

REGISTERED COMPANY NUMBER: 07801721 (England and Wales)
REGISTERED CHARITY NUMBER: 1146114

**Report of the Trustees and
Unaudited Financial Statements for the Year Ended 31st December 2017
for
KWES Kent Woodland Employment Scheme**

THURSDAY



A08 *A7EWZ8AX* #42
20/09/2018
COMPANIES HOUSE

Haines Watts Kent LLP
4 Kings Row
Armstrong Road
Maidstone
Kent
ME15 6AQ

KWES Kent Woodland Employment Scheme

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KWES Kent Woodland Employment Scheme
Report of the Trustees for the year ended 31st December 2017

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st December 2017.

Although the title of this report is prescribed by law as being “for the year ended 31st December 2017” by custom such reports cover matters through to the date of their approval by the Board, (and their signature on their behalf).

The trustees have adopted the provisions of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered company number
07801721 (England and Wales)

Registered charity number
1146114

Registered office
Placketts Hole
Bicknor
Sittingbourne
Kent ME9 8BA

Trustees

Mrs S Alder		Resigned 31 st March 2017
Miss E Feakins	Hon Treasurer	Resigned 13 th January 2017
J M Harrison		
D N Hutton		Resigned 30 th June 2017
G E Jessel DL		Resigned 31 st March 2017
P J Moore		Resigned 11 th June 2017
C P E Raine		Resigned 10 th June 2017
Mrs A J Wainman OBE	Chairman	
D P Wainman		Appointed 12 th June 2017

The subscribers to the Memorandum were the first trustees, and subsequent trustees have been co-opted by the trustees (although they could in the alternative be elected by the members of the company). One third of the trustees resign, by rotation, at each annual meeting of the company, but are eligible to stand for re-election. The trustees, when complete, consist of at least four and not more than twelve individuals over the age of 18, all of whom must support the Objects. They must meet at least six times each year.

KWES Kent Woodland Employment Scheme
Report of the Trustees for the year ended 31st December 2017

Reference and administrative details continued

Company Secretary

D P Wainman

Independent examiner

Anthony Brand

Haines Watts Kent LLP

4 Kings Row

Armstrong Road

Maidstone

Kent ME15 6AQ

Bankers

HSBC Bank Plc – Sittingbourne

CAF Bank Ltd – West Malling

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

KWES Kent Woodland Employment Scheme is a company limited by guarantee, incorporated on 7th October 2011 and registered as a charity on 21st February 2012. The company's incorporation was requested under a Memorandum of Association, and it is governed by its Articles, as defined by the Companies Act 2006. In the event of the company being wound up in circumstances that its assets are insufficient to meet its obligations, each member of the company is required to contribute an amount not exceeding £1.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error.

Policy and decision making

This is solely the responsibility of the trustees.

OBJECTS AND ACTIVITIES

Objectives and aims

The charity's objects are set out in Article 1.1, but can be briefly stated as being:

- * Relief of unemployment – aimed particularly at ex-service personnel, ex-offenders and young people, all finding it difficult to make the transition to normal jobs, by providing paid apprenticeships and

- * Education – in the form of training, leading to recognised qualifications, in all aspects of woodland management, for the apprentices employed.

ACHIEVEMENT AND PERFORMANCE

KWES started operations in autumn 2013 with 4 apprentices under training by a Project Leader. By the end of 2014 there were 14 apprentices and by end 2015 and 2016 there were 19.

The large increase in numbers of apprentices had been made possible by KWES being awarded in September 2014 a Regional Growth Fund grant. The terms agreed were that the Department of Business, Innovation and Skills would provide, over three years £1,001,000 towards the costs of employing and training apprentices.

The final payment of RGF grant was received in February 2017, refunding expenditure incurred during the final months of 2016. However, KWES clearly continued to need funding – a fact the trustees recognised, and had been making every attempt to address from early 2016. One source appeared to be the government’s Trailblazer apprenticeship scheme – subsidies for those employing apprentices were originally promised from late 2016, subsequently put back to May 2017, but in fact then further delayed because of the authorities failure to approve the training specification for the forestry apprenticeship until end-June 2017

KWES had been accepted in March 2017 onto the Register of Apprentice Training Providers as an “employer/provider”, which should have enabled it to continue, after the Trailblazer scheme came into being, the same activity it had been pursuing, that is continuing to employ its apprentices and supervise their “on-the-job” training and experience, and also providing their “off-the-job” theoretical learning and monitoring their whole progress through their apprenticeships – doing this “five-days-a-week”. (In many apprenticeships an employer delegates both “theoretical” and “monitoring” to a separate organisation, most frequently a college, which “trains” the apprentice only for one day per week.)

However, long before end-June 2017, (the date mentioned at the end of the last paragraph but one,) the authorities had announced that the total of the apprenticeship-funding requests for the period from the start date through to December 2017 by small and medium sized employers such as KWES had substantially exceeded the sums set aside by government. Not only were no awards being made in response to those original requests, but only those training providers making a claim of £200,000 or more, (equating to 40 or more apprentices), were to be entitled to apply for apprentice-funding awards in the period through to April 2019. This denial of funds to small and medium sized providers was justified because “the outcomes (of the original offer) would not have delivered the diverse market sought whilst giving the sector as a whole stability in the transition to the apprenticeship service.”

KWES’s experience had clearly demonstrated that the costs of employing and training an apprentice in the forestry industry are in the region of £30,000 per annum, and are thus considerably greater than reflected by the Trailblazer Apprenticeship Scheme net funding of approximately £5,000 per apprentice per annum – this latter seeming to be an estimate of the expense that would be incurred by a “college” limiting itself to the one day per week, off-the-job training explained in paragraph 5 above. The difference arises first because the law requires that a forestry apprentice’s work, (both training and experience), be subject to considerably more extensive supervision than is the case in other industries; that is not only a substantial on-cost for the employer which has to be added to the salary to be paid to the apprentice. But a second, and entirely desirable, effect of intensive supervision and concentration on safe working is that this constrains the apprentices’ productivity; KWES’s experience has been that an optimistic target for income-generation is £6,000 per apprentice per annum.

KWES Kent Woodland Employment Scheme
Report of the Trustees for the year ended 31st December 2017 - continued

ACHIEVEMENT AND PERFORMANCE - continued

The many attempts the trustees made through 2016 to bring to the attention of Ministers and their civil servants the acute financial problems that KWES was facing met with no success – until finally a letter was received from the Minister of State for Apprenticeships and Skills on 6th March 2017. The Minister asked that KWES set out a proposal for his civil servants in the Education and Skills Funding agency outlining KWES's needs, in light that he recognised its special situation. He asked that KWES explain the exceptional and extenuating circumstances it faced, and deal specifically with factors such as redundancy, niche provision and importance to the local economy.

KWES's response set out its immediate needs – a sum recognising that it had been without support from the ending of the RGF grant in late 2016 through to the start of the Trailblazer scheme; and also the fact explained above that the proper training of a forestry apprentice required ongoing payments of an amount approximately four or five times the level that was being offered under the Trailblazer arrangements.

This response was met first by total silence; and then after the general election was called and Ministers and civil servants went into “purdah”, the suggestion was made that nothing more could be offered than the standard Trailblazer amounts.

It became obvious to the trustees that the charity was being forced towards insolvency; and the trustees in May 2017 called in an Insolvency Practitioner, who made all the apprentices (and supervisors and administrator) redundant immediately, and commenced the procedures for the charity to be liquidated on 12th June.

However, on the eve of that liquidation, the charity was rescued – restored to solvency – by a very generous donation from a supporter. The donation did not result in the charity's assets coming to exceed its total liabilities. The largest of those immediate liabilities was £74,000 owed to HSBC, the outstanding balance of an overdraft facility which had been a necessary part of the RGF grant procedure, (under which expenditure had to be drawn on overdraft before being refunded quarterly in arrear to reinstate that borrowing). The lack of other support had prevented KWES from repaying the full overdraft out of the final grant instalment in early 2017. Another liability – part of the support provided in the past was a loan, of which £46,000 remains outstanding, from a charitable donor. Its repayment is called for in instalments over approximately four years.

Had the charity been liquidated, both these borrowings would have become immediately repayable, and since the resulting total liabilities would have exceeded available assets, this would have been an insolvent liquidation. Section 123(2) Insolvency Act 1986 states that a company is insolvent “if the value of (its) assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities.” It is those italicised words that enabled the trustees to declare the charity solvent on 12th June 2017, and to avoid liquidation – because it is abundantly clear (and legal advice was received confirming this), that if the crystallisation of a prospective liability is sufficiently far into the future, it can be left out of account. (That was of course the basis on which the trustees had signed off each of the 2014 and 2015 accounts of the charity, and are signing off those for 2017, all showing total liabilities in excess of assets, with an explanation that, if those who had made the loans which financed these deficits were to call in those loans, the charity would have been insolvent. But as explained in note 1(c) to the attached accounts, the trustees have evidence that the lenders' intentions were, and remain, the exact opposite – to keep it going.)

THE FUTURE

As reported, the charity was, in May 2017, compelled to declare all its employees redundant; and the trustees believe it unlikely that they will be able in the immediate future either to re-employ those involved, or to offer employment to similar numbers of others.

If it were suggested that the charity appears to be abandoning the first of its objects – the relief of unemployment – the trustees do not believe that to be correct. The charity is working closely with three of its former team leaders who have established a commercial forestry business in the compound formerly rented by KWES, and who fully share KWES's vision to reverse the decline in the Southeast's forestry industry, and determination that the industry must have an increased, and trained, workforce. The trustees see the charity's future as including:

- Training apprentices employed by other employers and landowners. As a registered provider of apprentice training, KWES could deliver such training through a sub-contract to its former team leaders – but as indicated above, Trailblazer finance will seemingly not be available for this until at the earliest April 2019. It would be for discussion with each employer whether KWES should provide five-day-a-week training, (paragraph 5 above), or whether the employer could itself provide equivalent experience for some periods, and in each case what would be the cost to the employer. KWES did have discussions with Plumpton College in Sussex, envisaging Plumpton's subcontracting to KWES the forestry apprenticeship training which the college had previously offered – but a reduction in the college's own funding meant that any such subcontracting had to be put on hold for the time being.
- KWES is however actively considering one year training-and-experience courses, outside the Trailblazer apprenticeship framework, for those seeking – but prevented from obtaining – work in the forestry industry through their lack of skills and experience. KWES can also provide short-course training for NPTC "tickets", for instance for chainsaw or brush-cutter use – and first aid, now a legal requirement for all forestry workers.
- KWES would continue to raise funds allowing it to help many rural local communities that have lost jobs in forestry, and/or lost opportunities they once had to enjoy their local woods. Forestry in the southeast is based on a system called coppicing that originated in the broadleaf ancient woodlands that existed before 1600. These woods were never planted, they evolved naturally, were grown as a crop and cut down at regular intervals to re-grow. If broadleaf woods, both ancient and modern are not coppiced, the canopy closes shutting out light and air from the forest floor and the woodland decays and dies. In ancient woods, (where because of the huge variety of practical experience provided KWES mainly trained its past apprentices and would train any apprentices in the future), slow death of the woodland in this way results in the loss, forever, of the bio-diversity in soils that have never been cultivated, fertilised or treated with pesticides. An ancient wood cannot be replaced.
- KWES is co-ordinating a bid to the Heritage Lottery Fund with the help of the Mid-Kent Downs, and Medway Valley, Countryside Partnerships, on behalf of several community and volunteer managed woodlands across northwest Kent, enabling them to achieve more effective coppicing and management, creating wildlife corridors linking them, and establishing better liaison with local residents and especially with schools and their pupils. This bid passed its first hurdle, but has more recently been rejected at its second; however since this is exactly the kind of work that KWES could and should be doing, the trustees intend to re-apply, or to seek funds from other sources.

KWES Kent Woodland Employment Scheme
Report of the Trustees for the year ended 31st December 2017 - continued

THE FUTURE continued

- Recently KWES has made significant progress with the help of the Kent County Council, and support from Royal Botanic Gardens Kew at Wakehurst Place, in a bid for EU finance to establish (with a French partner) a scholarship scheme – to train in silviculture people who have already qualified as forest workers. Silviculture in ancient woodlands uses a holistic approach, respecting ecological processes and variations in the soil, the micro-climate, associated fungi, flora and fauna, as well as the trees themselves, rather than imposing artificial uniformity; timber production management concentrates on maintaining a functioning ecosystem.
- A significant number of Kent's ancient woods are owned by local authorities who have extreme difficulty in funding adequate maintenance. KWES has been working with a number of these, accessing charitable funds, and in some cases forestry commission grants, and arranging the manpower and machinery to enable local communities to enjoy their woods again. (The £10,000 grant received in 2017 from the Postcode Local Lottery fund, shown in the attached accounts, was given for the maintenance and improvement of Holly Hill wood owned by Tonbridge and Malling Borough Council.)

TRUSTEES' RESPONSIBILITY STATEMENT

The trustees (who are also directors of KWES Kent Woodland Employment Scheme for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Small company rules. The accounts which follow have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies, and in accordance with the Charity SORP 2015 (FRS102).

KWES Kent Woodland Employment Scheme
Report of the Trustees for the year ended 31st December 2017 - continued

TRUSTEES' RESPONSIBILITY STATEMENT continued

Governance of the charity and Statement of Recommended Practice 2015. The foregoing headings set out the trustees obligations under law. The trustees have a further duty to ensure that the governance of the charity is conducted to the highest standards and that the charity's reporting and accounting each show that these high standards are being met.

Approved by order of the board of trustees on 16 September 2018 and signed on its behalf by



D P Wainman - Secretary

**Independent Examiner's Report to the Trustees of
KWES Kent Woodland Employment Scheme**

**Independent examiner's report to the trustees of KWES Kent Woodland Employment Scheme
(‘the Company’)**

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31st December 2017.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 (‘the 2006 Act’).

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 (‘the 2011 Act’). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

**Independent Examiner's Report to the Trustees of
KWES Kent Woodland Employment Scheme - continued**

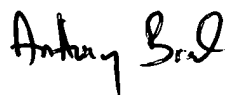
Emphasis of matter – going concern

In my opinion, attention should be drawn to the following, in order to enable a proper understanding of the accounts to be reached.

The Trustees, in the Achievement and Performance Review section of their Report, have reported in detail on the year under review and on events which have occurred in the year. The Trustees state the reasons why they believe the going concern basis should continue to apply. Reference to this Report and also to notes 1b), 10 and 11 should be made by anyone seeking a proper understanding of these accounts. However the Trustees have also stated that there are a number of risks and uncertainties associated with their assumption:-

- Following the closure of training activities, reliance on voluntary donations as the sole source of future income to be received in sufficient amounts to fund future running costs and other ongoing financial commitment;
- Continued support from existing lenders as detailed in notes 10 and 11 to the financial statements;

Should any of these assumptions cease to be valid the going concern and solvency assumptions of the Trustees would be jeopardised.



Anthony Brand
Chartered Accountant
Haines Watts Kent LLP
4 Kings Row
Armstrong Road
Maidstone
Kent
ME15 6AQ

Date: 17th September 2018

KWES Kent Woodland Employment Scheme

Statement of Financial Activities (Incorporating an Income and Expenditure Account) For the Year Ended 31st December 2017

	Notes	Unrestricted Fund	Restricted Fund	Total Funds	2016
Incomings from Charitable Activities					
Memberships and donations		63,590	-	63,590	20,404
Charitable grants	12	46,000	10,000	56,000	88,850
Regional Growth Fund grant	12	-	-	-	521,000
Sales	2	<u>76,504</u>	<u>-</u>	<u>76,504</u>	<u>46,819</u>
		186,094	10,000	196,094	677,073
Expenditure					
Purchases	2	-	-	-	6,946
Charitable activities in furtherance Of the charity's objects	3	261,440	1,500	262,940	571,864
Administrative costs	4	<u>33,793</u>	<u>-</u>	<u>33,793</u>	<u>34,019</u>
		<u>295,233</u>	<u>1,500</u>	<u>296,733</u>	<u>612,829</u>
NET (DEFICIT)/INCOME		(109,139)	8,500	(100,639)	64,244
Reconciliation of funds					
Total funds brought forward		48,639	-	48,639	(15,605)
Transfer to unrestricted funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds carried forward		<u>(60,500)</u>	<u>8,500</u>	<u>(52,000)</u>	<u>48,639</u>

The deficit in unrestricted funds is financed by the loans described in notes 1.(b) and notes 10 and 11.

The notes on pages 13 to 18 form part of these financial statements.

KWES Kent Woodland Employment Scheme (Registered number: 07801721)

Balance Sheet
At 31st December 2017

	Notes	Unrestricted Fund	Restricted Fund	Total Funds	2016
Fixed assets					
Tangible assets	7	-	-	-	24,043
Investments	8	100		100	-
Current assets					
Debtors	9	22,310	-	22,310	109,492
Cash at bank		<u>4,409</u>	<u>8,500</u>	<u>12,909</u>	<u>110,667</u>
		26,719	8,500	35,219	220,159
Creditors					
Amounts due in 1 yr	10	<u>16,435</u>	<u>-</u>	<u>16,435</u>	<u>155,563</u>
Net current assets		<u>10,284</u>	<u>8,500</u>	<u>18,784</u>	<u>64,596</u>
Total Assets less current liabilities		10,384	8,500	18,884	88,639
Creditors due after 1 year		70,884	-	70,884	40,000
		<u>(60,500)</u>	<u>8,500</u>	<u>(52,000)</u>	<u>48,639</u>
Total funds/(deficit)		<u>(60,500)</u>	<u>8,500</u>	<u>(52,000)</u>	<u>48,639</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st December 2017.

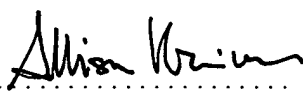
The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31st December 2017 in accordance with Section 476 of the Companies Act 2006

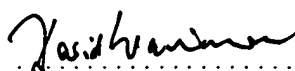
The Trustees acknowledge their responsibilities for

- ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006, and
- preparing financial statements which give a true and fair view of the state of affairs of the Charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the charitable company

These financial statements have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies, and in accordance with the Charity SORP 2015 (FRS102).

The financial statements were approved by the Board of Trustees on 16 September 2018 and were signed on its behalf by


Mrs A J Wainman – Trustee


J M Harrison – Trustee

KWES Kent Woodland Employment Scheme**Cash Flow Statement
for the Year Ended 31st December 2017**

		2017	2016
		£	£
	Notes		
Cash flows from operating activities			
Cash generated/(deficit) from operations		(121,801)	129,711
Net cash provided by operating activities		<u>(121,801)</u>	<u>129,711</u>
Cash flows from investing activities			
Sales of tangible assets	7	38,639	
Less purchases - disposals		<u>(14,596)</u>	
Sale/(Purchase) of assets		<u>24,043</u>	<u>(21,313)</u>
Change in cash in the reporting period		(97,758)	108,398
Cash at beginning of reporting period		<u>110,667</u>	<u>2,269</u>
Cash at end of reporting period		<u>12,909</u>	<u>110,667</u>

Note 1 Reconciliation of net income to net cash flow from operations

Net income for the reporting period per Statement of Financial Activities	(106,639)	64,244
Depreciation charge	-	24,043
Decrease in debtors	87,182	80,937
Decrease in creditors	<u>(102,344)</u>	<u>(39,513)</u>
Net cash (deficit) provided by operating activities	<u>(121,801)</u>	<u>129,711</u>

KWES Kent Woodland Employment Scheme

Notes to the Financial Statements for the Year Ended 31 December 2017

1. ACCOUNTING POLICIES

a) Basis of preparing the financial statements

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

b) Going concern

The financial statements have been drawn up on the going concern basis since the trustees believe it reasonable to assume that the support of donors and lenders will continue for the foreseeable future. The deficit in unrestricted funds shown in the balance sheet as at 31 December 2017 is supported by two lenders; one has given the trustees an assurance that no part of the amount owing will be called in at any time this would jeopardise the charity's position (note 9). The other is being paid off at £1,000 per month – the instalments due in 2018 are included in the current liabilities, so it is only those instalments due more than one year ahead which are shown as supporting the deficit. This lender is aware of the charity's position, and has in the past been willing to grant a repayment-holiday when this was necessary to support the charity's continuance.

c) Income

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled and the amount can be quantified with reasonable accuracy. Credit has therefore been taken for £12,500 of gift aid reclaimable at 31 December 2017, and since received from HM Revenue and Customs.

d) Expenditure

Expenditure is accounted for on an accruals basis.

e) Trading

Until the charity was compelled, (by the government's non-renewal of its financial support), to make all its employees redundant in May 2017, the charity was a 'trading charity' entitled to raise funds from sales of what its beneficiaries (its apprentices) produced in the course of its charitable activities. These accounts show the relevant income and expenditure for five months (comparatives are for the full year 2016) but as notes 2,3 and 4 make clear they also include proceeds from sales of timber and other assets which became surplus to the charity's requirements when employment and training of apprentices ceased, and certain costs related to that cessation.

KWES Kent Woodland Employment Scheme

Notes to the Financial Statements - continued for the Year Ended 31 December 2017

f) Taxation

The charity is exempt from corporation tax on its charitable activities. The Subsidiary has no such exemption, but the small amount of profit it generated from two months trading will be reduced to zero by a 'profit-shedding' donation to the charity.

g) Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds can only be used only for purposes within those objectives which have been specified by the donor. The restricted fund shown in these accounts arose from a grant made by the Postcode Local Lottery fund for the maintenance and improvement of Holly Hill wood, (owned by Tonbridge and Malling Borough Council).

h) Hire purchase and operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

2. SALES AND PURCHASES

		2017	2016
	Note		
Sales	1(e)		
Apprentices' sales of products		47,972	46,819
Realisation of assets	7	<u>28,532</u>	<u>-</u>
		<u>76,504</u>	<u>46,819</u>
Purchases			
Purchases of standing timber		<u>-</u>	<u>6,946</u>
		<u>-</u>	<u>6,946</u>

KWES Kent Woodland Employment Scheme**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017****3. CHARITABLE ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS**

	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Salaries - supervisors	73,681	-	73,681	163,773
- social security	4,220	-	4,220	13,040
- apprentices	110,701	-	110,701	240,979
- Social security	3,808	-	3,808	10,766
Personal protective and other equipment	7,999	-	7,999	23,129
Other Training	21,930	-	21,930	26,749
Employer's Liability insurance	7,624	-	7,624	14,132
Running costs (incl utilities & vehicles)	28,477	-	28,477	46,853
Rent of compound	3,000	-	3,000	8,400
Depreciation	-	-	-	24,043
	<u>261,440</u>	<u>-</u>	<u>261,440</u>	<u>571,864</u>
Maintenance & Improvement – Holly Hill	-	1,500	1,500	-
	<u>261,440</u>	<u>1,500</u>	<u>262,940</u>	<u>571,864</u>

4. ADMINISTRATION COSTS

	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Salary – administrator	9,718	-	9,718	21,000
- social security	344	-	344	1,376
Interest paid	4,215	-	4,215	7,521
Accountancy-previous years	2,456	-	2,456	2,528
Accountancy 2017	2,785	-	2,785	-
Administration of redundancy procedure	13,500	-	13,500	-
Other administrative expense	775	-	775	1,594
	<u>33,793</u>	<u>-</u>	<u>31,008</u>	<u>34,019</u>

KWES Kent Woodland Employment Scheme

Notes to the Financial Statements - continued for the Year Ended 31 December 2017

5. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st December 2017 nor for the year ended 31st December 2016.

Trustees' expenses

There were no trustees' expense paid for the year ended 31st December 2017 nor for the year ended 31st December 2016

6. STAFF

Since the redundancy in May 2017 of all staff, KWES has no employees. The average number of employees during the year up to that point was 25, for the year ended 31st December 2016 the average number of employees were 26.

Staff costs, separated between salaries and social security costs, are shown in notes 2 and 3. No employee received emoluments in excess of £60,000.

7. TANGIBLE FIXED ASSETS

	Note	Plant and machinery £	Motor vehicles £	Total £
Cost – at 31 st December 2016		48,578	26,280	74,858
Additions during the year		<u>1,596</u>	<u>17,000</u>	<u>18,596</u>
		50,174	43,280	93,454
Less disposals during the year		<u>4,000</u>	<u>-</u>	<u>4,000</u>
		46,174	43,280	89,454
Depreciation at 31 st December 2016		<u>33,715</u>	<u>17,100</u>	<u>50,815</u>
		12,459	26,180	38,639
Net sale proceeds of surplus assets	1(e)	67,171		
Allocated to fixed assets		<u>38,639</u>	<u>12,459</u>	<u>26,180</u>
			<u>26,180</u>	<u>38,639</u>
Realisation of assets	2	<u>28,532</u>		
Written down value at 31 December 2017		<u>-</u>	<u>-</u>	<u>-</u>
Written down value at 31 December 2016		<u>14,863</u>	<u>9,180</u>	<u>24,043</u>

Since the sales of the surplus assets, (which included stock of timber and products as well as assets whose cost had been fully written off) generated more than the book value of fixed assets, no depreciation has been provided in 2017 and the excess shown above has been credited in the Statement of Financial Affairs.

8. INVESTMENTS

This represents the entire share capital of KWES Trading Limited

KWES Kent Woodland Employment Scheme

Notes to the Financial Statements - continued for the Year Ended 31 December 2017

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	9,810	11,572
Gift aid reclaimable	12,500	-
RGF grant	-	97,920
	<u>22,310</u>	<u>109,492</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank overdraft	-	105,689
PAYE	-	8,963
VAT	50	1,928
Accrued expenses	2,785	1,613
Amount due to subsidiary (note12)	350	-
Loans due within one year	<u>13,250</u>	<u>37,370</u>
	<u>16,435</u>	<u>155,563</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Note	2017	2016
		£	£
Other Loan	1(b)	36,884	-
Kent Community Foundation	1(b)	<u>34,000</u>	<u>40,000</u>
		<u>70,884</u>	<u>40,000</u>

The loan noted above is only repayable when financial position of the charity would not be jeopardised (in previous accounts, before this assurance had been given by the lender, the figure then owed on this loan was included in creditors due within 1 year).

12. RELATED PARTY DISCLOSURES

On 26 October 2017 KWES Trading Ltd was incorporated, this company is a wholly owned subsidiary of KWES Kent Woodland Employment Scheme. The first statutory accounts for the subsidiary will be prepared for a fourteen month period to 31 December 2018.

At the balance sheet date the balance due to KWES Trading Limited was £350 comprising:

	2017	2016
	£	£
Sales made by the company	1,250	-
Less Purchases incurred	<u>(1,000)</u>	-
Profit transferred to the charity	250	-
Share capital	<u>100</u>	-
	<u>350</u>	-

KWES Kent Woodland Employment Scheme

Notes to the Financial Statements - continued for the Year Ended 31 December 2017

13. GRANTS RECEIVED

	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Kent County Council	45,000	-	45,000	-
Woodroffe Benton Trust	1,000	-	1,000	-
Postcode Local Lottery	-	10,000	10,000	-
Ashden Trust	-	-	-	10,000
Worshipful Co of Insurers	-	-	-	4,100
Anton Jurgens Trust	-	-	-	5,000
Minerva Trust	-	-	-	1,500
Chapman Trust	-	-	-	1,000
R G Hills Trust	-	-	-	1,750
Pat Newman Trust	-	-	-	4,000
Allan Willets Trust	-	-	-	60,000
W H A Hawkins Trust	-	-	-	1,500
Regional Growth Fund	-	-	-	521,000
	<u>46,000</u>	<u>10,000</u>	<u>56,000</u>	<u>609,850</u>