688	455	386	142	2,055	2,055	294	432	544	486	292	46	897	11,701	Headcount
Grants administration		53,354	57,294	12,179	33,683	–	–	–	–	–	–	–	–	–	(156,510)	–	Staff time
	199,761	299,814	118,862	52,891	68,222	12,721	184,028	26,287	38,672	48,745	43,541	26,166	4,164	–	–	1,123,874	

Note 11

Governance costs

	National Forest Company		Consolidated	
	2022-23 £	2021-22 £	2022-23 £	2021-22 £
Trustees' travel and expenses	3,791	1,131	3,791	1,131
Trustee meetings and meals external	797	339	797	339
Annual Report and Accounts production	3,858	4,369	3,858	4,369
Fees payable for the audit of the Annual Accounts	47,525	31,000	62,200	31,000
Internal audit fees	13,512	8,266	13,512	8,266
Bank charges	11,784	10,855	11,798	10,855
Professional and Legal Fees	12,977	45,130	12,977	45,130
Trustee recruitment	19,414	–	19,414	–
Other sundry expenditure	127	1,117	127	1,117
Strategic costs ⁽¹⁾	41,628	51,699	41,628	51,699
	155,413	153,906	170,102	153,906

(1) Strategic costs represent 32% of the Chief Executive's employment costs (2021:22 45%)

Note 12

Intangible Assets

	Asset under construction £	Website £	Total £
Cost or valuation			
At 1 April 2022	42,661	117,258	159,919
Additions during the year	95,313	–	95,313
Transfer during the year	–	–	–
At 31 March 2023	137,974	117,258	255,232
Amortisation			
At 1 April 2022	–	111,408	111,408
Charges in the period:	–	4,547	4,547
At 31 March 2023	–	115,955	115,955
Net Book Value 31 March 2023	137,974	1,303	139,277
Cost or valuation			
At 1 April 2021	–	117,258	117,258
Additions during the year	42,661	–	42,661
Transfer during the year	–	–	–
At 31 March 2022	42,661	117,258	159,919
Amortisation			
At 1 April 2021	–	99,707	99,707
Charges in the period:	–	11,701	11,701
At 31 March 2022	–	111,408	111,408
Net Book Value 31 March 2022	42,661	5,850	48,512

Asset under construction relates to the charges incurred for the re-development of the new website. All intangible assets cost are associated with National Forest Company, there are no consolidated intangible assets.

	National Forest Company						Consolidated					
	Conkers – Buildings			Conkers – Land			Buildings			Land		
	£	£	£	£	£	£	£	£	£	£	£	£
Disposals/transfers during the year	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	(519,000)	-	-	-	(519,000)	-	(519,000)
Reversal of prior years' impairment	-	-	-	-	-	106,350	-	-	-	106,350	-	106,350
Revaluation (loss)/gain to Revaluation Reserve	-	-	-	-	-	59,500	-	-	-	59,500	-	59,500
Investment property transfer	-	-	-	-	-	1,111,500	-	-	-	1,111,500	-	1,111,500
At 31 March 2022	-	-	-	-	-	<u>3,143,500</u>	-	-	-	<u>3,143,500</u>	<u>185,013</u>	<u>3,490,506</u>
Depreciation												
At 1 April 2021	-	-	-	-	-	151,122	-	-	-	151,122	92,332	243,454
Charges in the period:												
Depreciation	-	-	-	-	-	3,023	-	-	-	3,023	14,099	17,122
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charged on disposals	-	-	-	-	-	-	-	-	-	-	-	-
Investment property transfer	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2022	-	-	-	-	-	<u>154,145</u>	-	-	-	<u>154,145</u>	<u>106,431</u>	<u>260,576</u>
Net Book Value												
31 March 2022	-	-	-	-	-	<u>3,143,500</u>	-	-	-	<u>3,143,500</u>	<u>30,868</u>	<u>3,229,930</u>

The Net Book Value of £8,806,594, of which £945,885 is land belonging to National Forest Enterprises Ltd and £7,860,709 assets of the National Forest Company, comprising Conkers £3,045,000, Land £4,707,115, Furniture and Fittings £53,271 and IT £55,323.

Transfers during the year of £3,757,500 (£2,969,115 National Forest Company) relates to the acquisition of the National Forest Charitable Trust, and assets transferred at fair value.

Investment property transfer – Land value of £374,500 has been reclassified from investment property (Note 14 Land), due to land surrendered on Farm Business Tenancies.

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed consolidated: Land £4,444,359 (2021-22: £2,479,887) Buildings £2,503,498 (2021-22: nil).

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed National Forest Company: Land £3,675,974 (2021-22: £2,479,887) Buildings £2,503,498 (2021-22: nil). All land and buildings are freehold.

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

Impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Note 14

Investments National Forest Company and Consolidated

	National Forest Company				Consolidated			
	Cazenove Investment			Total	Cazenove Investment			Total
	Property	Land	Fund		Property	Land	Fund	
Cost or valuation	£	£	£	£	£	£	£	£
At 1 April 2022	525,000	2,806,000	531,539	3,862,539	525,000	2,806,000	531,539	3,862,539
Additions during the year	–	–	–	–	–	–	–	–
Disposals/transfers during the year	490,000	(374,500)	–	115,500	1,647,500	(374,500)	–	1,273,000
Impairment	–	(41,580)	–	(41,580)	–	(41,580)	–	(41,580)
Reversal of prior years' impairment	–	95,500	–	95,500	–	95,500	–	95,500
Revaluation (loss)/gain	45,000	(43,420)	(33,037)	(31,457)	49,500	(43,420)	(33,037)	(26,957)
At 31 March 2023	<u>1,060,000</u>	<u>2,442,000</u>	<u>498,502</u>	<u>4,000,502</u>	<u>2,222,000</u>	<u>2,442,000</u>	<u>498,502</u>	<u>5,162,502</u>
Cost or valuation	£	£	£	£	£	£	£	£
At 1 April 2021	500,000	3,006,850	505,015	4,011,865	500,000	3,006,850	505,015	4,011,865
Additions during the year	–	866,580	–	866,580	–	866,580	–	866,580
Disposals/transfers during the year	–	(111,500)	–	(111,500)	–	(111,500)	–	(111,500)
Impairment	–	(25,000)	–	(25,000)	–	(25,000)	–	(25,000)
Reversal of prior years' impairment	–	25,650	–	25,650	–	25,650	–	25,650
Revaluation (loss)/gain	25,000	43,420	26,524	94,944	25,000	43,420	26,524	94,944
At 31 March 2022	<u>525,000</u>	<u>2,806,000</u>	<u>531,539</u>	<u>3,862,539</u>	<u>525,000</u>	<u>2,806,000</u>	<u>531,539</u>	<u>3,862,539</u>

The Net Book Value of £5,162,502, of which £1,162,000 is Property belonging to National Forest Enterprises Ltd and £4,000,502 assets of the National Forest Company, comprising Property £1,060,000, Land £2,442,000 and Cazenove Investment Fund £498,502.

Investment Land includes 12 sites (11 Sites National Forest Company) that are part or wholly, commercially let.

In the 2022-23 financial year, £374,500 (relating to 3 sites) has been transferred and re-classified to Tangible Assets (Note 13; Land) due to land surrendered on Farm Business Tenancies.

Transfers during the year of £1,647,500 (£490,000 National Forest Company) relates to the acquisition of the National Forest Charitable Trust, and assets transferred at fair value, including those belonging to National Forest Enterprise Ltd formerly Heart of the National Forest Park Developments £1157,000.

For each revalued class of investment asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed for consolidated: property £1,945,000 (2020-21: £335,000); Land £2,530,273 (2020-21: £2,674,834).

For each revalued class of investment asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed for National Forest Company: property £825,000 (2020-21: £335,000); Land £2,530,273 (2020-21: £2,674,834).

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

In the 2020-21 financial year £500,001 was invested in Cazenove Charity Responsible Multi-Asset Fund, generating a return of £21,291 (2021-22: £201,58). The income is extracted to our reserves, rather than re-invested into the fund. Fair value measurement of the fund by the investment managers as at 31 March resulted in a loss of £33,037. This has been reflected as a cash equivalent due to it being a high liquid investment.

Note 15

Debtors

	National Forest Company		Consolidated	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Amounts falling due within one year:	£	£	£	£
VAT	22,171	9,098	37,124	9,098
Prepayments	83,372	69,461	83,372	69,461
Owed by Subsidiary	185,419	–	–	–
Accrued Income:				
– Creating a Forest for Learning project ⁽¹⁾	86,352	135,675	86,352	135,675
– Charnwood Forest Landscape – Partnership Scheme	117,325	57,999	117,325	57,999
– Community Forest Woodland Outreach project	–	10,675	–	10,675
– Community Woodlands – NLHF funding	26,437	–	26,437	–
– Other	132,539	90,075	163,135	90,075
Debtors:				
– Trade debtors	190,510	238,539	192,762	238,539
– Other debtors	6,876	10,379	162,803	10,379
	<u>851,001</u>	<u>621,901</u>	<u>869,310</u>	<u>621,901</u>
Amount falling due after more than one year:				
Other debtors	3,069	–	3,069	–
	<u>3,069</u>	<u>–</u>	<u>3,069</u>	<u>–</u>
Total debtors	<u>854,070</u>	<u>621,901</u>	<u>872,379</u>	<u>621,901</u>

(1) Creating a Forest for Learning project accrued income includes the unrealised exchange gain on foreign currency

Note 16

Cash at bank and in hand

	National Forest Company		Consolidated	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£	£	£	£
Balance at 1 April:	2,530,527	2,149,010	2,530,527	2,149,010
Net increase/(decrease) in cash and cash equivalent balances	48,981	381,517	48,986	381,517
Balance at 31 March	<u>2,579,508</u>	<u>2,530,527</u>	<u>2,579,513</u>	<u>2,530,527</u>
The following balances at 31 March:				
Commercial banks and cash in hand	2,329,961	2,277,938	2,329,966	2,277,938
Government Banking Service	249,547	252,589	249,547	252,589
	<u>2,579,508</u>	<u>2,530,527</u>	<u>2,579,513</u>	<u>2,530,527</u>

Note 17 Creditors

	National Forest Company		Consolidated	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£	£	£	£
Amounts falling due within one year:				
Trade creditors	288,197	176,434	294,090	176,434
Other Creditors	9,593	3,300	9,593	3,300
Accruals	212,456	215,937	227,130	215,937
Deferred income ⁽¹⁾	348,719	192,319	348,719	192,319
	858,965	587,990	879,532	587,990

(1) Deferred income relates to specified outputs delivered in 2023-24

Analysis of movement of deferred income

	Other	Nature for Climate Fund	Section 106 Funds	Severn Trent – Great Big Nature Boost	Carbon project	Community Forest Woodland Outreach project	Charnwood Forest Landscape Partnership Scheme	Creating a Forest for Learning project	Total
	£	£	£	£	£	£	£	£	£
31 March 2017 Deferred	–	–	–	–	–	–	3,962	44,403	48,365
31 March 2018 Released	–	–	–	–	–	–	(3,962)	(44,403)	(48,365)
31 March 2018 Deferred	–	–	–	–	–	–	2,000	36,364	38,364
31 March 2019 Released	–	–	–	–	–	–	(2,000)	(36,364)	(38,364)
31 March 2019 Deferred	–	–	–	–	–	–	–	28,151	28,151
31 March 2020 Released	–	–	–	–	–	–	–	(28,151)	(28,151)
31 March 2020 Deferred	3,650	–	–	–	–	8,333	–	–	11,983
31 March 2021 Released	(3,650)	–	–	–	–	–	–	–	(3,650)
31 March 2021 Deferred	5,672	–	–	–	100,000	–	–	–	105,672
31 March 2022 Released	(5,672)	–	–	–	–	(8,333)	–	–	(14,005)
31 March 2022 Deferred	10,387	–	–	31,932	50,000	–	–	–	92,319
31 March 2023 Released	(10,387)	–	–	(31,932)	–	–	–	–	(42,319)
31 March 2023 Deferred ⁽²⁾	19,766	77,299	99,458	2,196	–	–	–	–	198,719
Total	19,766	77,299	99,458	2,196	150,000	–	–	–	348,719

(2) Deferred income 'Other' 2023 relates to sponsorship contracts £10,847 split over two financial years.

Note 18

Analysis of Grants

The NFC awards grants to a number of institutions and landowners to support activity which contributes to the achievement of its charitable objects. No grants were paid with the purpose of directly benefitting the personal circumstances of the individuals.

	Grants to Institutions		Grants to Landowners		Support Costs		2022-23		Grants to Institutions		Grants to Landowners		Support Costs		2021-22	
	£		£		£		£		£		£		£		£	
Forest creation, access and nature conservation	134,844		260,923		73,152		468,919		901,462		50,555		53,354		1,005,371	
Woodland Management	70,785		215,729		34,594		321,108		23,452		157,328		57,294		238,074	
Community engagement	107,347		–		73,913		181,260		93,577		–		33,683		127,260	
Tourism and promotion	18,419		1,112		18,414		37,945		1,697		–		12,179		13,876	
Total	331,395		477,764		200,073		1,009,232		1,020,188		207,883		156,510		1,384,581	

During the 2022-23 financial year, the NFC awarded grants to the following:

Institution and/or Landowner	2022-23		2021-22	
	£		£	
South Derbyshire District Council	1,475		29,608	
Leicestershire County Council	4,976		138,167	
NFCT	–		300,000	
Mountpark Logistics	–		339,027	
Duchy of Lancaster	10,597		6,905	
National Memorial Arboretum	–		36,369	
Bradgate Park Trust	68,859		–	
Woodland Trust	32,336		–	
Severn Trent Water	37,490		–	
Football Association	23,668		–	
Grants to other institutions	151,994		170,111	
Grants to landowners/Individuals	477,764		207,884	
Total Grants paid	809,159		1,228,071	

Note 19

Trading Subsidiaries

The subsidiaries undertaking is as follows:

Name	STATEMENT OF COMPREHENSIVE INCOME	15 months ended	
		31 March 2023	31 March 2022
Registered in		£	£
The Forest Experience Limited	Turnover	410,506	423,367
England and Wales Company	Gross profit	410,506	423,367
Number 03601522	Administrative expenses	(321,116)	(242,769)
Registered address	Operating Profit	89,390	180,598
Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, England, DE12 6BA	Profit for the financial year	89,390	180,598
Activity			
Other amusement and recreation activities – operating CONKERS visitor attraction.	Balance Sheet:	£	£
Shareholder funds	Current assets	167,875	175,174
£2	Creditors	(167,873)	(175,172)
	Net assets	2	2
	Share capital and reserves	2	2

Name	STATEMENT OF COMPREHENSIVE INCOME	As restated 15 Months ended	
		31 March 2023	31 March 2022
Registered in		£	£
National Forest Enterprises Limited (Heart of The National Forest Park Developments Limited)	Turnover	32,472	38,466
England and Wales Company	Gross profit1	32,472	38,466
Number 03601510	Administrative expenses	(34,731)	(22,438)
Registered address	Fair value movements	4,500	1,157,500
Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, England, DE12 6BA	Operating Profit	2,241	1,173,528
Activity	Profit for the financial year	2,241	1,173,528
Other amusement and recreation activities – holding and preparing land.	Other comprehensive income for the year		
Shareholder funds	Unrealised surplus on revaluation of tangible fixed assets	945,885	-
£2	Total comprehensive income for the year	948,126	1,173,528

	As restated 15 Months ended	
	31 March 2023	31 March 2022
Balance Sheet:	£	£
Fixed assets	2,107,885	1,157,500
Current assets	35,859	-
Creditors	(38,116)	-
Net assets	2,105,628	1,157,500
Capital and reserves		
Called up share capital	2	2
Revaluation reserve	945,885	-
Investment property reserve	1,162,000	1,157,500
Profit and loss account	(2,259)	-
	2,105,628	1,157,502

The National Forest Company own 100% of the ordinary share capital of the subsidiaries listed above.

Note 20

Summary of funds: 2022-23 Consolidated

	As at 1 April 2022	Income	Expenditure	Revaluation	Foreign Currency gain/ (loss)	Transfers ⁽¹⁾	As at 31 March 2023
	£	£	£	£	£	£	£
Unrestricted							
General Fund	3,195,912	10,216,636	(4,185,099)	–	–	(887,761)	8,339,688
Financial Contingency Fund ⁽⁴⁾	500,000	–	–	–	–	200,000	700,000
Land Acquisition, Management and Development Fund ⁽⁵⁾	450,000	–	–	–	–	250,000	700,000
Enterprise and Investment Fund ⁽⁶⁾	500,000	–	(60,000)	–	–	60,000	500,000
Conkers Investment Fund	–	–	–	–	–	280,588	280,588
Investments ⁽⁷⁾	2,495,990	–	–	(27,435)	–	–	2,468,555
Revaluation Reserve	136,750	–	–	765,599	–	–	902,349
Total Unrestricted	7,278,652	10,216,636	(4,245,099)	738,164	–	(97,173)	13,891,180
Restricted							
Nature for climate funds	2124,519	1,150,701	(695,050)	(177,747)	–	283	2,402,706
Other restricted funds ⁽²⁾	24,071	81,598	(114,592)	–	–	17,934	9,011
Creating a Forest for Learning project	196,124	2,000	(35,323)	–	10,565	–	173,366
Timber Festival ⁽³⁾	–	(6,750)	(15)	–	–	6,765	–
Creating Working Woodlands project	14,114	–	(2,481)	–	–	–	11,633
Charnwood Development project	63,799	455,128	(374,718)	–	–	–	144,209
National Forest Trek	–	43,473	(61,012)	–	–	17,539	–
Community Forest Woodland Outreach project	4,140	(630)	(26,575)	–	–	23,065	–
Rolls Royce	–	20,000	(20,000)	–	–	–	–
Severn Trent – Great Big Nature Boost	–	243,534	(243,534)	–	–	–	–
ELMS Test and Trial	–	4,228	(23,991)	–	–	19,763	–
National Forest Community Woodlands	–	33,968	(45,792)	–	–	11,824	–
Valpack	–	48,628	–	–	–	–	48,628
Total Restricted	2,426,767	2,075,878	(1,643,083)	(177,747)	10,565	97,173	2,789,553
Total Reserves	9,705,419	12,292,514	(5,888,182)	560,417	10,565	–	16,680,733

National Forest Company unrestricted reserves of £13,891m (2021-22: £9,705m) include share of subsidiaries of £2,106m (2021-22: nil)

National Forest Company total restricted reserves of £16,681m (2021-22: £2,427m) include share of subsidiaries of £2,106m (2021-22: nil)

(1) Transfer from unrestricted (General fund) to restricted funds are match funding contributions, other restricted funds include Sustrans £16,966 and Meta Garden £968.

(2) Other restricted funds include Woodland Trust, Section 106 and Active Choice funds carried forward.

(3) Timber Festival transfer £67,750 relates to release of accrued income.

(4) Financial Contingency Fund – equates to approximately four months of NFC running costs and to be used in the event of major cashflow problems.

(5) Land Acquisition, Management and Development Fund (LAMDF) – available to support land acquisition and initial site establishment costs.

(6) Enterprise and Investment Fund (EIF) – available to support innovation, enterprise and long-term financial sustainability.

(7) Investments – the value as per note 14 £5,162,502 of which £3,902,224 is unrestricted and the balance £1,260,278 restricted as part of Nature for climate funds reserve (Note 21).

Note 20 (continued)
Summary of funds 2021-22

	As at 1 April 2021	Income	Expenditure	Revaluation	Foreign Currency gain/(loss)	Transfers ⁽¹⁾	As at 31 March 2022
	£	£	£	£	£	£	£
Unrestricted							
General Fund	3,488,284	3,156,653	(2,632,129)	-	-	(816,896)	3,195,912
Financial Contingency Fund ⁽⁴⁾	450,000	-	-	-	-	50,000	500,000
Land Acquisition, Management and Development Fund ⁽⁵⁾	450,000	-	-	-	-	-	450,000
Enterprise and Investment Fund ⁽⁶⁾	500,000	-	-	-	-	-	500,000
Investments ⁽⁷⁾	1,793,528	-	-	61,621	-	640,841	2,495,990
Revaluation Reserve	77,250	-	-	59,500	-	-	136,750
Total Unrestricted	6,759,062	3,156,653	(2,632,129)	121,121	-	(126,055)	7,278,652
Restricted							
Nature for climate funds	1,656,150	1,894,000	(1,458,954)	33,323	-	-	2,124,519
Other restricted funds ⁽²⁾	14,310	76,842	(67,080)	-	-	-	24,072
Creating a Forest for Learning project Timber Festival ⁽³⁾	196,337	-	(39,086)	-	38,873	-	196,124
Creating Working Woodlands project	26,566	24,250	(114,502)	-	-	63,686	-
Charnwood Forest Landscape Partnership Scheme	131,550	200	(117,636)	-	-	-	14,114
National Forest Trek	47,956	307,218	(291,375)	-	-	-	63,799
Community Forest Woodland Outreach project	-	47,939	(70,374)	-	-	22,435	-
Rolls Royce	2,521	68,081	(82,071)	-	-	15,608	4,140
Severn Trent – Great Big Nature Boost	-	20,000	(20,000)	-	-	-	-
ELMS Test and Trial	-	201,683	(201,683)	-	-	-	-
	-	45,530	(69,856)	-	-	24,326	-
Total Restricted	2,075,390	2,685,743	(2,532,617)	33,323	38,873	126,055	2,426,767
Total Reserves	8,834,452	5,842,396	(5,164,745)	154,444	38,873	-	9,705,419

(1) Transfer from unrestricted (General fund) to restricted funds are match funding contributions National Forest Trek £22,435 and support for the 2021 and 2022 Timber festival £63,687.

(2) Other restricted funds include Woodland Trust and Section 106 income carried forward.

(3) Timber Festival transfer £63,687 at the 31 March 2022 is £43,687 for the 2021 and £20,000 for the 2022 Timber Festival.

(4) Financial Contingency Fund – equates to approximately four months of NFC running costs and to be used in the event of major cashflow problems.

(5) Land Acquisition, Management and Development Fund (LAMDF) – available to support land acquisition and initial site establishment costs.

(6) Enterprise and Investment Fund (EIF) – available to support innovation, enterprise and long-term financial sustainability.

(7) Investments – the value as per Note 13 £3,862,559 of which £2,495,990 is unrestricted and the balance £1,366,549 restricted as part of Nature for climate funds reserve (Note 20).

Note 21

Analysis of net assets between funds

	National Forest Company					Consolidated				
	Un-restricted		Restricted		Total 31 March 2023	Un-restricted		Restricted		Total 31 March 2022
	£	£	£	£		£	£	£	£	
General Fund	11,060,700	2,967,778		2,426,767	14,028,478	7,141,902		2,967,778	2,426,767	9,568,669
Revaluation Reserve	724,849	(178,225)			546,624	136,750		(178,225)		136,750
Net assets	11,785,549	2,789,553		2,426,767	14,575,102	7,278,652		2,789,553	2,426,767	9,705,419

Note 21

Analysis of funds

	National Forest Company					Consolidated				
	Un-restricted		Restricted		Total 31 March 2023	Un-restricted		Restricted		Total 31 March 2022
	£	£	£	£		£	£	£	£	
Intangible assets	139,277	–	–	–	139,277	139,277	–	–	–	48,512
Fixed assets	6,889,442	971,268	453,099	453,099	7,860,710	2,776,831	971,268	453,099	453,099	3,229,950
Investments	2,740,224	1,260,278	1,366,549	1,366,549	4,000,502	2,495,990	1,260,278	1,366,549	1,366,549	3,862,539
Current assets	2,875,571	558,007	607,119	607,119	3,433,578	2,545,309	558,007	607,119	607,119	3,152,428
Creditors	(858,965)	–	–	–	(858,965)	(587,990)	–	–	–	(587,990)
Total reserves	11,785,549	2,789,553	2,426,767	2,426,767	14,575,102	7,278,652	2,789,553	2,426,767	2,426,767	9,705,419

Reserve balances at 31 March are represented by:

Note 23

Commitments under operating leases

The future minimum lease payments under operating leases which the NFC is committed to make under operating leases are as follows:

	31 March 2023	31 March 2022
	£	£
Obligations under operating leases comprise:		
Buildings, office accommodation lease		
Not later than one year	–	40,857
Later than one year and within five years	–	–
Later than five years	–	–
	<u>–</u>	<u>40,857</u>

The above obligations relate to the lease for office accommodation occupied by the National Forest Company which commenced on 1 April 2018 and will expire on 31 March 2023.

The lease expense for 2022-23 was £48,207, (2021-22: £47,996). There are no consolidated commitments.

The future minimum lease payments under operating leases which the NFC is committed to receive under operating leases are as follows:

	31 March 2023	31 March 2022
	£	£
Recognition under operating leases comprise:		
Farmhouse and Farm Business Tenancies (FBT) leases		
Not later than one year	13,146	23,270
Later than one year and within five years	194	4,000
Later than five years	–	–
	<u>13,340</u>	<u>27,270</u>

The above recognition relates to the lease of National Forest Company owned assets.

Hanging Hill Farm is a periodic short term tenancy

FBT are short term grazing and grassland tenancies on various sites.

Note 24

Other financial commitments

Forest creation schemes

The Company has entered into contracts (which are not leases or PFI contracts) under the Changing Landscape Scheme (CLS) and the Freewoods and Parkland Schemes. The payments to which the NFC is committed, analysed by the period during which the commitments fall due, are as follows:

	31 March 2023	31 March 2022
	£	£
Not later than one year	87,338	71,015
Later than one year and not later than five years	357,644	338,525
Later than five years		7,921
	<u>444,982</u>	<u>417,461</u>

There are no consolidated financial commitments.

Note 25

Financial Instruments

As the current cash requirements of the NFC are met largely through grant in aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The NFC has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi- Asset Fund is a financial instrument with the measurement and accounting basis being fair value. The fair value of which being determined by the fund managers as at 31 March 2023 is £498,502.

Note 26

Related party transactions

Key management personnel of the Charity:

John Everitt has been a member of the National Lottery Heritage fund Midlands and East Committee since January 2015. Grant Support of £334,761 (2021-22: £224,577) was received for the Charnwood Forest Landscape Partnership Scheme Project; John Everitt declared an interest and not party to the decision to award the funds

John Everitt is also a director of National Forest Enterprises Limited (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd, subsidiaries of the National Forest Company. Forest Experience owed £264,561 (2021-22: nil) and National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments) paid £16,028 (2021-22: nil) in gifted profit proceeds to the National Forest Company.

The NFC Chair, Lord Duncan of Springbank, appointed on 20 May 2020 is Chair of Confor. The NFC paid £347 (2021-22: £330) for its membership subscription of Confor.

Trustee, Mike Kapur, appointed on 1 April 2018, is Chair of Leicester City Football Club Trust. The NFC paid £25,000 (2021-22: £19,278) to Leicester City Football Club Trust for the Community Forest Woodland Outreach project.

Trustee, Alison Field, appointed on 1 April 2018, is vice president of the Royal Forestry Society (RFS). National Forest Company paid £204.50 (2021-22: nil) for its membership subscription of the RFS.

Trustee, Penny Coates, appointed on 1 April 2022, is a director of The Forest Experience Ltd subsidiary of the National Forest Company. Forest Experience paid £175,171 (2021-22: nil) in gifted profit proceeds to the National Forest Company.

All amounts were settled as at 31 March 2023 with the exception of Charnwood Forest Landscape Partnership Scheme project quarter four claim of £117,325 and National Forest Enterprises Limited £89,390 which are accrued in the accounts.

During the year, no trustee or related parties has undertaken any material transactions with the Charity other than those disclosed in the Remuneration and Staff Report.

Other related parties:

The NFC has dealings with the Department for Environment, Food and Rural Affairs (Defra) and some of its sponsored bodies. The NFC receives grant in aid from Defra. During the year, the NFC received £2,400,713 (2021-22: £2,400,715) GiA and £1,228,000 (2021-22: £1,894,000) with £77,299 deferred to 2023-24 via the Nature for Climate Fund.

The NFC received £12,171 from the Rural Payments Agency (2021-22: £26,507) for woodland grants.

The NFC received £10,675 (2021-22: £52,000) from Natural England for the Community Forest Woodland Outreach project.

The NFC has an agreement with Forest Research allowing access to a National Forest site at Eastern Old Parks in order to undertake research into Ash Dieback disease.

All amounts were settled as at 31 March 2023.

Note 27

Events after the reporting period

On 22 September 2023 the subsidiary Heart of the National Forest Park Developments Ltd and The Forest Experience Ltd merged and combined into one reporting entity renamed National Forest Enterprises Ltd wholly owned by the National Forest Company. The Forest Experience Ltd will dissolve. Details of the resolution can be found at <https://find-and-update.company-information.service.gov.uk/company/03601510>.

The merger included the transfer of The Forest Experience Ltd share capital of £2.

The Annual Report and Accounts have been authorised for issue by the National Forest Company's Chief Executive and Trustees. The authorised to issue date is the date of the Comptroller and Auditor General's audit certificate.

THE NATIONAL FOREST COMPANY

England & Wales - Charity number 1166563

Accounts



THE NATIONAL
FOREST

National Forest Company Annual Report and Accounts

For the year ended 31 March 2022

HC 825

National Forest Company
Annual Report and Accounts 2021-22
For the period 1 April 2021 to 31 March 2022

Presented to Parliament pursuant to Article 6
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National Forest Company

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Chair's letter

This has been a pivotal year for the National Forest Company (NFC). Discussions with the National Forest Charitable Trust (NFCT), long our partners in developing the Forest, have secured a merger of our two bodies which took effect on 1 April 2022. For us, the merger will bring with it some 165 hectares of land, a string of assets including the National Forest Youth Hostel, and the award-winning Conkers Visitor Centre. Further it will provide us with an opportunity to showcase and demonstrate a more focused approach to the Heart of the Forest itself, better deliver our charitable aims, and generate new commercial income streams.

My thanks go to the outgoing Chair of the NFCT, Stephen Woolfe, and the Project Director, Mike Ballantyne, as well as both Boards and the NFC team for all their endeavours in making this happen.

Whilst the country faces an uncertain post-COVID world, faced with the challenges of climate change, declining biodiversity and growing economic tensions, the National Forest has a positive story to tell. This report demonstrates our ongoing success, not least another 200 hectares of forest creation, with its multitude of benefits to nature, carbon and people. Our work continues to contribute to DEFRA's Nature for Climate Fund and to the England

Tree Planting Programme, and through our ongoing innovation, collaboration and communication we can rightly claim to be leaders in forestry creation and management.

A particular thanks to my fellow trustees for navigating a complicated year in which we have advanced a busy programme, through meetings both virtual and in person. I am also delighted that the merger has allowed us to grow our Board, and we welcome Penny Coates as a Trustee, and Andrew Bridge and Martin Traynor who will see us through the transition period.

This year more than ever we have taken heart from engaging with our partners – businesses, funders, communities, landowners and the wider community. Can I thank you all for your support and I look forward to re-energising our relationships in the year ahead.



Lord Duncan of Springbank PhD FGS
Chair of the Board of Trustees

Chief Executive's foreword

This has been another challenging year of COVID-19 restrictions, economic pressures and the wider backdrop of global uncertainty. However, I am delighted that even these hardships haven't knocked us off course in realising our National Forest vision.

Not only has the National Forest Company continued to deliver well against its targets, but it has succeeded in increasing its staffing, income generation and profile to set itself up for the future. This is particularly important as the organisation is expanding in both size and complexity as we merge with the National Forest Charitable Trust (NFCT). Indeed, I would like to thank colleagues at the NFCT for their support in the merger discussions this year which has helped to ensure a smooth and collaborative transition.

Below are a few selected highlights from 2021-22 that show how our work continues to have a positive impact both for the Forest and on a national stage:

- Securing another 200 hectares of new forest habitat, including a major new Country Park, to continue to accelerate tree planting in the face of climate change.
- Acquiring additional land at Newchurch for new woodland creation and public access.
- Progressing the merger with the National Forest Charitable Trust and developing the masterplan vision for the Heart of the National Forest.
- Signing a Tree Charter in partnership with Leicestershire County Council to demonstrate our joint commitment to trees and action on climate change.
- Establishing the extensive Minorca Woodland site near Measham with new tree planting, access and habitat creation, including our carbon storage programme with Fat Face to support their move to net zero.
- Commencing the national healthcare pilot GreenSpring in Derbyshire to explore approaches to green social prescribing.
- Producing a new design guide and investment programme for sustainable tourism accommodation to help stimulate a green recovery for the visitor economy.
- Running a successful Timber Festival with partners, Wild Rumpus, as our first major event following the pandemic, and kicking off the inaugural National Forest Trek.

I have been pleased to see the gradual return of businesses, events, volunteering and schools as COVID-19 restrictions have eased, and to note that the Forest has been impacted less heavily than other parts of the country. As we look ahead, we will continue to provide support and funds to encourage our communities to continue to enjoy the benefits of the outdoors and promote a greener economy. My thanks, as ever, to the NFC Board and staff team for another incredible year, and for the sterling support of our many partners and individuals without whom our work would not be possible.

Finally, I would like to finish by paying tribute to Caroline Scothern who we sadly lost this year. Not only was Caroline an inspiration to everyone who worked with her, but she embodied the spirit of the National Forest – open, positive and uplifting. We will all remember her fondly and look to re-double our work on outdoor learning as a fitting legacy.



John Everitt FRSA
Chief Executive/Accounting Officer

Directors' Annual Report

Introduction

This report provides the information as required by company law. In addition, as the National Forest Company (NFC) is a registered charity, the report provides any additional information as required by the Statement of Recommended Practice (SoRP) module 'Trustees' annual report'. The Trustees have agreed that a single report should be produced providing the required information rather than a separate Directors' report and Trustees' annual report.

National Forest Company status

The National Forest Company was established in April 1995 with the objective of overseeing the creation of the National Forest which spans 200 square miles of central England. The NFC is a company limited by guarantee (registered number 2991970) and a registered charity (registered number 1166563). The NFC operates from its registered office at Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire DE12 6BA.

As a charity since April 2016 and applying the provisions of its Articles of Association, the business of the NFC is no longer under the majority control by the Secretary of State for Environment, Food and Rural Affairs. The NFC does, however, given the levels of grant in aid funding received, continue to place economic reliance on the Department for Environment, Food and Rural Affairs (Defra). Grant in aid is paid to the NFC under Section 153 of the Environmental Protection Act 1990. The NFC's status is a Non-Profit Institution within the Public Sector specifically within Central Government as defined by the Office for National Statistics.

Objectives and activities

The objects of the NFC as contained in its Articles of Association are:

'For the public benefit, the conservation, protection and improvement of the physical and natural environment so as to secure and enhance the enjoyment by the public of the same, in particular but without limitation to:

- (a) woodland creation and management generally, and in particular in the area of the National Forest, for the benefit of the general improvement of land or for the environment;*
- (b) the promotion of urban and rural regeneration by the maintenance, improvement or provision of public amenities; the provision of recreational*

facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, have need of such facilities; and the protection or conservation of the environment; and

- (c) the advancement of education in the environment and sustainable development through the promotion of training and education and the undertaking and publishing of research.'*

Strategy and priorities

The National Forest Strategy covering the period 2014–2024 includes the following priorities:

- Creating and managing a Forest for the nation
- Creating the visitor destination and making the most of the asset
- Creating the Forest for Everyone
- Governance, income generation and marketing

The Strategy is based on creating a resilient Forest environment, continuing to move forward with new forest creation and increasing the emphasis and investment in woodland management. It also includes a focus on a Forest society, increasing new access routes and engaging people and communities in outdoor activity through education, volunteering and enjoyment. In addition, the Strategy prioritises work to create a sustainable Forest economy, developing the visitor, woodland and green economy in line with the Forest brand. To support this, the Strategy recognises the organisational development required for the NFC to meet future challenges, including upgrading its governance and systems as a new charity, growing its income to increase financial sustainability, and building a stronger brand.

Grant funding from Defra contributed significantly towards the delivery of objectives for the year, whilst simultaneously contributing to the delivery of the Defra Strategy, 25 Year Environment Plan and Departmental objectives.

Public benefit

In overseeing the strategic direction and activities for the year, the Trustees have been mindful of the Charity Commission guidance on public benefit and are satisfied that the NFC complies with these requirements.

The National Forest acts as a national exemplar of sustainability and its public benefit is based on its

environmental, social and economic outcomes to mitigate and adapt to climate change.

The direct environmental benefits include the restoration of the landscape from planting more than 9 million trees and the services that this provides for our natural capital including carbon sequestration, clean air and water, and protection of soils, as well as the protection and enhancement of wildlife. This has particular resonance as we respond to the urgency of both climate change and biodiversity loss. Social benefits relate to the physical and mental wellbeing of individuals who engage with the Forest and the considerable benefits that are derived from programmes that promote access, volunteering, education, skills and training, improving the equality of these opportunities for all our communities. Economic benefits are provided to society as a whole through promoting more sustainable livelihoods, shifting to a low carbon and circular economy that reduces negative impacts, and through targeted work with deprived communities.

The benefits are felt by the 209,000 residents living within the National Forest area, many of whom are from disadvantaged backgrounds and under-represented groups in our urban and rural areas; the c9 million visitors who enjoy the Forest as a destination each year; the 342,000 plus individuals who experience the National Forest through the website; the 16m people impacted by media and communications activity, and the expanding audience of supporters, partners and stakeholders who are inspired to engage with our work.

Volunteering statement

It is central to the ethos of the National Forest's development that local communities, businesses and visitors are offered opportunities to become engaged in creating and looking after the Forest, helping to underpin more sustainable, cost effective and resilient management. Volunteering has played a key role in this. Since its creation, the NFC has facilitated a wide range of organisations across the Forest to offer volunteering opportunities; for example, since 1997, 32,715 volunteer workdays have been arranged in the Forest by The Conservation Volunteers (TCV) where activities included conservation, woodland creation and management, and wildlife monitoring projects.

The NFC itself is also directly involved in the engagement and deployment of volunteers, with a volunteering policy approved by the Board. During 2021-22, the NFC continued its volunteering activities through the Creating Working Woodlands project funded by Esmée Fairbairn Foundation, and further training for volunteers involved in the

Timber Festival. Despite still being impacted by the COVID-19 pandemic, the volunteer sessions in 2021-22 increased to more than 40,000 hours, with an approximate value of £380k.

Equality, Diversity and Inclusion

Diversity and inclusion of our staff and volunteers, as well as ensuring that the National Forest attracts and engages with a diverse range of audiences and stakeholders is a key priority. During the year we extended our Equality, Diversity and Inclusion strategy with key priority actions being taken forward by a small staff working group led by a Trustee. Work includes ensuring that the Forest's vision, programme of work, projects and processes show due regard for diversity and inclusion and consider the impact of decisions on under-represented groups, including those having access to grants and support.

Grant making policy

The NFC's grant making is targeted to support public benefit and the charity's objects in line with Charity Commission guidance, and guidance set out in Managing Public Money. Grants awarded are an important means of delivering multiple Forest objectives including forest creation, woodland management, biodiversity, access, arts and culture, and community programmes. Grants are administered through an assessment process that considers priorities, impact and value for money. Higher level grants are approved annually by the Board and smaller grants by Trustee-led Working Groups. This provides the necessary assurances and includes grant conditions for recipients to ensure that charitable purposes are adhered to. Forest creation is secured through grants awarded via the Changing Landscapes Scheme (CLS), for areas greater than 1 hectare (ha).

The woodland management grant programme supports active management of woodlands covering a range of objectives including forestry, wildlife, access, landscape and community use. In 2021-22 the woodland economy grant scheme was again run to stimulate an increase in economic activity designed to sustain woodlands into the future. Qualifying projects are normally eligible for up to 60% of total costs, with some funded programmes paying 100%.

Small grants to communities and organisations are made through the Small Grants Fund (SGF). The SGF supports activities and projects that include access, arts and culture, community, heritage, wildlife and recreation. Grants normally cover up to 50% of project costs, helping to lever additional funds to support the Forest.

Grants totalling £1,228,071 were awarded during 2021-22 (2020-21: £581,243). Note 17 of the accounts provides an analysis and information on grant recipients. The increase is largely due to Forest Creation grants awarded during the year including £300,000 to the National Forest Charitable Trust (2020-21: £ nil) to facilitate transfer of land as part of the merger negotiations. The Changing Landscapes (CLS) grant scheme awarded £504,180 (2020-21: £271,323). COVID-19 still continued to have an impact on the number of grants awarded this year, most notably on our Creating a Forest for Learning project; 12 grants totalling £12,874 (2020-21: £10,748) supported schools to provide outdoor learning training for school staff and to enhance the outdoor learning environment within schools through woodlands. The second year of the Habitat Enhancement Grant was run in 2021-22 with funding from Severn Trent Water. The 'Severn Trent Great Big Nature Boost' supports work on biodiversity restoration and enhancement across the Forest; 24 grants totalling £128,170 (2020-21: £78,872) were awarded. To provide additional support to businesses and communities impacted by COVID-19, grant schemes were targeted this year for work on Arts and Health & Wellbeing as well as support on Sustainable Tourism. This included an additional 13 grants totalling £23,354 (2020-21: £13,200) to support a green recovery and target communities most in need.

The NFC works collaboratively with other charities in the pursuit of its objectives, including grants this year to the National Memorial Arboretum, Woodland Trust and National Trust.

Strategic Report

Financial overview

An operating surplus of £0.871m was achieved in 2021-22 (2020-21: £2.001m) comprising £0.520m unrestricted (2020-21: £0.462m) and £0.351m relating to restricted projects (2020-21: £1.540m). The unrestricted surplus resulted from over achievement of income generation targets and savings on marketing and staff costs as a result of delays in recruitment.

Total income during 2021-22 was £5.842m (2020-21: £5.614m) of which £2.401m is grant in aid from Defra (2020-21: £2.467m) and £1.894m being the second year of the Nature for Climate Fund programme (2020-21: £2.146m) also funded by Defra. The NFC continues to rely heavily on Defra funding and the high priority given to forestry and net zero within government and reflected in the recent Spending Review gives confidence that both grant in aid and Nature for Climate Fund will continue at broadly similar levels. Despite the uncertainties in the wider economy, corporate sponsorship and donations income continued to increase and unrestricted income of £0.710m was secured (2020-21: £0.533m).

Expenditure during 2021-22 was £5.165m of which unrestricted expenditure was £2.632m and restricted expenditure was £2.533m (2020-21: total expenditure £3.478m, unrestricted expenditure £2.521m and restricted expenditure £0.957m). 41% (2020-21: 33%) of the total expenditure was spent on forest creation (Note 7), securing the target of more than 200 hectares of new forest habitat whilst also helping to deliver associated targets.

Restricted project income was £2.686m in 2021-22 (2020-21: £2.587m), largely comprising £1.894m Nature for Climate Funds, £0.307m for the Charnwood Development Project and £0.202m for the Severn Trent Great Big Nature Boost project. These projects with their third-party funding make a significant contribution to the delivery of corporate priorities, and can also contribute to core cost recovery. Restricted funds reserves for 2021-22 stand at £2.427m (2020-21: £2.075m) as a result of land acquisition of £0.665m through the Nature for Climate Fund and planned expenditure from reserves being met through the budget from increased fundraising.

The NFC continues to act as an enabler, working in partnership with others to deliver its priorities. The awarding of grants remains an important means of delivering these priorities and during the year grants totalling £1.228m were awarded, significantly

up on last year (2020-21: £0.581m). No grants were made to support land acquisitions in 2021-22.

£0.126m of contributions and match funding was transferred from unrestricted funds to restricted funds for the 'National Forest Trek', National Forest 'Timber' Festival, Community Forest Woodland Outreach project and the 'ELMS Test and Trial' project.

At the end of March 2022, the NFC reserves had increased from £8.834m to £9.705m.

Fundraising Statement

The NFC is registered with the Fundraising Regulator and abides by its Code of Fundraising Practice, ensuring that fundraising activities are legal, open, honest and respectful. The standards can be accessed via the Fundraising Regulator website fundraisingregulator.org.uk. The NFC does not use the services of professional fundraisers.

The NFC's Development Working Group, comprising two Trustees, and reporting to the Board, is responsible for oversight of the income generation strategy which includes fundraising. Two fundraising specialist advisors were added to the Working Group in the year to provide additional expertise and challenge. Operationally, responsibility for the development, management and monitoring of fundraising activities is carried out by the NFC's Development Team; this includes the Fundraising and Development Manager who is a Full Member of the Institute of Fundraising.

No complaints have been received about the NFC's fundraising practice.

Achievements against targets for 2021-22

Despite the ongoing difficulties experienced as a result of the pandemic in 2021-22, the NFC was still able to meet its core targets and outcomes for the Forest. The grant and land acquisition pipeline for new forest creation was heavily impacted by COVID-19 but compensated by delivery through the planning system, and the purchase of a new site at Newchurch. This meant that the NFC was still able to successfully exceed the milestone of 200 hectares of new forest habitats at 202ha (2020-21: 212ha), pushing the forest cover figure above 22% of the total land area and ensuring continued progress towards our long term ambitions. As with previous years, the mechanisms of land acquisition, planning, advice and grant schemes were all used to secure new forest creation, including the significant

contribution from planning schemes, in particular the creation of a new Country Park at the former Nailstone Colliery site. Forest creation activity has also helped to deliver 137 hectares of new access this year which, while just short of the 150ha target, provides significant additional public benefit to communities.

Alongside forest creation, our work to secure good management of woodlands was extended this year with grants, support and advice helping to ensure that 445ha of woodlands were either brought into or renewed their active management. This has continued to ensure woodlands in active management exceeded 80%, well in excess of the national average. The Habitat Enhancement Grant with Severn Trent's Great Big Nature Boost programme meant that 138 ha of priority wildlife habitats were restored or enhanced, helping to improve connectivity across the Forest and support threatened species, including bats and the great-crested newt. Nature for Climate Funds also helped the NFC secure the release of 150ha of land in the Heart of the Forest as part of the planned merger with the National Forest Charitable Trust, which will complete in 2022-23 and bring more land into better management for wildlife and people. The target for trees planted was also exceeded at more than 200k, making up for recent reductions resulting from the pandemic and significantly higher than the 178k last year. This included significant planting and site development works at the new Minorca Woodland near Measham.

Our community work was again challenged this year as a result of COVID-19 and the tragic death of a much loved colleague, Caroline Scothern, who led our work on outdoor learning so successfully. Face to face activity returned for the Creating a Forest for Learning project and Forest Foxes pilot in conjunction with Leicester City Football Club Community Trust. The outdoor learning campaign increased primary schools engaged in regular outdoor learning to 63% (up from 61% in 2020-21),

with benefits extending to deprived communities and inner-city schools in Leicester.

Outdoor activities also returned for partners in the Charnwood Forest Landscape Partnership Scheme supported by the National Lottery Heritage Fund, as well as the Creating Working Woodlands project, both helping to grow volunteering, small business development and community engagement following lockdown. Volunteering activity returned to more than 40,000 hours during the year and the number of community groups managing woodlands continued to increase. This work was complemented by the establishment of a new national social prescribing pilot project, GreenSpring, in conjunction with a health sector partnership in Derbyshire and funded through the Department for Health and Social Care.

COVID-19 support for businesses and communities was also enhanced by new grant schemes targeted to arts, wellbeing and sustainable tourism activity. These ranged from community arts to mindfulness walks, as well as a major programme of support aimed at stimulating new sustainable tourism accommodation in the Forest led by the production of an innovative new design guide for planners and developers.

Live events returned during the year with a successful Timber Festival run by partners Wild Rumpus and featuring a mix of local, national and international programming using arts to connect people to forests and nature. The inaugural National Forest Trek, in partnership with the Defence Medical Rehabilitation Centre Benevolent Fund and the National Memorial Arboretum, was also held along the National Forest Way to encourage more active lifestyles.

Activities were underpinned by a diverse programme of research and evidence including on biodiversity, carbon, mapping of land use in the Forest, national trials for the Environmental Land Management Scheme (ELMS), and a new masterplan vision for the Heart of the Forest area.

Forest Environment

Targets	Progress
Forest Creation:	
Forest cover to reach 22.5%.	22.3% secured, up from 21.9% at beginning of year. Note that 0.1% = 50 hectares. Some delays due to COVID-19 (see below)
200 – 250ha of forest creation.	Achieved. Total 201.61ha comprising 31.67ha Newchurch land acquisition, 32.21ha under Changing Landscape Scheme (CLS), 7.85ha under Freewoods and 10.43ha under Parklands. There is also 102.36ha from planning, 14.37ha of new creation through Countryside Stewardship and 2.72 from re-mapping.
150,000 trees planted.	Target significantly exceeded catching up on tree planting delayed last year as a result of COVID-19. 201,228 trees planted in total on NFC sites, through NFC grant schemes and as a result of planning gain.
Woodland Management:	
85% of woodlands in active management.	80% of woodlands in active management through grants and support to landowners. Lower result as some previously recorded sites are no longer under contracted management grants.
400ha of woodlands brought or retained in active management.	Exceeded. 445ha achieved comprising new areas brought into active management and renewals.

Forest Society

Targets	Progress
Access creation:	
80% of Forest sites created with public access.	Achieved. 80% public access maintained with access as included as part of new schemes and acquisitions.
150ha of new access created.	137 ha created in total. 31.7ha was created at the Newchurch acquisition, with a further 36.3ha created under NFC grant schemes and 68.6ha under planning. New planning sites where the only access is Public Right Of Way have not been included in the total but represent a further 6.19ha of partial access. Access figure below target as a result of more forest creation delivered through planning gain than grants and acquisitions this year.
Promoting outdoor activity:	
70% of National Forest primary schools regularly delivering outdoor learning.	63% primary schools having regular outdoor learning achieved, with delays as a result of COVID-19. Many schools pushed back their outdoor learning grants due to the pandemic.
12,000 volunteer sessions completed in the Forest each year.	Target measurement changed to volunteering hours with 40,909 volunteer hours achieved. A return to events and regular volunteering, including at Timber Festival, following the relaxation of restrictions has increased numbers.

Forest Economy

Targets	Progress
Visitor economy:	
Increase visitor numbers to 9.05m pa.	4.57m visitors reported via independent Scarborough Tourism Economic Activity Monitor (STEAM) data based on 2021 assessment of 2020 figures (ie one year in arrears). Whilst numbers were heavily affected by COVID-19 restrictions, regional comparison showed that the National Forest managed to retain more of its visits than other areas within the East Midlands.
Visitor spend pa increased to £472m and tourism jobs increased to 5,363.	Visitor spend decreased in line with visitor numbers, ie £244m, and tourism jobs dipped to 2,939 based on 2020 STEAM figures. It is anticipated that these will pick up for the 2021 assessment figures.
4,000 Timber Festival attendees (including 2,500 customers).	Timber festival was held following previous year's cancellation, with tickets limited to 2,500 guests. Target achieved for guests with an additional 1,400 production attendees.
Low carbon enterprise:	
50 National Forest businesses supported.	Achieved. 91 on brand businesses directly supported based on grants, workshops and consultancy. Impact is more significant as businesses supported outside the Forest boundary and indirectly through wider business networking are not included.

Securing resources, building the brand, governance and leadership

Targets	Progress
Securing resources:	
Increase unrestricted income for the NFC through sustainable resources to £480k.	£710k achieved. Target significantly exceeded with success of tree planting packages, corporate support and donations.
Generate £500k of new restricted income.	£71k achieved. Project deferrals and delays in applying for new projects reduced restricted income but was made up for with over performance of unrestricted income.
Achieve a campaign return on investment (ROI) of 3:1.	ROI of 3:1 achieved with strong campaign performance, in particular for the Dedicate a Tree product.
Building the brand:	
Increase National Forest website sessions to 300k.	342k achieved. Target exceeded with refresh of brand and targeted campaigns.
Increase media profile: achieve 200 pieces of media content.	315 achieved. Target significantly exceeded with increased social media activity and strong content.
Governance and leadership:	
Board effectiveness: attain assurance based on Charity Governance Code.	Achieved. Assurance achieved through review of previous year's activity.

Income generation performance

Income generation performance for the year significantly exceeded budget with the Dedicate a Tree scheme and charitable giving performing particularly well. Improvements in digital marketing, social media activity and increased partnership development all helped to raise the profile and reach of the organisation and its work, alongside a new brand toolkit and guidelines to support marketing activity.

Total income for the year was £5.842m of which £4.295m was grant in aid and Nature for Climate Funds from Defra. Income this year included the development of 11 new agreements with partners such as Selective Marketplace and Burleighs Gin, section 106 funds, and income through the Plant a Tree scheme and Dedicate a Tree scheme. In addition, restricted funds were secured from: the Audemars Piguet Foundation for the Creating a Forest for Learning project; Defra/Natural England for the Community Forest Woodland Outreach programme; National Lottery Heritage Fund for the continued work on the Charnwood Forest Landscape Partnership Scheme; local authority partners and others for work on tourism; Esmée Fairbairn Foundation for the Creating Working Woodlands project; NHS Derby and Derbyshire for the GreenSpring social prescribing programme; Severn Trent for the Great Big Nature Boost programme; Defra for the ELMS Test and Trial project and woodland grants. Restricted funds were also received towards the National Forest Festival, 'Timber', including grants from Arts Council England and sponsorship from North West Leicestershire District Council and Arnold Laver.

Investment income also increased with Cazenove continuing to manage the NFC's investment (£0.500m in December 2020) in their Charity Responsible Multi-Asset Fund in line with our ethical investment policy. The investment policy ensures NFC's assets are invested in responsible investment funds. The Audit and Risk Committee has responsibility for agreeing strategy and monitoring the investment performance against agreed benchmarks including the objective of inflation plus 4% over the long term. To date, funds have achieved the target net return level of c4% per annum. During the reporting period there were no significant events that affected the financial performance and position of the investment. The fund value as at the reporting date was £0.532m (2020-21: £0.505m). The remaining reserves are held in instant access fixed-rate deposit accounts.

Plans for future periods

Key priorities for the coming year will focus on the ambitions set out in the Corporate Plan 2020 to 2023, as agreed by the Board, and include:

National Forest Environment

- Deliver ambitious Nature for Climate Fund targets to increase forest creation and tree planting using land acquisition, grants, planning and advice.
- Develop the COVID-19 Memorial Woodland initiative in partnership with the National Memorial Arboretum.
- Further increase active management of woodlands including measures to address pests and diseases.
- Further develop the biodiversity programme for woodland and non-woodland habitats and key species.

National Forest Society

- Creation of new public access sites and linear trails across the Forest.
- Deliver the National Forest Trek walking event along the National Forest Way.
- Continue the delivery phase of the Charnwood Forest Landscape Partnership Scheme.
- Expansion of project work to increase outdoor learning within primary schools and increase activity with secondary schools, including through the Forest Foxes project.
- Further increase Community Management of Woodlands groups and volunteering, and a new community woodlands programme as part of the Queen's Green Canopy initiative.
- Increase activities to promote health and wellbeing through the national pilot programme for Green Social Prescribing.

National Forest Economy

- Continue delivery of the Tourism Growth Plan and investment in the visitor economy, including sustainable tourism accommodation and Forest Experience itineraries.
- Run the award winning Festival 'Timber' in July 2022 and a wider programme of arts and cultural activities.

- Complete strategic masterplanning for the Heart of the Forest area and take forward priority actions.
- Support the green economy with targeted grants and advice for the arts, health and woodland economy sectors.

Cross-cutting work

- Enhance communications work with increased content, social and digital marketing, including a new website.
- Develop new income generation opportunities including a regular supporter product, carbon package and strategic corporate partnerships.
- Complete the merger with the National Forest Charitable Trust, and governance arrangements for subsidiary companies.
- Act as charity partner for a new RHS Chelsea Flower Show garden and re-home in the National Forest.
- Develop a new Corporate Plan beyond 2023, and explore partnership programmes beyond the National Forest boundary.

Risk Management

The Board is responsible for management and monitoring of the risks facing the NFC. Because of the unprecedented nature of COVID-19 and the potential impact on the Charity, a Resilience Plan to assess key risks and implications, as well as mitigation measures has been maintained throughout the year. Since the NFC is primarily funded by grant in aid from Defra and acts as an enabling body rather than a direct operator of services, the impacts of COVID-19 continue to be less severe than other organisations. This means that no staff have had to be furloughed, income streams have not experienced significant impact and most services continued through remote working. With restrictions now having eased, the risks within the Resilience Plan are included in the main risk register for the charity.

The principal risks and uncertainties facing the NFC are set out below with corresponding plans for managing them. Further information on risk and risk management is provided in the Governance Statement.

Strategic risks	Mitigation
Inability to scale up Forest creation targets, meet Nature for Climate Fund commitments and take advantage of carbon/tree planting opportunities.	Nature for Climate programme steering group and oversight by Land and Forestry Working Group. New staffing, pipeline of schemes and acquisitions, active partnership outreach to identify opportunities. Land agency arrangements to identify and accelerate opportunities. Mapping of opportunities and priority areas. Work on developing new grant scheme and engagement with Defra and partners.
Income generation strategy for unrestricted income inadequate and does not meet targets.	Income generation strategy and product development work to generate new income mechanisms including regular giving and corporate packages. Active website and integration with CRM. Income generation campaign and marketing work to promote offer digitally. Brand strategy work and messaging aligned to 25 Year Vision.
Marketing capacity and messaging inadequate and opportunities lost	Brand framework and toolkit, new website development, marketing plan, marketing assets and events, integration of work areas, training and development of team, use of freelancers to grow capacity as needed. Research, data and content development.

Strategic risks	Mitigation
Loss of Defra support and backing of key partners.	Continue close relationship with Ministers and officials, and as part of Nature for Climate Fund groups. Demonstrate NFC impact and value for money. Raise profile of NFC with MPs, peers and in media, and complete Framework Document sign off. Active engagement in Defra 25 year environment plan. Parliamentary reception. Secure high profile projects with Defra (Education, Urban Trees, Health) and closer working with Defra communications team.
Staffing and governance inadequate to manage post-merger arrangements with NFCT, and ensure ongoing profits for Conkers.	Dedicated staffing, governance changes and Transition Group to oversee arrangements. Specialist advice to manage financial changes and impacts. New vision and Strategic Plan for Conkers, Repairs and Maintenance Plan to support investment required, and reserves fund established to mitigate risk.

Board of Trustees

The Trustees of the NFC throughout 2021-22 were as follows:

Name	Date of appointment as Trustee	Role
Lord Duncan of Springbank	20 May 2020	Chair, Board of Trustees, Member of Remuneration Committee
Tony Ballance	1 April 2016	Member, Audit & Risk Committee, Chair of Remuneration Committee
Jack Buckner	1 April 2016	Chair, Development Working Group, Member of Tourism, Recreation & Communities Working Group
Alison Field	1 April 2018	Member, Land & Forestry Working Group
Paddy Harrop	1 April 2018	Chair, Land & Forestry Working Group, Member of Audit & Risk Committee
Anne Jenkins	1 January 2021	Chair, Tourism, Recreation & Communities Working Group
Mike Kapur	1 April 2018	Chair, Audit & Risk Committee, Member of Remuneration Committee
John Everitt ⁽¹⁾	1 April 2015	Chief Executive

⁽¹⁾ John Everitt is the NFC's Chief Executive and also a Trustee. It was agreed that he should hold this dual role because of the nature of the NFC's current funding position whereby a significant proportion of the NFC's funds are from Defra and the Chief Executive holds the responsibility of Accounting Officer for those funds. To meet the standards for Managing Public Money, Accounting Officers are required to be represented at Board level. It is recognised that this is unusual within a charity, but is considered to be in the best interests of the charity because of the funding relationship, and controls are in place to avoid any abuse of power or conflicts of interest. The Board has delegated the responsibility for the day-to-day management of the Charity to the Chief Executive. The Chief Executive reports directly to the Chair of Trustees and provides advice to the Board.

On 1 April 2022, Penny Coates joined the NFC Board as a Trustee and member of the Audit and Risk Committee.

Information on the recruitment and induction processes for Trustees and an overview of the governance arrangements in place is given in the Governance Statement.

Trustees are required to disclose any interests they have that may potentially conflict with their management responsibilities for the NFC. This includes company directorships, public appointments and any other significant external interests. During 2021-22 no issues arose as a result of any Trustees' conflicts of interest. No Trustee,

other than the Chief Executive who is a Trustee, had any transaction with the NFC, other than being reimbursed expenses necessarily incurred in fulfilling their duties as per Trustees' travel and expenses (Note 10). Information on the remuneration of the Chief Executive is detailed in the Remuneration and Staff Report.

Results for the year

The accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs and on the basis of the accounting policies set out in Note 1 to the accounts.

Total income for the year was £5.842m (2020-21: £5.614m) of which £4.295m (2020-21: £4.613m) was grant in aid from Defra. Total expenditure was £5.165m (2020-21: £3.478m).

After gains and losses on investments the net income was £0.871m (2020-21: £2.021m).

Total reserves at the end of the financial year increased to £9.705m (2020-21: £8.834m) of which £2.427m comprised restricted funds (2020-21: £2.075m) and unrestricted funds £7.279m (2020-21: £6.759m).

Reserves

The reserves are held as a series of unrestricted or designated funds. The Audit & Risk Committee reviews the Reserves Policy annually, usually in July, prior to the Board review of the Policy at its subsequent meeting. In 2020, the target ranges for the Unrestricted free reserves fund were increased from £200k to £400k and the Financial Contingency Fund range increased by £100k to £500k – £550k to ensure that the Policy remained appropriate to the needs of the Charity.

Fund	Target level/range
Unrestricted free reserves Working capital to manage cashflows	£400k
Financial Contingency Fund (FCF) Approximately four months' running costs to be used in the event of major cashflow problems	£500k – £550k
Land Acquisition, Management and Development Fund (LAMDF) To support land acquisition and site establishment costs	£400k – £500k
Enterprise and Investment Fund (EIF) To support innovation, enterprise, and commercial development, to secure long-term financial sustainability	£300k – £500k

As at 31 March 2022, £2.427m of total reserves held were restricted funds as per Note 18, which includes fixed assets and investments of £1.820m, as per Note 20. Balances held in the three designated funds were FCF £500,000, LAMDF £450,000 and EIF £500,000.

The amount of general reserves held after making allowance for restricted and designated funds is £3.196m (2020-21: £3.488m).

Going concern

The Balance Sheet as at 31 March 2022 shows that the NFC has total reserves of £9.705m (2020-21: £8.834m).

Looking ahead, the annual grant from Defra, ie via both Grant in Aid and the Nature for Climate Fund is expected to continue to represent a high proportion of the NFC income. Based on the Government's high priority for tree planting, grant in aid funding allocated as part of the Comprehensive Spending Review period is projected to remain at

a similar base level to that allocated for 2021-22 (ie £2.4m). Defra has also allocated a further £2.4m (2020-21: £2.146m) to the NFC from the Nature for Climate Fund for 2022-23, and funds at the same level in principle for the following two years. In addition, the NFC's Board approved income generation strategy is now impacting positively on the Charity's income streams with increased targets for unrestricted income. The NFC's bank balance as at the end of March 2022 totals £2.531m. If required, and with Board approval, all designated funds of the Charity as described in the Reserves section above could be made available to meet the cashflow requirements of the business.

To support the long term strategic development of the NFC and the National Forest, the Charity has progressed the merger with the National Forest Charitable Trust. The close charitable objects of the two organisations, long history of collaboration, and financial benefits of combined functions mean that now is an optimum time for the merger

to proceed. The merger was agreed in 2020-21 with Defra's commercial team, and extensive due diligence work has been undertaken during 2021-22 with professional advice on legal, financial and governance issues. The NFC's Audit & Risk Committee has overseen the due diligence work to ensure that risks are being mitigated and to reduce the impact on the NFC's ability to continue as a going concern. A smooth transition has also been supported by NFCT Trustee, Penny Coates, being elected as an NFC Trustee, and NFCT Trustees, Andrew Bridge and Martin Traynor who chair its subsidiary companies, being co-opted onto the NFC Board. The future governance will see the NFCT charity dissolve and the two subsidiary companies transfer to the NFC as the parent charity. The merger will take effect on 1 April 2022 with all NFCT assets transferring to the NFC.

COVID-19 impacts on the Charity are now reduced for 2022-23, but cost of living and inflationary pressures are increasing. Risk management and mitigations are being put in place to monitor the operating environment and reduce potential impacts. The Trustees are not aware of any other significant risk which may impact on the ability of the NFC to continue to operate at the current level of activity.

All of the above factors inform the opinion that it is appropriate to adopt the going concern basis for the preparation of financial statements for 2021-22.

Auditors and their remuneration

Statutorily appointed auditor:
Comptroller and Auditor General
National Audit Office,
157 – 197 Buckingham Palace Road,
London SW1W 9SP

The fee for the audit of the financial statements in 2021-22 was £31,000 (2020-21: £24,000). Of the 2021-22 £31,000 fee, £2,000 relates to additional work performed on the 2020-21 audit but charged in 2021-22. No non-audit work was conducted by the National Audit Office during 2021-22.

Internal audit

Mazars LLP,
58 The Ropewalk,
Nottingham NG1 5DW

The Board has appointed Mazars as internal auditors who report on a quarterly basis to the Audit and Risk Committee.

Bankers

The Co-operative Bank,
Miller Street,
Manchester M60 0AL

Investment Managers

Cazenove Capital,
1 London Wall Place,
London EC2Y 5AU

Solicitors

Ansons Solicitors,
St Mary's Chambers,
5-7 Breadmarket Street,
Lichfield,
Staffordshire WS13 6LQ

Pension liabilities

All the NFC staff are members of the Principal Civil Service Pension Scheme (PCSPS). Information on the pension arrangements and accounting policy applied to pension liabilities is provided in Note 1 of the financial statements. Pension arrangements are detailed in the Remuneration and Staff Report which also provides information on pension benefits to which the NFC Chief Executive qualifies. No other Trustees are members of the PCSPS.

Losses, special payments and gifts

(this information is subject to audit)

There were no losses, special payments or gifts made during 2021-22 (2020-21: nil). No special payments that require disclosure were made during the year.

Payment of Suppliers

The standard term of payment for supplier contracts is 30 days from receipt and agreement of a valid invoice. This is embedded in all contracts with suppliers, with any exceptions agreed as part of contractual negotiations. However, the Company aims to pay undisputed invoices within five days of approval and 84% have been paid within this timescale (2020-21: 88%); 97% were paid within ten days (2020-21: 98%). No claims were received during the year from suppliers for late payment of invoices under the Late Payment of Commercial Debts (Interest) Act 1998.

Research and development

During the year £105,757 was spent on research and development (2020-21: £10,586).

The main areas of activity were:

- Squirrel impact assessment;
- Environmental Land Management Scheme (ELMS) pilot research undertaken for Defra, £68,456;

- Biodiversity monitoring for the 'Great Big Nature Boost' programme;
- Ongoing maintenance and support for our GIS systems; and
- Annual statistical analysis of the economic impact of tourism on the Forest area.

Sustainability Report

The NFC's sustainability performance is reported against a series of measures which are consistent, as far as possible, with HM Treasury sustainability reporting guidance and gives an overview of other areas where the NFC aims to make positive impacts through its operations.

The NFC operates from serviced accommodation leased from a private landlord. The data in this report therefore focuses primarily on our main direct impacts which are energy consumption (Scope 2 Energy Indirect Emissions) and official

business travel (Scope 3 Other indirect Green House Gas (GHG) Emissions). The NFC does not generate any Scope 1 emissions. Electricity is recharged by the landlord and plans are in place to upgrade to a more energy efficient heating system for our offices next financial year. Water data cannot currently be reported upon as consumption is included within the landlord's service charge and accurate data is not available.

To enable comparisons to be made between years, the total energy emissions data has been normalised by the average number of full time equivalent (FTE) employees.

In a year when COVID-19 restrictions have intermittently eased the report this year again does not reflect pre-pandemic trends. We continue to see lower emissions from electricity and travel, due to staff working more flexibly and fewer journeys needed with meetings being held virtually.

Summary of key sustainability data

Summary of Greenhouse Gas Emissions tCO ₂	2021-22 tCO ₂	2020-21 tCO ₂	2019-20 tCO ₂	2018-19 tCO ₂
Building Energy Consumption (Scope 2)	8.12	7.26	10.98	10.49
Official Business Travel (Scope 3)	1.79	0.80	5.22	8.43
Total emissions	9.91	8.06	16.20	18.92
Average number of staff (FTE)	30	26	22	24
Total energy emissions per head (FTE)	0.27	0.28	0.50	0.44

Energy consumption data

(Historic tCO₂ data for electricity has been updated in line with the changes to the conversion factor.)

Building Energy Consumption (Scope 2)	Unit	2021-22	2020-21	2019-20	2018-19
Total emissions	tCO ₂	8.12	7.26	10.98	10.49
Building energy consumption per head (FTE)	tCO ₂	0.27	0.28	0.50	0.44
Building energy consumption	kw/h	42,011	37,534	56,787	54,233
Energy consumption per head (FTE)	kw/h	1,400	1,444	2,581	2,260
Total energy expenditure	£	8,033	8,152	10,561	8,779
Expenditure per head (FTE)	£	268	314	484	366
Average number of staff (FTE)		30	26	22	24

Travelling

COVID-19 continued to impact on travel emissions in 2021-22. As COVID-19 restrictions eased travel has increased slightly, although staff have now moved to hybrid working arrangements, with meetings continuing to be held virtually unless absolutely necessary and considered to be beneficial. Essential business travel mainly relates to inspections of management and planting works across the Forest. We continue to monitor hybrid working arrangements but anticipate that they will continue; this will also reduce emissions from commuting to the office.

Official Business Travel (Scope 3)	Unit	2021-22	2020-21	2019-20	2018-19
Total emissions	tCO ₂	1.79	0.8	5.22	8.43
Staff mileage (inc Chief Executive)	miles	7,462	3,030	15,027	22,478
Average number of staff (FTE)		30	26	22	24
Staff mileage per head	miles	249	117	683	937
Staff Air travel	miles	—	—	—	—
Trustees' mileage	miles	108	—	3,590	6,232
Total miles travelled	miles	7,570	3,030	18,617	28,710
Total Business travel costs	£	5,491	1,800	24,107	22,381

Travel data includes official business travel by all staff and Trustees. Mileage relates to travel in staff/Trustees' own vehicles. Total business travel costs includes car mileage and rail.

Waste

The majority of waste generated at our office is paper and cardboard, all of which is recycled.

All other recyclable materials are recycled via the local authority recycling services; no data is currently available for this, nor for the minimal amount of waste that is not recyclable. IT equipment is recycled for refurbishment and re-use. Staff take home any food waste for composting.

Procurement

We recognise our responsibility to carry out our procurement activities in an environmentally and socially responsible way. Wherever possible, we ensure that environmental and social considerations are built into our procurement processes. Information on environmental policies of potential suppliers is requested and these are reviewed, where appropriate, as part of the tendering procedure when seeking to award contracts or place orders for goods and services. We continue to develop our procedures to ensure that sustainability is fully integrated throughout the procurement process.

Tree guards

Within the National Forest we have planted over 9 million trees. To help protect the trees from browsing mammals, we have usually planted the trees within fenced areas. We have on occasions had to use tree guards, and these have varied in size and type, from plastic to biodegradable guards. During the last planting season, we stopped using plastic tree guards on our estate and our plastic tree guard recycling scheme, introduced in 2017, it is now embedded in our woodland management practices. Guards are recycled in the UK and are used to make recycled products, such as benches. Our grants now also have provision for collection and recycling

of tree guards and by 2023-24 our aim is to have removed plastic guards completely from our grant offers by incentivising the use of sustainable biodegradable tree guards.

Sustainable biomass chip

We continue to support the production of sustainable biomass chip through our Woodland Economy Grant scheme. The biomass chip can be a more environmentally friendly energy source when compared to oil, gas or electricity, as it is produced from sustainably managed woodland that also provides habitat for wildlife, areas for access and recreation, and supports the local economy. The production of biomass chip is proving popular with landowners. Our continued aim is to have a significant positive carbon impact in the National Forest in terms of carbon sequestered each year in growing well managed woodlands and planting new woodlands to soak up carbon dioxide.

Ready to Burn Firewood Scheme

The National Forest promotes the DEFRA Ready to Burn which allows a firewood producer to demonstrate that their firewood has a moisture content of 20% or less. A key element of Ready to Burn's ambition is to assist small firewood operators to become part of this scheme to enable them to abide by the legislation. These firewood operators could be local woodland owners producing firewood from their own timber production, purchasing roundwood and processing it, or purchasing firewood and retailing it. We promote to help local businesses to provide a sustainable fuel.

Biochar

We are undertaking a biochar trial with Nottingham University to determine whether there is a benefit to growing trees through adding biochar to the soils, with newly planted trees. Biochar is created

by burning biomass in low-oxygen conditions producing the carbon-rich substance. If the trials are successful, they could act as a catalyst for use of the product across our estate which could help to act as an additional carbon store.

Personal data related incidents

No personal data related incidents occurred during the year which needed to be reported to the Information Commissioner's office.

Post year end events and developments

Post year end event was the merger with the National Forest Charitable Trust on 1 April 2022 please refer to Note 25. There are no other post year end events or developments which require to be reported on.

The strategic report was approved by the Trustees, on 23 November 2022 and signed on their behalf by:



Lord Duncan of Springbank PhD FGS

Chair of the Board of Trustees
23 November 2022



John Everitt FRSA

Chief Executive/Accounting Officer/Trustee
23 November 2022

Statement of Trustees' and Accounting Officer's Responsibilities

The Board of Trustees of the National Forest Company is required to prepare a statement of accounts for each financial year in accordance with applicable law and regulations.

Section 394 of the Companies Act 2006 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 Company and of the profit or loss of the Company for that period. The Secretary of State for Environment, Food and Rural Affairs has directed the National Forest Company to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Company and of its incoming resources, application of resources and cash flows for the financial year.

In preparing the financial statements, the Trustees are required to comply with the requirements of FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting by Charities issued by the Charity Commission with regard to any additional requirements arising from the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Environment, Food and Rural Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Principal Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Chief Executive of the National Forest Company as the Company's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which

the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Forest Company's assets, are set out in Managing Public Money published by the HM Treasury.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- 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; and
- the annual report and accounts as a whole are fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it
- is fair, balanced and understandable.



Lord Duncan of Springbank PhD FGS

Chair of the Board of Trustees
23 November 2022



John Everitt FRSA

Chief Executive/Accounting Officer/Trustee
23 November 2022

Governance Statement

Overview

The National Forest Company (NFC) is a charitable company (limited by guarantee). As a charity, the NFC exists to carry out its charitable purposes. As a Non-Profit Institution within the Public Sector specifically Central Government, the NFC operates at 'arm's length' from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra).

The NFC Board is responsible for leading and directing the Charity and for determining strategy and guiding operational activity. The terms of a Framework Document agreed between Defra and the NFC sets out the governance arrangements to be adhered to, clarifying the roles and responsibilities of Defra, including those of the Secretary of State as a Member of the NFC, and of the NFC itself. Its provisions enable Defra to monitor performance and delivery in relation to grants given to the NFC and describes the arrangements that exist to safeguard propriety and regularity.

The NFC seeks to comply with good practice as issued by the Charity Commission. It also complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' as it applies to the NFC and operations are underpinned by the seven core principles ('the Nolan Principles') of good governance for public services. This Governance Statement provides an evaluation of the effectiveness of the NFC's governance, risk and internal control arrangements.

Governance Arrangements

Members and Board of Trustees

In accordance with the Articles of Association, the NFC Chair and Secretary of State for Environment, Food and Rural Affairs and two further independent individuals are Members of the Charity. The Secretary of State is in a minority when voting on the NFC business and therefore cannot exercise a controlling influence.

The Board of Trustees was established in March 2016. The Board determines the strategy of the organisation and ensures that appropriate policies and procedures are in place to fulfil its obligations as to the use of public funds.

The Chair and six Trustees, excluding the Chief Executive, are not remunerated but are entitled to be reimbursed out of pocket expenses necessarily incurred in fulfilling their duties. The NFC Chief

Executive is a Trustee and his remuneration is detailed in the Remuneration and Staff Report.

All Trustees provide declarations of interest and these are recorded in a Register of Interests which is available on the National Forest Company website nationalforest.org/about/who-we-are. The Board meets four times a year, and additionally as necessary, to consider business performance, organisational structure and strategy.

The membership of the Board of Trustees in 2021-22 excluding the Chief Executive was as follows:

Lord Duncan of Springbank (Chair)
 Tony Ballance
 Jack Buckner
 Alison Field
 Paddy Harrop
 Anne Jenkins
 Mike Kapur

The recruitment of Trustees is conducted through fair and open competition in accordance with the Governance Code on Public Appointments. The induction programme for Trustees includes: the roles and responsibilities of a Trustee; governance arrangements; vision and strategy for the National Forest, including familiarisation with the Corporate Plan, and meetings and presentations from staff on their operational areas. Handover meetings between new and retiring Trustees are also arranged where appropriate.

Standard agenda items for Board meetings include the Chief Executive's quarterly report and strategic summary reporting on progress against operational targets and giving headline commentary on activity analysed between successes, challenges, risks (including a COVID-19 resilience plan) and opportunities. A finance report, declarations of interest, a Heart of the Forest Vision update, income generation and campaign performance report and oversight of delivery of Defra's Nature for Climate Fund (NFCF) programme are also standing items. Minutes from sub-committees of the Board and working groups are also included within papers sent to Trustees.

During 2021-22 the Board considered a range of matters including:

- reviewing the annual programme of work and budget;

- continued development of a long-term Vision and Strategy for the National Forest, with particular focus on the Heart of the Forest vision;
- risk management, including consideration of strategic risks relating to the delivery of the NFC's objectives, going concern, COVID-19 impacts and financial sustainability;
- overseeing the proposed convergence of the National Forest Company (NFC) and National Forest Charitable Trust (NFCT), including due diligence, feasibility work, professional and legal advice;
- the approach being taken to develop a Heart of the Forest Masterplan, particularly in light of the proposed convergence;
- approving amendments to the NFC's Framework Document ahead of submission to Defra and Cabinet Office;
- agreeing to continue planning to hold a 2021 Timber Festival event and the adoption of a new arrangements for future years;
- receiving the annual report of the Audit & Risk Committee, together with approving its revised Terms of Reference;
- agreeing to the revision of NFC's strategic approach to forest creation mechanisms to facilitate increased delivery;
- agreeing the revised land acquisition approval process;
- approving the 2021 Changing Landscape Scheme applications, as recommended by the Land and Forestry Working Group;
- consideration of a five-year Management Agreement with Forestry England in relation to the establishment and management of the NFC's Minorca site;
- considering the Income Generation Strategy Framework and Annual Income Generation Campaign Plan and reviewing performance;
- considering an update on performance against key priority areas arising from the NFC's Equality, Diversity and Inclusion (EDI) Statement;
- plans for the COVID-19 Memorial Woodland being established in partnership with the National Memorial Arboretum;
- reviewing the annual Safety, Health and Wellbeing (SHaW) report, containing the SHaW Policy; and

- considering the NFC's involvement in the Queen's Green Canopy initiative.

The Board undertakes annual reviews of its governance and Board effectiveness.

The format of the review is based on the Charity Governance Code which sets the principles and recommended practice for good governance and drawing upon the Charity Commission's guidance using the recognised hallmarks of an effective charity, ie organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; diversity and openness and accountability.

The review undertaken again demonstrated that the NFC's governance processes and practice provide a high level of assurance against the Charity Commission's key principles and therefore provided a strong basis for assessing Board performance as 'effective'. There continues to be consensus amongst Trustees, and between staff and Trustees, on areas of strength, compliance and weakness. The review also assessed the quality of reports and papers to the Board which were considered to be of a good standard, enabling the Board to make effective decisions.

Areas for improvement and further refinement included:

- Benchmarking – improved benchmarking to be explored as part of the work with the Audit & Risk Committee on value for money and performance indicators; and
- Equality, Diversity and Inclusion (EDI) – to continue the working group activity; exploring training opportunities for staff, Board and volunteers, and consideration of EDI in relation to staff, volunteers and visitors.

Board Committees and Working Groups

The Board of Trustees is supported by various committees and working groups which have key functions to discharge. Each is chaired by a Trustee and has additional Trustee representation. Appropriate staff are also involved.

The Committees and Working Groups are:

- Audit & Risk Committee (ARC) – covering issues on finance, investments, risk, health and safety, governance, policy and HR;
- Remuneration Committee – covering issues on remuneration of the Chief Executive and senior staff;

- Land & Forestry Working Group – covering issues on land policy, forest creation, forest management and economy, NFC owned sites, access creation and biodiversity;
- Development Working Group – covering issues on income generation, marketing and communications, branding and project development; and
- Tourism, Recreation & Communities Working Group – covering issues on tourism and facilities, recreation and access, and communities, health, education, arts and training.

All committees and working groups have written terms of reference. Membership of the Board, its committees and working groups are provided on page 13.

Review of Effectiveness of Working Groups

The membership and remit of Committees and Working Groups has been considered by the Board in light of the proposed merger with the National Forest Charitable Trust, including representation on the boards of the subsidiary companies which are part of the transfer. In line with good practice, ARC did undertake a review of its own effectiveness which is reported upon below.

Audit & Risk Committee (ARC)

The role of ARC is to provide assurance and recommendations to the Board on the effectiveness of its governance, financial management, internal control and risk management systems. ARC also monitors the work of the external audit and the effectiveness of the internal audit service. Minutes of meetings are circulated to all Trustees and oral reports given to the Board on business conducted. The Committee also presents an annual report on its activities to the Board.

ARC comprises three Trustees with the Chief Executive attending in his capacity as Accounting Officer. Mike Kapur is Chair of ARC.

ARC met four times during 2021-22. Its work included consideration of the financial statements for 2020-21 and the Audit Completion Report issued by the external auditor prior to the accounts being certified by the Comptroller & Auditor General (C&AG) with an unqualified audit opinion; receiving the external auditor's Audit Planning Report for 2021-22; considering reports issued by internal audit; scrutinising finance reports, including income generation, prior to them being presented to the Board; reviewing accounting policies; safety, health and wellbeing; fulfilling its responsibilities in respect of risk management (see below), and

oversight of investments and performance of the appointed fund manager.

During the year, the Committee sought assurances from management that recommendations from the prior year's audit were being implemented.

These centred around making improvements to the process, inputs, judgements and documentation particularly around asset impairments to support conclusions.

Other business conducted by ARC during the year included:

- review of strategic and standing risks, including a going concern assessment, together with a resilience plan focusing specifically on risks associated with COVID-19;
- oversight of the due diligence undertaken as part of the NFC's convergence with the National Forest Charitable Trust;
- consideration of the finances and risks relating to the Nature for Climate Fund programme, together with an assessment of the adequacy of oversight and controls;
- oversight of the 2021 Timber Festival event and mitigations in place;
- agreeing changes to the NFC's Framework document;
- conducting an annual review of the NFC's Scheme of Delegations;
- review of the NFC's VAT arrangements; and
- review of the Safety, Health and Wellbeing policy and annual report to the Board.

During the year ARC conducted its annual review of its effectiveness, utilising the National Audit Office's checklist, based on HM Treasury's Audit Committee Handbook. The conclusion was that the Committee continues to operate effectively and there were no areas of concern.

Remuneration Committee

The Remuneration Committee supports the Board in discharging its responsibilities for remuneration issues. Membership of the Committee comprises three Trustees including the Chairs of both the Board and ARC. The Committee provides the Board with recommendations on the Chief Executive's remuneration and benefits, and advises the Chief Executive on the pay and benefits of other senior staff.

Land & Forestry Working Group

The Land & Forestry Working Group meets four times a year and is chaired by an NFC Trustee. Membership includes the Charity's retained land agent. Its primary function is to support and provide strategic oversight of the land and forestry aspects of the Charity's work.

In 2021-22 the Group's work included:

- monitoring progress against targets for forest creation and woodland management;
- reviewing the effectiveness of the various schemes operated by the NFC and an assessment of risks/mitigations;
- overseeing NFC's landholdings and acquisitions;
- introduction of a Pest and Diseases Policy;
- leading delivery of Defra's Nature for Climate Fund (NCF) programme;
- leading on the Heart of the Forest masterplanning;
- consideration of the National Forest Charitable Trust's (NFCT) land and assets in advance of convergence with the NFC; and
- developing an approvals process for land acquisitions to sit alongside the Land Policy.

Development Working Group

The Development Working Group met four times during the year with meetings being attended by one Trustee, being the designated chair. Membership includes two external funding advisors. The primary function of the Group is to support the development functions and provide strategic overview across income generation, project development, marketing and communications. In 2021-22 the Group's work included:

- development and monitoring of the income generation strategy and campaign;
- oversight of the projects and product development pipeline including development of a regular supporter product;
- evaluation of the 2021 'National Forest Trek', a long-distance challenge walk delivered in partnership with the National Memorial Arboretum (NMA) and the Defence and Medical Rehabilitation Centre Benevolent Fund (DMRC) and oversight of the planning for the 2022 event;
- conducting a tree planting product review;

- stewarding the RHS Chelsea partnership with Meta, which would see the garden rehomed to Conkers;
- working in partnership with the NMA to facilitate a COVID-19 memorial woodland site in their grounds;
- oversight of the development of the Brand Framework; and
- assessment and review of the return on investment of the income generation campaign.

Tourism, Recreation & Communities Working Group

The Tourism, Recreation & Communities Working Group meets four times per year and is attended by two Trustees, one of whom acts as chair. The primary role of the Group is to provide strategic overview and support across the tourism, recreation, arts and community development functions. In 2021-22, the Group's work included:

- leading on the Sustainable Tourism Accommodation Guide, Accelerator Programme and piloting a restricted call of sustainable tourism grants;
- oversight and scrutiny of outcomes and risk associated with the delivery of the National Forest Festival 'Timber';
- oversight of restricted projects and funding bids supporting the NFC tourism, recreation, arts and community development strategies;
- developing the NFC's approach to Community Woodland Volunteering;
- contributing to the Heart of the Forest Masterplan Vision;
- conducting a National Forest Cultural Sector audit;
- facilitating involvement with The Queen's Green Canopy (QGC) project within the Forest in partnership with the Rural Community Councils; and
- oversight of the Forest Society projects, eg GreenSpring, Creating Working Woodlands, Creating a Forest for Learning, Forest Foxes, and the Charnwood Landscape Partnership scheme.

Attendance record of Trustees at meetings of the Board and its committees and working groups

Board & Committee [Number of meetings in 2021/22]	Main Board [4]	Audit & Risk Committee [4]	Remuneration Committee [1]	Land & Forestry Working Group [4]	Development Working Group [4]	Tourism, Recreation & Communities Working Group [4]
Trustee						
Attendance						
Lord Duncan of Springbank	3/4*		1/1			
John Everitt**	4/4					
Tony Ballance	4/4	4/4	1/1*			
Jack Buckner	3/4 ⁽¹⁾				3/4*	4/4
Alison Field	4/4				4/4	
Paddy Harrop	4/4	4/4			4/4*	
Anne Jenkins	4/4					4/4*
Mike Kapur	4/4	4/4*	1/1			

* Denotes Chair.

** John Everitt attends the Audit & Risk Committee meetings and Remuneration Committee meetings in his capacity as Chief Executive and Accounting Officer.

(1) Non attendance related to unforeseen technical issues, rather than availability.

Strategy and planning

The Board is responsible for determining the strategic direction of the organisation. It approved the Strategy for the Forest for the period 2014-2024 which sets out the key objectives and indicators against which progress will be measured over the ten-year period.

During the year, the Board considered the long-term vision and strategy for the National Forest and the NFC. Further work was carried out to produce the National Forest brand framework and draft brand toolkit to further define the vision.

The 2020-23 Corporate Plan, as approved by the Board, gives direction to strategic priorities for the Forest and the NFC and a clear framework for measuring success and identifying potential issues. It also provides the basis for annual work programmes and budgets. The Plan divides into three main operational themes centred around the Forest environment, society and economy. Development themes of building the brand and securing resources for the Forest, and corporate services themes relating to effective governance and management are also included. The NFC's activity during 2021-22 was guided by the objectives and targets as detailed in the Plan and progress reports were given to the Board at each quarterly meeting.

Whilst the NFC operates at arm's length from Defra, the Charity in its business plan needs to demonstrate how it uses grant funding from Defra to contribute to the Department's own business plan priorities and wider strategic objectives.

Defra's 25 Year Environment Plan produced in 2018 and Single Departmental Plan recognise the valuable role that forests and woodlands play in protecting and enhancing natural capital, including commitments to the public forest estate, national targets and community forestry. The Nature for Climate Fund and England Trees Action Plan developed in 2020-21 provide dedicated resources and greater policy direction to this agenda, and the NFC is represented on strategic and operational groups to contribute to the delivery of targets.

These strategic initiatives include the NFC's contribution to national targets and manifesto commitments, specifically in relation to forest creation, tree planting and woodland management.

In 2022-23 the NFC's plans will include commissioning work on the baseline sustainability figures for the NFC and setting out an association reduction programme; and also commissioning work on renewables generation for our most significant energy use asset.

Internal controls and the work of internal audit

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charity's policies and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The programme of internal audit work undertaken by Mazars LLP during 2021-22, as approved by the Audit & Risk Committee contained a balance of compliance and advisory work:

- key financial controls;
- the National Forest Trek challenge walk, and
- benefits realisation in relation to land acquisition (advisory).

The key financial controls audit covered control account reconciliation, payments and supplier management; no issues were noted. The National Forest Trek audit was rated as 'adequate'; three recommendations, centred around improvements to project planning and budgeting, were accepted by management.

At the end of the year a total of 15 recommendations were brought forward to follow up (three of which were outstanding recommendations from 2020-21). Of the 15, eight recommendations had been implemented and seven were in progress.

The work undertaken and conclusions drawn informed the opinion expressed in the Annual Internal Audit Report for 2021-22 that the NFC's framework of governance, risk management and control is moderate in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted but none were considered fundamental.

There were no identified instances of fraud during the year.

Information management

The NFC takes the management of the information it holds very seriously and is not aware of any personal data losses in 2021-22 that would require notification to the Information Commissioner's Office.

All staff sign copies of the Company's policies relating to privacy and data handling and are mandated to undertake, and periodically repeat, the Civil Service Learning 'Protecting Information' course. All staff are engaged in work to further develop and embed protocols and good practice on the Customer Relationship Management database and staff are regularly reminded of the importance of following data handling procedures with regular refresher sessions and further training where necessary.

Safety, Health and Wellbeing

The NFC aims to ensure that all staff and volunteers remain safe and well and that the NFC woodlands are safe, enjoyable places to visit.

The NFC is committed to the Forest Industry Safety Accord and regularly reviews Safety, Health and Wellbeing policy and practices. Regular inspections are carried out at the NFC sites throughout the year.

Staff absence due to sickness equated to an average of 2 days per employee during the year (2020-21: 1 day).

Whistleblowing

The NFC has a Whistleblowing Policy and procedure with which all staff are familiar. There were no instances of whistleblowing in 2021-22, as was the case in 2020-21. The Policy includes reference to the NFC's Senior Independent Director as a contact and the requirement to report any serious cases to the Charity Commission. Staff are reminded of the Whistleblowing Policy and procedures at team meetings and through periodic updates, to ensure an open and accountable culture.

Risk Management

The NFC Board is responsible for determining the NFC's approach to risk, agreeing the Risk Policy, setting the culture of risk management and for monitoring the management of the highest scored risks as detailed in the Risk Register. Board committees and working groups are responsible for overseeing the management of risks in their area of business and ensuring that the most effective plans are drawn up and implemented to mitigate them.

This responsibility has been incorporated into their terms of reference.

The ARC has responsibility for reviewing the risk management process and the full draft Risk Register before the highest scored risks are presented to the Board. The Committee is responsible for overseeing and reviewing the effectiveness of the systems of internal control and corporate governance within the Company with its assessment being informed by senior management and the work of the appointed auditors. Risk management features on the agenda for all ARC meetings.

The role of staff and the Senior Leadership Team (SLT) includes: identifying and evaluating significant risks faced by the NFC to be considered initially by ARC and subsequently the Board; implementing policies and associated action plans, and providing information to the committees and working groups on the status of risks and controls.

SLT is also responsible for producing the annual draft risk register. The register divides between the more strategic risks focusing on the key priorities and outcomes for the three-year Corporate Plan and is formally reviewed by ARC and the Board every six months. Responsibility for the more operational risks fall to senior management and working groups and are reported on in the Chief Executive's quarterly report to the Board which focuses on risks relating to the achievement of in-year targets.

In 2021-22 the key strategic risks relate to the NFC's ability to scale up forest creation targets, meeting Nature for Climate Fund commitments, and taking advantage of carbon related tree planting opportunities.

Risks in relation to income generation and marketing continue to feature as significant risks on the register. However, these were mitigated by a higher profile for the National Forest, strong brand messaging and effective social media coverage, which once again resulted in a successful income generation campaign. Work continues on the development of sustainable income streams through a regular supporter product to be launched in 2022-23. The NFC's investments with Cazenove's Charity Responsible Multi-Asset Fund, in line with the NFC's ethical investment policy, has no exposure to Ukraine or Russia.

The NFC's key strategic risks continued to be exacerbated by the impact of COVID-19. During the year, the Board continued to monitor a specific assessment of risks and implications, as well as mitigation measures. Details are provided in the Trustees' Report.

The NFC did not receive any funds via COVID-19 support schemes and did not furlough any staff.

The NFC received no ministerial directions during the year.

Performance management

As Chief Executive, I have overall responsibility for the achievement of corporate objectives as detailed in the Corporate Plan. However, responsibility for delivery of many of these is delegated to other staff in the organisation.

Responsibilities and objectives are detailed in annual job plans for each employee and performance against these is assessed through the staff review system. This includes a mid-year and end of the year assessment of how the individual has performed which determines any entitlement to a performance related bonus. The job plans also detail training and development needs identified to equip the individual to perform effectively.

The National Forest is being created for public benefit and the engagement and views of members of the public are welcomed. The Company has established procedures and arrangements for dealing with complaints and requests made under the Freedom of Information Act. During the year ended 31 March 2022, 12 complaints were received (compared with nine in 2020-21). The complaints mostly related to third party sites and all were responded to within the specified timescale and satisfactorily resolved.

Conclusion

As the designated Accounting Officer for the NFC, I have responsibility for the management and control of the resources used within the organisation and for discharging the responsibilities assigned to me in Managing Public Money.

I confirm that no significant issues in relation to governance, risk, performance or controls have arisen which need to be reported on in this Governance Statement.



John Everitt FRSA

Chief Executive/Accounting Officer

23 November 2022

Remuneration and Staff Report

(a) Remuneration Report

Remuneration Policy

The Audit & Risk Committee's (ARC) responsibilities include advising the Board on strategic HR, including pay and reward policy, whilst the Remuneration Committee specifically advises the Board on the remuneration and benefits attached to the Chief Executive Officer (CEO).

The Remuneration Committee also advises the CEO on pay and grading considerations relating to other senior roles.

The Remuneration Committee meets at least annually and comprises three Trustees, including the Chairs of the Board and ARC. The Committee members are identified on page 13.

Trustees' remuneration

Trustees, other than the Chief Executive who is remunerated in his capacity as Chief Executive, do not receive any remuneration for their services. In accordance with the NFC's Articles of Association, all Trustees are entitled to the reimbursement of reasonable travel and subsistence expenses necessarily incurred in fulfilling their duties. Total Trustee expenses were £1,131.

Emoluments of the Chief Executive (this information is subject to audit):

Name	Start date
John Everitt	5 January 2015

Single total figure of remuneration

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Official										
John Everitt	75 – 80	75 – 80	5 – 10	5 – 10	0	0	30	30	110 – 115	110 – 115

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Remuneration of the Chief Executive

(this information is subject to audit):

The Chief Executive is the only executive Trustee of the NFC and the only Trustee who is a member of the Principal Civil Service Pension Scheme (PCSPS).

John Everitt has been the NFC's Chief Executive since 5 January 2015. The Principal Accounting Officer for Defra has conferred Accounting Officer status on him. The salary for the post aligns most closely to the range for Senior Civil Service pay band 1.

The salary payable to the Chief Executive is reviewed on 1 April each year. In addition to salary, the Chief Executive is entitled to an annual non-consolidated, non-pensionable bonus of up to 10% of annual salary. The bonus payable is based on the performance level attained and is made as part of the appraisal process operating within the Company. The bonus relates to performance in the year it is reported.

The level of bonus payable to the Chief Executive was determined by the Chair in consultation with members of the Remuneration Committee.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below.) All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of

final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) the employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). The NFC has not, to date, made any contributions to a **partnership** pension account.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website civilservicepensionscheme.org.uk

Benefits to which the Chief Executive qualifies under the PCSPS

(this information is subject to audit)

Official	Accrued pension at pension age as at 31/3/22	Real increase in pension and related lump sum at pension age	CETV at 31/3/22	CETV at 31/3/21	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
John Everitt	10 – 15	0 – 2.5	161	133	18

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the

member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

(b) Staff Report

Staff employed

Average number of persons employed:

(this information is subject to audit)

	Headcount	2021-22 Full time equivalent (FTE)	Headcount	2020-21 Full time equivalent (FTE)
Staff (including Chief Executive)	34	30	29	26

During 2021-22, all staff were employed on a permanent basis, apart from 5 FTE, comprising 4.8 FTE on fixed term contracts and 0.2 FTE agency staff.

The salary and related costs arising from the employment of the above is detailed in Note 8 to the accounts.

Remuneration of staff

(this information is subject to audit)

All staff below the level of Chief Executive are employed in substantive posts, subject to the completion of a satisfactory probationary period. The terms of the pay review applied to staff at Grade 6 and below within core-Defra, on 1 July each year, are normally applied to staff employed by the NFC. In line with Government pay policy, the pay freeze was applied to NFC staff in 2021.

Total emoluments of directors or employees earning more than £60,000 fall within the following bandings:

	2022	2021
£80,000 – £89,999	1	1
£70,000 – £79,999	–	1
£60,000 – £69,999	2	–
	<u>3</u>	<u>2</u>

Total emoluments include salary and benefits in kind but exclude pension payments.

There were no exit payments in year.

All staff are members of the PCSPS.

Sickness absence

Staff absence due to sickness equated to an average of 2 days per employee during the year (2020-21: 0.87 days).

Trustees
Staff, including the Chief Executive
Total

Equal Opportunities

The Company is an equal opportunities employer. It is committed to a policy of non-discrimination on grounds of gender or marital status, sexual orientation, health (including pregnancy), disability, age, religion, colour, nationality or ethnic or national origin. Staff are required to observe this policy of non-discrimination in their dealings with members of the public and colleagues at work. All new staff are appointed on the basis of ability, qualification and suitability for the post. All staff are required to complete a diversity and inclusion course as part of a suite of mandatory training.

Staff engagement

Various channels are used to regularly communicate with staff, including weekly updates from the Chief Executive, together with COVID-19 updates, and fortnightly team meetings. Key documents such as the Corporate Plan, papers and minutes of meetings of the Board, Audit & Risk Committee and working groups are made available to all staff.

Team days are held regularly where everyone has the opportunity to be involved in generating new ideas, to contribute their thoughts and to engage with continuing developments and plans for all areas of our work.

Fair pay disclosure

Remuneration of the highest paid Director and the ratio between this and the lower quartile, median and upper quartile remuneration of the NFC's staff
(this information is subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The remuneration as at 31 March 2022 of the Chief Executive, who is the highest and only paid director in the NFC, was in the range of £80,000 – £85,000 (2021: £80,000 – £85,000).

Gender diversity

The gender split of Trustees and staff employed as at 31 March 2022 was as follows:

	Male	Female	Total
Trustees	5	2	7
Staff, including the Chief Executive	12	22	34
Total	17	24	41

This was 2.75 times (2021: 2.69) the lower quartile remuneration of the workforce of £30,004 (2021: £30,658).

This was 2.30 times (2021: 2.28) the median remuneration of the workforce of £35,895 (2021: £36,200).

This was 2.05 times (2021: 2.04) the upper quartile remuneration of the workforce of £40,265 (2021: £40,357).

Remuneration of the workforce ranged from £17k to £85k (2020-21: £25k to £85k).

The percentage changes in the highest paid Director's salary is nil due to a pay freeze (2021: 10%). The percentage changes in the highest paid Director's performance pay and bonuses payable is 18% (2021: 11%).

The average percentage change in employees' salaries is nil due to a pay freeze in 2022 (2021: 4%). The average percentage change in employees' performance-related pay is 11% (2021: 37%).

In 2021-22, no employees received remuneration in excess of the highest paid Director, as was the case in 2020-21.

Total remuneration includes full time salary equivalents and non-consolidated performance related bonuses but excludes employer pension contributions and the cash equivalent transfer value of pensions.



John Everitt FRSA
Chief Executive/Accounting Officer
23 November 2022

The Certificate and Report of the Comptroller and Auditor General to the Members of the National Forest Company and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Forest Company (NFC) for the year ended 31 March 2022 which comprise the NFC's:

- Balance Sheet as at 31 March 2022;
- Combined Statement of Financial Activities and Income and Expenditure Account, and the Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the NFC's financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the NFC's affairs as at 31 March 2022 and its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the

Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the NFC in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the NFC'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.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other

information and, in doing so, if I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the Strategic Report and the Directors' Annual Report have been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic Report and the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the NFC and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit;

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the NFC'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 directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

My 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 certificate that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the NFC's accounting policies and key performance indicators.
- Inquiring of management, the NFC's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the NFC's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the NFC's controls relating to the NFC's compliance with the Companies Act 2006, Charities Act 2011 and Managing Public Money;
- discussing among the engagement team and involving relevant specialists, including for land valuations where specialist expertise was engaged on the audit regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the NFC for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the NFC's framework of authority as well as other legal and regulatory frameworks in which the NFC operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the NFC. The key laws and regulations I considered in this context included Companies Act 2006, Charities

Act 2011, the Statement of Recommended Practice (SORP) Accounting by Charities issued by the Charity Commission with regard to any additional requirements arising from the Government Financial Reporting Manual, Managing Public Money, employment law and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

24 November 2022

**Comptroller and Auditor General
(Statutory Auditor)**

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Combined Statement of Financial Activities and Income and Expenditure Account
for the year ended 31 March 2022

	Note	Unrestricted funds £	Restricted funds £	2021-22 Total funds £	Unrestricted funds £	Restricted funds £	2020-21 Total funds £
Income from:							
Grant in aid	2	2,400,715	–	2,400,715	2,467,457	–	2,467,457
Nature for Climate Fund	2	–	1,894,000	1,894,000	–	2,146,007	2,146,007
Donations	3	584,863	21,542	606,405	460,700	20,000	480,700
Charitable activities	4	12,512	752,701	765,213	2,284	410,735	413,019
Other trading activities	5	112,702	17,500	130,202	70,430	10,000	80,430
Investments		45,861	–	45,861	26,806	–	26,806
Total		3,156,653	2,685,743	5,842,396	3,027,677	2,586,742	5,614,419
Expenditure on:							
Raising funds	6	(662,375)	–	(662,375)	(762,686)	(10,000)	(772,686)
Charitable activities	7	(1,969,754)	(2,532,617)	(4,502,371)	(1,758,183)	(947,425)	(2,705,608)
Total		(2,632,129)	(2,532,617)	(5,164,746)	(2,520,869)	(957,425)	(3,478,294)
Net gains/(losses) on investments	13	61,621	33,323	94,944	(223)	(107,403)	(107,626)
Net income/ (expenditure)		586,145	186,449	772,594	506,585	1,521,914	2,028,499
Transfers between funds	18	(126,055)	126,055	–	(62,416)	62,416	–
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	12	59,500	–	59,500	17,500	–	17,500
Gains/(losses) on Foreign Currency	18	–	38,873	38,873	–	(44,520)	(44,520)
Net movement in funds		519,590	351,377	870,967	461,669	1,539,810	2,001,479
Reconciliation of funds:							
Total funds brought forward	18	6,759,062	2,075,390	8,834,452	6,297,393	535,580	6,832,973
Total funds carried forward	18	7,278,652	2,426,767	9,705,419	6,759,062	2,075,390	8,834,452

National Forest Company

Balance Sheet

as at 31 March 2022

	Note	As at 31 March 2022 £	As at 31 March 2021 £
Fixed assets:			
Intangible assets	11	48,512	17,551
Tangible assets	12	3,229,930	2,441,373
Investment property	13	3,331,000	3,506,850
Investment	13	531,539	505,015
Total fixed assets		7,140,981	6,470,789
Current assets:			
Debtors	14	621,901	548,658
Cash at bank and in hand	15	2,530,527	2,149,010
Total current assets		3,152,428	2,697,668
Liabilities:			
Creditors: Amounts falling due within one year	16	(587,990)	(334,005)
Net current assets		2,564,438	2,363,663
Total assets less current liabilities		2,564,438	2,363,663
Total net assets		9,705,419	8,834,452
The funds of the Charity:			
Unrestricted funds	18	7,141,902	6,681,812
Restricted income funds	18	2,426,767	2,075,390
Revaluation Reserve	18	136,750	77,250
		9,705,419	8,834,452

The Notes on pages 38 to 61 form part of the accounts.

The National Forest Company is exempt under the provisions of Section 475 of the Companies Act 2006 from making the disclosure requirements under Part 16 under Section 482 (non-profit making companies subject to public sector audit) of that Act.

The financial statements were approved by the Board of Trustees on 23 November 2022 and signed on its behalf by:



Lord Duncan of Springbank PhD FGS
Chair of the Board of Trustees



John Everitt FRSA
Chief Executive/Accounting Officer

National Forest Company

Statement of Cash Flows for the twelve months ended 31 March 2022

	Note	2021-22 £	Reclassified 2020-21 £
Cash flows from operating activities			
Net cash provided by operating activities		1,253,354	2,643,097
Cash flow from investing activities			
Interest and rent from investment	SoFA	45,861	26,806
Purchase of property, plant and equipment ⁽¹⁾	12	(47,329)	(1,294,951)
Purchase of Investment Property ⁽²⁾	13	(866,580)	(707,640)
Purchase of investments	13	-	(500,001)
Purchase of Intangible asset	11	(42,661)	-
Net cash provided by/(used in) investing activities		(910,709)	(2,475,786)
Change in cash and cash equivalents in the reporting period		342,645	167,311
Cash and cash equivalents at 1 April	15	2,149,010	2,026,219
Change in cash and cash equivalents due to exchange rate movements	SoFA	38,873	(44,520)
Cash and cash equivalents at 31 March	15	2,530,527	2,149,010
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	SoFA	772,594	2,028,499
Adjustments for:			
Impairment charges	12/13	544,000	250,493
Reversal of prior years' impairment charges	12/13	(132,000)	(24,000)
Depreciation	12	17,122	17,641
Amortisation	11	11,701	39,086
(Gains)/losses on investments	13	(94,944)	107,626
(Increase)/Decrease in debtors	14	(73,243)	74,039
Increase/(Decrease) in creditors	16	253,985	176,519
Interest and rent from investment	SoFA	(45,861)	(26,806)
Net cash provided by/(used in) operating activities		1,253,354	2,643,097
b) Analysis of cash and cash equivalents			
Cash at bank and in hand	15	2,530,527	2,149,010
Cash and cash equivalents at 31 March		2,530,527	2,149,010

(1) Prior year figure of £2,002,591 has been reclassified to show split between Note 12 and Note 13.

(2) Prior year figure has been reclassified as per Note 13.

c) Analysis of changes in net debt

	At start of Year £	Cash-flows £	Non-cash changes £	At end of year £
Cash	2,149,010	381,517	-	2,530,527
Cash equivalents (investment)	505,015	-	26,524	531,539
Borrowings	-	-	-	-
Total	2,654,025	381,517	26,524	3,062,066

Notes to the Accounts

Note 1 to the Financial Statements

1.1 Statement of accounting policies

The NFC is a public benefit entity and is a company limited by guarantee and a charity registered in England and Wales. These financial statements have been prepared in compliance with FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting and Reporting by Charities. In addition, these financial statements also meet the accounting and disclosure requirements of the Companies Act 2006 and the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury, where not inconsistent with the requirements of the SoRP and the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs.

Where the NFC has a choice of accounting policy to adopt, a judgement has been made to select the most appropriate policy to suit the particular circumstances for the purpose of giving a true and fair view. The particular policies adopted by the NFC are described below. They have been applied consistently in dealing with items which are considered material in relation to the accounts.

1.2 Going concern

These financial statements have been prepared on the basis of the NFC being a going concern. This judgement made by the Trustees takes into consideration the level of reserves held by the Company; and an indication from Defra that grant in aid funding for the next Comprehensive Spending Review period should remain at a similar base level to the 2021-22 allocation. Defra has also allocated a further £2.45m per year to the NFC from the Nature for Climate Fund for the next three years, after commencing in 2020-21. The merger between the NFC and the National Forest Charitable Trust will take effect on 1 April 2022 with all NFCT assets transferring to the NFC. The NFC's Audit & Risk Committee has overseen the due diligence work to ensure that risks are being mitigated and to reduce the impact on the NFC's ability to continue as a going concern.

1.3 Significant judgements and accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of income and expenditure. All estimates are based on the NFC's knowledge of current facts and

circumstances, assumptions concerning past events and forecasts of future events and actions. Actual results may differ from estimates made.

In the process of applying the NFC's accounting policies, the following judgements, and estimations, have been made which have the most significant impact on the amounts recognised in the financial statements:

Judgements

- Income recognition (see Note 1.5 below)
- Useful economic lives of tangible fixed assets (see Note 1.8 below)
- Useful economic lives of intangible fixed assets (see Note 1.9 below)
- Estimations
- Annual valuation of the NFC owned land and buildings undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (see Notes 1.8 and 1.10 below).

1.4 Accounting convention

The accounts have been prepared on a going concern basis, on the accruals basis and under the modified historical cost convention, modified to account for the revaluation of land and buildings.

1.5 Income recognition

Government grants

Grant in aid is credited to income in the year that it is received. It is regarded as unrestricted income since Defra, whilst requiring funds allocated be utilised in contributing to the delivery of departmental objectives, does not stipulate how any specific element of the grant should be spent.

Nature for Climate Fund grant is treated as restricted income and therefore recognised as per SoRP para 4.34 which covers performance-related grants where the income is conditional on delivering certain levels or volumes of a service or supply of goods and contractual payments from Government or public authorities and other parties which fund the provision of particular goods or services.

This has been presented as a separate line in the Sofa due to the materiality of the income as per the SoRP para 4.13.

Income from donations

General donations are received and utilised for any of the NFC's charitable purposes. No significant benefit is provided to the donor in return, other than the knowledge that the NFC must use the gift to further its purposes. Income from donations is unrestricted.

'Dedicate a Grove' and 'Dedicate a Tree' income are gift donations which the NFC use to support the ongoing creation and management of the National Forest. This is classed as unrestricted income as it represents a contribution to the National Forest's creation which is intrinsically linked to other purposes of the charity such as ongoing maintenance of woodlands, habitat creation, education and is used to further the NFC's charitable purposes including woodland creation.

The NFC receives an annual donation from Rolls-Royce. This is a restricted donation to support South Derbyshire District Council's (SDDC) Environmental Education Project and is paid over to SDDC as a disbursement upon receipt of a satisfactory progress report, as reflected in the agreement.

Income from activities and generated funds

Income is accounted for on a receivable basis, net of VAT. Grant income entitlement is recognised when the NFC has met any performance or other deliverable criteria for recognition and the monetary value can be measured reliably. Where the grant is received in advance of recognition it is deferred and included in creditors until entitlement occurs. If entitlement occurs before the income has been received it is accrued to debtors. Income is allocated to restricted income when it is given by the donor or grant maker for defined purposes.

Income from Sponsorship

Sponsorship income is recognised as income when the conditions for its receipt have been met, as per SoRP (5.39 – 5.47). Where there are conditions or specified deliverables then income received is not immediately recognised but is deferred as a liability until conditions imposed are met at which point the related income is recognised in the SoFA.

Where there are no specified deliverables under the agreement then the income is recognised in the Statement of Financial Activities (SoFA), in line with the stage of completion of the agreement term.

1.6 Expenditure

Expenditure is accounted for on an accruals basis and is classified under the relevant activity within the SoFA.

1.7 Expense allocation

Costs are allocated to the main areas of NFC activity of raising funds, forest creation, woodland management, tourism and promotion, community engagement and various restricted projects reflecting the objectives of the NFC as set out in the Directors' Report.

Governance costs include Trustee expenses, production of the Annual Report and Accounts, audit fees and bank charges. The salary and related costs of the Chief Executive, who is also a Trustee, are now included within governance costs (45%) and support costs (55%) following the introduction of a timesheet recording system.

The salary and related costs of staff employed wholly on raising funds and the various charitable activities are allocated to those activities. Where staff are engaged on more than one of these activities, timesheets capture the percentage of each individual's time spent on each activity.

Indirect costs have been allocated to the headings in the SoFA on the basis of full time equivalent headcount of staff employed directly on charitable activities and activities for raising funds. The exception is grants administration costs which have been allocated on a staff time basis via the timesheets.

1.8 Tangible fixed assets

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provisions 10.33 to 10.36. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2022 by Fisher German and Mather Jamie, Chartered Surveyors. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality. The land valuations reflect the site use at the date of the valuation, ie open land, grazing land, young woodland and mature woodland. When planting takes place and there is a change of use in the land, ie tree planting, the valuation report reflects this with any impairment in value taken to the SoFA. Depending on the planting that takes place there could be material changes to the value of land over the next year. Land and buildings in the Balance Sheet are shown at the valuations provided per Note 12 and 13.

Where the valuation is higher than the purchase price paid, the excess over purchase price is

credited to a Revaluation Reserve. Where land or buildings are revalued due to a change in market values but remain at below the purchase price, the loss on revaluation is charged to the SoFA in the year of the revaluation. Similarly, where as a result of a proposed change of use there is impairment in the value of the land or buildings, the loss on impairment is charged to the SoFA in the year of the impairment. Where in a subsequent year the value of land or buildings which has been the subject of an impairment charge increases, usually as a result of an increase in market values, and the valuation remains at below the purchase price, then the increase is charged to the SoFA as a reversal of previous years' impairment. Changes in the value of land or buildings arising from revaluation or impairment are reflected in the balance of unrestricted funds and in the Revaluation Reserve.

Impairment and reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via forest creation activity (Note 7).

Depreciation

Depreciation is provided on a straight-line basis on the cost of furniture and fittings and information technology assets, to write them down to their estimated residual values over their expected useful lives. Expectations are informed by past experience and reflect anticipated usage of such assets.

Furniture and fittings and information technology assets have an expected useful life of between three and five years. No depreciation is charged in the year of acquisition of the asset but a full year is charged in the year of disposal.

1.9 Intangible Fixed Assets

During the year work has taken place to re-develop the website costing £43k to generate future funding, as per Note 11 Asset under construction.

All intangible assets are measured at their historical cost at acquisition. Following the initial recognition of the website, subsequent measurement will be the website at cost less accumulated amortisation and impairment losses.

At the end of each reporting period an impairment review will be performed to determine whether the website is still fit for purpose in generating funds and achieving our expectations. Amortisation will be charged on a straight line basis over the useful economic life of the asset and the useful economic life will be reviewed at each reporting date. No amortisation was charged in the month of capitalisation (August 2018) but a full month in the year of disposal. When reviewed at 31 March 2022

by the Audit & Risk Committee (ARC), it was agreed that the existing website should be written off in full in 2022-23 (autumn) at the end of its useful economic life because it would then be replaced by the cost of the new re-developed website. The website has been amortised from when it went live in September 2018, with the expense being charged to the SoFA.

1.10 Investments

Investment property

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provision 10.48. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2022. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality.

In the 2021-22 financial year, three properties with a Net Book Value of £1,111,500 have been transferred and re-classified to fixed assets due to land surrendered on Farm Business Tenancies.

Investment Property in the Balance Sheet is shown at the valuations provided per Note 13.

Investments

Investments are measured at fair value and any gains or losses arising from the revaluation are charged to the SoFA. In 2021-22 the gain on the Investment property was £25,000 (2020-21: £20,000).

Within investments the NFC recognises the Cazenove Charity Responsible Multi-Asset Fund investment of £0.532m.

1.11 Current assets and liabilities

Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

A de minimis threshold of £300 has been adopted when determining debtors and creditors at the end of March.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances held in a Business Instant Saver account and cash balances held by the Government Banking Service. Cash equivalents include £531,539 invested with Cazenove Charity Responsible Multi-Asset Fund.

1.13 Leases

The NFC has no finance leases.

Rentals under operating leases are charged to the SoFA on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

1.14 Financial Instruments

The NFC has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi-Asset Fund is a financial instrument with the measurement and accounting basis being fair value. The fair value as determined by the fund managers as at 31 March 2022 is £531,539.

1.15 Foreign Currencies

Receipt and payment recognition of transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Exchange differences on monetary items are translated at the closing rate at the end of each reporting period with the differences taken to the Statement of Financial Activities (SoFA).

1.16 Staff costs and pensions

The NFC accounts for staff costs and pension contributions in the periods for which they are payable. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The NFC is unable to identify its share of the underlying assets and liabilities. The Scheme administrators carry out actuarial valuations of the Scheme and prepare full accounts for the Scheme.

The NFC recognises in its accounts those costs collected from it by the Scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as "Pension Costs".

Note 2 Grant in aid

Grant in aid of £2,400,715 was received from Defra in 2021-2022 (2020-21: £2,467,457). The grant is treated as unrestricted income since the Department, whilst requiring that funds allocated contribute to the delivery of its objectives, does not stipulate any specific purpose(s) as to how any of the funds must be utilised.

Grant in aid accounts for 41% of total NFC income and is utilised to fund the forest creation and woodland management programmes, including the various grant schemes, contributes to the tourism and community engagement programmes and meets a significant proportion of governance and support costs.

Grant in aid Nature for Climate Funds of £1,894,000 was received from Defra in 2021-22 (2020-21: £2,146,007). This grant is treated as restricted income, per the memorandum of understanding, which facilitates funding of new planting within the National Forest.

Nature for Climate Funds accounts for 32% of total NFC income.

Note 3

Income from Donations

	Unrestricted £	Restricted £	Total 2021-22 £	Unrestricted £	Restricted £	Total 2020-21 £
Donations	269,902	–	269,902	175,328	–	175,328
Dedicate a Grove	3,025	–	3,025	33,027	–	33,027
Dedicate a Tree	311,936	–	311,936	252,345	–	252,345
Rolls Royce	–	20,000	20,000	–	20,000	20,000
Other	–	1,542	1,542	–	–	–
Total	584,863	21,542	606,405	460,700	20,000	480,700

Note 4

Income from charitable activities

	Unrestricted £	Restricted £	Total 2021-22 £	Unrestricted £	Restricted £	Total 2020-21 £
Woodland creation grants	–	12,975	12,975	–	11,854	11,854
Section 106 agreements	–	27,025	27,025	–	4,032	4,032
Tourism and promotion programme	–	18,000	18,000	–	18,000	18,000
Charnwood Development project	–	307,218	307,218	–	125,552	125,552
Timber Festival	–	6,750	6,750	–	67,500	67,500
National Forest Trek	–	47,939	47,939	–	21,460	21,460
Community Forest Woodland Outreach project	–	60,381	60,381	–	36,171	36,171
Severn Trent – Great Big Nature Boost	–	201,683	201,683	–	126,166	126,166
ELMS Test and Trial	–	45,530	45,530	–	–	–
Greenspring	7,250	–	7,250	–	–	–
Plant a Tree scheme	925	–	925	2,070	–	2,070
Other	4,337	25,200	29,537	214	–	214
Total	12,512	752,701	765,213	2,284	410,735	413,019

Note 5

Income from other trading activities

	Unrestricted £	Restricted £	Total 2021-22 £	Unrestricted £	Restricted £	Total 2020-21 £
Other trading activities	49,125	–	49,125	23,394	–	23,394
Sponsorship	63,577	17,500	81,077	47,036	10,000	57,036
Total	112,702	17,500	130,202	70,430	10,000	80,430

Note 6

Cost of activities for raising funds

	Total 2021-22 £	Total 2020-21 £
Activities undertaken directly	462,614	548,337
Support costs	199,761	224,349
	662,375	772,686

Note 7
Analysis of expenditure on charitable activities

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2021-22 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2020-21 £
Forest Creation	848,593	952,017	299,814	2,100,423	513,074	350,607	272,019	1,135,700
Woodland Management	385,320	180,780	118,862	684,963	177,050	167,276	87,412	431,738
Tourism and Promotion	109,128	1,697	52,891	163,716	55,341	56,400	65,148	176,889
Community Engagement	51,185	93,577	68,222	212,985	102,483	6,960	56,220	165,663
National Forest Trek	83,694	–	12,721	96,415	33,921	–	11,318	45,239
Charnwood Development project	249,736	–	184,028	433,764	68,405	–	85,287	153,692
Creating a Forest for Learning project	39,086	–	26,287	65,373	37,500	–	35,482	72,982
Timber Festival	168,610	–	38,672	207,283	146,475	–	53,613	200,088
Creating Working Woodlands project	105,660	–	48,745	154,405	70,870	–	58,721	129,591
Community Forest Woodland Outreach project	73,323	–	43,541	116,864	29,513	–	39,035	68,548
Severn Trent – Great Big Nature Boost	161,893	–	26,166	188,058	104,166	–	21,312	125,478
ELMS Test and Trial	73,959	–	4,164	78,122	–	–	–	–
Total	2,350,187	1,228,071	924,113	4,502,371	1,338,798	581,243	785,567	2,705,608

Staff costs and pensions

8.1 Employees with earnings above £60,000

	2021-22	2020-21
£80,000 – £89,999	1	1
£70,000 – £79,999	–	1
£60,000 – £69,999	2	–
	<u>3</u>	<u>2</u>

8.2 Staff salaries, social security and pensions

	Permanent contracts	Other contracts	2021-22 Total	Permanent contracts	Other contracts	Reclassified 2020-21 Total ⁽¹⁾
	£	£	£	£	£	£
Salaries	1,011,808	169,483	1,181,291	887,155	177,913	1,065,068
Social security costs	107,493	12,971	120,464	88,300	13,360	101,660
Pension costs	266,730	39,449	306,179	230,204	38,515	268,719
	<u>1,386,031</u>	<u>221,903</u>	<u>1,607,934</u>	<u>1,205,659</u>	<u>229,788</u>	<u>1,435,447</u>

(1) Prior year figures for social security costs and pension costs reclassified.

8.3 Average number of persons employed

	2021-22		2020-21	
	Headcount	Full time equivalent	Headcount	Full time equivalent
Staff (including Chief Executive)	<u>34</u>	<u>30</u>	<u>29</u>	<u>26</u>

The full time equivalent of employees includes 5 FTE fixed term staff and 0.2 FTE agency staff.

Note 9
Support costs 2021-22

	Raising Funds	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement	National Forest Trek	Charmwood Development	Creating a Forest for Learning	Timber Festival	Creating Woodlands Project	Community Forest Outreach project	Severn Trent – Great Big Nature Boost	ELMS Test and administration	Grants	2021-22	Basis of apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Staff costs	109,200	134,729	33,656	22,255	18,881	6,954	100,600	14,369	21,140	26,647	23,802	14,304	2,276	120,114	648,928	Headcount
Governance Costs	29,346	36,206	9,045	5,981	5,074	1,869	27,035	3,862	5,681	7,161	6,397	3,844	612	11,795	153,908	Headcount
Premises costs	18,930	23,356	5,835	3,858	3,273	1,206	17,440	2,491	3,665	4,619	4,126	2,480	395	7,606	99,279	Headcount
ICT & Telecoms	13,591	16,768	4,189	2,770	2,350	865	12,521	1,788	2,631	3,317	2,962	1,780	283	5,463	71,279	Headcount
HR & Recruitment	16,807	20,736	5,180	3,425	2,906	1,070	15,483	2,212	3,254	4,101	3,663	2,201	350	6,755	88,143	Headcount
Office costs	3,256	4,017	1,003	664	563	207	2,999	428	630	794	710	426	68	1,309	17,074	Headcount
PR related	160	197	49	33	28	10	147	21	31	39	35	21	4	64	840	Headcount
Travel	1,631	2,012	503	332	282	104	1,502	215	316	398	355	214	34	655	8,552	Headcount
Training & Development	1,344	1,658	414	274	232	86	1,238	177	260	328	293	176	28	540	7,047	Headcount
Depreciation	3,265	4,028	1,006	665	564	208	3,008	430	632	797	712	428	68	1,312	17,122	Headcount
Amortisation	2,231	2,753	688	455	386	142	2,055	294	432	544	486	292	46	897	11,701	Headcount
Grants administration	–	53,354	57,294	12,179	33,683	–	–	–	–	–	–	–	–	(156,510)	–	Staff time
	199,761	299,814	118,862	52,891	68,222	12,721	184,028	26,287	38,672	48,745	43,541	26,166	4,164	–	1,123,874	

Note 9 (continued)
Support costs 2020-21

	Raising Funds	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement	National Forest Trek	Charnwood Development project	Creating a Forest for Learning project	Timber Festival	Working Woodlands Project	Community Forest Outreach project	Severn Trent – Great Big Nature Boost	Grants administration	2020-21	Basis of apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	Headcount
Staff costs	141,206	140,499	32,033	28,667	20,396	7,124	53,679	22,333	33,744	36,960	24,569	13,414	102,814	657,438	Headcount
Governance															
Costs	18,868	18,773	4,280	3,830	2,725	952	7,172	2,984	4,509	4,938	3,283	1,792	5,881	79,987	Headcount
Premises costs	21,782	21,673	4,941	4,422	3,146	1,099	8,281	3,445	5,205	5,701	3,790	2,069	6,790	92,344	Headcount
ICT & Telecoms	15,668	15,590	3,554	3,181	2,263	790	5,956	2,478	3,744	4,101	2,726	1,488	4,884	66,423	Headcount
HR &															
Recruitment	8,025	7,984	1,820	1,629	1,159	405	3,051	1,269	1,918	2,100	1,396	762	2,501	34,019	Headcount
Office costs	3,256	3,240	739	661	470	164	1,238	515	778	852	567	309	1,015	13,804	Headcount
PR related	37	37	8	8	5	2	14	6	9	10	6	4	12	158	Headcount
Travel	412	410	94	84	60	21	157	65	99	108	72	39	129	1,750	Headcount
Training &															
Development	1,714	1,706	389	348	248	86	652	271	410	449	298	163	532	7,266	Headcount
Depreciation	4,161	4,140	944	845	601	210	1,582	658	994	1,089	724	396	1,297	17,641	Headcount
Amortisation	9,220	9,173	2,091	1,872	1,332	465	3,505	1,458	2,203	2,413	1,604	876	2,874	39,086	Headcount
Grants administration	-	48,794	36,519	19,601	23,815	-	-	-	-	-	-	-	(128,729)	-	Staff time
	224,349	272,019	87,412	65,148	56,220	11,318	85,287	35,482	53,613	58,721	39,035	21,312	-	1,009,916	

Note 10

Governance costs

	2021-22 £	2020-21 £
Trustees' travel and expenses	1,131	11
Trustee meetings and meals external	339	–
Annual Report and Accounts production	4,369	2,558
Fees payable for the audit of the Annual Accounts	31,000	24,000
Internal audit fees	8,266	11,566
Bank charges	10,855	9,187
Professional and Legal Fees	45,130	–
Trustee recruitment	–	–
Other sundry expenditure	1,117	200
Strategic costs ⁽¹⁾	51,699	32,465
	153,906	79,987

(1) Strategic costs represent 45% of the Chief Executive's employment costs (2020:21 34%)

Note 11
Intangible Assets

	Asset under construction £	Website £	Total £
Cost or valuation			
At 1 April 2021	–	117,258	117,258
Additions during the year	42,661	–	42,661
Transfer during the year	–	–	–
At 31 March 2022	42,661	117,258	159,919
Amortisation			
At 1 April 2021	–	99,707	99,707
Charges in the period:	–	11,701	11,701
At 31 March 2022	–	111,408	111,408
Net Book Value 31 March 2022	42,661	5,850	48,512
Cost or valuation			
At 1 April 2020	–	117,258	117,258
Additions during the year	–	–	–
Transfer during the year	–	–	–
At 31 March 2021	–	117,258	117,258
Amortisation			
At 1 April 2020	–	60,621	60,621
Charges in the period:	–	39,086	39,086
At 31 March 2021	–	99,707	99,707
Net Book Value 31 March 2021	–	17,551	17,551

Asset under construction relates to the charges incurred for the re-development of the new website.

Note 12

Tangible Assets

	Land £	Furniture & Fittings £	Information Technology £	Total £
Cost or valuation				
At 1 April 2021	2,385,150	161,303	138,374	2,684,827
Additions during the year	–	23,710	23,619	47,329
Disposals/transfers during the year	–	–	–	–
Impairment	(519,000)	–	–	(519,000)
Reversal of prior years' impairment	106,350	–	–	106,350
Revaluation (loss)/gain to Revaluation Reserve	59,500	–	–	59,500
Investment property transfer	1,111,500	–	–	1,111,500
At 31 March 2022	<u>3,143,500</u>	<u>185,013</u>	<u>161,993</u>	<u>3,490,506</u>
Depreciation				
At 1 April 2021	–	151,122	92,332	243,454
Charges in the period:				
Depreciation	–	3,023	14,099	17,122
Revaluation	–	–	–	–
Depreciation charged on disposals	–	–	–	–
Investment property transfer	–	–	–	–
At 31 March 2022	<u>–</u>	<u>154,145</u>	<u>106,431</u>	<u>260,576</u>
Net Book Value 31 March 2022	<u>3,143,500</u>	<u>30,868</u>	<u>55,562</u>	<u>3,229,930</u>
Cost or valuation				
At 1 April 2020	3,751,050	157,956	121,713	4,030,719
Additions during the year	1,274,943	3,347	16,661	1,294,951
Disposals/transfers during the year	–	–	–	–
Impairment	(250,493)	–	–	(250,493)
Reversal of prior years' impairment	24,000	–	–	24,000
Revaluation (loss)/gain to Revaluation Reserve	17,500	–	–	17,500
Investment property transfer	(2,431,850)	–	–	(2,431,850)
At 31 March 2021	<u>2,385,150</u>	<u>161,303</u>	<u>138,374</u>	<u>2,684,827</u>
Depreciation				
At 1 April 2020	–	148,660	77,153	225,813
Charges in the period:				
Depreciation	–	2,462	15,179	17,641
Revaluation	–	–	–	–
Depreciation charged on disposals	–	–	–	–
Investment property transfer	–	–	–	–
At 31 March 2021	<u>–</u>	<u>151,122</u>	<u>92,332</u>	<u>243,454</u>
Net Book Value 31 March 2021	<u>2,385,150</u>	<u>10,181</u>	<u>46,042</u>	<u>2,441,373</u>

Investment property transfer - Land value of £1,111,500 has been reclassified from investment property (Note 13 Land), due to land surrendered on Farm Business Tenancies.

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed: Land £2,749,887 (2020-21: £2,186,033).

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

Impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 7).

Reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 7).

Note 13

Investments

	Property £	Land £	Cazenove Investment Fund £	Total £
Cost or valuation				
At 1 April 2021	500,000	3,006,850	505,015	4,011,865
Additions during the year	–	866,580	–	866,580
Disposals/transfers during the year	–	(1,111,500)	–	(1,111,500)
Impairment	–	(25,000)	–	(25,000)
Reversal of prior years' impairment	–	25,650	–	25,650
Revaluation (loss)/gain	25,000	43,420	26,524	94,944
At 31 March 2022	<u>525,000</u>	<u>2,806,000</u>	<u>531,539</u>	<u>3,862,539</u>
Cost or valuation				
At 1 April 2020	480,000	–	–	480,000
Additions during the year	–	707,640	500,000	1,207,641
Disposals/transfers during the year	–	2,431,850	–	2,431,850
Revaluation (loss)/gain	20,000	(132,640)	5,014	(107,626)
At 31 March 2021	<u>500,000</u>	<u>3,006,850</u>	<u>505,015</u>	<u>4,011,865</u>

Investment Land includes 9 sites that are part or wholly, commercially let.

In the 2021-22 financial year, £1,111,500 (relating to 3 sites) has been transferred and re-classified to Tangible Assets (Note 12, Land) due to land surrendered on Farm Business Tenancies.

For each revalued class of investment asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed: Property £335,000 (2020-21: £335,000); Land £2,259,550 (2020-21: £2,674,834).

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

In the 20-21 financial year £500,001 was invested in Cazenove Charity Responsible Multi-Asset Fund, generating a return of £26,524 in 2021-22. The income is extracted to our reserves, rather than re-invested into the fund. Fair value measurement of the fund by the investment managers as at 31 March resulted in a gain of £26,524. This has been reflected as a cash equivalent due to it being a high liquid investment.

Note 14

Debtors

	31 March 2022 £	31 March 2021 £
Amounts falling due within one year:		
VAT	9,098	10,926
Prepayments	69,461	42,552
Accrued Income:		
– Creating Working Woodlands project	–	104,110
– Creating a Forest for Learning project ⁽¹⁾	135,675	149,295
– Charnwood project - NLHF funding	57,999	26,267
– Timber Festival	–	33,750
– Community Forest Woodland Outreach project	10,675	14,710
– Other	90,075	55,256
Debtors:		
– Trade debtors	238,539	86,120
– Other debtors	10,379	16,162
	621,901	539,148
Amount falling due after more than one year:		
Other debtors	–	9,510
	–	9,510
Total debtors	621,901	548,658

⁽¹⁾ Creating a Forest for Learning project accrued income includes the unrealised exchange gain on foreign currency.

Note 15

Cash at bank and in hand

	31 March 2022 £	31 March 2021 £
Balance at 1 April:	2,149,010	2,026,219
Net increase/(decrease) in cash and cash equivalent balances	381,517	122,791
Balance at 31 March	<u>2,530,527</u>	<u>2,149,010</u>
The following balances at 31 March 2022:		
Commercial banks and cash in hand	2,277,938	2,144,303
Government Banking Service	252,589	4,707
	<u>2,530,527</u>	<u>2,149,010</u>

Note 16 Creditors

	31 March 2022 £	31 March 2021 £
Amounts falling due within one year:		
Trade creditors	176,434	76,424
Other Creditors	3,300	3,300
Accruals	215,937	140,276
Deferred income ⁽¹⁾	192,319	114,005
	587,990	334,005

⁽¹⁾ Deferred income relates to specified outputs delivered in 2022-23

Analysis of movement of deferred income

	Other	Severn Trent – Great Big Nature Boost	Carbon project	Community Forest Woodland Outreach project	Charnwood Development project	Creating a Forest for Learning project	Total
	£	£	£	£	£	£	£
31 March 2017 Deferred	–	–	–	–	3,962	44,403	48,365
31 March 2018 Released	–	–	–	–	(3,962)	(44,403)	(48,365)
31 March 2018 Deferred	–	–	–	–	2,000	36,364	38,364
31 March 2019 Released	–	–	–	–	(2,000)	(36,364)	(38,364)
31 March 2019 Deferred	–	–	–	–	–	28,151	28,151
31 March 2020 Released	–	–	–	–	–	(28,151)	(28,151)
31 March 2020 Deferred	3,650	–	–	8,333	–	–	11,983
31 March 2021 Released	(3,650)	–	–	–	–	–	(3,650)
31 March 2021 Deferred	5,672	–	100,000	–	–	–	105,672
31 March 2022 Released	(5,672)	–	–	(8,333)	–	–	(14,005)
31 March 2022 Deferred ⁽¹⁾	10,387	31,932	50,000	–	–	–	92,319
Total	10,387	31,932	150,000	0	0	0	192,319

⁽¹⁾ Deferred income 'Other' 2022 relates to sponsorship contracts £10,387 split over two financial years.

Note 17

Analysis of Grants

The NFC awards grants to a number of institutions and landowners to support activity which contributes to the achievement of its charitable objects. No grants were paid with the purpose of directly benefitting the personal circumstances of the individuals.

	Grants to Institutions £	Grants to Landowners £	Support Costs £	2021-22 £	Grants to Institutions £	Grants to Landowners £	Support Costs £	2020-21 £
Forest creation, access and nature conservation	901,462	50,555	53,354	1,005,371	117,760	232,847	48,794	399,401
Woodland Management	23,452	157,328	57,294	238,074	40,090	127,186	36,519	203,795
Community engagement	93,577	-	33,683	127,260	56,400	-	23,815	80,215
Tourism and promotion	1,697	-	12,179	13,875	6,960	-	19,601	26,561
Total	1,020,188	207,883	156,510	1,384,581	221,210	360,033	128,729	709,972

During the 2021-22 financial year, the NFC awarded grants to the following:

Institution and/or Landowner	2021-22 £	2020-21 £
South Derbyshire District Council	29,608	32,500
Leicestershire County Council	138,167	17,335
NFCT	300,000	-
Mountpark Logistics	339,027	-
Shuttlewood Clarke Foundation	-	17,157
Duchy of Lancaster	6,905	105,961
Trustees of Burton Property Group	-	29,176
NMA	36,369	-
Grants to other institutions	170,111	19,080
Grants to landowners/Individuals	207,884	360,034
Total Grants paid	1,228,071	581,243

Note 18

Summary of fund movements 2021-22

	As at 1 April 2021 £	Income £	Expenditure £	Revaluation £	Foreign Currency gain/(loss) £	Transfers ⁽¹⁾ £	As at 31 March 2022 £
Unrestricted							
General Fund	3,488,284	3,156,653	(2,632,129)	-	-	(816,896)	3,195,912
Financial Contingency Fund ⁽⁴⁾	450,000	-	-	-	-	50,000	500,000
Land Acquisition, Management and Development Fund ⁽⁵⁾	450,000	-	-	-	-	-	450,000
Enterprise and Investment Fund ⁽⁶⁾	500,000	-	-	-	-	-	500,000
Investments ⁽⁷⁾	1,793,528	-	-	61,621	-	640,841	2,495,990
Revaluation Reserve	77,250	-	-	59,500	-	-	136,750
Total Unrestricted	6,759,062	3,156,653	(2,632,129)	121,121	-	(126,055)	7,278,652
Restricted							
Nature for Climate Funds	1,656,150	1,894,000	(1,458,954)	33,323	-	-	2,124,519
Other restricted funds ⁽²⁾	14,310	76,842	(67,080)	-	-	-	24,072
Creating a Forest for Learning project	196,337	-	(39,086)	-	38,873	-	196,124
Timber Festival ⁽³⁾	26,566	24,250	(114,502)	-	-	63,686	-
Creating Working Woodlands project	131,550	200	(117,636)	-	-	-	14,114
Charnwood Development project	47,956	307,218	(291,375)	-	-	-	63,799
National Forest Trek	-	47,939	(70,374)	-	-	22,435	-
Community Forest Woodland Outreach project	2,521	68,081	(82,071)	-	-	15,608	4,140
Rolls Royce	-	20,000	(20,000)	-	-	-	-
Severn Trent – Great Big Nature Boost	-	201,683	(201,683)	-	-	-	-
ELMS Test and Trial	-	45,530	(69,856)	-	-	24,326	-
Total Restricted	2,075,390	2,685,743	(2,552,617)	33,323	38,873	126,055	2,426,767
Total Reserves	8,834,452	5,842,396	(5,164,746)	154,444	38,873	-	9,705,419

(1) Transfer from unrestricted (General fund) to restricted funds are match funding contributions National Forest Trek £22,435, Community Forest Woodland Outreach Project £15,608, ELMS Test and Trial £24,326 and support for the 2021 and 2022 Timber festival £63,686.

(2) Other restricted funds include Woodland Trust and Section 106 income carried forward.

(3) Timber Festival transfer £63,687 at 31 March 2022 is £43,687 for the 2021 Festival and £20,000 for the 2022 Festival.

(4) Financial Contingency Fund – equates to approximately four months of NFC running costs and to be used in the event of major cashflow problems.

(5) Land Acquisition, Management and Development Fund (LAMDF) - available to support land acquisition and initial site establishment costs.

(6) Enterprise and Investment Fund (EIF) - available to support innovation, enterprise and long-term financial sustainability.

(7) Investments – the value as per Note 13 £3,862,539 of which £2,495,990 is unrestricted and the balance £1,366,549 restricted as part of Nature for Climate Funds reserve (Note 20).

Note 18 – continued
Summary of fund movements 2020-21

	As at 1 April 2020 £	Income £	Expenditure £	Revaluation £	Foreign Currency gain/(loss) £	Transfers ⁽¹⁾ £	As at 31 March 2021 £
Unrestricted							
General Fund	4,357,643	3,027,677	(2,520,869)	–	–	(1,376,167)	3,488,284
Financial Contingency Fund ⁽⁴⁾	450,000	–	–	–	–	–	450,000
Land Acquisition, Management and Development Fund ⁽⁵⁾	450,000	–	–	–	–	–	450,000
Enterprise and Investment Fund ⁽⁶⁾	500,000	–	–	–	–	–	500,000
Investment Property	480,000	–	–	(223)	–	1,313,751	1,793,528
Revaluation Reserve	59,750	–	–	17,500	–	–	77,250
Total Unrestricted	6,297,393	3,027,677	(2,520,869)	17,277	–	(62,416)	6,759,062
Restricted							
Nature for climate funds	–	214,600	(382,454)	(107,403)	–	–	1,656,150
Other restricted funds ⁽²⁾	20,278	33,886	(39,854)	–	–	–	14,310
Creating a Forest for Learning project	294,544	–	(53,687)	–	(44,520)	–	196,337
Timber Festival ⁽³⁾	–	77,500	(110,868)	–	–	59,934	26,566
Creating Working Woodlands project	214,396	–	(82,846)	–	–	–	131,550
Charnwood Development project	5,310	125,552	(82,906)	–	–	–	47,956
National Forest Trek	–	21,460	(23,942)	–	–	2,482	–
Community Forest Woodland Outreach project	1,052	36,171	(34,702)	–	–	–	2,521
Rolls Royce	–	20,000	(20,000)	–	–	–	–
Severn Trent – Great Big Nature Boost	–	126,166	(126,166)	–	–	–	–
Total Restricted	535,580	2,586,742	(957,425)	(107,403)	(44,520)	62,416	2,075,390
Total Reserves	6,832,973	5,614,419	(3,478,294)	(90,126)	(44,520)	–	8,834,452

(1) Transfer from unrestricted (General and Enterprise and Investment Fund) to restricted funds are match funding contributions National Forest Trek £2,482 and support for the 2020 Timber festival £59,934.

(2) Other restricted funds relates to Section 106 - income carried forward.

(3) Timber Festival transfer £59,934 at 31 March 2021 is for the 2020 Festival, with the balance of £26,566 for the 2021 Festival.

(4) Financial Contingency Fund - equates to approximately four months of NFC running costs and to be used in the event of major cashflow problems.

(5) Land Acquisition, Management and Development Fund (LAMDF) - available to support land acquisition and initial site establishment costs.

(6) Enterprise and Investment Fund (EIF) - available to support innovation, enterprise and long-term financial sustainability

(7) Investments - Land transfer as per Note 13 is £2,431,850 of which £1,313,751 is unrestricted and the balance £1,118,099 restricted as part of Nature for Climate Funds reserve £1,656,150.

Note 19

Analysis of net assets between funds

	Unrestricted £	Restricted £	Total 31 March 2022 £	Unrestricted £	Restricted £	Total 31 March 2021 £
General Fund	7,141,902	2,426,767	9,568,669	6,681,812	2,075,390	8,757,202
Revaluation Reserve	136,750	–	108,750	77,250	–	77,250
Net assets	7,278,652	2,426,767	9,677,419	6,759,062	2,075,390	8,834,452

Note 20

Analysis of funds

	Unrestricted £	Restricted £	Total 31 March 2022 £	Unrestricted £	Restricted £	Total 31 March 2021 £
Reserve balances at 31 March are represented by:						
Intangible assets	48,512	–	48,512	17,551	–	17,551
Fixed assets	2,776,831	453,099	3,201,930	2,412,416	289,571	2,441,373
Investments	2,495,990	1,366,549	3,862,539	2,428,169	158,369	4,011,865
Current assets	2,545,309	607,119	3,152,428	2,234,931	462,737	2,697,668
Creditors	(587,990)	–	(587,990)	(334,005)	–	(334,005)
Total reserves	7,250,652	2,426,767	9,677,419	6,759,062	2,075,390	8,834,452

Note 21

Commitments under operating leases

The future minimum lease payments under operating leases which the NFC is committed to make under operating leases are as follows:

	31 March 2022 £	31 March 2021 £
Obligations under operating leases comprise:		
Buildings, office accommodation lease		
Not later than one year	40,857	48,081
Later than one year and within five years	–	48,081
Later than five years	–	–
	40,857	96,162

The above obligations relate to the lease for office accommodation occupied by the National Forest Company which commenced on 1 April 2018 and will expire on 31 March 2023.

The lease expense for 2021-22 was £47,996 (2020-21: £47,785).

Note 21 - continued

The future minimum lease payments under operating leases which the NFC is committed to receive under operating leases are as follows:

	31 March 2022 £	31 March 2021 £
Recognition under operating leases comprise:		
Farmhouse and Farm Business Tenancies (FBTs) leases		
Not later than one year	23,270	25,951
Later than one year and within five years	4,000	194
Later than five years	–	–
	<u>27,270</u>	<u>26,145</u>

The above recognition relates to the lease of National Forest Company owned assets.

Hanging Hill Farm is a periodic short term tenancy.

FBTs are short term grazing and grassland tenancies on various sites.

Note 22

Other financial commitments

Forest creation schemes

The Company has entered into contracts (which are not leases or PFI contracts) under the Changing Landscape Scheme (CLS) and the Freewoods and Parkland Schemes. The payments to which the NFC is committed, analysed by the period during which the commitments fall due, are as follows:

	31 March 2022 £	31 March 2021 £
Not later than one year	71,015	37,702
Later than one year and not later than five years	338,525	263,232
Later than five years	7,921	18,469
	<u>417,461</u>	<u>319,403</u>

Note 23

Financial Instruments

As the current cash requirements of the NFC are met largely through grant-in-aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The NFC has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi-Asset Fund is a financial instrument with the measurement and accounting basis being fair value. Of which the fair value being determined by the fund managers as at 31 March 2022 to be £531,539.

Note 24

Related party transactions

Key management personnel of the Charity:

John Everitt has been a member of the National Lottery Heritage Fund Midlands and East Committee since January 2015. Grant Support of £224,577 (2020-21: £63,455) was received for the Charnwood Forest Landscape Partnership Scheme project; John Everitt declared an interest and was not party to the decision to award the funds.

Chair, Lord Duncan of Springbank, appointed on 20 May 2020 is Chair of Confor. The NFC paid £330 (2020-21: £314) for membership subscription.

Trustee, Alison Field, appointed on 1 April 2018, is a Council Member of the Institute of Chartered Foresters (ICF). The NFC paid nil (2020-21: £450) to the ICF.

Trustee, Mike Kapur, appointed on 1 April 2018, is Chair of Leicester City Football Club Trust and member of Council of University of Leicester. The NFC received nil (2020-21: £525) from the University of Leicester. The NFC paid £19,278 (2020-21: £4,079) to Leicester City Football Club Trust for the Community Forest Woodland Outreach project.

Trustee, Paddy Harrop, appointed 1 April 2018, is Forest Management Director Central England, Forestry England. The NFC paid nil (2020-21: £46,596) to Forestry England.

During the year, no trustee or related parties has undertaken any material transactions with the Charity other than those disclosed in the Remuneration and Staff Report.

Other related parties:

The NFC has dealings with the Department for Environment, Food and Rural Affairs (Defra) and some of its sponsored bodies. The NFC receives grant in aid from Defra. During the year, the NFC received £2,400,715 (2020-21: £2,467,457) GiA and £1,894,000 (2020-21: £2,146,007) via the Nature for Climate Fund.

The NFC received £12,977 from Rural Payments Agency (2020-21: £26,507) for woodland grants.

The NFC received £52,000 (2020-21: £36,171) from Natural England for the Community Forest Woodland Outreach project.

The NFC paid NIL (2020-21: £46,596) to Forestry England for employee secondment costs.

The NFC has an agreement with Forest Research allowing access to a National Forest site at Eastern Old Parks in order to undertake research into Ash Dieback disease.

Note 25

Events after the reporting period

On 1 April 2022 the National Forest Company (NFC) and National Forest Charitable Trust (NFCT) merged and combined into one reporting entity under the NFC. The NFCT will dissolve once their final accounts up to 31 March 2022 are completed. The NFCT's financial statements can be found at <https://find-and-update.company-information.service.gov.uk/company/03468753>.

The merger included the transfer of all NFCT assets including two trading subsidiaries, Heart of the National Forest Park Developments Ltd and Forest Experience Ltd, that will now be wholly owned by the NFC.

There was no consideration paid for the merger, but a grant of £300,000 was provided to the NFCT pre-reporting date to enable them to settle liabilities to release the assets for transfer.

The assets, liabilities, and shares (of the two subsidiaries) of the NFCT will be transferred into the control of NFC for a nominal value and are in substance a gift. The land and buildings will be transferred at fair value as per the valuations as at 1 April 2022 undertaken by independent Chartered Surveyors Fisher German and Matthews and Goodman in accordance with the RICS Valuation Standards (the 'Red Book'). As the value of the assets received will exceed the fair value of the liabilities assumed, the assets will be accounted as a gain will be recognised and shown separately within income, as a gift.

The Annual Report and Accounts have been authorised for issue by the National Forest Company's Chief Executive and Trustees. The authorised to issue date is the date of the Comptroller and Auditor General's audit certificate.

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THE NATIONAL FOREST COMPANY

England & Wales - Charity number 1166563

Accounts



National Forest Company Annual Report and Accounts

For the year ended 31 March 2021

HC 848

Charity Number 1166563



National Forest Company
Annual Report and Accounts 2020-21
For the period 1 April 2020 to 31 March 2021

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Chair's letter

This has been my first year as Chair of the National Forest Company (NFC) and one that I could never have anticipated. Climate change remains the number one priority, but the coronavirus pandemic has shown that in addressing this global challenge we must also tackle the loss of biodiversity, the decline in mental and physical wellbeing, and the ability of businesses to adapt to change.

Throughout the year, the National Forest has continued to demonstrate this approach – capturing carbon whilst also supporting wildlife or providing accessible greenspace for people whilst helping businesses to diversify. That's why I am so pleased to see that, despite the pandemic, our achievements have still been impressive. Whether it is more than 200 hectares of Forest habitat created; 82% of woodlands now in active management; 80% of new habitats providing public access for communities; or more than 60% of primary schools enjoying regular outdoor learning, the Forest is setting a high benchmark for others to follow.

I believe this demonstration role is now more important than ever as the country looks to make the right changes to policy, investment and decision making that can spark a green recovery. Tree planting is rightly taking centre stage with the government's new Trees Action Plan and Nature for Climate Fund, as well as intense international effort and scrutiny on carbon. Here, the National Forest is well placed to showcase both innovation

and best practice, with a model that can deliver multi-functional outcomes while ensuring value for money for the public purse.

I am also delighted to report that the NFC itself has weathered the storm of the pandemic well, exceeding fundraising expectations, working more closely with the National Forest Charitable Trust, and bringing in new expertise as we said goodbye to Chris Holmes and welcomed Anne Jenkins as a new Trustee on the Board. The strength of the organisation will be important to grasp the many opportunities as we steadily emerge from our extended lockdown.

As ever, our success is only as good as the success of all our partners – businesses, funders, communities, landowners and individuals – working hard to deliver for the National Forest. I would like to extend my particular thanks this year for all your effort and support. We, in turn, remain committed to leading our ambitious vision for the Forest, and I look forward to being able to see at least some of you in person among the trees in the year ahead.



Lord Duncan of Springbank PhD FGS
Chair of the Board of Trustees

Chief Executive's foreword

This has been the most challenging year for a generation; a year where we have all been touched by the coronavirus pandemic and found ourselves reflecting on what kind of future we are creating. I am proud that the National Forest presents a positive view of the future, for a greener, healthier and more sustainable planet. I am also proud that the Forest has played an important role to support people through the challenges, providing greenspace to exercise close to home, outdoor spaces to retreat to safely, and reconnection with the natural world to boost mental health. The impact of COVID-19 gives renewed hope that the National Forest is doing the right thing, and that our vision for the next 25 years is aligned to our post-COVID world.

I am also relieved that the National Forest Company has come through the last year with the staff safe and well, and the organisation demonstrating renewed strength. Despite a year of home working we have managed to adapt quickly to nearly double our turnover, expand the team, continue to meet our charitable objectives and support our partners through a difficult time. A few of the selected highlights below show the scale and impact of what has been achieved:

- Planting our milestone 9 millionth tree in a partnership with Shaun the Sheep from Aardman Animations, launched by the Forestry Minister.
- Securing an additional c£2m from Defra's Nature for Climate Fund for the first year of a five-year programme.
- More than doubling our Forest creation targets to meet our pledge to accelerate tree planting in the face of climate change.
- Acquiring additional land at the former Minorca colliery site near Measham to create a new woodland complex with public access.

- Kicking off the National Lottery Heritage funded Charnwood Forest Landscape Partnership Scheme.
- Creating a new Biodiversity Programme with Severn Trent to restore and enhance habitats and species across the Forest.
- Developing the COVID-19 Memorial Woodland initiative with the National Memorial Arboretum.
- Running a new Small Arts grant programme and delivering virtual Timber Festival programming during lockdown.

Inevitably, our work with schools, communities and volunteers struggled during restrictions, alongside those woodland and tourism businesses that were forced to close. However, with activities moving online, targeted support through grants, and a huge amount of goodwill, progress has still been made. On a personal note, I would like to pay tribute to the NFC Chair and Board who have supported me remotely during the year, and to the staff team for showing such determination and resilience in the face of hardship. My thanks also to all those partners who have given their time, energy and resources to contribute to our achievements. It is clear that whilst COVID-19 has been the immediate threat, climate change remains the most pressing issue of our time and only through such collaboration with partners will we be able to create that positive future.



John Everitt FRSA
Chief Executive/Accounting Officer

Directors' Annual Report

Introduction

This report provides the information as required by company law. In addition, as the National Forest Company (NFC) is a registered charity, the report provides any additional information as required by the Statement of Recommended Practice (SoRP) module 'Trustees' annual report'. The Trustees have agreed that a single report should be produced providing the required information rather than a separate Directors' report and Trustees' annual report.

National Forest Company status

The National Forest Company was established in April 1995 with the objective of overseeing the creation of the National Forest which spans 200 square miles of central England. The NFC is a company limited by guarantee (registered number 2991970) and a registered charity (registered number 1166563). The NFC operates from its registered office at Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire DE12 6BA.

As a charity since April 2016 and applying the provisions of its Articles of Association, the business of the NFC is no longer under the majority control by the Secretary of State for Environment, Food and Rural Affairs. The NFC does, however, given the levels of grant in aid funding received, continue to place economic reliance on the Department for Environment, Food and Rural Affairs (Defra). Grant in aid is paid to the NFC under Section 153 of the Environmental Protection Act 1990. The NFC's status is a Non-Profit Institution within the Public Sector specifically within Central Government as defined by the Office for National Statistics.

Objectives and activities

The objects of the NFC as contained in its Articles of Association are:

'For the public benefit, the conservation, protection and improvement of the physical and natural environment so as to secure and enhance the enjoyment by the public of the same, in particular but without limitation to:

(a) woodland creation and management generally, and in particular in the area of the National Forest, for the benefit of the general improvement of land or for the environment;

(b) the promotion of urban and rural regeneration by the maintenance, improvement or provision of public amenities; the provision of recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, have need of such facilities; and the protection or conservation of the environment; and

(c) the advancement of education in the environment and sustainable development through the promotion of training and education and the undertaking and publishing of research.'

Strategy and priorities

The National Forest Strategy covering the period 2014–2024 includes the following priorities:

- Creating and managing a Forest for the nation
- Creating the visitor destination and making the most of the asset
- Creating the Forest for Everyone
- Governance, income generation and marketing

The Strategy is based on creating a resilient Forest environment, continuing to move forward with new forest creation and increasing the emphasis and investment in woodland management. It also includes a focus on a Forest society, increasing new access routes and engaging people and communities in outdoor activity through education, volunteering and enjoyment. In addition, the Strategy prioritises work to create a sustainable Forest economy, developing the visitor, woodland and green economy in line with the Forest brand. To support this, the Strategy recognises the organisational development required for the NFC to meet future challenges, including upgrading its infrastructure and systems as a new charity, growing its income to increase financial sustainability, and building a stronger brand.

Grant funding from Defra contributed significantly towards the delivery of objectives for the year, whilst simultaneously contributing to the delivery of the Defra Strategy, 25 Year Environment Plan and Departmental objectives.

Public benefit

In overseeing the strategic direction and activities for the year, the Trustees have been mindful of the Charity Commission guidance on public benefit and are satisfied that the NFC complies with these requirements.

The National Forest acts as a national exemplar of sustainability and its public benefit is based on its environmental, social and economic outcomes.

The direct environmental benefits include the restoration of the landscape from planting more than 9 million trees and the services that this provides for our natural capital including carbon sequestration, clean air and water, and protection of soils, as well as the protection and enhancement of wildlife. This has particular resonance as we respond to the urgency of both climate change and biodiversity loss. Social benefits relate to the physical and mental wellbeing of individuals who engage with the Forest and the considerable benefits that are derived from programmes that promote access, volunteering, education, skills and training, improving the equality of these opportunities for all our communities. Economic benefits are provided to society as a whole through promoting more sustainable livelihoods, shifting to a low carbon and circular economy that reduces negative impacts, and through targeted work with deprived communities.

The benefits are felt by the 209,000 residents living within the National Forest area, many of whom are from disadvantaged backgrounds and under-represented groups in our urban and rural areas; the 9.1 million visitors who enjoy the Forest as a destination each year; the 300,000 plus individuals who experience the National Forest through the website; the 16m people impacted by media and communications activity, and the expanding audience of supporters, partners and stakeholders who are inspired to engage with our work.

Volunteering statement

It is central to the ethos of the National Forest's development that local communities, businesses and visitors are offered opportunities to become engaged in creating and looking after the Forest, helping to underpin more sustainable, cost effective and resilient management. Volunteering has played a key role in this. Since its creation, the NFC has facilitated a wide range of organisations across the Forest to offer volunteering opportunities; for example, since 1997, 32,495 volunteer workdays have been arranged in the Forest by The Conservation Volunteers (TCV).

The NFC itself is also directly involved in the engagement and deployment of volunteers, with a volunteering policy approved by the Board. During 2020-21, the NFC extended its volunteering activities through the Creating Working Woodlands project funded by Esmée Fairbairn Foundation, and further training for volunteers involved in the Timber Festival. Inevitably these activities were seriously impacted by the COVID-19 pandemic and volunteer sessions 2020-21 were reduced to 3,123, with an approximate value of £78k.

Equality, Diversity and Inclusion

Diversity and inclusion of our staff and volunteers, as well as ensuring that the National Forest attracts and engages with a diverse range of audiences and stakeholders is a key priority. During the year we introduced a new Equality, Diversity and Inclusion strategy with key priority actions to be taken forward by a small staff working group. Work will include ensuring that the Forest's vision, programme of work, projects and processes show due regard for diversity and inclusion and consider the impact of decisions on under-represented groups, including those having access to grants and support.

Grant making policy

The NFC's grant making is targeted to support public benefit and the charity's objects in line with Charity Commission guidance, and guidance set out in Managing Public Money. Grants awarded are an important means of delivering multiple Forest objectives including forest creation, woodland management, biodiversity, access, cultural and community programmes. Grants are administered through an assessment process that considers priorities, impact and value for money. Higher level grants are approved annually by the Board and smaller grants by Trustee-led Working Groups. This provides the necessary assurances and includes grant conditions for recipients to ensure that charitable purposes are adhered to. Forest creation is secured through grants awarded via the Changing Landscapes Scheme (CLS), for areas greater than 1 hectare (ha).

The woodland management grant programme supports active management of woodlands covering a range of objectives including forestry, wildlife, access, landscape and community use. In 2020-21 the woodland economy grant scheme was again run to stimulate an increase in economic activity designed to sustain woodlands into the future. Qualifying projects are eligible for up to 60% of total costs.

Small grants to communities and organisations are made through the Small Grants Fund (SGF). The SGF supports activities and projects that include access, arts and culture, community, heritage, wildlife and recreation. Grants normally cover up to 50% of project costs, helping to lever additional funds to support the Forest.

Grants totalling £581,243 were awarded during 2020-21. Note 17 to the accounts provides an analysis and information on grant recipients. COVID-19 inevitably had an impact on the number of grants awarded this year, most notably on our Creating a Forest for Learning project; 10 grants totalling £10,748 supported schools to provide outdoor learning training for school staff and to enhance the outdoor learning environment within schools through woodlands. Despite COVID-19, a new Habitat Enhancement Grant was developed and run in 2020-21 with funding from Severn Trent Water. The 'Severn Trent Great Big Nature Boost' supports work on biodiversity restoration and enhancement across the Forest; 25 grants totalling £78,872 were awarded. A new Arts grants programme was also introduced this year to support arts groups and communities impacted by COVID-19. Six grants totalling £6,240 were awarded improving the cultural offer of the Forest.

The NFC works collaboratively with other charities in the pursuit of its objectives, including grants this year to Leicestershire & Rutland Wildlife Trust and Youth Hostel Association.

Strategic Report

Financial overview

An operating surplus of £2.001m was achieved in 2020-21 (2019-20: £0.679m) comprising £0.462m unrestricted and £1.540m relating to restricted projects. The unrestricted surplus resulted from over achievement of income generation targets and unavoidable COVID-19 related delays to expenditure which are now programmed for delivery in 2021-22.

Total income during 2020-21 was £5.614m (2019-20: £3.744m) of which £2.467m is grant in aid from Defra (2019-20: £2.531m) and £2.146m being the first year of the new Nature for Climate Fund programme also funded by Defra. The NFC continues to rely heavily on Defra funding and the importance of the forestry agenda gives confidence that both grant in aid and Nature for Climate Fund are likely to remain at broadly similar levels, pending the outcome of the Spending Review. The expected reductions in corporate sponsorship and donations income as a result of COVID-19 did not materialise, and unrestricted income of £0.533m was secured (2019-20: £0.517m).

Expenditure during 2020-21 was £3.478m of which unrestricted expenditure was £2.521m and restricted expenditure was £0.957m (2019-20: total expenditure £3.080m, unrestricted expenditure £2.379m and restricted expenditure £0.701m). 33% (2019-20: 22.8%) of the funds were spent on forest creation which, together with the restricted Nature for Climate funding, secured the headline target for new forest habitat whilst also helping to deliver associated targets.

Restricted project income was £2.587m in 2020-21 (2019-20: £0.681m), of which £2.146m is Nature for Climate Funds. These projects with their third-party funding make a significant contribution to the delivery of corporate priorities, and can also contribute to core cost recovery. Restricted funds reserves for 2020-21 have increased to £2.075m (2019-20: £0.536m) as a result of land acquisition of £1.816m through the Nature for Climate Fund and COVID-19 delays to programme expenditure, which will be spent in subsequent years.

The NFC continues to act as an enabler, working in partnership with others to deliver its priorities. The awarding of grants remains an important means of delivering these priorities and during the year grants totalling £0.518m were awarded (2019-20: £0.535m). No grants were made to support land acquisitions in 2020-21.

£0.062m was transferred from unrestricted funds to restricted funds for the challenge walk, the 'National Forest Trek', and the 2020 National Forest 'Timber' Festival.

At the end of March 2021, the NFC reserves had increased from £6.833m to £8.834m.

Fundraising Statement

The NFC is registered with the Fundraising Regulator and abides by its Code of Fundraising Practice, ensuring that fundraising activities are legal, open, honest and respectful. The standards can be accessed via the Fundraising Regulator website fundraisingregulator.org.uk. The NFC does not use the services of professional fundraisers. The NFC's Development Working Group, comprising two Trustees and reporting to the Board, is responsible for oversight of the income generation strategy which includes fundraising. Operationally, responsibility for the development, management and monitoring of fundraising activities is carried out by the NFC's Development Team; this includes the Fundraising and Development Manager who is a Full Member of the Institute of Fundraising.

No complaints have been received about the NFC's fundraising practice.

Achievements against targets for 2020-21

Despite the difficulties experienced as a result of the pandemic in 2020-21, the NFC was still able to meet its core targets and outcomes for the Forest. With the first year of funding from the Nature for Climate Fund, the NFC successfully doubled its forest creation figures to 212ha (2019-20: 103ha), moving forest cover to just below 22% of the total land area. As with previous years, this was achieved through a combination of land acquisition, planning and grant schemes, including a large proportion of former opencast coal or landfill sites. Success with forest creation has also meant that targets for access were exceeded, delivering additional public benefit.

Alongside forest creation, our work to secure good management of woodlands was extended this year with grants, support and advice bringing 163ha of new woodlands into active management and securing 372ha of renewals. This has continued to extend the total figure for woodlands in active management to 82%, well in excess of the national average. The Habitat Enhancement Grant with Severn Trent meant that 43ha of priority wildlife habitats were restored or enhanced, helping to

improve connectivity across the Forest and support threatened species. Tree planting was inevitably below target as a result of COVID-19, but c178k trees were still planted, including the 9 millionth tree, significantly higher than the c125k average of previous years. Delays in tree planting will be addressed in the coming year with significant planting still planned on NFC and partner sites.

Our community work was challenged this year with the Creating a Forest for Learning project and new Forest Foxes pilot in conjunction with Leicester City Football Club Community Trust using online resources to engage schools. However, the momentum of the outdoor learning campaign meant that primary schools engaged in regular outdoor learning still increased to 61% (up from 53% in 2019-20). The commencement of the delivery phase of the Charnwood Forest Landscape Partnership Scheme supported by the National Lottery Heritage Fund, and the continued progress of the Creating Working Woodlands project to grow

volunteering and business activity in woodlands also helped to support communities and volunteers during lockdown. Despite the cancellation of key events including the new National Forest Trek in partnership with the Defence Medical Rehabilitation Centre Benevolent Fund and the National Memorial Arboretum, planning work has continued to test the route and postpone activity until 2021-22.

Work to support the tourism and woodland economy also increased this year, although both suffered considerably as a result of COVID-19. The Timber Festival was postponed as a live event but did continue with online programming and the successful Sounds of the Forest initiative, with planning undertaken to shift programming and ticket sales to the 2021 event. The woodland economy grants programme helped to accelerate woodland management by supporting small business growth in line with a low carbon economy.

Forest Environment

Targets	Progress
Forest Creation:	
Forest cover to reach 22%.	21.9% secured. Percentage based on 21.5% at beginning of year. Note that 0.1% = 50 hectares
200 – 250ha of forest creation.	Achieved. Total 212.5ha comprising 98.4ha Minorca complex. Grant schemes have delivered 15.52ha under Changing Landscape Scheme (CLS), 2.01ha under Freewoods and 19ha under Parklands. There is also 61.8ha from planning and we achieved 15.8ha of new creation through Countryside Stewardship.
280,000 trees planted.	Target not achieved as a result of COVID-19 delays. 178,105 trees planted in total. 26,940 trees planted on NFC sites, 17,015 planted through CLS, and 240 and 2,760 planted through the Parklands and Freewoods grant schemes, respectively. Third party planting through planning is estimated at 47,450 trees based on planting at 2,000 trees/ha, and 83,700 trees planted by Woodland Trust at Diamond Jubilee Wood.
Woodland Management:	
83% of woodlands in active management.	82% in active management through grants and support to landowners. This is up from 81% at the beginning of the year and includes 21.82ha from the habitat enhancement grants. Slightly down on target as a result of more grants spent on renewals this year.
400ha of woodlands brought or retained in active management.	Exceeded. 535ha achieved comprising 163ha of new area brought into active management and 372ha of renewals.

Forest Society

Targets	Progress
Access creation:	
80% of Forest sites created with public access.	Achieved. 80% public access maintained with access as part of schemes and acquisition.
80ha of new access created.	Exceeded. 117.9ha created in total. 98.4ha was created at the Minorca complex, with a further 15.52ha created under CLS and 4ha under planning. An additional 52ha of access is committed under planning schemes, but not included here as sites will not be accessible until they are completed. New planning sites where only access is Public Right Of Way have not been included in the total but represent a further 5.8ha of partial access.
Promoting outdoor activity:	
60% of National Forest primary schools regularly delivering outdoor learning.	Achieved. 61% schools having regular outdoor learning. Many schools pushed back their outdoor learning grants due to the pandemic but target still achieved.
10,500 sessions involved in Forest related volunteering each year.	3,123 delivered. There were no volunteers from Timber or Plant a Tree this year and severely reduced numbers elsewhere due to COVID-19 restrictions.

Forest Economy

Targets	Progress
Visitor economy:	
Increase visitor numbers to 8.95m pa.	9.1m visitors reported via independent Scarborough Tourism Economic Activity Monitor (STEAM) data based on 2020 assessment of 2019 figures (ie one year in arrears).
Visitor spend pa increased to £464m and tourism jobs increased to 5,474.	Visitor spend exceeded, ie £471.5m and tourism jobs slightly below target at 5,363 based on 2019 STEAM figures.
6,500 Timber Festival attendees (plus 3,500 customers).	2020 festival cancelled due to COVID-19. Online audience achieved through virtual programming.
Low carbon enterprise:	
100 National Forest businesses supported.	75 on brand businesses directly supported and indirect support provided to the wider business network. COVID-19 restrictions significantly impacted face to face and networking activities with events cancelled.

Securing resources, building the brand, governance and leadership

Targets	Progress
Securing resources:	
Increase unrestricted income for the NFC through sustainable resources to £392k.	£533k achieved. Target significantly exceeded with success of tree planting packages and corporate support
Generate £612k of restricted income.	£411k achieved. Delays in the draw down from restricted projects have been made up for in securing new restricted income, in particular for carbon storage.
Achieve a campaign return on investment (ROI) of 3:1.	ROI of 4:1 achieved with strong campaign performance, in particular for Dedicate a Tree product.
Building the brand:	
Increase National Forest website sessions to 270k.	340k achieved. Target exceeded with additional web hits from visitors during lockdown and success of media campaigns
Increase media profile: achieve 170 pieces of media content.	312 achieved. Target significantly exceeded despite COVID-19 with strong campaign and media profile
Governance and leadership:	
Board effectiveness: attain assurance based on Charity Governance Code.	Achieved. Assurance achieved through review of previous year's activity.

Income generation performance

Income generation for the year performed significantly better than expected as a result of the National Forest website and strong digital marketing increasing the quality and reach of our message. The improved functionality and customer fulfilment meant that sales products, in particular the new Dedicate a Tree scheme, charitable giving and sponsorship exceeded targets for both unrestricted income generation and income for restricted projects.

Total income for the year was £5.614m of which £4.613m was grant in aid from Defra. Income this year included the development of 12 new agreements with partners such as Stone Group and Welbeck Publishing, section 106 funds, and income through the Plant a Tree scheme, groves and Dedicate a Tree scheme. In addition, restricted funds were secured from: the Audemars Piguet Foundation for the Creating a Forest for Learning project; Defra/Natural England for the Community Forest Woodland Outreach programme; National Lottery Heritage Fund for the continued work on the Charnwood Forest Landscape Partnership Scheme; local authority partners and others for work on tourism; Esmée Fairbairn Foundation for the Creating Working Woodlands project; Severn Trent for the new

Great Big Nature Boost programme, and woodland grants. Restricted funds were also received towards the National Forest Festival, 'Timber', including grants from Arts Council England and sponsorship from North West Leicestershire District Council and Octopus Energy.

Following last year's procurement exercise and approval from Defra and Treasury, new investment managers were appointed to help maximise income in line with our ethical investment policy. In December 2020, £0.500m of our financial reserves were invested in Cazenove's Charity Responsible Multi-Asset Fund; the aim being to achieve a net return of c4% per annum. The remaining reserves are held in instant access fixed-rate deposit accounts.

Plans for future periods

Key priorities for the coming year will focus on the ambitions set out in the Corporate Plan 2020 to 2023, as agreed by the Board, and include:

National Forest Environment

- Deliver ambitious Nature for Climate Fund targets to increase forest creation and tree planting using land acquisition, grants, planning and advice.

- Urban tree planting and green infrastructure work with partners, including mapping and assessment.
- Develop the COVID-19 Memorial Woodland initiative in partnership with the National Memorial Arboretum.
- Further increase active management of woodlands including measures to address pests and diseases.
- Further develop the biodiversity programme for woodland and non-woodland habitats.

National Forest Society

- Creation of new public access sites and linear trails across the Forest.
- Deliver the inaugural National Forest Trek challenge walking event along the National Forest Way.
- Continue the delivery phase of the Charnwood Forest Landscape Partnership Scheme.
- Expansion of project work to increase outdoor learning within primary schools and increase activity with secondary schools, including through the Forest Foxes project.
- Further increase Community Management of Woodlands groups and volunteering, and a new community woodlands programme as part of the Queen's Green Canopy initiative.
- Increase activities to promote health and wellbeing through the national pilot programme for Green Social Prescribing.

National Forest Economy

- Provide support for a green recovery post COVID-19 for businesses, stakeholders and groups.
- Continue delivery of the Tourism Growth Plan and investment in the visitor economy, including Forest Experience itineraries.
- Run the award winning Festival 'Timber' in July 2021 and a wider programme of arts and cultural activities.
- Take forward strategic masterplanning for the Heart of the Forest area.
- Develop a sustainable tourism accommodation design guide and investment programme to steer new visitor development in the National Forest.

- Invest in the woodland economy and business diversification, including research into the woodfuel economy.
- Undertake research on natural capital to support Local Nature Recovery Strategies.

Cross-cutting work

- Enhance communications work with increased content, social and digital marketing.
- Develop new income generation opportunities including a regular supporter product, carbon package and strategic corporate partnerships.
- Continue work on the potential merger with the National Forest Charitable Trust with due diligence, feasibility work and professional advice.
- Develop new brand guidelines and toolkit.
- Promotion of the new Vision and Strategy for the National Forest.

Risks and impact of COVID-19

The Board is responsible for management and monitoring of the risks facing the NFC. Because of the unprecedented nature of COVID-19 and the potential impact on the Charity, a specific assessment of risks and implications, as well as mitigation measures, is included in the table below. Since the NFC is primarily funded by grant in aid from Defra and acts as an enabling body rather than a direct operator of services, the impacts of COVID-19 continue to be less severe than other organisations. This means that no staff have had to be furloughed, income streams have not experienced significant impact and most services can continue through remote working.

COVID-19 risks	Mitigation
Business continuity – working from home: staff wellbeing, IT, finance, systems. Office refurbishment for post COVID-19 working.	Laptops and mobiles set up for all staff, support provided for home office set up, remote access to secure network and video conferencing in place, ongoing training and support, increased communications for team and line managers, remote authorisation systems in place, remote reception function established. Office refurbishment and guidance planned for hot desking, video conferencing and additional meeting spaces.
Governance and oversight – awareness and communication of risk and continued engagement in business.	Regular communications with Chair and Board through briefings and video conferencing, working groups and committees continuing using video and teleconferencing, regular communication with Defra and NAO colleagues to assess and share risk.
Income risk – Loss of fundraising income and project funds.	Managing diverse fundraising programme and developing new income generation. Dialogue with project funders over timescales and security of funding.
Income risk – Reduction in Defra revenue grant and Nature for Climate Fund grant.	Discussion with Defra over security of capital and revenue funds and confirmation dates, demonstrating value for money and urgency of work. Regular dialogue with officials to stay close to COVID-19 response from Defra and impacts across government. Some delays to new staffing and programmes until funding position clearer, planning for reductions in expenditure.
Income risk – Events cancellation and postponement.	Assessing impact of Timber Festival cancellation and changes to other events, including walking festival and Trek. Early assessment of cancellation liabilities and partner discussions on Timber festival decision.
Cash flow/financial security – Cash balances reduced by capital spend and project funds (paid quarterly in arrears), reducing reserves and increasing financial exposure.	Draw on reserve funds being minimised for land acquisitions, Timber festival draw on reserves being minimised, Charnwood project cash flow forecasting underway to assess scale of likely impact.
Delivery of operational targets – Inability to meet targets, impacting on momentum, positioning and partnerships.	Assessment of risk to delivery of targets and reprofiling timescales. Regular communications with partners to continue discussions for key grants and work for forest creation and management for this winter, shifting activity where possible to more desk-based work, and some contract work delayed.
Reputation – Risk of inappropriate messaging, lack of empathy or support for communities and businesses/partners.	Messaging tailored to different partners and stakeholders to provide reassurance and offer support, reduced marketing or softening of messages for fundraising, regular communication with key partners and stakeholders to understand position, provision of information and advice where possible.

The additional principal risks and uncertainties facing the NFC are also set out below with corresponding plans for managing them. These risks are all exacerbated by the impact of COVID-19. Further information on risk and risk management is provided in the Governance Statement.

Strategic risks	Mitigation
Inability to scale up Forest creation targets, meet Nature for Climate Fund commitments and take advantage of carbon/tree planting opportunities.	Partnership development with landowners for future acquisitions and schemes. Development of new grant schemes, incentives and initiatives. Mapping of opportunities and priority areas. Review of planning work at a strategic level. Development of carbon/tree planting products and land holding arrangements for the NFC within and outside the Forest. New staffing arrangements.
Income generation strategy for unrestricted income inadequate and does not meet targets.	Product development work to generate new income mechanisms including regular giving and corporate packages. Active website and integration with CRM. Income generation campaign work to promote offer digitally. New brand strategy work and messaging aligned to 25 Year Vision.
Marketing capacity and messaging inadequate and opportunities lost	Brand framework and toolkit development. Improvements to website content and structure. Development of marketing plan, marketing assets and events. Integration of work areas, training and development of team.
Loss of Defra support and backing of key partners.	Develop close relationship with Ministers and officials. Demonstrate NFC impact and value for money. Raise profile of NFC with MPs, peers and in media. Active engagement in Defra 25-year environment plan and England Tree Planting Programme. Secure high-profile projects with Defra (Education, Urban Trees, Health).

Board of Trustees

The Trustees of the NFC throughout 2020-21 were as follows:

Name	Date of appointment as Trustee	Role
Sir William Worsley ⁽¹⁾	1 April 2016	Chair, Board of Trustees, member of Remuneration Committee
Lord Duncan of Springbank	20 May 2020	Chair, Board of Trustees, member of Remuneration Committee
Tony Ballance	1 April 2016	Member, Audit & Risk Committee, chair of Remuneration Committee
Jack Buckner	1 April 2016	Chair, Development Working Group
Alison Field	1 April 2018	Member, Land & Forestry Working Group
Paddy Harrop	1 April 2018	Chair, Land & Forestry Working Group, member of Audit & Risk Committee
Christopher Holmes ⁽²⁾	1 April 2016	Chair, Development Working Group
Anne Jenkins	1 January 2021	Chair, Tourism, Recreation & Communities Working Group
Mike Kapur	1 April 2018	Chair, Audit & Risk Committee, member of Remuneration Committee
John Everitt ⁽³⁾	1 April 2016	Chief Executive

(1) Sir William Worsley's four-year tenure as Chair ended when he stepped down on 19 May 2020. Lord Duncan of Springbank was appointed as his successor as of 20 May 2020.

(2) Christopher Holmes tenure ended on 6 November 2020.

(3) John Everitt is the NFC's Chief Executive and also a Trustee. It was agreed that he should hold this dual role because of the nature of the NFC's current funding position whereby a significant proportion of the NFC's funds are from Defra and the Chief Executive holds the responsibility of Accounting Officer for those funds. To meet the standards for Managing Public Money, Accounting Officers are required to be represented at Board level. It is recognised that this is unusual within a charity, but is considered to be in the best interests of the charity because of the funding relationship, and controls are in place to avoid any abuse of power or conflicts of interest. The Board has delegated the responsibility for the day-to-day management of the Charity to the Chief Executive. The Chief Executive reports directly to the Chair of Trustees and provides advice to the Board.

Information on the recruitment and induction processes for Trustees and an overview of the governance arrangements in place is given in the Governance Statement.

Trustees are required to disclose any interests they have that may potentially conflict with their management responsibilities for the NFC. This includes company directorships, public appointments and any other significant external interests. During 2020-21 no issues arose as a result of any Trustees' conflicts of interest. No Trustee, other than the Chief Executive who is a Trustee, had any transaction with the NFC, other than being reimbursed expenses necessarily incurred in fulfilling their duties as per Trustees' travel and expense Note 10. Information on the remuneration of the Chief Executive is detailed in the Remuneration and Staff Report.

Results for the year

The accounts have been prepared in a form directed by the Secretary of State for Environment, Food and Rural Affairs and on the basis of the accounting policies set out in Note 1 to the accounts.

Total income for the year was £5.614m (2019-20: £3.744m) of which £4.613m (2019-20: £2.531m) was grant in aid from Defra. Total expenditure was £3.478m (2019-20: £3.080m). After gains and losses on investments the net income was £2.028m (2019-20: £0.669m). Total reserves at the end of the financial year increased to £8.834m (2019-20: £6.833m) of which £2.075m comprised restricted funds (2019-20: £0.536m) and unrestricted funds £6.759m (2019-20: £6.297m).

Reserves

The reserves are held as a series of unrestricted or designated funds. The Audit & Risk Committee reviewed the Reserves Policy in July 2020 prior to the Board review of the Policy at its meeting in July. The Board agreed that with effect from 1 April 2020 the target ranges for the Unrestricted free reserves fund be increased from £200k to £400k and the Financial Contingency Fund range be increased by £100k to £500k – £550k to ensure that the Policy remained appropriate to the needs of the Charity.

Fund	Target level/range
Unrestricted free reserves Working capital to manage cashflows	£400k
Financial Contingency Fund (FCF) Approximately four months' running costs to be used in the event of major cashflow problems	£500k – £550k
Land Acquisition, Management and Development Fund (LAMDF) To support land acquisition and site establishment costs	£400k – £500k
Enterprise and Investment Fund (EIF) To support innovation, enterprise, and commercial development, to secure long-term financial sustainability	£300k – £500k

As at 31 March 2021, £2.075m of total reserves held were restricted funds as per Note 18, which includes fixed assets of £1.613m, as per Note 20. Balances held in the three designated funds were FCF £450,000, LAMDF £450,000 and EIF £500,000. The amount of reserves held after making allowance for restricted and designated funds is £3.488m.

During the coming year, the Trustees have agreed a one-off deficit budget and additional deliverables to meet charitable objectives delayed by COVID-19 in 2020-21 and to reduce the level of unrestricted reserves. This will include tree planting as part of carbon commitments and additional delivery under the Nature for Climate Fund. Taken together, the exceptional surplus in 2020-21 and one-off deficit budget for 2021-22 represent a modest cash surplus across the two financial years.

Increased working capital will be required to manage larger restricted projects including the Charnwood Forest Landscape Partnership Scheme, and a draw will be required from the LAMDF should land acquisition opportunities arise. Consideration will also be given to continuing utilisation of the EIF to support our income generation strategy, including provision of contingency for the National Forest Festival 'Timber'.

Going concern

The Balance Sheet as at 31 March 2021 shows that the NFC has reserves of £8.834m (2019-20: £6.833m).

Looking ahead, the annual grant from Defra, ie via both Grant in Aid and the Nature for Climate Fund is expected to continue to represent a high proportion of the NFC income. Based on the Government's high priority for tree planting, the expectation is that grant in aid funding for the next Comprehensive Spending Review period should remain at a similar base level to that allocated for 2020-21 (ie £2.4m). Defra has also allocated a further £2.4m to the NFC from the Nature for Climate Fund for 2021-22, and funds at the same level in principle for the following three years. In addition, the NFC's Board approved income generation strategy is now impacting positively on the Charity's income streams with increased targets for unrestricted income. The NFC's bank balance as at the end of March 2021 totals £2.149m (£1.923m unrestricted, £0.226m restricted). If required, and with Board approval, all designated funds of the Charity as described in the Reserves section above could be made available to meet the cashflow requirements of the business.

To support the long term strategic development of the NFC and the National Forest, the Charity is discussing a potential merger with the National Forest Charitable Trust. The potential merger has been agreed in principle with Defra's commercial team. Due diligence work is being undertaken with professional advice, and risks are being mitigated to reduce the impact on the NFC's ability to continue as a going concern.

Whilst COVID-19 continues to have some financial impact on the Charity for 2021-22, with delays to outdoor activities and events, a reduction in fundraising performance is not anticipated and the overall assessment of risk and mitigations being put in place suggest that this can be adequately managed. The Trustees are not aware of any other significant risk which may impact on the ability of the NFC to continue to operate at the current level of activity.

All of the above factors inform the opinion that it is appropriate to adopt the going concern basis for the preparation of financial statements for 2020-21.

Auditors and their remuneration

Statutorily appointed auditor:
Comptroller and Auditor General
National Audit Office,
157 – 197 Buckingham Palace Road,
London SW1W 9SP

The fee for the audit of the financial statements in 2020-21 was £24,000 (2019-20: £21,000). No non-audit work was conducted by the National Audit Office during 2020-21.

Internal audit

Mazars LLP,
58 The Ropewalk,
Nottingham NG1 5DW

The Board has appointed Mazars as internal auditors who report on a quarterly basis to the Audit and Risk Committee.

Bankers

The Co-operative Bank,
Miller Street,
Manchester M60 0AL

Investment Managers

Cazenove Capital,
1 London Wall Place,
London EC2Y 5AU

Solicitors

Ansons Solicitors,
St Mary's Chambers,
5-7 Breadmarket Street,
Lichfield,
Staffordshire WS13 6LQ

Pension liabilities

All the NFC staff are members of the Principal Civil Service Pension Scheme (PCSPS). Information on the pension arrangements and accounting policy applied to pension liabilities is provided in Note 1 of the financial statements. Pension arrangements are detailed in the Remuneration and Staff Report which also provides information on pension benefits to which the NFC Chief Executive qualifies. No other Trustees are members of the PCSPS.

Losses, special payments and gifts

(this information is subject to audit)

There were no losses, special payments or gifts made during 2020-21 (2019-20: nil). No special payments that require disclosure were made during the year.

Payment of Suppliers

The standard term of payment for supplier contracts is 30 days from receipt and agreement of a valid invoice. This is embedded in all contracts with suppliers, with any exceptions agreed as part of contractual negotiations. However, the Company aims to pay undisputed invoices within five days of approval and 88% have been paid within this timescale (2019-20: 90%); 98% were paid within ten days (2019-20: 98%). No claims were received during the year from suppliers for late payment of invoices under the Late Payment of Commercial Debts (Interest) Act 1998.

Research and development

During the year £10,586 was spent on research and development (2019-20: £17,336).

The main areas of activity were:

- New regular supporter income generation products;
- Environmental Land Management Scheme (ELMS) pilot research undertaken for Defra;
- Ongoing maintenance and support for our GIS systems; and
- Annual statistical analysis of the economic impact of tourism on the Forest area.

Sustainability Report

The NFC's sustainability performance is reported against a series of measures which are consistent, as far as possible, with HM Treasury sustainability reporting guidance and gives an overview of other areas where the NFC aims to make positive impacts through its operations.

The NFC operates from serviced accommodation leased from a private landlord. The data in this report therefore focuses primarily on our main direct impacts which are energy consumption (Scope 2 Energy Indirect Emissions) and official business travel (Scope 3 Other indirect Green House Gas (GHG) Emissions). Water data cannot currently

be reported upon as consumption is included within the landlord's service charge and accurate data is not available.

To enable comparisons to be made between years, the data has been normalised by the average number of full time equivalent (FTE) employees.

Due to the disruptions in normal business activity caused by COVID-19 the report for 2020-21 does not reflect normal trends. With all staff having worked the majority of the year from home we are reporting reductions in emissions from electricity; and with meetings having been held virtually our travel emissions are very low.

Summary of key sustainability data

Summary of Greenhouse Gas Emissions tCO ₂	2020-21 tCO ₂	2019-20 tCO ₂	2018-19 tCO ₂	2017-18 tCO ₂
Building Energy Consumption (Scope 2)	7.97	12.06	11.50	12.40
Official Business Travel (Scope 3)	0.80	5.22	8.43	8.99
Total emissions	8.77	17.28	19.93	21.39
Average number of staff (FTE)	26	22	24	21
Total energy emissions per head (FTE)	0.33	0.78	0.83	1.01

Energy consumption data

(Historic tCO₂ data for electricity has been updated in line with the changes to the conversion factor.)

Building Energy Consumption (Scope 2)	Unit	2020-21	2019-20	2018-19	2017-18
Total emissions	tCO₂	7.97	12.06	11.50	12.40
Building energy consumption per head (FTE)	tCO ₂	0.31	0.55	0.48	0.59
Building energy consumption	kw/h	37,534	56,787	54,233	58,396
Energy consumption per head (FTE)	kw/h	1,444	2,581	2,260	2,781
Total energy expenditure	£	8,152	10,561	8,779	9,868
Expenditure per head (FTE)	£	314	484	366	470
Average number of staff (FTE)		26	22	24	21

Travelling

COVID-19 drastically reduced travel emissions in 2020-21 with all staff working from home, meetings have been held virtually and only essential business travel undertaken, mainly relating to inspections of management and planting works across the Forest. We anticipate that most staff will continue to work flexibly and to use video conferencing as much as possible which will continue to reduce emissions from commuting and official business travel.

Official Business Travel (Scope 3)	Unit	2020-21	2019-20	2018-19	2017-18
Total emissions	tCO₂	0.8	5.22	8.43	8.99
Staff mileage (inc Chief Executive)	miles	3,030	15,027	22,478	22,951
Average number of staff (FTE)		26	22	24	21
Staff mileage per head	miles	117	683	937	1,093
Staff Air travel	miles	—	—	—	—
Trustees' mileage	miles	—	3,590	6,232	7,674
Total miles travelled	miles	3,030	18,617	28,710	30,625
Total Business travel costs	£	1,800	24,107	22,381	20,488

Travel data includes official business travel by all staff and Trustees. Mileage relates to travel in staff/Trustees' own vehicles. Total business travel costs includes car mileage and rail.

Waste

The majority of waste generated at our office is paper and cardboard, all of which is recycled. All other recyclable materials are recycled via the local authority recycling services; no data is currently available for this, nor for the minimal amount of waste that is not recyclable. IT equipment is recycled for refurbishment and re-use. Staff take home any food waste for composting.

Procurement

We recognise our responsibility to carry out our procurement activities in an environmentally and socially responsible way. Wherever possible, we ensure that environmental and social considerations are built into our procurement processes. Information on environmental policies of potential suppliers is requested and these are reviewed, where appropriate, as part of the tendering procedure when seeking to award contracts or place orders for goods and services. We continue to develop our procedures to ensure that sustainability is fully integrated throughout the procurement process.

Tree guards

Within the National Forest we have planted over 9 million trees. To help protect the trees from browsing mammals, we have usually planted the trees within fenced areas. We have on occasions had to use tree guards and these have varied in size and type, from plastic to biodegradable guards. Our plastic tree guard recycling scheme, introduced

in 2017, is now embedded in our woodland management practices. Guards are recycled in the UK and are used to make recycled products, such as benches. The next step for 2021-22 is not using any plastic guards for tree planting on our estate, and by 2023-24 to have removed plastic guards completely from our grant offers.

Sustainable biomass chip

We continue to support the production of sustainable biomass chip through our Woodland Economy Grant scheme. The biomass chip can be a more environmentally friendly energy source when compared to oil, gas or electricity, as it is produced from sustainably managed woodland that also provides habitat for wildlife, areas for access and recreation, and supports the local economy. A recent report commissioned by the National Forest Company (NFC) on the impact of firewood shows that the greatest carbon benefits are offered by local supply chains where timber is harvested, processed, delivered, and consumed within the National Forest. There is a significant positive carbon balance in the National Forest in terms of carbon sequestered each year in growing woodlands against carbon released by burning firewood.

Personal data related incidents

No personal data related incidents occurred during the year which needed to be reported to the Information Commissioner's office.

Post year end events and developments. There are no post year end events or developments which require to be reported on.

The strategic report was approved by the Trustees, on 23 November 2021 and signed on their behalf by:



Lord Duncan of Springbank PhD FGS

Chair of the Board of Trustees
23 November 2021



John Everitt FRSA

Chief Executive/Accounting Officer/Trustee
23 November 2021

Statement of Trustees' and Accounting Officer's Responsibilities

The Board of Trustees of the National Forest Company is required to prepare a statement of accounts for each financial year in accordance with applicable law and regulations.

Section 394 of the Companies Act 2006 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 Company and of the profit or loss of the Company for that period. The Secretary of State for Environment, Food and Rural Affairs has directed the National Forest Company to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Company and of its incoming resources, application of resources and cash flows for the financial year.

In preparing the financial statements, the Trustees are required to comply with the requirements of FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting by Charities issued by the Charity Commission with regard to any additional requirements arising from the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Environment, Food and Rural Affairs, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Principal Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Chief Executive of the National Forest Company as the Company's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which

the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Forest Company's assets, are set out in Managing Public Money published by the HM Treasury.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- 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; and
- the annual report and accounts as a whole are fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Lord Duncan of Springbank PhD FGS

Chair of the Board of Trustees

23 November 2021



John Everitt FRSA

Chief Executive/Accounting Officer/Trustee

23 November 2021

Governance Statement

Overview

The National Forest Company (NFC) is a charitable company (limited by guarantee). As a charity, the NFC exists to carry out its charitable purposes. As a Non-Profit Institution within the Public Sector specifically Central Government, the NFC operates at 'arm's length' from its sponsor department, the Department for Environment, Food and Rural Affairs (Defra).

The NFC Board is responsible for leading and directing the Charity and for determining strategy and guiding operational activity. The terms of a Framework Document agreed between Defra and the NFC sets out the governance arrangements to be adhered to, clarifying the roles and responsibilities of Defra, including those of the Secretary of State as a Member of the NFC, and of the NFC. Its provisions enable Defra to monitor performance and delivery in relation to grant given to the NFC and describes the arrangements that exist to safeguard propriety and regularity.

The NFC seeks to comply with good practice as issued by the Charity Commission. It also complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' as it applies to the NFC and operations are underpinned by the seven core principles ('the Nolan Principles') of good governance for public services. This Governance Statement provides an evaluation of the effectiveness of the NFC's governance, risk and internal control arrangements.

Governance Arrangements

Members and Board of Trustees

In accordance with the Articles of Association, the NFC Chair and Secretary of State for Environment, Food and Rural Affairs and two further independent individuals are Members of the Charity. The Secretary of State is in a minority when voting on the NFC business and therefore cannot exercise a controlling influence.

The Board of Trustees was established in March 2016. The Board determines the strategy of the organisation and ensures that appropriate policies and procedures are in place to fulfil its obligations as to the use of public funds.

The Chair and six Trustees, excluding the Chief Executive, are not remunerated but are entitled to be reimbursed out of pocket expenses necessarily incurred in fulfilling their duties. The NFC Chief

Executive is a Trustee and his remuneration is detailed in the Remuneration and Staff Report.

All Trustees provide declarations of interest and these are recorded in a Register of Interests which is available on the National Forest Company website nationalforest.org/about/who-we-are

The Board meets four times a year, and additionally as necessary, to consider business performance, organisational structure and strategy. The induction programme for new Trustees includes: roles and responsibilities of a Trustee; governance arrangements; vision and strategy for the National Forest, including familiarisation with the Corporate Plan, and meetings and presentations from staff on operational areas.

The membership of the Board of Trustees in 2020-21 was as follows:

Sir William Worsley (Chair)
Lord Duncan of Springbank (Chair)
Tony Ballance
Jack Buckner
Alison Field
Paddy Harrop
Chris Holmes
Anne Jenkins
Mike Kapur

In March 2019, at the end of his first term of three years, Sir William Worsley (Chair) gave notice that his tenure would end in May 2020.

Trustee, Chris Holmes, retired on 6 November 2020, having served two terms of three years and one additional year owing to exceptional circumstances, ie to provide the Board with continuity whilst a new Chair was sought and allow the incoming Chair to be involved in the subsequent Trustee appointment.

The new Chair, Lord Duncan of Springbank, was duly appointed on 20 May 2020 with Anne Jenkins being appointed as a Trustee on 1 January 2021.

Standard agenda items for Board meetings include the Chief Executive's quarterly report and strategic summary reporting on progress against operational targets and giving headline commentary on activity analysed between successes, challenges, risks (including a COVID-19 resilience plan) and opportunities. A finance report, declarations of interest and a Timber Festival update are also standing items. Minutes from sub-committees of the Board and working groups are also included within papers sent to Trustees.

During 2020-21 the Board considered a range of matters including:

- consideration of the Corporate Plan 2020-23;
- continued development of a long-term Vision and Strategy for the National Forest, including analysis of research and best practice;
- risk management, including consideration of strategic risks relating to the delivery of the NFC objectives, COVID-19 impacts and financial sustainability;
- agreeing a revised Financial Reserves Policy;
- consideration of Value for Money Indicators;
- agreeing a revised Investment Policy Statement, whilst noting its relationship with NFC's Ethical Policy;
- judging applications to the 2020 round of the Changing Landscapes Scheme;
- considering the Annual Income Generation Campaign Plan and performance;
- agreeing a Statement of Intent in relation to Equality, Diversity and Inclusion;
- agreeing the scope of the Timber Festival Review and oversight of consideration of holding the 2021 event;
- the approach being taken to develop a Governance Handbook, incorporating a Scheme of Delegation;
- the approach being taken to develop the National Forest brand framework;
- potential merger of the National Forest Company with the National Forest Charitable Trust;
- oversight of the delivery of Defra's Nature for Climate Fund programme (NFCF);
- creation of a COVID-19 Memorial Woodland in partnership with the National Memorial Arboretum;
- considering Trustee succession and recruitment and induction programme;
- agreeing a Safeguarding Policy;
- agreeing a Tree Species Policy;
- the approach being taken to the Heart of the Forest Masterplan;
- agreeing the NFC's Governance and Succession Planning;

- considering the NFC's response to the Glover Review of Designated Landscapes;
- consideration of the income generation Product Development Strategy;
- Reviewing the annual Safety, Health and Wellbeing (SHaW) report and agreeing the updated SHaW Policy, together with adopting a COVID-19 Safe Working Policy;
- considering mechanisms for increasing forest creation;
- considering major corporate partnership proposals.

The Board undertakes annual reviews of its governance and Board effectiveness. The format of the review is based on the Charity Governance Code which sets the principles and recommended practice for good governance and drawing upon the Charity Commission's guidance using the recognised hallmarks of an effective charity, ie organisational purpose; leadership; integrity; decision making, risk and control; board effectiveness; diversity and openness and accountability.

In 2020-21 a light touch review was undertaken which again demonstrated that the NFC's governance processes and practice provide a high level of assurance against the Charity Commission's key principles and therefore provided a strong basis for assessing Board performance as 'effective'. There continues to be consensus amongst Trustees, and between staff and Trustees, on areas of strength, compliance and weakness. A year of working remotely due to COVID-19, has not impacted on the way the organisation operates and there continues to be good alignment between the executive and non-executive. The review also assessed the quality of reports and papers to the Board which were considered to be of a good standard, enabling the Board to make effective decisions.

There has been continued progress on areas of weakness addressed including:

- development and implementation of a range of outcomes measurement within the overall work on metrics;
- continued progress on a comprehensive Governance Handbook document;
- agreement of an Equality, Diversity and Inclusion statement and programme of activity;

- continued improvement in the engagement of stakeholders in the Forest through a brand development activity programme.

Board Committees and Working Groups

The Board of Trustees is supported by various committees and working groups which have key functions to discharge. Each is chaired by a Trustee and has additional Trustee representation. Appropriate staff are also involved.

The Committees and Working Groups are:

- Audit & Risk Committee (ARC) – covering issues on finance, investments, risk, health and safety, governance, policy and HR;
- Remuneration Committee – covering issues on remuneration of the Chief Executive and senior staff;
- Land & Forestry Working Group – covering issues on land policy, forest creation, forest management and economy, NFC owned sites, access creation and biodiversity;
- Development Working Group – covering issues on income generation, marketing and communications, branding and project development; and
- Tourism, Recreation & Communities Working Group – covering issues on tourism and facilities, recreation and access, and communities, health, education and training.

All committees and working groups have written terms of reference. Membership of the Board, its committees and working groups are provided on page 25.

Review of Effectiveness of Working Groups

With the arrival of the new Chair and changes in Trustees during 2020-21, the membership and remit of Committees and Working Groups have been considered by the Board, and minor changes made. In line with good practice, ARC did undertake a review of its own effectiveness which is reported upon below.

The Board has acknowledged that as income streams and associated commercial activities develop, a trading subsidiary will need to be established. It is proposed that this would be chaired by an NFC Trustee with other NFC Trustee representation alongside other external representatives possessing the necessary commercial expertise. Arrangements are in place to establish the trading subsidiary should commercial activities exceed the current charity threshold.

Audit & Risk Committee (ARC)

The role of ARC is to provide assurance and recommendations to the Board on the effectiveness of its governance, financial management, internal control and risk management systems. ARC also monitors the work of the external audit and the effectiveness of the internal audit service. Minutes of meetings are circulated to all Trustees and oral reports given to the Board on business conducted. The Committee also presents an annual report on its activities to the Board.

ARC comprises three Trustees with the Chief Executive attending in his capacity as Accounting Officer. Mike Kapur is Chair of ARC.

ARC met four times during 2020-21. Its work included consideration of the financial statements for 2019-20 and the Audit Completion Report issued by the external auditor prior to the accounts being certified by the Comptroller & Auditor General (C&AG) with an unqualified audit opinion; receiving the external auditor's Audit Planning Report for 2020-21; considering reports issued by internal audit; scrutinising finance reports, including income generation, prior to them being presented to the Board; reviewing accounting policies; safety, health and wellbeing; fulfilling its responsibilities in respect of risk management (see below) and oversight of investments and performance of the appointed fund manager.

During the year, the Committee sought assurances from management that recommendations from the prior year's audit were being implemented. These centred around making improvements to the process, inputs, judgements and documentation particularly around asset impairments to support conclusions.

Other business conducted by ARC during the year included:

- review of strategic and standing risks, together with the adoption of a resilience plan focusing specifically on risks associated with COVID-19;
- consideration of an amended Reserves Policy in advance of the Board;
- consideration of a draft Safeguarding Policy in advance of the Board;
- consideration of draft Equality, Diversity and Inclusion Statement in advance of the Board
- consideration of a draft programme of internal audit work for 2020-21;

- consideration of a draft Investment Policy and Statement in advance of the Board;
- review of the NFC's VAT arrangements; and
- review of the Safety, Health and Wellbeing policy and annual report to the Board.

During the year ARC conducted its annual review of its effectiveness, utilising the National Audit Office's checklist, based on HM Treasury's Audit Committee Handbook. The conclusion was that the Committee continues to operate effectively and there were no areas of concern.

Remuneration Committee

The Remuneration Committee supports the Board in discharging its responsibilities for remuneration issues. Membership of the Committee comprises three Trustees including the Chairs of both the Board and ARC. The Committee provides the Board with recommendations on the Chief Executive's remuneration and benefits, and advises the Chief Executive on the pay and benefits of other senior staff.

Land & Forestry Working Group

The Land & Forestry Working Group meets three times a year and is chaired by an NFC Trustee. Membership includes the Charity's retained land agent. Its primary function is to support and provide strategic oversight of the land and forestry aspects of the Charity's work.

In 2020-21 the Group's work included:

- monitoring progress against targets for forest creation and woodland management;
- reviewing the effectiveness of the various schemes operated by the NFC and an assessment of risks/mitigations relating to them;
- progressing a carbon storage model for the NFC;
- development of a Firewood Accreditation scheme;
- overseeing NFC's landholdings and acquisitions;
- introduction of a Tree Species Policy;
- successful application to the Severn Trent Biodiversity Outcome Delivery Incentive (c£1m);
- introduction of a public benefit mapping index and prioritisation for the Forest;
- piloting an Environmental Land Management scheme (ELMs) test and trial;

- developing the Leicestershire Tree Charter initiated by Leicestershire County Council; and
- leading delivery of Defra's Nature for Climate Fund (NFCF) programme.

Development Working Group

The Development Working Group met five times during the year with meetings being attended by two Trustees for the majority of those and latterly the designated chair only. The primary function of the Group is to support the development function and provide strategic overview across income generation, project development, marketing and communications. In 2020-21 the Group's work included:

- development and monitoring of the income generation campaign;
- oversight of the projects and product development pipeline including development of a regular supporter product;
- oversight of the 'National Forest Trek', a long-distance challenge walk to be delivered in partnership with the National Memorial Arboretum (NMA) and the Defence and Medical Rehabilitation Centre Benevolent Fund (DMRC);
- introduction of a Trademark Policy and Partner Engagement Policy;
- oversight of the development of the Brand Framework; and
- assessment and review of the return on investment of the income generation campaign.

Tourism, Recreation & Communities Working Group

The Tourism, Recreation & Communities Working Group meets quarterly and is attended by two Trustees, one of whom acts as chair. The primary role of the Group is to provide strategic overview and support across the tourism, recreation and community development functions. In 2020-21, the Group's work included:

- leading on the Corporate Forest Experiences and Sustainable Tourism Accommodation Guide projects;
- development of a green social prescribing project (GreenSPring) with partners from across Derbyshire;
- oversight of a pilot National Forest Arts and Culture grant scheme;
- oversight and scrutiny of outcomes and risk associated with the delivery of the National Forest Festival 'Timber';

- oversight of restricted projects and funding bids supporting the NFC tourism, recreation and community development strategies;
- oversight of the 'Creating a Forest for Learning' project and the wider education programme and the Charnwood Landscape Partnership scheme.
- development of a Volunteering Strategy; and

Attendance record of Trustees at meetings of the Board and its committees and working groups

Board & Committee [Number of meetings in 2020/21]	Main Board [4]	Audit & Risk Committee [4]	Remuneration Committee [1]	Land & Forestry Working Group [3]	Development Working Group [5]	Tourism, Recreation & Communities Working Group [3]
Trustee	Attendance					
Sir William Worsley ⁽¹⁾	1/1*		1/1			
Lord Duncan of Springbank ⁽²⁾	3/3*					
John Everitt**	4/4					
Tony Ballance	4/4	4/4	1/1*			
Jack Buckner ⁽³⁾	4/4				5/5*	3/3*
Alison Field	4/4			3/3		
Paddy Harrop	4/4	4/4		3/3*		
Anne Jenkins ⁽⁴⁾	1/1					
Chris Holmes ⁽⁵⁾	3/3				4/4*	
Mike Kapur	4/4	4/4*	1/1			

* Denotes Chair.

** John Everitt attends the Audit & Risk Committee meetings and Remuneration Committee meetings in his capacity as Chief Executive and Accounting Officer.

(1) Sir William Worsley stood down as Chair of the National Forest Company partway through the year, ie 19 May 2020, thus chairing one meeting

(2) Lord Duncan of Springbank became Chair of the National Forest Company partway through the year, ie 20 May 2020, thus chairing three meetings

(3) Jack Buckner was appointed Chair of Development Working Group partway through the year, thus chairing one meeting

(5) Anne Jenkins was appointed partway through the year, ie 1 January 2021

(6) Chris Holmes stood down on 6 November 2020, partway through the year, thus chairing four meetings

Strategy and planning

The Board is responsible for determining the strategic direction of the organisation. It approved the Strategy for the Forest for the period 2014-2024 which sets out the key objectives and indicators against which progress will be measured over the ten-year period.

During the year, the Board considered the long-term vision and strategy for the National Forest and the NFC. Further work was carried out to produce the National Forest brand framework and draft brand toolkit to further define the vision.

The 2020-23 Corporate Plan, as approved by the Board, gives direction to strategic priorities for the Forest and the NFC and a clear framework for measuring success and identifying potential issues. It also provides the basis for annual work programmes and budgets. The Plan divides into three main operational themes centred around the Forest environment, society and economy. Development themes of building the brand and securing resources for the Forest, and corporate services themes relating to effective governance and management are also included. The NFC's activity during 2020-21 was guided by the objectives and targets as detailed in the Plan and progress reports were given to the Board at each quarterly meeting.

Whilst the NFC operates at arm's length from Defra, the Charity in its business plan needs to demonstrate how it uses grant funding from Defra to contribute to the Department's own business plan priorities and wider strategic objectives. Defra's 25 Year Environment Plan produced in 2018 and Single Departmental Plan recognise the valuable role that forests and woodlands play in protecting and enhancing natural capital, including commitments to the public forest estate, national targets and community forestry. The Nature for Climate Fund and England Trees Action Plan developed in 2020-21 provide dedicated resources and greater policy direction to this agenda, and the NFC is represented on strategic and operational groups to contribute to the delivery of targets. These strategic initiatives include the NFC's contribution to national targets and manifesto commitments, specifically in relation to forest creation, tree planting and woodland management.

Internal controls and the work of internal audit

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charity's policies and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The programme of internal audit work undertaken by Mazars LLP during 2020-21, as approved by the Audit & Risk Committee, contained a balance of compliance and advisory work:

- key financial controls;
- income generation and fundraising;
- business development and land acquisitions; and
- governance and business continuity planning.

Of the three compliance audits completed, two were rated 'substantial' and one was rated 'adequate'. Management agreed to implement the recommendations arising from the GDPR audit which recommended improvements to the data retention policy and related procedures.

At the end of the year a total of 14 recommendations were brought forward to follow up. All recommendations had either been implemented or in progress, apart from two which were advisory recommendations and will be completed in 2021-22.

The work undertaken and conclusions drawn informed the opinion expressed in the Annual Internal Audit Report for 2020-21 that the NFC 'has adequate, effective and reliable risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of NFC's objectives'.

There were no identified instances of fraud during the year.

Information management

The NFC takes the management of the information it holds very seriously and is not aware of any personal data losses in 2020-21 that would require notification to the Information Commissioner's Office.

All staff sign copies of the Company's policies relating to privacy and data handling and are mandated to undertake, and periodically repeat, the Civil Service Learning 'Protecting Information' course. During the extended period of home working during 2020-21, staff were more frequently reminded of the importance of security of information. All staff are engaged in work to further develop and embed protocols and good practice on the Customer Relationship Management database and staff are regularly reminded of the importance of following data handling procedures with regular refresher sessions and further training where necessary.

Safety, Health and Wellbeing

The NFC aims to ensure that all staff and volunteers remain safe and well and that the NFC woodlands are safe, enjoyable places to visit.

The NFC is committed to the Forest Industry Safety Accord and regularly reviews Safety, Health and Wellbeing policy and practices. A safeguarding policy was also introduced in 2020-21. Regular inspections are carried out at the NFC sites throughout the year.

Staff absence due to sickness equated to an average of 1 day per employee during the year (2019-20: 1.4 days). All absences were minor in nature and none related to mental ill health or stress; two members of staff had COVID-19 related short periods of absence.

Whistleblowing

The NFC has a Whistleblowing Policy and procedure with which all staff are familiar. There were no instances of whistleblowing in 2020-21, as was the case in 2019-20. The Policy includes reference to the NFC's Senior Independent Director as a contact and the requirement to report any serious cases to the Charity Commission. Staff are reminded of the Whistleblowing Policy and procedures at team meetings and through periodic updates, to ensure an open and accountable culture.

Risk Management

The NFC Board is responsible for determining the NFC's approach to risk, agreeing the Risk Policy, setting the culture of risk management and for monitoring the management of the highest scored risks as detailed in the Risk Register. Board committees and working groups are responsible for overseeing the management of risks in their area of business and ensuring that the most effective plans are drawn up and implemented to mitigate them.

This responsibility has been incorporated into their terms of reference.

The ARC has responsibility for reviewing the risk management process and the full draft Risk Register before the highest scored risks are presented to the Board. The Committee is responsible for overseeing and reviewing the effectiveness of the systems of internal control and corporate governance within the Company with its assessment being informed by senior management and the work of the appointed auditors. Risk management features on the agenda for all ARC meetings.

The role of staff and the Senior Leadership Team (SLT) includes: identifying and evaluating significant risks faced by the NFC to be considered initially by ARC and subsequently the Board; implementing policies and associated action plans, and providing information to the committees and working groups on the status of risks and controls.

SLT is also responsible for producing the annual draft risk register. The register divides between the more strategic risks focusing on the key priorities and outcomes for the three-year Corporate Plan and is formally reviewed by ARC and the Board every six months. Responsibility for the more operational risks fall to senior management and working groups and are reported on in the Chief Executive's quarterly report to the Board which focuses on risks relating to the achievement of in-year targets.

In 2020-21 the risks relating to the NFC's ability to scale up forest creation targets and respond to the growing focus nationally on tree planting, carbon and forest initiatives continued to feature as key strategic risks on the register.

Risks in relation to income generation and marketing remained significant but were mitigated by a successful income generation campaign, product development work for new income mechanisms, and compelling brand messaging resulting in a higher profile for the National Forest.

The NFC's key strategic risks are all exacerbated by the impact of COVID-19. A specific assessment of risks and implications, as well as mitigation measures, was produced for the Board. Details are provided in the Trustees' Report.

The NFC received no ministerial directions during the year.

Performance management

As Chief Executive, I have overall responsibility for the achievement of corporate objectives as detailed in the Corporate Plan. However, responsibility for delivery of many of these is delegated to other staff in the organisation. Responsibilities and objectives are detailed in annual job plans for each employee and performance against these is assessed through the staff review system. This includes a mid-year and end of the year assessment of how the individual has performed which determines any entitlement to a performance related bonus. The job plans also detail training and development needs identified to equip the individual to perform effectively.

The National Forest is being created for public benefit and the engagement and views of members of the public are welcomed. The Company has established procedures and arrangements for dealing with complaints and requests made under the Freedom of Information Act. During the year ended 31 March 2021, nine complaints were received (compared with two in 2019-20). The complaints related to queries regarding public access on sites during lockdown and were responded to within the specified timescale and satisfactorily resolved.

Conclusion

As the designated Accounting Officer for the NFC, I have responsibility for the management and control of the resources used within the organisation and for discharging the responsibilities assigned to me in Managing Public Money. I confirm that no significant issues in relation to governance, risk, performance or controls have arisen which need to be reported on in this Governance Statement.



John Everitt FRSA

Chief Executive/Accounting Officer
23 November 2021

Remuneration and Staff Report

(a) Remuneration Report

Remuneration Policy

The Audit & Risk Committee's (ARC) responsibilities include advising the Board on strategic HR, including pay and reward policy, whilst the Remuneration Committee specifically advises the Board on the remuneration and benefits attached to the Chief Executive Officer (CEO). The Remuneration Committee also advises the CEO on pay and grading considerations relating to other senior roles.

The Remuneration Committee meets at least annually and comprises three Trustees, including the Chairs of the Board and ARC. The Committee members are identified on page 25.

Trustees' remuneration

Trustees, other than the Chief Executive who is remunerated in his capacity as Chief Executive, do not receive any remuneration for their services. In accordance with the NFC's Articles of Association, all Trustees are entitled to the reimbursement of reasonable travel and subsistence expenses necessarily incurred in fulfilling their duties. Total Trustee expenses were £11 relating to John Everitt in his role as Trustee. No expenses were paid to the remaining seven Trustees as meetings were all held virtually.

Remuneration of the Chief Executive

(this information is subject to audit):

The Chief Executive is the only executive Trustee of the NFC and the only Trustee who is a member of the Principal Civil Service Pension Scheme (PCSPS).

John Everitt has been the NFC's Chief Executive since 5 January 2015. The Principal Accounting Officer for Defra has conferred Accounting Officer status on him. The salary for the post aligns most closely to the range for Senior Civil Service pay band 1.

The salary payable to the Chief Executive is reviewed on 1 April each year. In addition to salary, the Chief Executive is entitled to an annual non-consolidated, non-pensionable bonus of up to 10% of annual salary. The bonus payable is based on the performance level attained and is made as part of the appraisal process operating within the Company. The bonus relates to performance in the year it is reported.

The level of bonus payable to the Chief Executive was determined by the Chair in consultation with members of the Remuneration Committee.

Emoluments of the Chief Executive (this information is subject to audit):

Name	Start date
John Everitt	5 January 2015

Single total figure of remuneration

Official	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
John Everitt	75 – 80	70 – 75	5 – 10	5 – 10	0	0	30	27	110 – 115	100 – 105

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below.) All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier

benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) the employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). The NFC has not, to date, made any contributions to a **partnership** pension account.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website civilservicepensionscheme.org.uk

Benefits to which the Chief Executive qualifies under the PCSPS

(this information is subject to audit)

Official	Accrued pension at pension age as at 31/3/21	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
John Everitt	10 – 15	0 – 2.5	133	106	18

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil

Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

(b) Staff Report**Staff employed****Average number of persons employed:***(this information is subject to audit)*

	Headcount	2020-21 Full time equivalent (FTE)	Headcount	2019-20 Full time equivalent (FTE)
Staff (including Chief Executive)	29	26	25	22

During 2020-21, all staff were employed on a permanent basis, apart from 4.37 FTE, comprising 3.4 FTE on fixed term contracts and 0.97 FTE via secondment and agency staff.

The salary and related costs arising from the employment of the above is detailed in Note 8 to the accounts.

Remuneration of staff

All staff below the level of Chief Executive are employed in substantive posts, subject to the completion of a satisfactory probationary period. The terms of the pay review applied to staff at Grade 6 and below within core-Defra, on 1 July each year, are normally applied to staff employed by the NFC. However, Defra continued to participate in a pay remit, the terms of which does not extend to the NFC; the NFC therefore applied a pay review to its staff which was consistent with Government pay policy.

Total emoluments of directors or employees earning more than £60,000 fall within the following bandings:

	2020	2019
£80,000 – £89,999	1	0
£70,000 – £79,999	1	1
£60,000 – £69,999	—	1
	<u>2</u>	<u>2</u>

Total emoluments include salary and benefits in kind but exclude pension payments.

There were no exit payments in year.

All staff are members of the PCSPS.

Sickness absence

Staff absence due to sickness equated to an average of 0.87 days per employee during the year (2019-20: 1.44 days).

Gender diversity

The gender split of Trustees and staff employed as at 31 March 2021 was as follows:

	Male	Female	Total
Trustees	5	2	7
Staff, including the Chief Executive	11	21	32
Total	<u>16</u>	<u>23</u>	<u>39</u>

Equal Opportunities

The Company is an equal opportunities employer. It is committed to a policy of non-discrimination on grounds of gender or marital status, sexual orientation, health (including pregnancy), disability, age, religion, colour, nationality or ethnic or national origin. Staff are required to observe this policy of non-discrimination in their dealings with members of the public and colleagues at work. All new staff are appointed on the basis of ability, qualification and suitability for the post. All staff are required to complete a diversity and inclusion course as part of a suite of mandatory training.

Staff engagement

Various channels are used to regularly communicate with staff, including weekly updates from the Chief Executive, together with COVID-19 updates, and fortnightly team meetings. Key documents such as the Corporate Plan, papers and minutes of meetings of the Board, Audit & Risk Committee and working groups are made available to all staff.

COVID-19 did not impact on staff engagement or productivity and during the year we held a series of 'virtual' team days to give everyone the opportunity to generate and contribute their thoughts and to engage with continuing developments and plans for all areas of work.

Remuneration of the highest paid Director and the ratio between this and the median remuneration of the NFC's staff (*this information is subject to audit*)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce.

The remuneration as at 31 March 2021 of the Chief Executive, who is the highest and only paid director in the NFC, was in the range of £80,000 – £85,000 (2020: £75,000 – £80,000). This was 2.28 times (2020: 2.28) the median remuneration of the workforce of £36,200 (2020: £34,034).

Remuneration of the workforce ranged from £25k to £85k (2019-20: £25k to £80k).

In 2020-21, no employees received remuneration in excess of the highest paid Director, as was the case in 2019-20.

Total remuneration includes full time salary equivalents and non-consolidated performance related bonuses but excludes employer pension contributions and the cash equivalent transfer value of pensions.



John Everitt FRSA
Chief Executive/Accounting Officer
23 November 2021

The Certification and Report of the Comptroller and Auditor General to the Members of the National Forest Company

Opinion on financial statements

I certify that I have audited the financial statements of the National Forest Company for the year ended 31 March 2021 which comprise the Combined Statement of Financial Activities and Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Directors' Annual Report and the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the National Forest Company's affairs as at 31 March 2021 and of its net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Forest Company in accordance with the ethical requirements that are

relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Forest Company's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Forest 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.

My responsibilities and the responsibilities of the Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Trustees and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed,

I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- the information given in the Strategic and Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and;
- Strategic and Directors' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Forest Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Annual Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Directors' Annual Report and Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees are responsible for:

- the preparation of the financial statements in accordance with the applicable financial

reporting framework and for being satisfied that they give a true and fair view;

- such internal controls as management determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the National Forest 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 intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

My 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 that includes my 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Forest Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with

the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Forest Company's controls relating to the provisions of the UK Companies Act, UK Charities Act and Managing Public Money.

- discussing among the engagement team and involving relevant external specialists, including on land and buildings valuations, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals and the valuation of land and buildings; and
- obtaining an understanding of National Forest Company's framework of authority as well as other legal and regulatory frameworks that the National Forest Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the National Forest Company. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, employment and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board of Trustees; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Gareth Davies **24 November 2021**
Comptroller and Auditor General
 National Audit Office
 157-197 Buckingham Palace Road
 Victoria
 London
 SW1W 9SP

National Forest Company

Combined Statement of Financial Activities and Income and Expenditure Account for the year ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	2020-21 Total funds £	Unrestricted funds £	Restricted funds £	2019-20 Total funds £
Income from:							
Grant in aid	2	2,467,457	—	2,467,457	2,530,725	—	2,530,725
Nature for climate fund	2	—	2,146,007	2,146,007	—	—	—
Donations	3	460,700	20,000	480,700	383,463	20,000	403,463
Charitable activities	4	2,284	410,735	413,019	21,780	650,733	672,513
Other trading activities	5	70,430	10,000	80,430	111,839	10,000	121,839
Investments		26,806	—	26,806	15,758	—	15,758
Total		3,027,677	2,586,742	5,614,419	3,063,565	680,733	3,744,298
Expenditure on:							
Raising funds	6	(762,686)	(10,000)	(772,686)	(634,620)	—	(634,620)
Charitable activities	7	(1,758,183)	(947,425)	(2,705,608)	(1,744,744)	(701,075)	(2,445,819)
Total		(2,520,869)	(957,425)	(3,478,294)	(2,379,364)	(701,075)	(3,080,439)
Net gains/(losses) on investments	13	(223)	(107,403)	(107,626)	5,000	—	5,000
Net income/(expenditure)		506,585	1,521,914	2,028,499	689,201	(20,342)	668,859
Transfers between funds	18	(62,416)	62,416	—	(160,375)	160,375	—
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	12	17,500	—	17,500	—	—	—
Gains/(loss) on Foreign Currency	14	—	(44,520)	(44,520)	—	10,325	10,325
Net movement in funds		461,669	1,539,810	2,001,479	528,826	150,358	679,184
Reconciliation of funds:							
Total funds brought forward	18	6,297,393	535,580	6,832,973	5,768,567	385,222	6,153,789
Total funds carried forward	18	6,759,062	2,075,390	8,834,452	6,297,393	535,580	6,832,973

National Forest Company

Balance Sheet

as at 31 March 2021

	Note	As at 31 March 2021 £	As at 31 March 2020 £
Fixed assets:			
Intangible assets	11	17,551	56,637
Tangible assets	12	2,441,373	3,804,906
Investment property	13	3,506,850	480,000
Investment	13	505,015	—
Total fixed assets		6,470,789	4,341,543
Current assets:			
Debtors	14	548,658	622,697
Cash at bank and in hand	15	2,149,010	2,026,219
Total current assets		2,697,668	2,648,916
Liabilities:			
Creditors: Amounts falling due within one year	16	(334,005)	(157,486)
Net current assets		2,363,663	2,491,430
Total net assets		8,834,452	6,832,973
The funds of the Charity:			
Unrestricted funds	18	6,681,812	6,237,643
Restricted income funds	18	2,075,390	535,580
Revaluation Reserve	18	77,250	59,750
		8,834,452	6,832,973

The Notes on pages 40 to 61 form part of the accounts.

The National Forest Company is exempt under the provisions of Section 475 of the Companies Act 2006 from making the disclosure requirements under Part 16 under Section 482 (non-profit making companies subject to public sector audit) of that Act.

The financial statements were approved by the Board of Trustees on 23 November 2021 and signed on its behalf by:



Lord Duncan of Springbank PhD FGS
Chair of the Board of Trustees



John Everitt FRSA
Chief Executive/Accounting Officer

National Forest Company

Statement of Cash Flows

for the twelve months ended 31 March 2021

	Note	2020-21 £	2019-20 £	
Cash flows from operating activities				
Net cash provided by operating activities		2,643,097	662,011	
Cash flow from investing activities				
Interest and rent from investment	SoFA	26,806	15,758	
Purchase of property, plant and equipment	12	(2,002,591)	(559,169)	
Purchase of investments	13	(500,001)	—	
Purchase of Intangible asset	11	—	(2,847)	
Net cash provided by (used in) investing activities		(2,475,786)	(546,258)	
Change in cash and cash equivalents in the reporting period				
Cash and cash equivalents at 1 April		2,026,219	1,900,141	
Change in cash and cash equivalents due to exchange rate movements	SoFA	(44,520)	10,325	
Cash and cash equivalents at 31 March	15	2,149,010	2,026,219	
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities				
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	SoFA	2,028,499	668,859	
Adjustments for:				
Impairment charges	12	250,493	76,872	
Reversal of prior years' impairment charges	12	(24,000)	(11,500)	
Depreciation	12	17,641	12,739	
Amortisation	11	39,086	38,374	
(Gains)/losses on investments	13	107,626	(5,000)	
Decrease/(Increase) in debtors	14	74,039	(131,561)	
Increase (Decrease) in creditors	16	176,519	28,986	
Interest and rent from investment	SoFA	(26,806)	(15,758)	
Net cash provided by (used in) operating activities		2,643,097	662,011	
b) Analysis of cash and cash equivalents				
Cash at bank and in hand	15	2,149,010	2,026,219	
Cash and cash equivalents at 31 March		2,149,010	2,026,219	
c) Analysis of changes in net debt				
	At start of Year £	Cash-flows £	Non-cash changes £	At end of year £
Cash	2,026,219	122,791	—	2,149,010
Cash equivalents (investment)	—	500,001	5,014	505,015
Borrowings	—	—	—	—
Total	2,026,219	622,792	5,014	2,654,025

Notes to the Accounts

Note 1 to the Financial Statements

1.1 Statement of accounting policies

The NFC is a public benefit entity and is a company limited by guarantee and a charity registered in England and Wales. These financial statements have been prepared in compliance with FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting and Reporting by Charities. In addition, these financial statements also meet the accounting and disclosure requirements of the Companies Act 2006 and the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury, where not inconsistent with the requirements of the SoRP and the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs.

Where the NFC has a choice of accounting policy to adopt, a judgement has been made to select the most appropriate policy to suit the particular circumstances for the purpose of giving a true and fair view. The particular policies adopted by the NFC are described below. They have been applied consistently in dealing with items which are considered material in relation to the accounts.

1.2 Going concern

These financial statements have been prepared on the basis of the NFC being a going concern. This judgement made by the Trustees takes into consideration the level of reserves held by the Company and, given the Government's high priority for tree planting, the expectation that Defra's grant in aid funding for the next Comprehensive Spending Review period should remain at a similar base level to the 2020-21 allocation. Defra has also allocated a further £2.45m per year to the NFC from the Nature for Climate Fund for the next four years, after commencing in 2020-21. In addition, the new brand toolkit and income generation strategy are impacting positively on the Charity's income streams with increased targets for unrestricted income.

1.3 Significant judgements and accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of income and expenditure. All estimates are based on the NFC's knowledge of current facts and circumstances, assumptions concerning past

events and forecasts of future events and actions. Actual results may differ from estimates made.

In the process of applying the NFC's accounting policies, the following judgements, and estimations, have been made which have the most significant impact on the amounts recognised in the financial statements:

Judgements

- Income recognition (see Note 1.5 below)
- Useful economic lives of tangible fixed assets (see Note 1.8 below)
- Useful economic lives of intangible fixed assets (see Note 1.9 below)

Estimations

- Annual valuation of the NFC owned land and buildings undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (see Notes 1.8 and 1.10 below).

1.4 Accounting convention

The accounts have been prepared on a going concern basis, on the accruals basis and under the modified historical cost convention, modified to account for the revaluation of land and buildings.

1.5 Income recognition

Government grants

Grant in aid is credited to income in the year that it is received. It is regarded as unrestricted income since Defra, whilst requiring funds allocated be utilised in contributing to the delivery of departmental objectives, does not stipulate how any specific element of the grant should be spent.

Nature for Climate Fund grant is treated as restricted income and therefore recognised as per SoRP para 4.34 which covers performance-related grants where the income is conditional on delivering certain levels or volumes of a service or supply of goods and contractual payments from Government or public authorities and other parties which fund the provision of particular goods or services.

This has been presented as a separate line in the Sofa due to the materiality of the income as per the SoRP para 4.13.

Income from donations

General donations are received and utilised for any of the NFC's charitable purposes. No significant benefit is provided to the donor in return, other than the knowledge that the NFC must use the gift to further its purposes. Income from donations is unrestricted.

'Dedicate a Grove' and 'Dedicate a Tree' income are gift donations which the NFC use to support the ongoing creation and management of the National Forest.

The NFC receives an annual donation from Rolls-Royce. This is a restricted donation to support South Derbyshire District Council's (SDDC) Environmental Education Project and is paid over to SDDC as a disbursement upon receipt of a satisfactory progress report, as reflected in the agreement.

Income from activities and generated funds

Income is accounted for on a receivable basis, net of VAT. Grant income entitlement is recognised when the NFC has met any performance or other deliverable criteria for recognition and the monetary value can be measured reliably. Where the grant is received in advance of recognition it is deferred and included in creditors until entitlement occurs. If entitlement occurs before the income has been received it is accrued to debtors.

Income is allocated to restricted income when it is given by the donor or grant maker for defined purposes.

Income from Sponsorship

Sponsorship income is recognised as income when the conditions for its receipt have been met, as per SoRP (5.39 – 5.47). Where there are conditions or specified deliverables then income received is not immediately recognised but is deferred as a liability until conditions imposed are met at which point the related income is recognised in the SoFA. Where there are no specified deliverables under the agreement then the income is recognised in the Statement of Financial Activities (SoFA), in line with the stage of completion of the agreement term.

1.6 Expenditure

Expenditure is accounted for on an accruals basis and is classified under the relevant activity within the SoFA.

1.7 Expense allocation

Costs are allocated to the main areas of NFC activity of raising funds, forest creation, woodland management, tourism and promotion, community

engagement and various restricted projects reflecting the objectives of the NFC as set out in the Directors' Report.

Governance costs include Trustee expenses, production of the Annual Report and Accounts, audit fees and bank charges. The salary and related costs of the Chief Executive, who is also a Trustee, are now included within governance costs (34%) and support costs (66%) following the introduction of a timesheet recording system.

The salary and related costs of staff employed wholly on raising funds and the various charitable activities are allocated to those activities. Where staff are engaged on more than one of these activities, timesheets capture the percentage of each individual's time spent on each activity.

Indirect costs have been allocated to the headings in the SoFA on the basis of full time equivalent headcount of staff employed directly on charitable activities and activities for raising funds. The exception is grants administration costs which have been allocated on a staff time basis via the timesheets.

1.8 Tangible fixed assets

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provisions 10.33 to 10.36. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2021 by Fisher German, Chartered Surveyors. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality. Land and buildings in the Balance Sheet are shown at the valuations provided per Note 12.

Where the valuation is higher than the purchase price paid, the excess over purchase price is credited to a Revaluation Reserve. Where land or buildings are revalued due to a change in market values but remain at below the purchase price, the loss on revaluation is charged to the SoFA in the year of the revaluation. Similarly, where as a result of a proposed change of use there is impairment in the value of the land or buildings, the loss on impairment is charged to the SoFA in the year of the impairment. Where in a subsequent year the value of land or buildings which has been the subject of an impairment charge increases, usually as a result of an increase in market values, and the valuation remains at below the purchase price, then the increase is charged to the SoFA as a reversal

of previous years' impairment. Changes in the value of land or buildings arising from revaluation or impairment are reflected in the balance of unrestricted funds and in the Revaluation Reserve.

Impairment and reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via forest creation activity (Note 7).

Depreciation

Depreciation is provided on a straight line basis on the cost of furniture and fittings and information technology assets, to write them down to their estimated residual values over their expected useful lives. Expectations are informed by past experience and reflect anticipated usage of such assets.

Furniture and fittings and information technology assets have an expected useful life of between three and five years. No depreciation is charged in the year of acquisition of the asset but a full year is charged in the year of disposal.

1.9 Intangible Fixed Assets

In 2020-21 £47k (2019-20: £22k) of costs were incurred to continue the redevelopment of the website, of which all was expensed to the SoFA.

All intangible assets are measured at their historical cost at acquisition. Following the initial recognition of the website, subsequent measurement will be the website at cost less accumulated amortisation and impairment losses.

At the end of each reporting period an impairment review will be performed to determine whether the website is still fit for purpose in generating funds and achieving our expectations.

Amortisation will be charged on a straight line basis over the useful economic life of the asset and the useful economic life will be reviewed at each reporting date. No amortisation was charged in the month of capitalisation (August 2018) but a full month in the year of disposal.

When reviewed at 31 March 2021 by the Audit & Risk Committee (ARC), it was agreed the finite life of the website to be three years, until Autumn 2021. The website has been amortised from when it went live in September 2018, with the expense being charged to the SoFA.

1.10 Investments

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provision 10.48. An annual valuation is undertaken by an independent Chartered Surveyor

in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2021. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality.

In the 2020-21 financial year, an additional seven properties with a NBV of £2,431,850 have been part re-classified to investments due to mixed land use and having Farm Business Tenancies in place.

Investment Property in the Balance Sheet is shown at the valuations provided per Note 13.

Investments are measured at fair value and any gains or losses arising from the revaluation are charged to the SoFA. In 2020-21 the gain on the Investment property was £20,000 (2019-20: £5,000).

The Cazenove Charity Responsible Multi-Asset Fund investment of £500,001 is measured at fair value and any gains or losses arising from the revaluation are charged to the SoFA. In 2020-21 the gain was £5,014. The return generated from the investment is extracted to income and not re-invested into the fund.

1.11 Current assets and liabilities

Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

A de minimis threshold of £300 has been adopted when determining debtors and creditors at the end of March.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances held in a Business Instant Saver account and cash balances held by the Government Banking Service. Cash equivalents include £505,015 invested with Cazenove Charity Responsible Multi-Asset Fund.

1.13 Leases

The NFC has no finance leases.

Rentals under operating leases are charged to the SoFA on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

1.14 Financial Instruments

The NFC has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised

at transaction value and subsequently measured at their settlement value.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi-Asset Fund is a financial instrument with the measurement and accounting basis being fair value. The fair value as determined by the fund managers as at 31 March 2021 is £505,015.

1.15 Foreign Currencies

Receipt and payment recognition of transactions in foreign currencies are recorded at the rate of exchange at the time of the transaction. Exchange differences on monetary items are translated at the closing rate at the end of each reporting period with the differences taken to the Statement of Financial Activities (SoFA).

1.16 Staff costs and pensions

The NFC accounts for staff costs and pension contributions in the periods for which they are payable. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The NFC is unable to identify its share of the underlying assets and liabilities. The Scheme administrators carry out actuarial valuations of the Scheme and prepare full accounts for the Scheme.

The NFC recognises in its accounts those costs collected from it by the Scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as "Pension Costs".

Note 2 Grant in aid

Grant in aid of £2,467,457 was received from Defra in 2020-2021 (2019-20: £2,530,725).

Grant in aid accounts for 44% of total NFC income and is utilised to fund the forest creation and woodland management programmes, including the various grant schemes, contributes to the tourism and community engagement programmes and meets a significant proportion of governance and support costs.

Nature for Climate Fund grant of £2,146,007 was received from Defra in 2020-21 (2019-20: nil). This facilitates funding of new planting within the National Forest.

Nature for Climate Funds accounts for 38% of total NFC income.

Note 3

Income from Donations

	Unrestricted £	Restricted £	Total 2020-21 £	Unrestricted £	Restricted £	Total 2019-20 £
Donations	175,328	—	175,328	84,887	—	84,887
Dedicate a Grove	33,027	—	33,027	45,064	—	45,064
Dedicate a Tree	252,345	—	252,345	253,512	—	253,512
Rolls Royce	—	20,000	20,000	—	20,000	20,000
Total	460,700	20,000	480,700	383,463	20,000	403,463

Note 4

Income from charitable activities

	Unrestricted £	Restricted £	Total 2020-21 £	Unrestricted £	Restricted £	Total 2019-20 £
Woodland creation grants	—	11,854	11,854	—	15,752	15,752
Section 106 agreements	—	4,032	4,032	—	17,975	17,975
Tourism and promotion programme	—	18,000	18,000	—	18,000	18,000
Charnwood Landscape Partnership Scheme	—	125,552	125,552	—	105,004	105,004
Creating a Forest for Learning project	—	—	—	—	331,926	331,926
Timber Festival	—	67,500	67,500	—	108,500	108,500
National Forest Trek	—	21,460	21,460	—	20,000	20,000
Community Forest Woodland Outreach project	—	36,171	36,171	—	23,576	23,576
Severn Trent – Great Big Nature Boost	—	126,166	126,166	—	—	—
Plant a Tree scheme	2,070	—	2,070	13,850	—	13,850
Other	214	—	214	7,930	10,000	17,930
Total	2,284	410,735	413,019	21,780	650,733	672,513

Note 5

Income from other trading activities

	Unrestricted £	Restricted £	Total 2020-21 £	Unrestricted £	Restricted £	Total 2019-20 £
Other trading activities	23,394	—	23,394	9,276	—	9,276
Sponsorship	47,036	10,000	57,036	102,563	10,000	112,563
Total	70,430	10,000	80,430	111,839	10,000	121,839

Note 6

Cost of activities for raising funds

	Total 2020-21 £	Total 2019-20 £
Activities undertaken directly	548,337	458,364
Support costs	224,349	176,256
	772,686	634,620

Note 7
Analysis of expenditure on charitable activities

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2020-21 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2019-20 £
Forest Creation	513,074	350,607	272,019	1,135,700	185,887	294,802	222,795	703,484
Woodland Management	177,050	167,276	87,412	431,738	188,826	140,720	119,602	449,148
Tourism and Promotion	55,341	56,400	65,148	176,889	69,127	4,576	62,231	135,934
Community Engagement	102,483	6,960	56,220	165,663	35,489	94,909	55,926	186,324
National Forest Trek	33,921	—	11,318	45,239	50,577	—	17,019	67,596
Charnwood Landscape Partnership Scheme	68,405	—	85,287	153,692	96,743	—	80,319	177,062
Creating a Forest for Learning project	37,500	—	35,482	72,982	64,783	—	49,249	114,032
Timber Festival	146,475	—	53,613	200,088	350,536	—	63,404	413,940
Creating Working Woodlands project	70,870	—	58,721	129,591	73,275	—	66,473	139,748
Community Forest Woodland Outreach project	29,513	—	39,035	68,548	19,064	—	39,487	58,551
Severn Trent – great Big Nature Boost	104,166	—	21,312	125,478	—	—	—	—
Total	1,338,798	581,243	785,567	2,705,608	1,134,307	535,007	776,505	2,445,819

Note 8

Staff costs and pensions

8.1 Employees with earnings above £60,000

	2020-21	2019-20
£80,000 – £89,999	1	—
£70,000 – £79,999	1	1
£60,000 – £69,999	—	1
	<u>2</u>	<u>2</u>

8.2 Staff salaries, social security and pensions

	Permanent contracts £	Other contracts £	2020-21 Total £	Permanent contracts £	Other contracts £	2019-20 Total £
Salaries	887,155	177,913	1,065,068	783,807	86,895	870,702
Social security costs	68,359	13,360	106,874	80,209	6,627	86,836
Pension costs	<u>250,145</u>	<u>38,515</u>	<u>263,505</u>	<u>205,059</u>	<u>21,773</u>	<u>226,832</u>
	<u>1,205,659</u>	<u>229,788</u>	<u>1,435,447</u>	<u>1,069,075</u>	<u>115,295</u>	<u>1,184,370</u>

8.3 Average number of persons employed

	2020-21		2019-20	
	Headcount	Full time equivalent	Headcount	Full time equivalent
Staff (including Chief Executive)	<u>29</u>	<u>26</u>	<u>25</u>	<u>22</u>

The full time equivalent of employees includes 3.4 FTE fixed term staff and .97 FTE agency and seconded staff.

Note 9
Support costs 2020-21

	Raising Funds	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement		National Forest Trek		Charnwood Landscape Partnership Scheme		Creating a Forest for Learning project		Timber Festival		Creating Working Woodlands Project		Forest Outreach project		Severn Trent Great Big Nature Boost		Grants administration		Basis of apportionment		
					£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs	141,206	140,499	32,033	28,667	20,396	7,124	53,679	22,333	33,744	36,960	24,569	13,414	102,814	657,438	579,199	Headcount									
Governance Costs	18,868	18,773	4,280	3,830	2,725	952	7,172	2,984	4,509	4,938	3,283	1,792	5,881	79,987	114,456	Headcount									
Premises costs	21,782	21,673	4,941	4,422	3,146	1,099	8,281	3,445	5,205	5,701	3,790	2,069	6,790	92,344	101,217	Headcount									
ICT & Telecoms	15,668	15,590	3,554	3,181	2,263	790	5,956	2,478	3,744	4,101	2,726	1,488	4,884	66,423	41,620	Headcount									
HR & Recruitment	8,025	7,984	1,820	1,629	1,159	405	3,051	1,269	1,918	2,100	1,396	762	2,501	34,019	12,925	Headcount									
Office costs	3,256	3,240	739	661	470	164	1,238	515	778	852	567	309	1,015	13,804	17,121	Headcount									
PR related	37	37	8	8	5	2	14	6	9	10	6	4	12	158	522	Headcount									
Travel	412	410	94	84	60	21	157	65	99	108	72	39	129	1,750	18,459	Headcount									
Training & Development	1,714	1,706	389	348	248	86	652	271	410	449	298	163	532	7,266	16,129	Headcount									
Depreciation	4,161	4,140	944	845	601	210	1,582	658	994	1,089	724	396	1,297	17,641	12,739	Headcount									
Amortisation	9,220	9,173	2,091	1,872	1,332	465	3,505	1,458	2,203	2,413	1,604	876	2,874	39,086	38,374	Headcount									
Grants administration	48,794	36,519	19,601	23,815	—	—	—	—	—	—	—	—	(128,729)	—	—	Staff time									
	224,349	272,019	87,412	65,148	56,220	11,318	85,287	35,482	53,613	58,721	39,035	21,312	—	1,009,916	952,761										

Note 9 (continued)
Support costs 2019-20

	Raising Funds	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement	National Forest Trek	Chamwood Forest Development project	Creating a Forest for Learning project	Timber Festival	Creating Working Woodlands Project	Community Forest Woodland Outreach project	Grants administration	2019-20	2018-19	Basis of apportionment
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Staff costs	102,943	102,021	41,904	29,236	21,926	9,940	46,910	28,764	37,032	38,827	23,063	96,633	579,199	549,321	Headcount
Governance Costs	22,463	22,261	9,144	6,379	4,784	2,169	10,236	6,276	8,080	8,472	5,032	9,160	114,456	64,172	Headcount
Premises costs	19,864	19,686	8,086	5,641	4,231	1,918	9,052	5,550	7,146	7,492	4,450	8,101	101,217	90,567	Headcount
ICT & Telecoms	8,168	8,094	3,325	2,320	1,740	789	3,722	2,282	2,938	3,081	1,830	3,331	41,620	41,466	Headcount
HR & Recruitment	2,537	2,514	1,033	720	540	245	1,156	709	912	957	568	1,034	12,925	20,245	Headcount
Office costs	3,360	3,330	1,368	954	716	324	1,531	939	1,209	1,267	753	1,370	17,121	15,445	Headcount
PR related	102	101	42	29	22	10	47	29	37	38	23	42	522	2,396	Headcount
Travel	3,622	3,590	1,475	1,029	772	350	1,651	1,012	1,303	1,366	812	1,477	18,459	20,057	Headcount
Training & Development	3,166	3,138	1,289	899	674	306	1,443	885	1,139	1,190	709	1,291	16,129	7,265	Headcount
Depreciation	2,500	2,478	1,018	710	532	241	1,139	699	899	943	560	1,020	12,739	11,347	Headcount
Amortisation	7,531	7,464	3,066	2,139	1,604	727	3,432	2,104	2,709	2,840	1,687	3,071	38,374	22,247	Headcount
Grants administration	—	48,118	47,852	12,175	18,385	—	—	—	—	—	—	(126,530)	—	—	Staff time
	176,256	222,795	119,602	62,231	55,926	17,019	80,319	49,249	63,404	66,473	39,487	—	952,761	844,528	

Note 10

Governance costs

	2020-21 £	2019-20 £
Trustees' travel and expenses	11	5,698
Trustee meetings and meals external	—	862
Annual Report and Accounts production	2,558	2,168
Fees payable for the audit of the Annual Accounts	24,000	21,000
Internal audit fees	11,566	8,442
Bank charges	9,187	8,844
Trustee recruitment	—	33,556
Other sundry expenditure	200	97
Strategic costs ⁽¹⁾	32,465	33,791
	79,987	114,458

(1) Strategic costs represent 34% of the Chief Executive's employment costs (2019-20: 33%)

Note 11
Intangible Assets

	Website £	Total £
Cost or valuation		
At 1 April 2020	117,258	117,258
Additions during the year	—	—
Transfer during the year	—	—
	<u>—</u>	<u>—</u>
At 31 March 2021	<u>117,258</u>	<u>117,258</u>
Amortisation		
At 1 April 2020	60,621	60,621
Charges in the period:	<u>39,086</u>	<u>39,086</u>
	<u>99,707</u>	<u>99,707</u>
At 31 March 2021	<u>99,707</u>	<u>99,707</u>
Net Book Value 31 March 2021	<u>17,551</u>	<u>17,551</u>
Cost or valuation		
At 1 April 2019	114,411	114,411
Additions during the year	2,847	2,847
Transfer during the year	—	—
	<u>—</u>	<u>—</u>
At 31 March 2020	<u>117,258</u>	<u>117,258</u>
Amortisation		
At 1 April 2019	22,247	22,247
Charges in the period:	<u>38,374</u>	<u>38,374</u>
	<u>60,621</u>	<u>60,621</u>
At 31 March 2020	<u>60,621</u>	<u>60,621</u>
Net Book Value 31 March 2020	<u>56,637</u>	<u>56,637</u>

Note 12

Tangible Assets

	Land £	Furniture & Fittings £	Information Technology £	Total £
Cost or valuation				
At 1 April 2020	3,751,050	157,956	121,713	4,030,719
Additions during the year	1,274,943	3,347	16,661	1,294,951
Disposals/transfers during the year	—	—	—	—
Impairment	(250,493)	—	—	(250,493)
Reversal of prior years' impairment	24,000	—	—	24,000
Revaluation (loss)/gain to Revaluation Reserve	17,500	—	—	17,500
Investment property transfer	(2,431,850)	—	—	(2,431,850)
At 31 March 2021	<u>2,385,150</u>	<u>161,303</u>	<u>138,374</u>	<u>2,684,827</u>
Depreciation				
At 1 April 2020	—	148,660	77,153	225,813
Charges in the period:				
Depreciation	—	2,462	15,179	17,641
Revaluation	—	—	—	—
Depreciation charged on disposals	—	—	—	—
Investment property transfer	—	—	—	—
At 31 March 2021	<u>—</u>	<u>151,122</u>	<u>92,332</u>	<u>243,454</u>
Net Book Value 31 March 2021	<u>2,385,150</u>	<u>10,181</u>	<u>46,042</u>	<u>2,441,373</u>
Cost or valuation				
At 1 April 2019	3,282,049	154,073	100,800	3,536,922
Additions during the year	534,373	3,883	20,913	559,169
Disposals/transfers during the year	—	—	—	—
Impairment	(76,872)	—	—	(76,872)
Reversal of prior years' impairment	11,500	—	—	11,500
Revaluation (loss)/gain to Revaluation Reserve	—	—	—	—
Investment property transfer	—	—	—	—
At 31 March 2020	<u>3,751,050</u>	<u>157,956</u>	<u>121,713</u>	<u>4,030,719</u>
Depreciation				
At 1 April 2019	—	146,815	66,259	213,074
Charges in the period:				
Depreciation	—	1,845	10,894	12,739
Revaluation	—	—	—	—
Depreciation charged on disposals	—	—	—	—
Investment property transfer	—	—	—	—
At 31 March 2020	<u>—</u>	<u>148,660</u>	<u>77,153</u>	<u>225,813</u>
Net Book Value 31 March 2020	<u>3,751,050</u>	<u>9,296</u>	<u>44,560</u>	<u>3,804,906</u>

Land with mixed use have now been part reclassified to investment property (note 13).

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed: Land £1,854,017 (2019-20: £3,591,367).

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

Impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (note 7).

Reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (note 7).

Note 13

Investments

	Property £	Land £	Cazenove Investment Fund £	Total £
Cost or valuation				
At 1 April 2020	480,000	—	—	480,000
Additions during the year	—	707,640	500,001	1,207,641
Disposals/transfers during the year		2,431,850	—	2,431,850
Revaluation (loss)/gain	20,000	(132,640)	5,014	(107,626)
At 31 March 2021	<u>500,000</u>	<u>3,006,850</u>	<u>505,015</u>	<u>4,011,865</u>
Cost or valuation				
At 1 April 2019	475,000	—	—	475,000
Revaluation (loss)/gain	5,000	—	—	5,000
At 31 March 2020	<u>480,000</u>	<u>—</u>	<u>—</u>	<u>480,000</u>

Investment property includes nine properties that are commercially let. One property was previously capitalised as a tangible fixed asset and re-classified to investments with a NBV of £363,122 in financial year 2018-19.

In the 2020-21 financial year, an additional seven properties with a NBV £2,431,850 have been part re-classified to investments due to mixed land use and having Farm Business Tenancies in place. The properties are included as at 31 March 2021 as per the valuation undertaken by an independent Chartered Surveyor.

In the 20-21 financial year £500,001 was invested in Cazenove Charity Responsible Multi-Asset Fund, generating a return of £2,964. The income was extracted to our reserves, rather than re-invested into the fund. Fair value measurement of the fund by the investment managers as at 31 March resulted in a gain of £5,014. This has been reflected as a cash equivalent due to it being a highly liquid investment.

Note 14

Debtors

	31 March 2021 £	31 March 2020 £
Amounts falling due within one year:		
VAT	10,926	6,964
Prepayments	42,552	51,098
Accrued Income:		
Creating Working Woodlands project	104,110	208,220
Creating a Forest for Learning project	149,295	193,815
Charnwood project NLHF funding	26,267	—
Timber Festival	33,750	33,500
Community Forest Woodland Outreach project	14,710	—
Other	55,256	34,769
Debtors:		
Trade debtors	86,120	48,766
Other debtors	16,162	19,893
	539,148	597,025
Amount falling due after more than one year:		
Accrued income	—	—
Other debtors	9,510	25,672
	9,510	25,672
Total debtors	548,658	622,697

Note 15

Cash at bank and in hand

	31 March 2021 £	31 March 2020 £
Balance at 1 April:	2,026,219	1,900,141
Net increase/(decrease) in cash and cash equivalent balances	122,791	126,078
Balance at 31 March	<u>2,149,010</u>	<u>2,026,219</u>

The following balances at 31 March 2021:

Commercial banks and cash in hand	2,144,303	2,026,105
Government Banking Service	4,707	114
	<u>2,149,010</u>	<u>2,026,219</u>

Note 16

Creditors

	31 March 2021 £	31 March 2020 £
Amounts falling due within one year:		
Trade creditors	76,424	22,788
Other Creditors	3,300	—
Accruals	140,276	122,715
Deferred income ⁽¹⁾	114,005	11,983
	<u>334,005</u>	<u>157,486</u>

(1) Deferred income relates to specified outputs delivered in 2021-22

Analysis of movement of deferred income

	Other	Carbon project	Community Forest Woodland Outreach project £	Charnwood Landscape Partnership Scheme £	Creating a Forest for Learning project £	Total £
31 March 2017 Deferred	—	—	—	3,962	44,403	48,365
31 March 2018 Released	—	—	—	(3,962)	(44,403)	(48,365)
31 March 2018 Deferred	—	—	—	2,000	36,364	38,364
31 March 2019 Released	—	—	—	(2,000)	(36,364)	(38,364)
31 March 2019 Deferred	—	—	—	—	28,151	28,151
31 March 2020 Released	—	—	—	—	(28,151)	(28,151)
31 March 2020 Deferred	3,650	—	8,333	—	—	11,983
31 March 2021 Released	(3,650)	—	—	—	—	(3,650)
31 March 2021 Deferred ⁽²⁾	5,672	100,000	—	—	—	105,672
Total	<u>5,672</u>	<u>100,000</u>	<u>8,333</u>	<u>—</u>	<u>—</u>	<u>114,005</u>

(2) Deferred income 'Other' 2021 relates to sponsorship contracts £5,672 split over two financial years and Carbon project income £100,000 deferred to 21-22

Note 17

Analysis of Grants

The NFC awards grants to a number of institutions and landowners to support activity which contributes to the achievement of its charitable objects. No grants were paid with the purpose of directly benefitting the personal circumstances of the individuals.

	Grants to Institutions £	Grants to Landowners £	Support Costs £	2020-21 £	Grants to Institutions £	Grants to Landowners £	Support Costs £	2019-20 £
Forest creation, access and nature conservation	117,760	232,847	48,794	399,401	142,711	152,091	48,118	342,920
Woodland management	40,090	127,186	36,519	203,795	47,317	93,403	47,852	188,572
Community engagement	56,400	—	23,815	80,216	94,909	—	18,385	113,294
Tourism and promotion	6,960	—	19,601	26,561	4,576	—	12,175	16,751
Total	221,210	360,033	128,729	709,972	289,513	245,494	126,530	661,537

During the 2020-21 financial year, the NFC awarded grants to the following:

Institution and/or Landowner	2020-21 £	2019-20 £
South Derbyshire District Council	32,500	41,375
Leicestershire County Council	17,335	25,917
Staffordshire Wildlife Trust	—	43,571
Shuttlewood Clarke Foundation	17,157	29,431
Duchy of Lancaster	105,961	—
Trustees of Burton Property Group	29,176	—
Grants to other institutions	19,080	149,219
Grants to landowners/Individuals	360,034	245,494
Total Grants paid	581,243	535,007

Note 18

Summary of fund movements 2020-21

	As at 1 April 2020	Income	Expenditure	Revaluation	Foreign Currency gain/(loss)	Transfers ⁽¹⁾	As at 31 March 2021
	£	£	£	£	£	£	£
Unrestricted							
General Fund	4,357,643	3,027,677	(2,520,869)	—	—	(1,376,167)	3,488,284
Financial Contingency Fund ⁽⁴⁾	450,000	—	—	—	—	—	450,000
Land Acquisition, Management and Development Fund ⁽⁵⁾	450,000	—	—	—	—	—	450,000
Enterprise and Investment Fund ⁽⁶⁾	500,000	—	—	—	—	—	500,000
Investments ⁽⁷⁾	480,000	—	—	(223)	—	1,313,751	1,793,528
Revaluation Reserve	59,750	—	—	17,500	—	—	77,250
Total Unrestricted	6,297,393	3,027,677	(2,520,869)	17,277	—	(62,416)	6,759,062
Restricted							
Nature for climate funds	—	2,146,007	(382,454)	(107,403)	—	—	1,656,150
Other restricted funds ⁽²⁾	20,278	33,886	(39,854)	—	—	—	14,310
Creating a Forest for Learning project	294,544	—	(53,687)	—	(44,520)	—	196,337
Timber Festival ⁽³⁾	—	77,500	(110,868)	—	—	59,934	26,566
Creating Working Woodlands project	214,396	—	(82,846)	—	—	—	131,550
Charnwood Landscape Partnership Scheme	5,310	125,552	(82,906)	—	—	—	47,956
National Forest Trek	—	21,460	(23,942)	—	—	2,482	—
Community Forest Woodland Outreach project	1,052	36,171	(34,702)	—	—	—	2,521
Rolls Royce	—	20,000	(20,000)	—	—	—	—
Severn Trent – Great Big Nature Boost	—	126,166	(126,166)	—	—	—	—
Total Restricted	535,580	2,586,742	(957,425)	(107,403)	(44,520)	62,416	2,075,390
Total Reserves	6,832,973	5,614,419	(3,478,294)	(90,126)	(44,520)	—	8,834,452

(1) Transfer from unrestricted (General and Enterprise and Investment Fund) to restricted funds are match funding contributions National Forest Trek £2,482 and support for the 2020 Timber festival £59,934.

(2) Other restricted funds relates to Section 106 income carried forward.

(3) Timber Festival transfer £59,934 at the 31 March 2021 is for the 2020 Timber Festival, with the balance of £26,566 for the 2021 Timber Festival.

(4) Financial Contingency Fund – equates to approximately four months of NFC running costs and to be used in the event of major cashflow problems.

(5) Land Acquisition, Management and Development Fund (LAMDF) – available to support land acquisition and initial site establishment costs.

(6) Enterprise and Investment Fund (EIF) – available to support innovation, enterprise and long-term financial sustainability.

(7) Investments – Land transfer as per note 13 is £2,431,850 of which £1,313,751 is unrestricted and the balance £1,118,099 restricted as part of Nature for climate funds reserve £1,656,150.

Note 18 – continued

Summary of fund movements 2019-20

	As at 1 April 2019	Income	Expenditure	Revaluation	Foreign Currency gain/(loss)	Transfers ⁽¹⁾	As at 31 March 2020
	£	£	£	£	£	£	£
Unrestricted							
General Fund	3,943,761	3,063,565	(2,379,364)	—	—	(270,319)	4,357,643
Financial Contingency Fund ⁽⁴⁾	450,000	—	—	—	—	—	450,000
Land Acquisition, Management and Development Fund ⁽⁵⁾	450,000	—	—	—	—	—	450,000
Enterprise and Investment Fund ⁽⁶⁾	390,056	—	—	—	—	109,944	500,000
Investment Property	475,000	—	—	5,000	—	—	480,000
Revaluation Reserve	59,750	—	—	—	—	—	59,750
Total Unrestricted	5,768,567	3,063,565	(2,379,364)	5,000	—	(160,375)	6,297,393
Restricted							
Other restricted funds ⁽²⁾	7,962	61,727	(49,411)	—	—	—	20,278
Creating a Forest for Learning project	19,718	331,926	(67,425)	—	10,325	—	294,544
Timber Festival ⁽³⁾	47,147	118,500	(306,532)	—	—	140,885	—
Creating Working Woodlands project	299,648	—	(85,252)	—	—	—	214,396
Charnwood Development project	10,747	105,004	(110,441)	—	—	—	5,310
National Forest Trek	—	20,000	(39,490)	—	—	19,490	—
Community Forest Woodland Outreach project	—	23,576	(22,524)	—	—	—	1,052
Rolls Royce	—	20,000	(20,000)	—	—	—	—
Total Restricted	385,222	680,733	(701,075)	—	10,325	160,375	535,580
Total Reserves	6,153,789	3,744,298	(3,080,439)	5,000	10,325	—	6,832,973

- (1) Transfer from unrestricted (General and Enterprise and Investment Fund) to restricted funds are match funding contributions National Forest Trek £19,490 and support for the 2019 and 2020 Timber festival £140,885.
- (2) Other restricted funds include Woodland Trust, Section 106, Heart of the Forest Masterplan. The balance of £20,278 relates to Woodland Trust £3,500, Heart of the Forest Masterplan £10,000 and Section 106 £6,978 income carried forward.
- (3) Timber Festival transfer £140,885 at the 31 March 2020 is £134,247 for the 2019 and £6,639 for the 2020 Timber Festival.
- (4) Financial Contingency Fund – equates to approximately four months of NFC running costs and to be used in the event of major cashflow problems.
- (5) Land Acquisition, Management and Development Fund (LAMDF) – available to support land acquisition and initial site establishment costs.
- (6) Enterprise and Investment Fund (EIF) – available to support innovation, enterprise and long-term financial sustainability, which was replenished £250,829 in the year to increase the reserve threshold to £500,000.

Note 19

Analysis of net assets between funds

	Unrestricted £	Restricted £	Total 31 March 2021 £	Unrestricted £	Restricted £	Total 31 March 2020 £
General Fund	6,681,812	2,075,390	8,757,202	6,237,643	535,580	6,773,223
Revaluation Reserve	77,250	—	77,250	59,750	—	59,750
Net assets	6,759,062	2,075,390	8,834,452	6,297,393	535,580	6,832,973

Note 20

Analysis of funds

	Unrestricted £	Restricted £	Total 31 March 2021 £	Unrestricted £	Restricted £	Total 31 March 2020 £
Reserve balances at 31 March are represented by:						
Intangible assets	17,551	—	17,551	56,637	—	56,637
Fixed assets	2,412,416	28,957	2,441,373	3,804,906	—	3,804,906
Investments	2,428,169	1,583,696	4,011,865	480,000	—	480,000
Current assets	2,234,931	462,737	2,697,668	2,113,336	535,580	2,648,916
Creditors	(334,005)	—	(334,005)	(157,486)	—	(157,486)
Total reserves	6,759,062	2,075,390	8,834,452	6,297,393	535,580	6,832,973

Note 21

Commitments under operating leases

The future minimum lease payments under operating leases which the NFC is committed to make under operating leases are as follows:

	31 March 2021 £	31 March 2020 £
Obligations under operating leases comprise:		
Buildings, office accommodation lease		
Not later than one year	48,081	47,743
Later than one year and within five years	48,081	95,485
Later than five years	—	—
	96,162	143,228

The above obligations relate to the lease for office accommodation occupied by the National Forest Company which commenced on 1 April 2018 and will expire on 31 March 2023.

The future minimum lease payments under operating leases which the NFC is committed to receive under operating leases are as follows:

	31 March 2021 £	31 March 2020 £
Recognition under operating leases comprise:		
Farmhouse and Farm Business Tenancies (FBT) leases		
Not later than one year	25,951	16,269
Later than one year and within five years	194	5,200
Later than five years	—	—
	26,145	21,469

The above recognition relates to the lease of National Forest Company owned assets.

Hanging Hill Farm is an assured shorthold tenancy which commenced on 2 January 2019 and will expire on 2 December 2021.

FBT are short term grazing and grassland tenancies on various sites.

Note 22

Other financial commitments

Forest creation schemes

The Company has entered into contracts (which are not leases or PFI contracts) under the Changing Landscape Scheme (CLS) and the Freewoods and Parkland Schemes. The payments to which the NFC is committed, analysed by the period during which the commitments fall due, are as follows:

	31 March 2021 £	31 March 2020 £
Not later than one year	37,702	100,499
Later than one year and not later than five years	263,232	194,013
Later than five years	18,469	34,876
	319,403	329,388

Note 23

Financial Instruments

As the current cash requirements of the NFC are met largely through grant-in-aid received from Defra, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The NFC has no complex financial instruments and the risk of exposure to credit, liquidity or market risk is minimal.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi-Asset Fund is a financial instrument with the measurement and accounting basis being fair value. The fair value being determined by the fund managers as at 31 March 2021 is £505,015.

Note 24

Related party transactions

Key management personnel of the Charity:

John Everitt has been a member of the National Lottery Heritage Fund Midlands and East Committee since January 2015. Grant Support of £63,455 (2019-20: £86,503) was received for the Charnwood Forest Landscape Partnership Scheme project; John Everitt declared an interest and was not party to the decision to award the funds.

Chair, Lord Duncan of Springbank, appointed on 20 May 2020 is Chair of the Confederation of Forest Industries UK. The NFC paid £314 (2019-20: nil) for membership subscription.

Trustee, Alison Field, appointed on 1 April 2018, is a Council Member of the Institute of Chartered Foresters (ICF). The NFC paid £450 (2019-20: £500) to the ICF related to staff accreditation.

Trustee, Mike Kapur, appointed on 1 April 2018, is Pro Chancellor De Montfort University Leicester, Chair of Leicester City Football Club Trust and member of Council of the University of Leicester. The NFC received £525 (2019-20: nil) from the University of Leicester for consultancy services re impact (social and economy) arising from the former HLF Charnwood Roots project. The NFC received nil (2019-20: £15,000) from De Montfort University Leicester. The NFC paid nil (2019-20: £4,079) to Leicester City Football Club Trust.

Trustee, Paddy Harrop, appointed 1 April 2018, is Forest Management Director Central England, Forestry England. The NFC appointed a secondee from Forestry England with effect from 2 March 2020 until 1 March 2021. The NFC paid £46,596

(2019-20: £4,190) to Forestry England for the secondee costs for April 2020 – March 2021.

During the year, no trustee or related parties has undertaken any material transactions with the Charity other than those disclosed in the Remuneration and Staff Report.

Other related parties:

The NFC has dealings with the Department for Environment, Food and Rural Affairs (Defra) and some of its sponsored bodies. The NFC receives Grant in Aid (GiA) from Defra. During the year, the NFC received £2,467,457 (2019-20: £2,530,725) GiA and £2,146,007 (2019-20: nil) via the Nature for Climate Fund.

The NFC received £26,507 from Rural Payments Agency (2019-20: £12,914) for woodland grants.

The NFC received £36,171 (2019-20: £31,909) from Natural England for the Community Forest Woodland Outreach project.

The NFC paid £46,596 (2019-20: £4,190) to Forestry England for employee secondment costs.

The NFC has an agreement with Forest Research allowing access to a National Forest site at Eastern Old Parks in order to undertake research into Ash Dieback disease.

Note 25

Events after the reporting period

There have been no adjusting events after the reporting period date.

The Annual Report and Accounts have been authorised for issue by the National Forest Company's Chief Executive and Trustees. The authorised to issue date is the date of the Comptroller and Auditor General's audit certificate.





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