



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

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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.

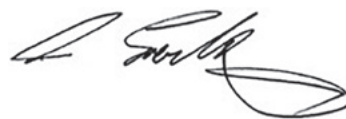
This year has also been one of considerable organisational development, recruiting new staff and Trustees, producing a new Corporate Plan and adopting a new corporate structure. We continue to enjoy our status as an Arm's Length Body of Defra as well as a charity and believe that this enables us to deliver 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](https://www.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 Charwood 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.

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

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.

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 'John Everitt', with a large, stylized flourish 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

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)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
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.

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: 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 15 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 updated 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 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 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 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%).

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%).

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 flourish 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

	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	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

	Note	National Forest Company		Consolidated	
		2022-23 £	2021-22 £	2022-23 £	2021-22 £
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	<u>3,062,066</u>	<u>48,986</u>	<u>(33,037)</u>	<u>3,078,015</u>

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	<u>3,062,066</u>	<u>48,981</u>	<u>(33,037)</u>	<u>3,078,010</u>

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 (FRoM) 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	935,501	-	-	-	-	-	935,501	-	-	-	-	-
Conkers	-	-	-	-	-	-	-	-	-	-	-	-
Income received from FE Ltd & NFE Ltd	89,390	-	-	-	-	-	-	-	-	-	-	-
Donations	262,289	-	269,902	-	269,902	262,289	269,902	269,902	-	269,902	-	269,902
Dedicate a Grove	18,749	-	3,025	-	3,025	18,749	3,025	3,025	-	3,025	-	3,025
Dedicate a Tree	198,652	-	311,936	-	311,936	198,652	311,936	311,936	-	311,936	-	311,936
Rolls Royce	-	20,000	-	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	1,542
Total	1,524,381	20,000	584,863	21,542	606,405	1,434,991	20,000	584,863	21,542	1,454,991	21,542	606,405

Note 5 Income from charitable activities

	National Forest Company						Consolidated					
	Unrestricted		Restricted	Total		Total	Unrestricted		Restricted	Total		Total
	£	£	£	2022-23	£		£	£	£	£	£	
Woodland creation grants	-	12,172	-	12,172	12,975	-	-	12,172	-	12,975	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
Charnwood Forest Landscape Partnership Scheme	-	455,128	-	455,128	307,218	-	-	455,128	-	307,218	307,218	307,218
Timber Festival	-	(6,750)	-	(6,750)	6,750	-	-	(6,750)	-	6,750	6,750	6,750
National Forest Trek	-	43,473	-	43,473	47,939	-	-	43,473	-	47,939	47,939	47,939
Community Forest Woodland Outreach project	-	(630)	-	(630)	60,381	-	-	(630)	-	60,381	60,381	60,381
Severn Trent – Great Big Nature Boost	-	243,534	-	243,534	201,683	-	-	243,534	-	201,683	201,683	201,683
ELMS Test and Trial	-	4,228	-	4,228	45,530	-	-	4,228	-	45,530	45,530	45,530
Valpack	-	48,628	-	48,628	-	-	-	48,628	-	-	-	-
Greenspring	5,278	-	7,250	5,278	7,250	5,278	-	-	7,250	-	7,250	7,250
National Forest Community Woods	-	33,968	-	33,968	-	-	-	33,968	-	-	-	-
Plant a Tree scheme	3,746	-	925	3,746	925	3,746	-	-	925	-	925	925
Other	94,711	53,426	4,337	148,137	29,537	439,606	53,426	493,032	4,337	25,200	29,537	29,537
Total	103,735	905,177	12,512	1,008,912	765,213	448,630	905,177	1,353,807	12,512	752,701	765,213	765,213

Note 6

Income from other trading activities

	National Forest Company				Consolidated			
	Unrestricted	Restricted	Total		Unrestricted	Restricted	Total	
			2022-23	2021-22			2022-23	2021-22
£	£	£	£	£	£	£	£	£
Other trading activities	60,586	-	49,125	49,125	60,586	-	49,125	49,125
Sponsorship	74,307	-	63,577	81,077	74,307	17,500	63,577	81,077
Total	134,893	-	112,702	130,202	134,893	17,500	112,702	130,202

Note 7

Cost of activities for raising funds

	National Forest Company		Consolidated	
	Total	Total	Total	Total
£	£	£	£	
Activities undertaken directly	594,664	462,614	594,663	462,614
Support costs	199,588	199,761	202,163	199,761
	794,252	662,375	796,826	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 Community Engagement		National Forest Partnership Trek Scheme		Charmwood Forest Landscape Learning project		Creating a Forest for Learning project		Timber Festival		Woodlands Project		Working Woodlands Project		Community Forest Outreach project		Severn Trent – Nature Boost		National Forest Community Woodlands administration		Grants		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	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	1,057	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)
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	Woodlands Project	Community Woodland 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	648,927	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 Engagement		National Forest Partnership Scheme		Creating a Forest for Learning project		Timber Festival		Working Woodlands Project		Community Forest Outreach project		Severn Trent – Nature Boost		National Forest Community Woodlands administration		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	25,511	152,238	798,993	Headcount
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	155,415	Headcount
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	Headcount
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	Headcount
HR & Recruitment	15,559	24,445	11,014	4,769	12,627	1,019	15,028	3,860	332	–	–	–	–	–	–	–	–	–	899	1,057	3,720	8,013	102,322	Headcount
Office costs	9,930	15,596	7,027	3,043	8,057	650	9,588	2,463	212	–	–	–	–	–	–	–	–	–	573	661	2,373	5,112	65,285	Headcount
PR related	68	107	48	21	55	4	66	17	1	–	–	–	–	–	–	–	–	–	4	6	16	35	448	Headcount
Travel	4,128	6,486	2,922	1,265	3,350	270	3,987	1,024	88	–	–	–	–	–	–	–	–	–	238	275	988	2,128	27,149	Headcount
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	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	–	73,152	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	Charnwood										Community			2021-22	Basis of apportionment
		£	Forest creation	Woodland Management	Tourism and Promotion	Community Engagement	National Forest Trek	Forest Landscape Partnership Scheme	Creating a Forest for Learning project	Timber Festival	Woodlands Project	Creating Woodland Outreach project	Severn Trent – Great Big Nature Boost	ELMS Test and administration		
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 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
	<u>155,413</u>	<u>153,906</u>	<u>170,102</u>	<u>153,906</u>

(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	<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>
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	<u>42,661</u>	<u>117,258</u>	<u>159,919</u>
Amortisation			
At 1 April 2021	–	99,707	99,707
Charges in the period:	–	11,701	11,701
At 31 March 2022	<u>–</u>	<u>111,408</u>	<u>111,408</u>
Net Book Value 31 March 2022	<u>42,661</u>	<u>5,850</u>	<u>48,512</u>

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.

Note 13

Tangible Assets National Forest Company and Consolidated

	National Forest Company										Consolidated									
	Conkers –					Furniture & Information					Conkers –					Furniture & Information				
	Buildings	Land	Fittings	Technology	Total	Buildings	Land	Fittings	Technology	Total	Buildings	Land	Fittings	Technology	Total	Buildings	Land	Fittings	Technology	Total
Cost or valuation	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2022	-	3,143,500	185,013	161,993	3,490,506	-	3,143,500	185,013	161,993	3,490,506	-	3,143,500	185,013	161,993	3,490,506	-	3,143,500	185,013	161,993	3,490,506
Additions during the year	-	813,355	29,694	16,007	859,056	-	813,355	29,694	16,007	859,056	-	813,355	29,694	16,007	859,056	-	813,355	29,694	16,007	859,056
Disposals/transfers during the year	2,369,771	446,502	18,727	-	2,969,115	446,502	902,500	18,727	-	2,369,771	446,502	902,500	-	-	3,737,500	-	902,500	-	-	3,737,500
Impairment	-	(268,354)	-	-	(268,354)	-	(268,354)	-	-	(268,354)	-	(268,354)	-	-	(268,355)	-	(268,355)	-	-	(268,355)
Reversal of prior years' impairment	-	310,126	-	-	310,126	-	310,126	-	-	310,126	-	310,126	-	-	310,126	-	310,126	-	-	310,126
Revaluation (loss)/gain to Revaluation Reserve	138,507	71,056	437	-	409,874	71,056	377,374	437	-	409,874	71,056	377,374	437	-	587,374	-	377,374	437	-	587,374
Investment property transfer	-	374,500	-	-	374,500	-	374,500	-	-	374,500	-	374,500	-	-	374,500	-	374,500	-	-	374,500
At 31 March 2023	<u>2,508,278</u>	<u>4,707,116</u>	<u>19,164</u>	<u>178,000</u>	<u>8,144,823</u>	<u>517,558</u>	<u>5,653,000</u>	<u>214,707</u>	<u>178,000</u>	<u>8,144,823</u>	<u>517,558</u>	<u>5,653,000</u>	<u>214,707</u>	<u>178,000</u>	<u>9,090,707</u>	<u>19,164</u>	<u>5,653,000</u>	<u>53,271</u>	<u>55,323</u>	<u>8,806,594</u>
Depreciation																				
At 1 April 2022	-	-	154,145	106,431	260,576	-	-	154,145	106,431	260,576	-	-	154,145	106,431	260,576	-	-	154,145	106,431	260,576
Charges in the period:	-	-	7,291	16,246	23,537	-	-	7,291	16,246	23,537	-	-	7,291	16,246	23,537	-	-	7,291	16,246	23,537
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charged on disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment property transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2023	-	-	161,436	122,677	284,113	-	-	161,436	122,677	284,113	-	-	161,436	122,677	284,113	-	-	161,436	122,677	284,113
Net Book Value 31 March 2023	<u>2,508,278</u>	<u>4,707,116</u>	<u>19,164</u>	<u>55,323</u>	<u>7,860,710</u>	<u>517,558</u>	<u>5,653,000</u>	<u>53,271</u>	<u>55,323</u>	<u>7,860,710</u>	<u>517,558</u>	<u>5,653,000</u>	<u>53,271</u>	<u>55,323</u>	<u>8,806,594</u>	<u>19,164</u>	<u>5,653,000</u>	<u>53,271</u>	<u>55,323</u>	<u>8,806,594</u>
Cost or valuation																				
At 1 April 2021	-	2,385,150	161,303	138,374	2,684,827	-	2,385,150	161,303	138,374	2,684,827	-	2,385,150	161,303	138,374	2,684,827	-	2,385,150	161,303	138,374	2,684,827
Additions during the year	-	-	23,710	23,619	47,329	-	-	23,710	23,619	47,329	-	-	23,710	23,619	47,329	-	-	23,710	23,619	47,329

	National Forest Company						Consolidated										
	Conkers – Buildings		Conkers – Land		Buildings		Land		Buildings		Land		Furniture & Information Technology		Total		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
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	-	-	-	3,143,500	-	-	-	-	-	-	3,143,500	-	-	-	-	-	3,490,506
Depreciation																	
At 1 April 2021	-	-	-	151,122	-	-	-	-	-	-	151,122	-	-	-	-	-	243,454
Charges in the period:																	
Depreciation	-	-	-	3,023	-	-	-	-	-	-	3,023	-	-	-	-	-	17,122
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charged on disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment property transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2022	-	-	-	154,145	-	-	-	-	-	-	154,145	-	-	-	-	-	260,576
Net Book Value																	
31 March 2022	-	-	-	3,143,500	-	-	-	-	-	-	3,143,500	-	-	-	-	-	3,229,930

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			
	Property		Land		Investment		Fund	
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2022	525,000	2,806,000	531,539	2,806,000	525,000	2,806,000	531,539	3,862,539
Additions during the year	–	–	–	–	–	–	–	–
Disposals/transfers during the year	490,000	(374,500)	–	(374,500)	1,647,500	–	–	1,273,000
Impairment	–	(41,580)	–	(41,580)	–	–	–	(41,580)
Reversal of prior years' impairment	–	95,500	–	95,500	–	–	–	95,500
Revaluation (loss)/gain	45,000	(43,420)	(33,037)	(43,420)	49,500	–	(33,037)	(26,957)
At 31 March 2023	1,060,000	2,442,000	498,502	2,442,000	2,222,000	2,442,000	498,502	5,162,502
Cost or valuation								
At 1 April 2021	500,000	3,006,850	505,015	3,006,850	500,000	3,006,850	505,015	4,011,865
Additions during the year	–	866,580	–	866,580	–	–	–	866,580
Disposals/transfers during the year	–	(1,111,500)	–	(1,111,500)	–	–	–	(1,111,500)
Impairment	–	(25,000)	–	(25,000)	–	–	–	(25,000)
Reversal of prior years' impairment	–	25,650	–	25,650	–	–	–	25,650
Revaluation (loss)/gain	25,000	43,420	26,524	43,420	25,000	–	26,524	94,944
At 31 March 2022	525,000	2,806,000	531,539	2,806,000	525,000	2,806,000	531,539	3,862,539

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: £20,158). 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		2022-23		Grants to Institutions		Grants to Landowners		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	107,547	–	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
The Forest Experience Limited			
Registered in		£	£
England and Wales Company	Turnover	410,506	423,367
Number 03601522	Gross profit	410,506	423,367
Registered address	Administrative expenses	(321,116)	(242,769)
Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, England, DE12 6BA	Operating Profit	89,390	180,598
Activity	Profit for the financial year	89,390	180,598
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
			As restated
			15 Months ended
			31 March 2022
		£	£
National Forest Enterprises Limited (Heart of The National Forest Park Developments Limited)	Turnover	32,472	38,466
Registered in	Gross profit1	32,472	38,466
England and Wales Company	Administrative expenses	(34,731)	(22,438)
Number 03601510	Fair value movements	4,500	1,157,500
Registered address	Operating Profit	2,241	1,173,528
Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, England, DE12 6BA	Profit for the financial year	2,241	1,173,528
Activity	Other comprehensive income for the year		
Other amusement and recreation activities – holding and preparing land.	Unrealised surplus on revaluation of tangible fixed assets	945,885	-
Shareholder funds	Total comprehensive income for the year	948,126	1,173,528
£2			
			As restated 15 Months ended
			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	2,124,519	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
Charmwood 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 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 £1,366,569 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		Un-restricted		Un-restricted		Un-restricted					
	£	£	£	£	£	£	£	£				
General Fund	11,060,700	2,967,778	14,028,478	7,141,902	2,426,767	9,568,669	12,988,831	2,967,778	15,956,609	7,141,902	2,426,767	9,568,669
Revaluation Reserve	724,849	(178,225)	546,624	136,750	–	136,750	902,349	(178,225)	724,124	136,750	–	136,750
Net assets	11,785,549	2,789,553	14,575,102	7,278,652	2,426,767	9,705,419	13,891,180	2,789,553	16,680,733	7,278,652	2,426,767	9,705,419

Note 21

Analysis of funds

	National Forest Company				Consolidated							
	Un-restricted		Un-restricted		Un-restricted		Un-restricted					
	£	£	£	£	£	£	£	£				
Intangible assets	139,277	–	139,277	48,512	–	48,512	139,277	–	139,277	48,512	–	48,512
Fixed assets	6,889,442	971,268	7,860,710	2,776,831	453,099	3,229,950	7,835,326	971,268	8,806,594	2,776,831	453,099	3,229,950
Investments	2,740,224	1,260,278	4,000,502	2,495,990	1,366,549	3,862,539	3,902,224	1,260,278	5,162,502	2,495,990	1,366,549	3,862,539
Current assets	2,875,571	558,007	3,433,578	2,545,309	607,119	3,152,428	2,893,886	558,007	3,451,893	2,545,309	607,119	3,152,428
Creditors	(858,965)	–	(858,965)	(587,990)	–	(587,990)	(879,532)	–	(879,532)	(587,990)	–	(587,990)
Total reserves	11,785,549	2,789,553	14,575,102	7,278,652	2,426,767	9,705,419	13,891,180	2,789,553	16,680,733	7,278,652	2,426,767	9,705,419

Reserve balances at 31 March are represented by:

Intangible assets	139,277	–	139,277	48,512	–	48,512	139,277	–	139,277	48,512	–	48,512
Fixed assets	6,889,442	971,268	7,860,710	2,776,831	453,099	3,229,950	7,835,326	971,268	8,806,594	2,776,831	453,099	3,229,950
Investments	2,740,224	1,260,278	4,000,502	2,495,990	1,366,549	3,862,539	3,902,224	1,260,278	5,162,502	2,495,990	1,366,549	3,862,539
Current assets	2,875,571	558,007	3,433,578	2,545,309	607,119	3,152,428	2,893,886	558,007	3,451,893	2,545,309	607,119	3,152,428
Creditors	(858,965)	–	(858,965)	(587,990)	–	(587,990)	(879,532)	–	(879,532)	(587,990)	–	(587,990)
Total reserves	11,785,549	2,789,553	14,575,102	7,278,652	2,426,767	9,705,419	13,891,180	2,789,553	16,680,733	7,278,652	2,426,767	9,705,419

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.

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