

BIRSE COMMUNITY TRUST

FINANCIAL TABLES

1999 - 2014

Introduction

Birse Community Trust (BCT) is a company limited by guarantee (Scottish Company Number SC188799) and registered charity (Scottish Charity Number SC28220).

Each year, BCT submits copies of its Annual Accounts to Companies House and to the Office of the Scottish Charity Regulator (OSCR).

BCT's financial year for its Annual Accounts is 1st January to 31st December and to date, BCT has produced Annual Accounts for the sixteen years 1999-2014.

In BCT's Financial Tables, each of the nine sections considers one of the financial totals that appear in BCT's Annual Accounts each year, describing the significance of the total and setting the most recent figure in the context of the totals in the previous years.

The main purpose of the Financial Tables is to help BCT's Trustees and others locally understand BCT's Annual Accounts, as part of monitoring and assessing BCT's economic performance and financial position year to year.

The Financial Tables can also assist Trustees in planning annual budgets and financial targets. More generally, the Tables contribute to BCT's transparency and knowledge security by providing a record of BCT's financial development since it started.

BCT first produced its Financial Tables in 2008 and then updated and developed them in 2012. This latest edition has been produced as part of the background information to BCT's Strategic Plan 2016-20.

BIRSE COMMUNITY TRUST

FINANCIAL TABLES

1999-2014

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BCT Financial Tables 1999-2014

SUMMARY OF SECTIONS

Section 1 describes the '**Total Funds**' held by BCT at the year end. This is a key measure of BCT's financial position and BCT aims to maintain or increase the general level of its Total Funds. These funds are made up of property values and cash held.

The property values in BCT's Total Funds are described in Section 2 '**Capital Account**'. The values are based on valuations of the lands and buildings that BCT currently owns. BCT aims to continue to own these properties and to maintain the level of their value.

The cash that makes up part of BCT's Total Funds is described in Section 3 '**Revenue Account**'. This covers BCT's Annual Income and Expenditure. The balance between BCT's income and expenditure is a key measure its performance in any year.

Section 4 describes the cash held at each year end in terms of **Restricted and Un-restricted Funds**. Trustees have full discretion over the use of un-restricted funds and their level at the start of each year is a key measure of BCT's financial position.

Section 5 compares the levels of un-restricted funds against the annual level of BCT's **Contingent Liabilities**. These are the amounts of grant at each year end that BCT might have to re-pay, if a current grant scheme does not deliver what the grant paid for. The level of these liabilities is therefore a risk factor to monitor.

Section 6 describes the three **Sources of Income** (sales, grants and donations) that make up BCT Annual Income each year, showing the respective contributions that these different sources have made over time.

Section 7 describes the **Types of Expenditure** which make up BCT's annual expenditure, in terms of the main types of activities that BCT undertakes each year and the differing balances between these activities over time.

Section 8 describes the **Distribution of Expenditure**, in terms of the extent to which BCT's annual expenditure is spent in the local area each year. BCT's aim is to use local contractors and suppliers where possible, all factors considered.

Section 9 describes the income and expenditure of BCT's wholly owned **Subsidiary Company**, the Birse Trading Company. This company, BCo, was set up in 2007 and its income and expenditure each year forms part of BCT's overall financial position.

BCT Financial Tables 1999-2014

No.1 - TOTAL FUNDS

Introduction

- 1 A basic overall measurement of BCT's financial position is the Total Funds held by BCT at the end of each financial year.
- 2 *In BCT's Annual Accounts*, the bottom line in both the Statement of Financial Activities and the Balance Sheet is the Total Funds held by BCT.
- 3 The Total Funds are made up of two main components – Property and Money.
- 4 *In the first half of the Balance Sheet:-*
 - the property is recorded as 'Fixed Assets', consisting of Tangible Assets (Land & Buildings, Furniture & Fittings) and 'Investments' (the two £1 shares by which BCT owns BCo).
 - the money is shown as 'Net Current Assets'.
- 5 *In the second half of the Balance Sheet:-*
 - the property and money are recorded in terms of Unrestricted Funds, Restricted Funds and Endowment Funds.

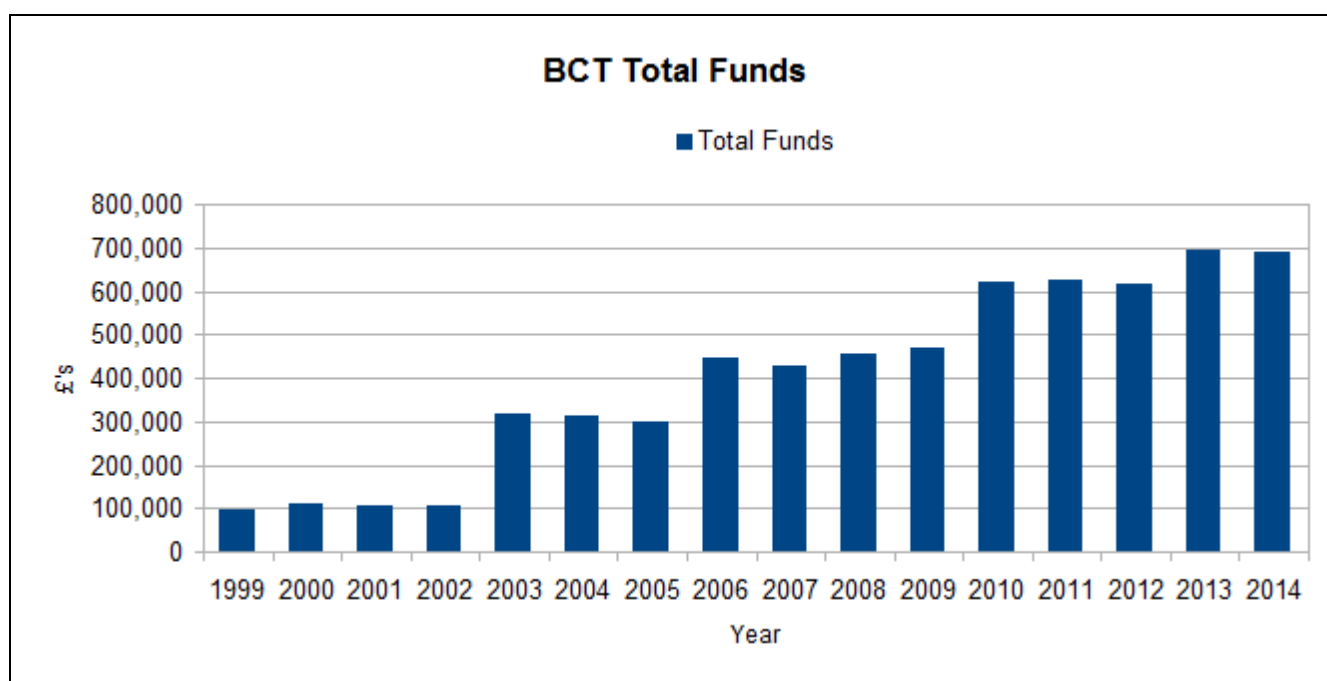
Total Funds 1999-2014

- 6 The Table on the next page shows the Total Funds held by BCT at the end of each year to date, with the amount divided between property and the money held by BCT.
- 7 The value attributed to Fixed Assets (nearly entirely the value of Lands and Buildings) has accounted for 80% or more of BCT's Total Funds each year, since BCT acquired Finzean Sawmill and the Bucket Mill in its first year (1999).
- 8 The graph shows the upward steps in the level of Total Funds as a result of BCT purchasing further properties in 2003 (Birse Kirk, Birse Hall, Finzean Old School), in 2006 (Slewdrum Forest) and in 2010 (Balfour Forest).
- 9 The most recent increase in the level of Total Funds in 2013 was, in contrast, because of a significant increase in the amount of funds held by BCT. This resulted from BCT establishing an Endowment Fund with an initial investment of £75,000 from a donation by its trading company BCo.
- 10 The Endowment Fund is held separately from BCT's other funds and invested to produce income for BCT.
- 11 At 31st December 2014, after sixteen years of operation, the level of BCT's Total Funds was £690,555. This consisted of:-
 - £568,208 or 82% of the Total Funds was the value of property and £566,371 or over 99.5% of that was the value of Lands and Buildings, with the other property consisting of Furniture and Fitting (£1,835) and Investments (£2).
 - £122,347 or 18% of the Total Funds was money held by BCT, with £75,000 or 61% consisting of BCT's Endowment Fund, £44,979 or 37% consisting on Un-restricted Funds that BCT can spend at its discretion, and £2,368 or 2% of Restricted Funds that BCT is committed to spending for a specific purpose.

BCT Total Funds 1999 – 2014

(source BCT's Annual Accounts)

YEAR	Fixed Assets	Funds Held	Total Funds	
1999	81,180	16,595	97,775	Fixed assets – Sawmill, Bucket Mill, Souters Shop
2000	80,360	29,692	110,052	
2001	80,833	25,974	106,807	
2002	79,884	24,890	104,774	
2003	236,499	81,025	317,524	Purchased Old School, Birse Hall & Kirk, Land at Sawmill
2004	235,531	75,289	310,820	
2005	233,641	63,459	297,100	Purchased Slewdrum Forest
2006	391,544	53,327	444,871	
2007	388,830	38,369	427,199	
2008	386,145	68,340	454,485	Purchased Balfour Forest
2009	383,491	86,341	469,832	
2010	575,523	47,276	622,799	
2011	572,853	51,329	624,182	Set up Endowment Fund
2012	570,211	43,836	614,047	
2013	569,198	124,923	694,121	
2014	568,208	122,347	690,555	



BCT Financial Tables 1999-2014**No.2 - CAPITAL ACCOUNT****Introduction**

- 1 Section 1 explained that the two main components of BCT's Total Funds each year are the value of the property owned by BCT and the amount of money held by BCT.
- 2 The property consists of three types of Tangible Fixed Assets - lands and buildings, furniture and fittings and investments, being the two £1 shares by which BCT owns the Birse Trading Company (BCTCo).
- 3 The value of the Tangible Fixed Assets owned by BCT represents BCT's Capital Account and in BCT's Annual Accounts 2014, their value was £568,208 or 82% of BCT's Total Funds.
- 4 The overall value of the Fixed Assets consists nearly entirely of the values attributed to the lands and buildings owned by BCT. In 2014, the total of £568,208 was made up of lands and building £566,371, furniture and fittings £1,835 and the two shares £2.

Property Values

- 5 The value attributed in BCT's Annual Accounts to Land and Buildings is based on their valuation or cost, subject to depreciation year on year. The valuations and costs given the Accounts are:-

Bucket Mill and Sawmill	Valuation by Savills (1996)	£ 80,000
Soutar's Shop	Value assessed by Trustees	£ 2,000
Birse Church and Hall	Cost (2003)	£102,051
Finzean Old School	Cost (2003)	£ 55,000
Land at Sawmill	Cost (2003)	£ 500
Slewdrum Forest	Cost (2006)	£160,000
Balfour Forest	Cost (2010)	<u>£194,000</u>
	Total	<u>£593,551</u>

- 6 This total of £593,551 is reduced by the depreciation charged to date. This was £27,180 at the end of 2014, giving the value of Lands and Buildings in BCT's Total Funds as £566,371.
- 7 BCT's policies on charging depreciation have been amended over the years, with the current policies set out in its Annual Accounts 2014. BCT charges low or zero rates of depreciation on its land and buildings, given the nature of the properties that it owns.

Property Funds

- 8 The value of BCT's property is described in BCT's Annual Accounts under three headings that depend on the source of the funds involved in the acquisition of the properties. The amount (2014: £568,206) is divided between

Restricted Property Funds – the amount of grants and donations given to BCT for the purpose of purchasing lands and buildings, less depreciation when charged (2014: £487,796)

Revaluation Reserve – the amount of the value attributed by valuations to the Bucket Mill, Sawmill and Soutar's Shop, less depreciation when charged (2014: £70,520)

Designated Funds – the amount of BCT's own un-restricted funds used to purchase properties (Birse Hall and Slewdrum), less depreciation when charged (2014: £9,890)

- 9 The restricted funds include grants used to purchase Birse Hall, Finzean Old School, the land at the Sawmill, Slewdrum Forest and Balfour Forest, where the amount of grant for a particular property is liable to be repaid if that property or part of it is sold within ten years. This provision still applies to grants for Slewdrum (2006)(£152,750) and Balfour (2010)(£19,000).

History of Acquisitions

- 10 With the value attributed to Land and Buildings accounting for over 80% of BCT's Total Funds each year, the valuations and costs used are a central part in determining BCT's Total Funds.
- 11 The background to the basis of the valuation or acquisition cost for each of the properties is set out below:-
- The Sawmill and the Bucket Mill were separate acquisitions, donated to BCT by Donald Farquharson and the Finzean Water Mills Trust respectively. The nature and status of each Mill precludes a conventional open market valuation. The 1996 valuation pre-dates BCT. The value attributed to each Mill in it (£40,000) was guided by the level of matching funding that the properties might provide in grant applications being considered at the time for setting up BCT.
 - The Soutar's Shop and its contents were donated to BCT by the heir of the previous occupier. A value was included in the Accounts by Trustees as BCT 'owns' the building. As the position is equivalent to an annual ground lease, the property has no open market value.
 - Birse Hall and Birse Kirk were separate open market purchases by BCT from the Church of Scotland, for £82,050 and £20,001 respectively. The Kirk was purchased with donated funds and no grants. The Hall involved £61,325 of grants from the Scottish Land Fund (SLF)(£45,750) and Aberdeenshire Council (£15,575), donations (£18,225) and £2,500 from BCT's own reserves.
 - Finzean Old School was purchased from Aberdeenshire Council for £55,000 with grants from the SLF (£49,700) and others (£5,300). The price was negotiated between BCT and the Council against an estimated open market value of £125,000 and on that basis, represented 44% of the market value.
 - The land at the Sawmill to the north of the road was purchased for £500 from Donald Farquharson, with a grant for that amount from the SLF.
 - Slewdrum Forest was purchased from Scottish Ministers through Forest Commission Scotland (FCS) for £161,000¹, with £152,750 of grants from the SLF (£135,750) and SNH (£17K) and £8,250 from BCT's own reserves. The price paid was considered to be approximately 40% of the open market value.
 - Balfour Forest was purchased from Scottish Ministers through FCS for £194,000, with £175,000 from donated funds and a £19,000 grant from SNH.² The price paid was considered to be approximately 40% of the open market value.
- 12 The figures above show that the six properties bought by BCT cost BCT £512,551³ and the composition of the funding was approximately £288,575 or 56% grants, £213,226 or 42% donations and £10,750 or 2% from BCT's own unrestricted funds.

Assessing Value

- 13 The value of land and buildings used in BCT's Annual Accounts represents over 80% of BCT's Total Funds, but the value has relatively limited bearing to open market values recognising that:
- the Bucket Mill, Sawmill and Soutar's Shop, valued together at £82,000, might be considered to have no open market values.
 - Finzean Old School and the two Forests, valued together at cost at £409,000, were each acquired for less than 50% of their open market values, which have all increased since.
- 14 In addition in considering the worth of BCT's property rights, BCT also holds the rights to timber and the income from timber over the Forest of Birse Commonty.

¹ The cost of Slewdrum is given as £160,000 in BCT's Annual Account 2014, when it was £161,000

² In Section 5 on Income Sources, the capital funding received by BCT is listed as £180,469. This was the amount of donations received. The capital funding received should have been recorded as £194,000, being £175,000 of the donated funds and SNH's grant of £19,000.

³ This total is £1,000 greater than the £511,550 total in Section 2 for the reason given in footnote 1

BCT Financial Tables 1999-2014

No.3 - REVENUE ACCOUNT

Introduction

- 1 Section 1 explained that the Total Funds held by BCT have two main components - the value of the property owned by BCT and the value of the money held by BCT. Section 2 described the property values as BCT's Capital Account and this section describes the money held as BCT's Revenue Account.
- 2 The money held by BCT consists of three types of funds:
 - *Restricted Funds* - money that BCT has to spend on the purpose for which it received the money;
 - *Un-restricted Funds* - money over which BCT has full discretion to spend furthering its objectives;
 - *Endowment Fund* - money held separately and from which BCT can only spend any interest earned.
- 3 BCT's annual income and expenditure are summarised in the Statement of Financial Activities in its Annual Accounts.

Income and Expenditure

- 4 BCT's overall total income in its first 16 years 1999-2014 has been approximately £1,843,720.
- 5 This total income consisted of capital funding for property purchases (£490,823)(27%), the donation to the Endowment Fund (£75,000)(4%) and other revenue to fund BCT's operations (£1,277,897)(69%).
- 6 The table and graph overleaf show BCT's annual income and expenditure 1999-2014, excluding the capital funding to acquire properties and the donation to the Endowment Fund.
- 7 The levels of BCT's annual income and annual expenditure have varied up and down over the years. However, the average levels of income and expenditure have both tended to be around £80,000 since BCT started and this remained the case after 16 years.
- 8 The balance between BCT's income and expenditure each year is an important measure of BCT's annual performance. The figures overleaf show that expenditure has exceeded income in 9 of BCT's 16 years to date. A key measure of BCT's financial position is the amount of funds still held by BCT at the year end.
- 9 The levels of BCT's end of year funds are described in Section 4, the sources of BCT's annual income are described in Section 6 and the main types of annual expenditure by BCT are described in Section 7.

History 1999-2014

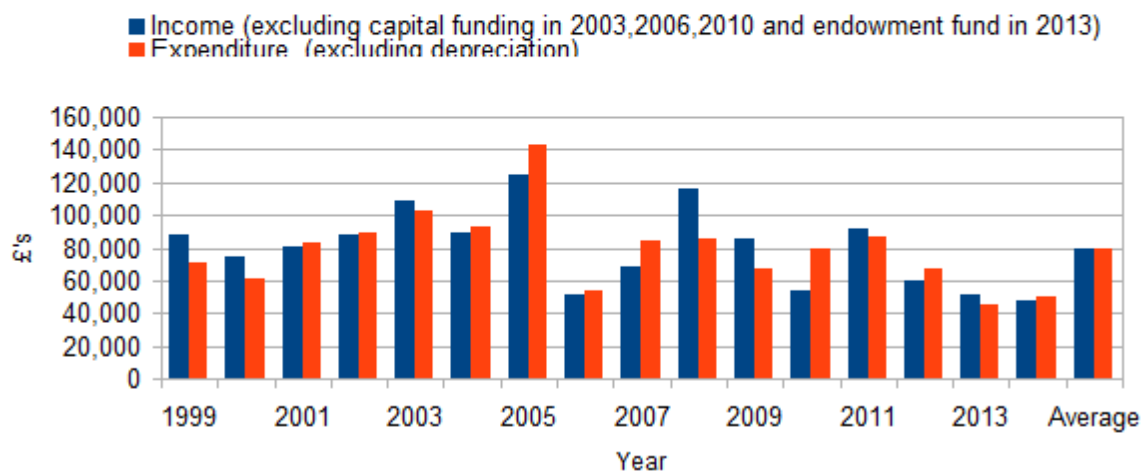
- 10 The pattern of BCT's annual incomes and expenditures shown in the graph reflects the history of BCT's activities year to year since it started.
- 11 In the first 6 years to 2004, level of income and expenditure were relatively close each year, compared to the greater fluctuations in the next six years to 2011.
- 12 A peak of project income in 2005 was followed by a sharp reduction in activity in 2006, when it became clear that the purchase of Slewdrum Forest was being further delayed. It was also the subsequent delay in 2009 in purchasing Balfour Forest, that led to the next income low in 2010.
- 13 The recovery of BCT's income levels after each of those lows, resulted from donations to BCT from its trading company, BCo, following the first harvesting of timber in each Forest.
- 14 Further donations from BCo have helped BCT to maintain the balance between its income and expenditure in the years since 2011.

BCT Annual Income and Expenditure 1999 – 2014

(source BCT's Annual Accounts)

YEAR	Income <small>(excluding capital funding in 2003,2006,2010 and endowment fund in 2013)</small>	Expenditure <small>(excluding depreci- ation)</small>
1999	87,806	71,211
2000	74,676	61,579
2001	80,820	83,101
2002	88,072	89,156
2003	108,835	102,055
2004	88,838	92,944
2005	124,213	143,458
2006	51,083	53,424
2007	68,721	83,677
2008	115,430	85,459
2009	85,737	67,736
2010	54,279	79,084
2011	91,214	87,161
2012	59,512	67,005
2013	51,561	45,474
2014	47,100	49,676
<i>Average</i>	<i>79,869</i>	<i>78,888</i>
Overall Total	1,277,897	1,262,200

BCT Annual Income and Expenditure



BCT Financial Tables 1999-2014**No.4 - RESTRICTED and UNRESTRICTED RESERVES****Introduction**

- 1 The money held by BCT at the year end excluding its Endowment Fund, consists of two types of funds:
 - *Restricted funds*, which consist of money that has been paid to BCT, normally as a grant, and which BCT can only spend on purpose for which the money has been given.
 - *Unrestricted funds*, which are money that BCT has earned from the sale of goods and services or received as general donations, and which BCT can choose how to spend in delivering its objectives.

Restricted Funds

- 2 An essential measure of BCT's viability is that the amount of money held by BCT at the year end (its Net Current Assets), should at least equal to the amount of restricted funds that BCT should be holding.
- 3 This has always been the case with BCT. However, if the amount of Net Current Assets was less in any year than the amount of restricted funds BCT should hold, this would imply that some of the funds had been spent for a purpose other than that for which they were given.
- 4 The level of restricted funds held by BCT at the year end depends on the grant schemes with which BCT is involved. Most grants are paid retrospectively on expenditure and do not give rise to restricted funds as the payments are refunds. If a grant is received as restricted funds and spent within BCT's financial year, it will not give rise to end of year restricted funds.

Unrestricted Funds 1999-2014

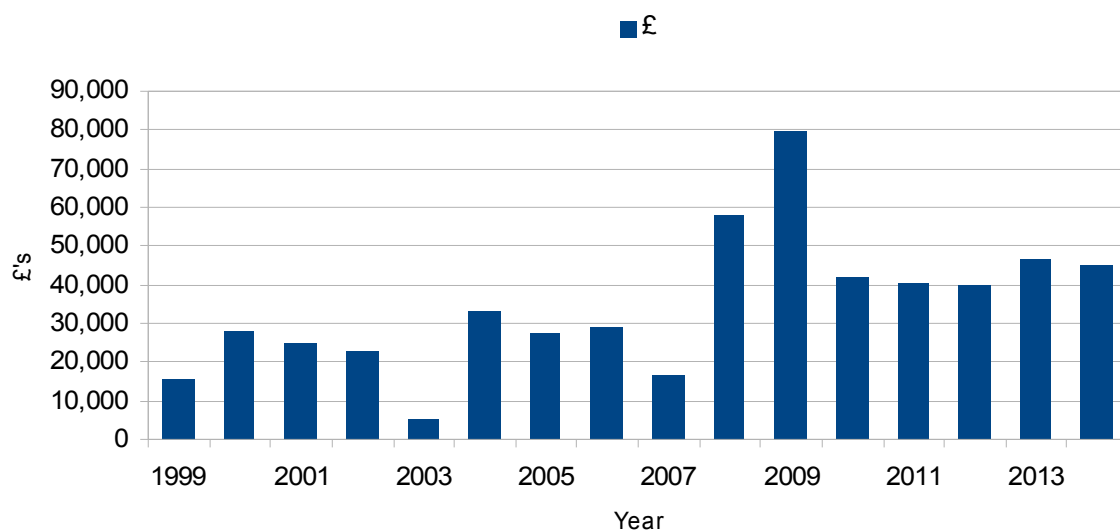
- 5 BCT Annual Accounts state that "*Unrestricted funds include incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objectives at the discretion of the Trustees.*" (2014)
- 6 The level of un-restricted funds held by BCT at the year end is a key measure of BCT's financial position. This is the amount of money or reserves that BCT has at the start of a new financial year, which BCT can spend at its own discretion to meet its costs during the year.
- 7 BCT has a wide range of significant costs each year for which there tend to be no grants available and for which it therefore needs un-restricted funds. These costs include the recurrent overheads and other expenses involved in BCT's administration (Section 7). BCT also needs adequate un-restricted funds to carry out much of the maintenance work that is required each year on the buildings and land that BCT manages. Amongst the other needs for restricted funds is the capacity to fund the implementation of granted aided projects, where the grants are paid retrospectively on the basis of expenditure.
- 8 The Table and Graph overleaf show the end of year level of BCT's un-restricted funds in 1999-2014.
- 9 BCT had no un-restricted funds when it was set up and from the start, aimed to acquire Slewdrum and Balfour Forests to provide BCT with its own source of un-restricted funds from timber income as part of managing the Forests. However, progress towards acquiring the Forests was slower than anticipated and there was an on-going challenge to generate sufficient un-restricted funds to meet BCT's on-going needs and build up reserves. That difficulty is reflected in the relatively low levels of BCT's un-restricted reserves during its first nine years, particularly compared to the size of BCT's average annual turn-over.
- 10 The significant improvement in the level of BCT's reserves after 2007 resulted from a donation by BCo in 2008 following its first income from Slewdrum, and then a sizeable legacy being left to BCT in 2009. Further donations from BCo contributed to BCT being able to maintain the end of year level of its unrestricted funds at BCT's target level of around £30-40K in each of the following five years, 2010-14.
- 11 While these funds can be seen as BCT's reserves, they need to be considered within the context of the Contingent Liabilities that can arise when BCT spends restricted funds, as described in Section 5..

BCT Un-restricted Reserves 1999 – 2014

(source BCT's Annual Accounts)

YEAR	£
1999	15,775
2000	28,052
2001	24,807
2002	22,774
2003	4,922
2004	33,346
2005	27,564
2006	28,867
2007	16,614
2008	57,815
2009	79,709
2010	41,866
2011	40,473
2012	40,036
2013	46,722
2014	44,979

Un-restricted Reserves



BCT Financial Tables 1999-2014

No.5 - CONTINGENT LIABILITES

Introduction

- 1 BCT holds the grants that it receives as restricted funds, which can only be spent on the particular purposes for which each grant has been paid to BCT.
- 2 When BCT spends grant money, this can give rise to a potential Contingent Liability. This occurs where a grant will become repayable if the conditions of the grant are not fulfilled.
- 3 The extent to which this Liability arises varies between grants. With some grants:-
 - the payment of the grant to BCT is retrospective following BCT's expenditure and fulfilment of the grant conditions, so no Contingent Liability arises.
 - the expenditure and fulfilment of the conditions might be within the same financial year, with the result that there is no end of year Contingent Liability to be carried forward.
 - it may be a number of years before the conditions of a grant are fulfilled and the Contingent Liability signed off (e.g. the years for a planted tree to become fully established).

Levels of Liability 1999-2014

- 4 The Table and Graph overleaf show the level of BCT's Contingent Liability at the end of each year since it started. This reflects two broad patterns:-
 - the high level of Liabilities in the first five years due to BCT's high levels of project activity and grant funding at that time, as BCT implemented all its initial plans.
 - the generally lower level since represents both a reduction in Liabilities due to the conditions of some early grants being fulfilled and less grant aided project activity by BCT.
- 5 BCT's Contingent Liabilities at the end of 2014 (£55,918) all resulted from forestry grants from Forestry Commission Scotland (FCS) for tree planting and deer management in the Commonty Pinewoods.
- 6 The majority of the liabilities are from grants for BCT's current programme of planting native pine. The liabilities from each year's grant are carried forward each year and this overall liability will only start to reduce if and when the different areas of planted trees are accepted as established by FCS.

Liabilities and Reserves

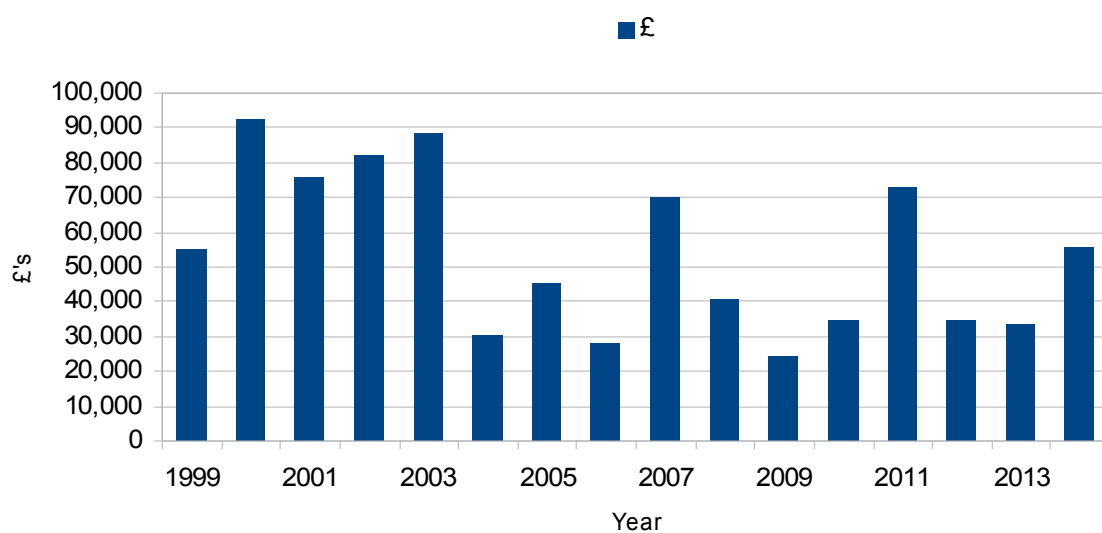
- 7 BCT's Contingent Liabilities are amounts for which BCT is contractually liable and therefore the risks that each poses are factors to consider in assessing the level of BCT's reserves each year.
- 8 The further Table and Graph on the following pages compares the level of BCT's contingent liabilities against its un-restricted reserves from 1999-2014. This shows that, while the liabilities were much greater than the reserves in BCT's early years, the pattern has been more balanced since.
- 9 In broad terms, the risks from the Contingent Liabilities arising from the wide range of grants that BCT has received over the years, have generally been judged by BCT to be relatively low.
- 10 BCT has never had to re-pay a grant yet. However, the wildfire in the Commonty Pinewoods in 2012 destroyed some trees planted with FCS grants that were not yet established. BCT therefore re-planted these with money from the fire insurance payment, to avoid the potentially liability for the original grant.
- 11 In addition, there is a relatively higher risk than for most grants with the Contingent Liabilities arising from the pine planting grants in 2012, 2013 and 2014. This is because the survival and successful establishment of these trees depends on adequate deer control by Ballogie Estate on BCT's behalf.

BCT Contingent Liabilities 1999 – 2014

(source BCT's Annual Accounts)

YEAR	£
1999	55,417
2000	92,285
2001	75,791
2002	82,101
2003	88,411
2004	30,691
2005	45,613
2006	28,139
2007	70,397
2008	41,025
2009	24,341
2010	34,326
2011	72,972
2012	34,326
2013	33,148
2014	55,918

Contingent Liabilities

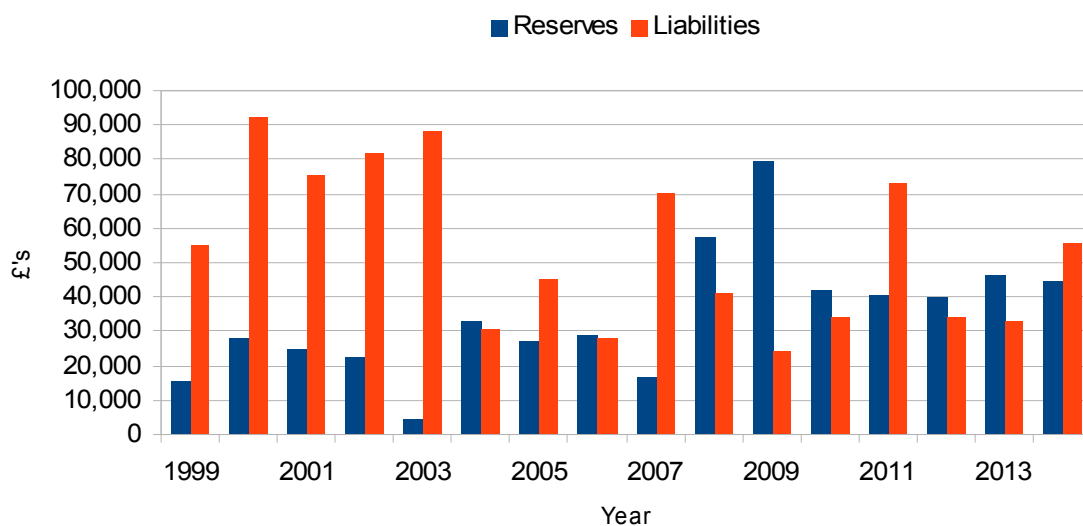


BCT Reserves & Liabilities 1999 – 2014

(source BCT's Annual Accounts)

Year	Reserves	Liabilities
1999	15,775	55,417
2000	28,052	92,285
2001	24,807	75,791
2002	22,774	82,101
2003	4,922	88,411
2004	33,346	30,691
2005	27,564	45,613
2006	28,867	28,139
2007	16,614	70,397
2008	57,815	41,025
2009	79,709	24,341
2010	41,866	34,326
2011	40,473	72,972
2012	40,036	34,326
2013	46,722	33,148
2014	44,979	55,918

BCT Reserves & Liabilities



BCT Financial Tables 1999-2014

No.6 - INCOME SOURCES

Introduction

- 1 BCT's on-going viability depends on securing an adequate level of income each year to be able to fulfil its commitments. This income comes from three types of sources:- grants, donations and sales.
- 2 Within BCT's annual income, the contributions from each of these sources and the balances between them are significant indicators of BCT's financial position. The key divide is between grants as restricted funds and the other two sources from which BCT needs to secure sufficient income to meet BCT's costs each year that require unrestricted funds.
- 3 The Table and Graph overleaf shows that BCT's income (excluding capital grants and the Endowment Fund) during its first 16 years 1999-2014, was made up of 55% grants, 23% donations and 22% sales.

Grants

- 4 BCT can apply to a wide range of public sector, charitable and other organisations for grants to undertake particular projects or activities. Securing grants is an essential part of BCT being able to manage its existing responsibilities and to develop new initiatives, where grants could be used rather than BCT's unrestricted funds.
- 5 Grants have been both BCT's main source of income since it started and also BCT's largest source of income in 11 of BCT's 16 years to date.
- 6 The figures overleaf show that BCT's grant income was generally higher up to 2007 than since. While this reflects the evolving focus of BCT's activities over the years, the pattern would also have been different if all BCT's grant applications had been successful (eg. major application to the Big Lottery in 2009-10).

Donations

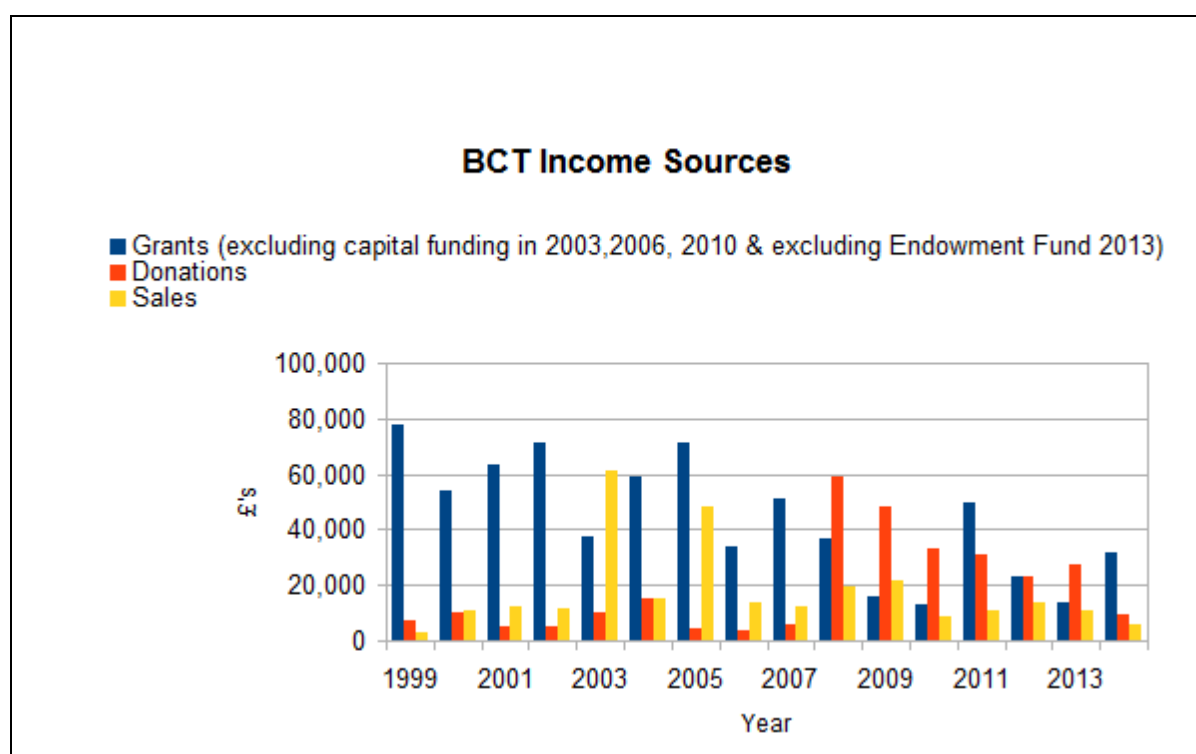
- 7 A donation that is given for a particular purpose can need to be treated as restricted funds. However, donations to BCT have generally been given without specific conditions. BCT has received donations from individuals, charities and businesses, and these have always made a valuable contribution to the level of BCT's un-restricted funds.
- 8 The general increase in donations since 2008 that is shown in the figures, has been from donations from BTCo as a result of timber sales from harvesting in Slewdrum and Balfour Forests.

Sales

- 9 The distinction between a grant and a sale can sometimes be little more than the difference between submitting a claim form or an invoice after BCT has carried out an agreed task.
- 11 The Table and Graph show that BCT's income from the sale of goods and services has generally been limited. The higher level in 2003 resulted from the timber insurance income after the wildfire in the Commonty Pinewoods that year, while the higher level in 2005 was when BCT implemented the Fungle restoration project as a contractor.
- 12 One measure of the level of sales comes from BCT's VAT returns for the amount of VAT charged on sales. The Table and Graph two pages on show that the level of VAT on sales gradually increased in BCT's first six years to 2004, peaked in 2005 (Fungle project) and has since been relatively low..
- 13 BCT has always looked for opportunities for sales as part of generating income. An adequate level of VAT on sales is also important to BCT as part of maintaining BCT's voluntary VAT registration and the valuable capacity to reclaim VAT on expenditure. The Table shows that reclaimed VAT makes a significant contribution to BCT's income in most years.

BCT Income Sources
1999 – 2014
(source BCT's Annual Accounts)

YEAR	Grants (excluding capital funding in 2003,2006, 2010 & excluding Endowment Fund 2013)	Donations	Sales	Total Income (including Bank Interest)	
1999	77,558	7,079	3,169	87,806	
2000	53,864	10,263	10,549	74,676	
2001	63,558	4,896	12,366	80,820	
2002	71,143	5,332	11,597	88,072	
2003	37,746	9,975	61,114	108,835	Capital Grant £157,551
2004	58,902	14,803	15,133	88,838	
2005	71,447	4,547	48,219	124,213	
2006	33,655	3,599	13,829	51,083	Capital Grant £152,803
2007	50,987	5,586	12,148	68,721	
2008	36,579	59,276	19,575	115,430	
2009	15,591	48,257	21,889	85,737	
2010	12,936	32,965	8,378	54,279	Capital Grant £180,469
2011	49,457	30,779	10,978	91,214	
2012	23,075	22,851	13,586	59,512	
2013	13,693	27,211	10,657	51,561	Endowment Fund £75,000
2014	31,983	9,056	6,061	47,100	
Total	702,174	296,475	279,248	1,277,897	

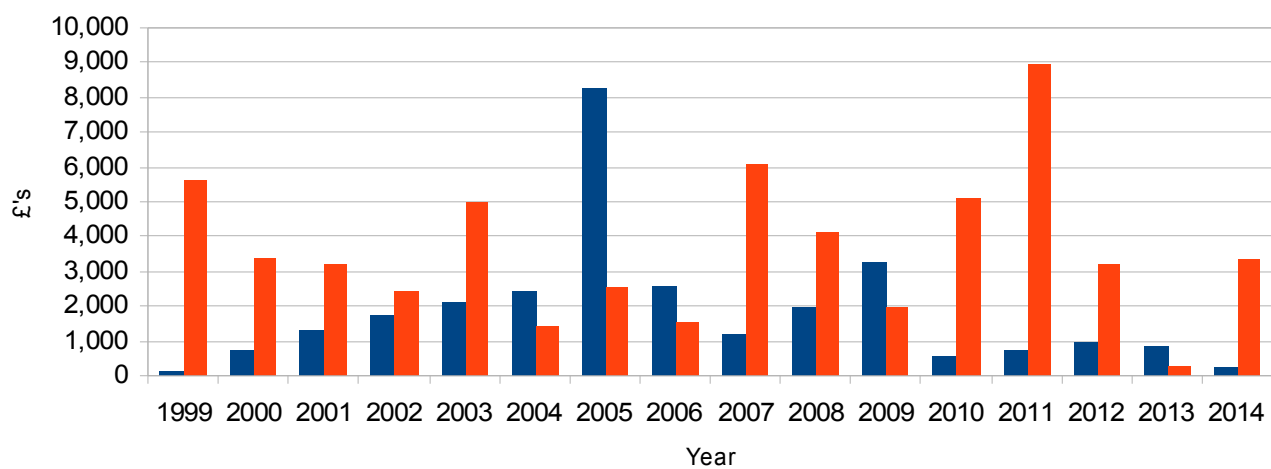


**BCT VAT
1999 – 2014**

YEAR	VAT on Sales	VAT on Purchases	VAT Reclaimed
1999	112	5,770	5,658
2000	741	4,112	3,371
2001	1,326	4,537	3,210
2002	1,748	4,189	2,442
2003	2,100	7,110	5,010
2004	2,399	3,822	1,423
2005	8,273	10,793	2,520
2006	2,572	4,113	1,541
2007	1,206	7,280	6,074
2008	1,955	6,076	4,121
2009	3,296	5,259	1,963
2010	571	5,674	5,103
2011	750	9,739	8,989
2012	968	4,200	3,232
2013	840	1,148	308
2014	222	3,583	3,361

BCT VAT

■ VAT on Sales ■ VAT Reclaimed



No.7 - TYPES OF EXPENDITURE

Introduction

- 1 A central distinction in BCT's annual expenditure is between its expenditure directly on implementing activities to deliver its objectives and expenditure on the administration necessary to support the implementation of those activities. BCT's administration costs are described below.
- 2 The way that BCT has subdivided its annual expenditure on implementing activities has evolved over time. However, the three main overall headings have always been:- Land & Buildings; Heritage & Community Development; and Goods & Services.
- 3 The levels of expenditure each year under each heading and the balances of expenditure between them, are important measures of BCT's annual operations.

Implementing Activities

- 4 Table 1 on the next page shows BCT's annual expenditure divided between five headings. The overall totals under each heading show that the balance of BCT's expenditure 1999-2014 has been:
Land & Bldgs 47% Heritage & C.Dev. 15% Gds and Services 7% Proj.Dev. 4% Administration 27%
- 5 The Table shows that the expenditure was only classified as 'Project Development' for a limited number of years. Before and since that type of expenditure has been included under either Lands & Buildings or Community Development & Heritage, depending on the type of project involved. The Goods and Services heading covers BCT's expenditure as part of earning income from sales.
- 6 Table 2 sub-divides the expenditure under the other two main headings. This shows that the classification of some expenditure under the broad heading of 'Community Development' was also only followed for a limited number of years. The type of expenditure involved has been included as part of the BCT's cultural and natural heritage heading since 2007.
- 7 The dominance of expenditure on Land & Buildings reflects BCT's involvements in owning and managing twelve sites in the parish involving extensive areas of land and half a dozen main buildings. More generally, the patterns of expenditure on lands & buildings and community development & heritage reflect the story of BCT's evolving project activity over the years.

Administration Costs

- 8 Table 1 overleaf shows that BCT's administration costs to support its activities have accounted for 28% of BCT's total expenditure over the 16 years 1999-2014. This is in line with BCT's strategic target that administration costs should average one third or less of BCT's annual expenditure.
- 9 The Table also shows that BCT's has kept the level of its administration costs over the years down to a relatively steady level, with the figure for 2014 (£22,713) closely matching the 16 year average (£22,472).
- 10 The following Table two pages on, sub-divides BCT's administration costs 1999-2014 into its different components. This shows that there are several main types of overheads that tend to cost approximately the same year to year. The level of these re-current costs in BCT's average administration costs of £22,5K might be seen roughly as:
 - £ 6.5K - professional costs & fees (legal, insurance, accounts)
 - £ 4.0K - utilities & services (electric, stationery, computer)
 - £ 2.0K - community events (annual report, AGM, et al)
 - £10.0K - administration / book-keeping (management time)
- 11 Comparing the levels of BCT's annual administration costs over the years to the levels of its overall annual expenditure, reflects that the level of BCT's core administration costs is relatively independent of the level of BCT's annual turn-over.

Table 1

BCT Expenditure 1999-2014

(source BCT's Annual Accounts)

YEAR	Land & Buildings	Comm.Dev. & Heritage	Other Gds. & Services	Project Development	Admin	Total
1999	30,791	0	2,344	0	38,076	71,211
2000	39,187	165	5,324	0	16,903	61,579
2001	40,598	15,560	8,619	0	18,324	83,101
2002	56,785	20,519	3,401	0	8,451	89,156
2003	52,114	22,453	4,825	4,718	17,945	102,055
2004	23,135	43,301	1,947	3,021	21,450	92,854
2005	40,086	40,122	38,679	4,405	20,166	143,458
2006	11,934	13,569	5,283	2,421	20,217	53,424
2007	44,159	13,043	3,343	0	23,132	83,677
2008	39,710	275	5,260	17,832	22,382	85,459
2009	31,485	967	2,739	7,988	24,557	67,736
2010	39,394	4,650	1,072	6,100	27,868	79,084
2011	58,009	993	1,079	-1,750	28,830	87,161
2012	39,643	777	1,416	0	25,169	67,005
2013	19,847	1,066	1,210	0	23,351	45,474
2014	25,521	833	591	0	22,731	49,676
Total	592,398	178,293	87,132	44,735	359,552	1,262,110

Table 2

BCT Expenditure 1999-2014 (land, buildings, heritage, community dev.)
(source BCT's Annual Accounts)

YEAR	Land	Buildings	L & B total	Community Development	Heritage	CD & H Total
1999	25,579	5,212	30,791	0	0	0
2000	29,348	9,839	39,187	0	165	165
2001	12,042	28,556	40,598	3,619	11,941	15,560
2002	8,542	48,243	56,785	12,331	8,188	20,519
2003	24,879	27,235	52,114	15,429	7,024	22,453
2004	14,310	8,825	23,135	21,911	21,390	43,301
2005	12,303	27,783	40,086	9,899	30,223	40,122
2006	7,938	3,996	11,934	7,039	6,530	13,569
2007	38,903	5,256	44,159	75	12,968	13,043
2008	34,778	4,932	39,710	0	275	275
2009	27,350	4,135	31,485	0	967	967
2010	28,109	11,285	39,394	0	4,650	4,650
2011	50,934	7,075	58,009	0	993	993
2012	35,465	4,178	39,643	0	777	777
2013	18,708	1,139	19,847	0	1,066	1,066
2014	23,563	1,958	25,521	0	833	833
Total	392,751	199,647	592,398	70,303	107,990	178,293

BCT Administration Costs Breakdown 1999 – 2014

(source BCT's Annual Accounts)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Insurance	346	350	690	879	1,311	2,118	2,544	1,978	2,535	2,721	2,989	2,733	2,906	3,131	3,558	3,734
Legal Fees	14,588	1,587	1,000	321	0	755	1,100	2,461	325	1,476	1,772	721	1,299	715	863	2,013
Admin/Bk-keeping	0	0	0	0	4,540	6,360	8,118	8,119	10,066	8,938	9,487	11,783	10,159	9,212	11,735	10,536
Admin Expenses	17,037	9,349	7,260	1,121	3,308	2,258	1,290	1,091	1,205	1,057	515	1,483	2,725	3,827	0	0
Post/Stat./Tel.	801	1,980	2,520	2,549	2,200	2,352	1,816	1,066	1,174	1,026	1,414	1,851	1,210	2,023	1,240	1,199
Computer	0	0	0	0	109	170	100	75	195	75	235	506	1,402	77	484	677
Repairs & Renew-als	0	0	0	0	121	385	349	190	68	511	787	655	0	0	0	0
Electric	0	0	0	0	2,330	2,284	755	1,648	2,929	2,687	2,786	2,199	1,521	863	780	13
Newsletter	3,798	2,447	5,422	2,478	1,652	648	1,385	1,332	1,213	1,390	1,218	1,354	220	0	0	0
Comm Events	0	0	0	0	383	1,505	659	682	1,342	768	1,529	1,643	2,538	1,671	2,591	2,559
Non Domestic Rates	0	0	0	0	0	0	0	0	305	58	0	0	0	0	0	0
Audit & Accounts	1,506	1,190	1,432	1,103	1,991	2,705	2,050	1,575	1,775	1,675	1,825	2,940	4,850	3,650	2,100	2,000
Totals	38,076	16,903	18,324	8,451	17,945	21,540	20,166	20,217	23,132	22,382	24,557	27,868	28,830	25,169	23,351	22,731

BCT Financial Tables 1999-2014

No.8 - DISTRIBUTION OF EXPENDITURE

Introduction

- 1 A key measure of BCT's operation as a local community trust is the geographic distribution of its expenditure each year. BCT aims to ensure, taking all factors into account, that:
 - as much as possible of its expenditure each year is local; and
 - with that expenditure made to a reasonably wide range of different local suppliers.
- 2 BCT has monitored its performance against these aims each year since it started, analysing its annual expenditure by allocating the locations of its suppliers between four different geographic areas based on their invoice address.

Pattern 1999-2014

- 3 The Table on the next page shows the results of that monitoring for 14 of BCT's 16 years to date. The data for the other two years was lost due to a computer problem, and has not been re-calculated from invoices.
- 4 The Table reflects that, as the next Table and Graph on the following page show, there has been a fairly consistent pattern over the years with an average of 76% of BCT's expenditure each year paid in the immediate local area of Birse parish and Mid Deeside.
- 5 Some regular annual costs such as insurance premiums and legal and accountancy fees, have always been paid outside this local area. The reduction in BCT's overall expenditure in the last few years means these regular payments have a bigger influence in the percentage distribution of BCT's expenditure.
- 6 In addition, a significant factor in the drop below 75% in local payments in 2013 and 2014, has been a change in BCT's forestry agent following the previous agent's retirement. While the new agent, RTS, has a local office in Mid Deeside, RTS invoices BCT from its head office in Crieff.
- 7 In BCT's earlier years, the number of suppliers was higher because the new projects that BCT was taking on required a greater range of suppliers. An example was BCT's restorations of the Mills and building work at Finzean Old School, with the subsequent maintenance of these buildings requiring fewer contractors.

Local Spend

- 8 While an annual average of 76% of BCT expenditure (excluding capital purchases) has been within Mid Deeside and Birse parish, an annual average of 55% has been spent directly within Birse parish in the 14 years shown in the tables.
- 9 BCT's expenditure within the parish in the 14 years shown has been £580,776 or an average of £41,484. Over BCT's 16 years 1999-2014, BCT expenditure in the parish has been significantly over £600K and therefore approximately half of BCT's total expenditure 1999-2014 of £1.28 million.
- 10 Nearly all of this local expenditure represents 'inward investment' because BCT has raised the overwhelming majority from outside the parish. BCT has not undertaken fund raising within the parish to minimise competition for limited local funds with other local community groups.
- 9 A very high proportion of BCT's expenditure within the parish is paid to people for employment time rather than for the supply of materials, which generally need to be purchased outside the parish.

BCT Suppliers Lists - The Geographic Distribution of BCT Expenditure 1999-2014

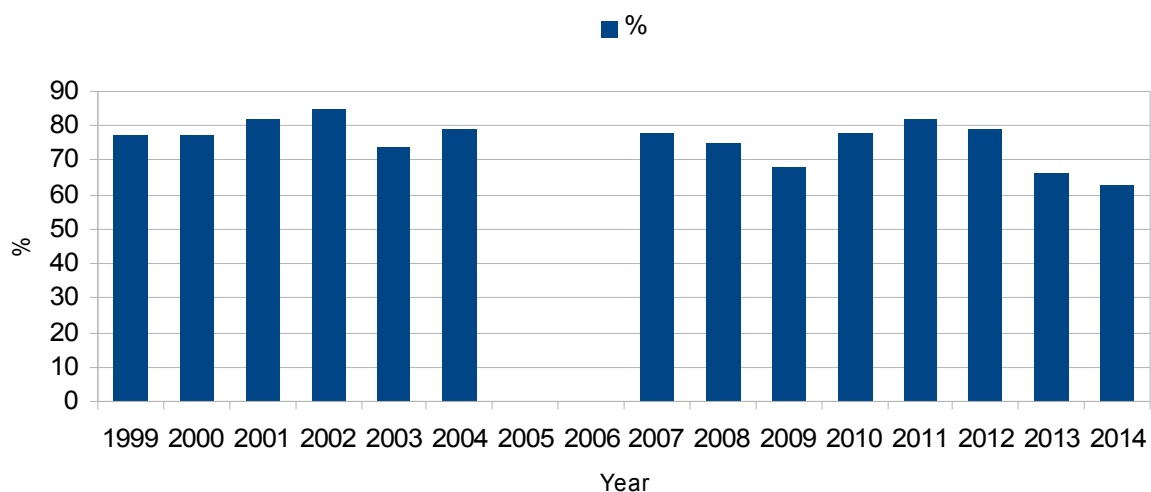
Location of Suppliers															
No. of Suppliers	1999	2000	2001	2002	2003	2004	...	2007	2008	2009	2010	2011	2012	2013	2014
Birse Parish	17	21	35	25	24	19		18	17	16	23	22	17	20	18
Mid Deeside	16	19	24	24	26	21		15	11	8	13	4	4	2	3
Abdn/N-East	11	9	18	11	7	11		10	11	8	10	4	3	5	6
Elsewhere	8	7	15	12	17	11		12	10	11	12	6	9	8	10
Totals	52	56	92	72	74	62	...	55	49	43	58	36	33	35	37
Expenditure	1999	2000	2001	2002	2003	2004	...	2007	2008	2009	2010	2011	2012	2013	2014
Birse Parish	39494	36461	57338	65335	53572	48902		18614	26838	31384	43393	65433	35612	28722	29678
Mid Deeside	16508	12328	13009	12303	16175	25371		44957	33321	14642	17664	5393	14415	767	1627
Abdn/N-East	5686	5040	5489	3089	7438	10352		4831	5439	3913	5200	7334	5515	7130	6364
Elsewhere	10779	9912	9467	10835	17047	10265		13461	14286	17680	12213	7499	8029	8537	11579
Totals	72467	63741	85303	91562	94232	94890	...	81863	79884	67619	78470	85659	63571	45156	49248
Percent Expend.	1999	2000	2001	2002	2003	2004	...	2007	2008	2009	2010	2011	2012	2013	2014
Birse Parish	54	57	67	71	57	52		23	33	46	55	76	56	64	60
Mid Deeside	23	20	15	14	17	27		55	42	22	23	6	23	2	3
Abdn/N-East	8	8	7	3	8	10		6	7	6	6	9	9	16	13
Elsewhere	15	15	11	12	18	11		16	18	26	16	9	12	18	24
Totals	100	100	100	100	100	100	...	100	100	100	100	100	100	100	100

Note: Expenditure totals from the Suppliers Lists that BCT produces vary very slightly from the expenditure totals in BCT's Annual Accounts due to different methods. The difference between the two sets of figures is less than 0.5% (last calculated 2009).

BCT Suppliers 1999 – 2014

Annual Expenditure in Birse Parish / Mid Deeside		
	£	%
1999	56,002	77
2000	48,789	77
2001	70,347	82
2002	77,638	85
2003	69,747	74
2004	74,273	79
2005
2006
2007	63,571	78
2008	60,159	75
2009	46,026	68
2010	61,057	78
2011	70,826	82
2012	50,027	79
2013	29,489	66
2014	31,305	63

BCT Birse Parish/Mid Deeside Suppliers



BCT Financial Tables 1999-2014

No.9 - SUBSIDIARY COMPANY

Introduction

- 1 A very small but important part of BCT's Total Funds are the £2 of investments, as this is the two £1 shares by which BCT owns the Birse Trading Company Ltd (BCTCo).
- 2 BCTCo was set up as a separate independent company in 2007 and is wholly owned by BCT as the only shareholder. BCTCo Directors can only be appointed with BCT's approval and BCT also has the power to dismiss the Directors.
- 3 Given BCT's ownership of BCTCo as a subsidiary company, the extent to which BCTCo has assets or liabilities is a significant factor to consider in monitoring and assessing BCT's financial position.
- 4 Therefore, while BCTCo submits its own Annual Accounts to Companies House and they do not form part of BCT's Accounts, BCTCo's finances are reported in BCT's Annual Accounts.

Origins

- 5 When BCT bought Slewdrum Forest in 2006, it was a condition of the public funding BCT received that commercial timber harvesting in the Forest should be by an independent third party. This was due to European state aid rules and the requirements were satisfied by BCT setting up BCTCo in 2007 and leasing the management of Slewdrum to BCTCo since then.
- 6 While there was no such requirement when BCT bought Balfour Forest in 2010, BCT also leases it to BCTCo to reduce the risk to BCT from any liabilities arising from the management of the Forest and given that the commercial harvesting of timber is not directly a charitable activity.

Management Responsibilities

- 7 Initially, BCT gave BCTCo short term leases for each Forest to enable BCTCo to carry out a general thinning of the commercial timber stands and other initial management. Following the approval of BCT's Forest Plans 2011-30 for each Forest by Forestry Commission Scotland, BCT has given BCTCo longer term leases to implement these Plans.
- 8 Under the leases, BCTCo can not alter the areas of each Forest to be thinned or felled under the Forest Plans without BCT's permission as the landlord.

Finances 2008-2014

- 9 The Table of BCTCo's finances in its first seven years 2008-2014 on the next page, shows that BCTCo's income has all come from timber harvesting except in 2014, when BCTCo received two forestry grants.
- 10 The figures also show that BCTCo gave approximately 70% of its income to BCT as either rent or donations. BCTCo also spent nearly 25% of its income on managing and improving the forests and 5% on BCTCo's administration.
- 11 The average level of BCTCo's contributions to BCT's finances through rent and donations (other than the £75K for BCT's Endowment Fund), has been £22,857 a year during the seven years 2008-14. This level matches BCT's original expectation that if it managed to acquire the forests, they might be able to contribute around £20K a year of un-restricted funds towards BCT's annual operating costs.
- 12 While BCTCo's average contribution of £22,857 nearly matches BCT's average administration costs of £24,984 over the same 7 year period, BCT also needs additional un-restricted funds each year to fund its other project activities for which it does not have grant income.

**BTCO Annual Income and Expenditure
2008 – 2014**

(source BTCO's Annual Accounts)

YEAR	INCOME			EXPENDITURE				
	Timber Sales	Other	Total	Forests	Admin	Rent	Donation to BCT	Total
2008	88,430	0	88,430	2,812	2,576	3,000	54,000	62,388
2009	0	0	0	0	72	2,000	0	2,072
2010	23,925	0	23,925	9,018	1,006	5,000	0	15,024
2011	99,695	0	99,695	4,896	625	8,000	25,000	38,521
2012	1,701	0	1,701	22,636	4,023	4,000	20,000	50,659
2013	179,243	0	179,243	27,093	3,525	4,000	100,000	134,618
2014	0	17,818	17,818	12,333	3,373	4,000	6,000	25,706
Total	392,994	17,818	410,812	78,788	15,200	30,000	205,000	328,988
% Overall Total	96%	4%		24%	5%	9%	62%	