



THE NATIONAL
FOREST

National Forest Company Annual Report and Accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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National Forest Company
Annual Report and Accounts
2023-24

For the period 1 April 2023
to 31 March 2024

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Chair's letter

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

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

It is also heartening to see the organisation itself continuing to develop, with changes in governance this year to simplify and streamline the new subsidiary company, National Forest Enterprises Ltd; new recruits to the NFC's Senior Leadership Team bringing more commercial expertise; and improvements in areas such as data and evidence, sustainability and diversity. As Chair, I am keen to champion the NFC as an effective organisation that continues to provide best value for both public funds and charitable donations.

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

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

community for your continued support both during the year and into the future.

A handwritten signature in dark ink, appearing to read 'A J Ballance', with a long horizontal stroke extending to the right.

Dr Tony Ballance
Chair of the Board of Trustees

Chief Executive's foreword

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

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

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

- Creating more than 139 hectares of new forest habitat, including c93,000 trees planted through grant schemes, acquisitions and the planning process.
- Expanding our estate by acquiring new sites at Netherseal, Yoxall and Peggs Green, increasing woodland creation and public access.
- Retaining or bringing more than 560 hectares of woodland into active management and increasing priority habitat cover to 28% of the Forest landscape.
- Progressing the new vision to guide the re-development of the Conkers Discovery Centre alongside the wider Heart of the National Forest vision.
- Hitting the milestone of 90% of primary schools in the Forest now enjoying regular outdoor learning.
- Achieving nearly 40,000 hours of volunteering activity, engaging new audiences, enhancing wellbeing and increasing skills.
- Developing a new Arts and Creativity Strategy to build on the Timber Festival and small arts grants programme with partners.

As ever, my thanks go to the NFC Board and staff team for their huge energy and determination to help achieve

so much and, in particular, our outgoing Chair, Lord Duncan of Springbank. I look forward to continuing that good work with Dr Tony Ballance in the Chair, as we take on an ambitious programme for 2024-25.

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

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

John Everitt OBE FRSA

Chief Executive/Accounting Officer

Directors' Annual Report

Introduction

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

National Forest Company status

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

As a charity since April 2016 and applying the provisions of its Articles of Association, the business of the NFC is no longer under the majority control by the Secretary of State for Environment, Food and Rural Affairs. The NFC does, however, given the levels of grant in aid funding received, continue to place economic reliance on the Department for Environment, Food and Rural Affairs

(Defra). Grant in aid is paid to the NFC under Section 153 of the Environmental Protection Act 1990. The NFC's status is a Non-Profit Institution within the Public Sector specifically within Central Government as defined by the Office for National Statistics.

Objectives and activities

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

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

- (a) woodland creation and management generally, and in particular in the area of the National Forest, for the benefit of the general improvement of land or for the environment;*
- (b) the promotion of urban and rural regeneration by the maintenance, improvement or provision of public amenities; the provision of recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, have need of such facilities; and the protection or conservation of the environment; and*
- (c) the advancement of education in the environment and sustainable development through the promotion of training and education and the undertaking and publishing of research.’*

Strategy and priorities

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

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

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

Public benefit

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

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

The direct environmental benefits include the restoration of the landscape from planting more than 9.5 million trees since inception and the services that this provides for our natural capital including carbon sequestration, clean air and water, and protection of soils, as well as the protection and enhancement of wildlife. This has particular resonance as we respond to the urgency of both climate change and biodiversity loss. Social benefits relate to the physical and mental wellbeing of individuals who engage with the Forest and the considerable benefits that are derived from programmes that promote access, volunteering, education, skills and training, improving the equality of these opportunities for all our communities. Economic benefits are provided to society as a whole through promoting more sustainable livelihoods, shifting to a low carbon and circular economy that reduces negative impacts, and through targeted work with deprived communities.

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

Volunteering statement

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

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

Equality, Diversity and Inclusion

At the heart of the NFC approach to Equality, Diversity and Inclusion (EDI) is the belief that the Forest is for

everyone, and that the benefits of woods and trees and the opportunity to access them, should be equally available to everyone. Assessing and monitoring progress against this underpins the NFC's work.

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

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

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

Grant making policy

The NFC's grant making is targeted to support public benefit and the Charity's objects in line with Charity Commission guidance, and guidance set out in Managing Public Money. Grants awarded are an important means of delivering multiple Forest objectives including forest creation, woodland management, biodiversity, access, arts and culture, and community programmes. Grants are administered through an assessment process that considers priorities, impact and value for money. Higher level grants are approved annually by the Board and smaller grants by Trustee-led Working Groups. This provides the necessary assurances and includes grant conditions for recipients to ensure that charitable purposes are adhered to. Forest creation is secured through grants awarded via the Changing Landscapes Scheme (CLS), for areas greater than 1 hectare, as well

as via Parkland and Freewoods schemes, with a new Farming and Forestry grant scheme being piloted.

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

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

Grants totalling £897,739 were awarded during 2023-24 (2022-23: £809,159), representing an overall increase on the previous year and increases in the respective grant schemes. Note 18 of the accounts provides an analysis and information on grant recipients. The Changing Landscape Scheme grants awarded £214,736 (2022-23: £338,468), the reduction compared to the previous year was in part due to more parkland being created which is less expensive per hectare. The Creating a Forest for Learning project continued with 65 grants totalling £96,885 (2022-23: £11,244) supporting schools to provide outdoor learning training for school staff and to

enhance the outdoor learning environment within schools through woodlands. The fourth year of the Habitat Enhancement Grant was run in 2023-24 with funding from Severn Trent Water. The 'Severn Trent Great Big Nature Boost' supports work on biodiversity restoration and enhancement across the Forest; 35 grants totalling £196,870 (2022-23: £182,504) were awarded. The NFC's Small Grants this year were targeted to help improve wellbeing and increase participation from under-represented communities through activities such as Forest-inspired arts and wellbeing activities outdoors; as well as continued support for sustainable tourism. Through the NFC's Small Grants programme, 27 grants totalling £63,952 (2022-23: £37,203) were supported.

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

Strategic Report

Financial overview

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

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

Total income during 2023-24 was £7.207m (2022-23: £6.618m plus £5.675m for the transfer of assets from the National Forest Charitable Trust giving total income of £12.293m). This represented an increase on the previous year (after taking into account the prior year transfer of assets) and comprised £2.527m grant in aid from Defra (2022-23: £2.401m) and £1.400m from the fourth year of the Nature for Climate Fund programme (2022-23: £1.151m) also funded by Defra. The NFC continues to rely heavily on Defra funding and the high priority given to

forestry and net zero within government gives confidence that both grant in aid and Nature for Climate Fund will continue at broadly similar levels. The ongoing impact of cost of living pressures in the wider economy meant that corporate sponsorship and donations income were more challenging with £0.134m achieved for Dedicate a Tree (2022-23: £0.199m) and total unrestricted income of £1.742m being lower than the previous year (2022-23: £2.019m).

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

Restricted project income grew to £2.811m in 2023-24 (2022-23: £2.076m), largely comprising £1.400m Nature for Climate Funds, £0.554m for the Charnwood Forest Landscape Partnership Scheme and £0.225m for the Severn Trent Great Big Nature Boost project. These projects, with their third-party funding, make a significant contribution to the delivery of corporate priorities, and also contribute to core cost recovery. Restricted funds reserves for 2023-24 stand at £3.257m (2022-23: £2.790m).

The NFC continues to act as an enabler, working in partnership with others to deliver its priorities. The awarding of grants remains an important means of

delivering these priorities and during the year grants totalling £0.898m were awarded, representing an increase on the previous year (2022-23: £0.809m). No grants were made to support land acquisitions in 2023-24.

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

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

Fundraising Statement

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

The NFC is registered with the Fundraising Regulator and pays the voluntary annual levy, as recommended for organisations with fundraising expenditure of over

£100,000. As such, the NFC demonstrates its compliance with the Code of Fundraising Practice and commitment to The Fundraising Promise that its fundraising is legal, open, honest and respectful – both can be viewed at fundraisingregulator.org.uk.

The NFC's Development Working Group, comprising 1 Trustee and 2 specialist advisors and, reporting to the Board, is responsible for oversight of the income generation strategy which includes fundraising. Operationally, responsibility for the development, management and monitoring of fundraising activities is carried out by the NFC's Development Team. No complaints regarding the NFC's fundraising practice were received during the year.

Achievements against targets for 2023-24

This year saw another strong delivery of grant schemes for Forest creation, despite the pressures on land use, with parkland schemes being particularly successful as a way of integrating farming and forestry activities. Other Forest creation mechanisms also delivered new hectares, and despite 3 land acquisitions being secured, the loss of a larger acquisition to a higher bidder meant that the NFC was unable to hit its target of 200 hectares (ha) of new forest habitats. Despite this, the total achieved of 139ha was up on last year (2022-23: 122ha) and this, coupled with hectares secured by planting previously acquired sites, meant that Defra's Nature for Climate Fund targets were exceeded to catch up on under-

delivery in previous years. Notable creation schemes this year included new acquisitions at Netherseal, Peggs Green and Yoxall, a large parkland creation scheme with the Duchy of Lancaster, a Changing Landscape Scheme with the National Trust and a combined Changing Landscape Scheme/Parkland at Bretby. Forest cover has increased to more than 25% of the 200 square mile area of the Forest as a result of continued delivery and a re-mapping exercise of all tree and woodland cover data. Forest creation activity also helped to deliver 34ha of new access this year providing additional public benefit to communities and increasing the number of households within walking distance of an accessible woodland.

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

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

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

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

Our support for forest-related businesses and communities was enhanced by grants and advice with a focus on arts, wellbeing and sustainable tourism connected to the Forest. This included community arts

organisations working in our Forest towns, health and wellbeing activities with harder to reach groups and an accelerator programme to bring forward new sustainable tourism accommodation and facilities. Economic growth opportunities have also been supported in the Heart of the National Forest with the development of a new vision for the Conkers Visitor Centre and project delivery with North West Leicestershire District Council through the UK Shared Prosperity Fund.

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

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

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

Headline targets

Targets	Progress
Create:	
Forest cover to reach 23% of 200 square mile National Forest area.	25.3% secured with new mapping and evidence as well as new creation. Note that 0.1% = 50 hectares.
200ha of forest creation.	Total of 139ha delivered comprising 24.99ha land acquisition, 17.88ha under the Changing Landscape Scheme (CLS), 5.25ha under Freewoods and 78.76ha under Parklands. There is also 11.8ha from planning. Delays in land acquisition meant that the overall target was not met.
150,000 trees planted.	Total of 93,285 trees planted through NFC grant schemes, sites and as a result of planning gain. Under target as a result of poor weather reducing planting on the NFC estate.
Manage:	
82% of woodlands in active management.	Figure to be confirmed as woodland management figures are impacted by the re-mapping of Forest cover exercise.
400ha of woodlands brought or retained in active management.	Exceeded. 562ha achieved comprising new areas brought into active management and renewals.
100ha of priority non-woodland habitat brought into or retained in active management.	46.5ha reached comprising new areas brought into active management and renewals.

Inspire:

80% of National Forest schools regularly delivering outdoor learning.	Target exceeded for primary schools with 90% achieved. 17% of secondary schools achieved giving an overall schools' figure of 77%.
45,000 audience reached through arts programme including Timber Festival.	62,726 reached. 58,371 people reached through the Arts Grants, including in person and online engagement. 4,395 people reached through Timber (1,445 paying guests, 2,950 production, artists and guests).

Engage:

150ha of new access created.	34ha created in total. Includes 9.35ha from grants and 24.99ha from acquisition. Grants schemes with only linear access not included. Under target as a result of the main schemes this year being parkland which do not require access.
50,000 volunteer hours completed in the Forest each year.	39,444 volunteer hours achieved including at Timber Festival and on the National Forest Way. Additional volunteer hours have been supported through the Charnwood Forest Landscape Partnership Scheme. Equivalent to £477k in kind contribution.

Grow:

Increase visitor numbers to 9.05m pa.	8.11m visitors reported via independent Scarborough Tourism Economic Activity Monitor (STEAM) data based on 2023 assessment of 2022 figures (ie 1 year in arrears). Whilst numbers recovered were below target, regional comparison showed that the National Forest recovered more of its visitors than other areas within England.
220,000 Conkers visitors.	218,230 reached. Poor weather at key trading periods has had an adverse impact on visitor numbers, but numbers are up on previous year.

100 National Forest businesses supported.	69 on brand businesses directly supported based on grants, workshops and consultancy. Fewer but larger businesses were supported this year with more intensive support. Impact is more significant as businesses supported outside the Forest boundary and indirectly through wider business networking are not included.
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Securing resources, building the brand, governance and leadership

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

Targets	Progress
Governance and leadership:	
Board effectiveness: attain assurance based on Charity Governance Code.	Achieved. Assurance secured through review of previous year's activity.
Unqualified audit opinion.	Achieved. Accounts laid on time with unqualified opinion.

Income generation performance

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

Total income during 2023-24 was £7.207m (2022-23: £6.618m plus £5.675m for the transfer of assets from the National Forest Charitable Trust giving total income of £12.293m). This represented an increase on the previous year (after taking into account the prior year transfer of assets) and comprised £2.527m grant in aid from Defra (2022-23: £2.401m) and £1.400m from the fourth year of the Nature for Climate Fund programme (2022-23: £1.151m) also funded by Defra. Income this year included corporate partnerships with 29 partners such as Selective Marketplace Ltd and Oleo Ltd, section 106 funds, and income through Plant a Tree events and the Dedicate a Tree scheme. In addition, restricted funds

were secured from: the Audemars Piguet Foundation for the Creating a Forest for Learning project; National Lottery Heritage Fund for the National Forest Community Woodlands project; National Lottery Heritage Fund for work on the Charnwood Forest Landscape Partnership Scheme; local authority partners and others for work on tourism; Severn Trent for the Great Big Nature Boost programme; Valpak for work on reducing plastic tree guards and litter; Arbor Day Foundation for tree planting; Defra for the Environmental Land Management Scheme (ELMS) Test and Trial project, Midlands Forest Network, landowner communications and promotions work.

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

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

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

Plans for future periods

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

Create

- Deliver ambitious Nature for Climate Fund targets to increase forest creation and tree planting using land acquisition, grants, planning and advice.
- Drive forward the Forest for the Nation competition and new National Forests building on the success of the National Forest model.

- Continue to develop the Midlands Forest Network initiative outside the National Forest boundary in partnership with the Woodland Trust and Midlands Engine.

Manage

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

Inspire

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

Engage

- Create and maintain public access across sites in the Forest.

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

Grow

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

Cross-cutting work

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

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

Risk Management

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

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

Strategic risks	Mitigation
Failure to adapt to changing climate and organisational strategy and delivery impacted negatively.	Review of strategy and work programmes to include measures for adaptation (fire, flood, heat, water management, species choice, wellbeing, etc). Annual review of policies to take account of climate change evidence and practice. Horizon scanning for long term strategy and policy development with partners. Budget and reserves in place for contingencies.

Strategic risks	Mitigation
Inability to scale up Forest creation targets, meet Nature for Climate Fund commitments and take advantage of carbon/tree planting opportunities.	Nature for Climate Fund programme steering group and oversight by Land & Forestry Working Group. Pipeline of schemes and acquisitions, active partnership outreach to identify opportunities. Land agency arrangements to identify and accelerate opportunities. Mapping of opportunities and priority areas. ELMS pilots and work on new grant schemes long term. Engagement with Defra and partners to be more flexible on delivery. Work outside the boundary and on Midlands Forest Network/Forest for the Nation.
Income generation strategy for unrestricted income inadequate and does not meet targets.	New income generation strategy, staffing and development work to generate new income mechanisms including regular giving, green finance, restricted bids and corporate packages. Active website and integration with CRM. Income generation and marketing work to promote offer digitally. Brand collateral and messaging aligned to Greenprint. Packaging work for restricted funding to cover core costs.
Loss of Defra funding support (particularly as part of the Spending Review), and backing of key partners.	Continue close relationship with Ministers and officials, and as part of Nature for Climate Fund groups, complete Spending Review documents. Demonstrate NFC impact and value for money. Raise profile of the NFC with MPs, peers and in media. Secure high profile projects with Defra (Test and Trials, access, etc) and closer working with Defra communications team.

Strategic risks	Mitigation
Loss of long term support and development opportunities (particularly with a general election). Loss of position as national lead/loss of regional leadership role with partners.	New Head of Advocacy recruitment and CEO role development. Advocacy programme to better engage with decision makers and highlight key impacts and messages including advocacy reports. Evidence and metrics work. Midlands Forest Network development and positioning with partners. Regional relationships with Midlands Engine, Local Authorities and MPs.
Income risk – Gift aid and profit levels insufficient to deliver Conkers' vision and objectives and provide long term sustainability, requiring subsidy from the Charity.	Strategic Plan for Conkers to determine refreshment projects and interventions required. Use of reserves fund to support investment. Manage performance through Commercial Director and National Forest Enterprises Board with PSL reporting against key performance indicators.
Succession planning – risk of Planning Solutions Ltd no longer being able to deliver the contract or their CEO not being available to lead the company.	National Forest Enterprises Board oversight of relationship with Planning Solutions Ltd (PSL), develop Continuity and Succession plans. Complete work on operator contract assets and liabilities.
Income risk to Conkers – Project planning and major cash investment to upgrade facilities and realise ambition and brand at Conkers not secured, leading to decline in turnover and profits.	Vision document, development of masterplan and investment plan for Conkers, new partnerships and capacity to drive forward capital income generation. Advocacy and positioning to increase profile, opportunity and benefits with potential funding partners.

Board of Trustees

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

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

(1) Retired 31 December 2023

(2) John Everitt is the NFC's Chief Executive and also a Trustee. It was agreed that he should hold this dual role because of the nature of the NFC's current funding position whereby a significant proportion of the NFC's funds are from Defra and the Chief Executive

holds the responsibility of Accounting Officer for those funds. To meet the standards for Managing Public Money, Accounting Officers are required to be represented at Board level. It is recognised that this is unusual within a charity, but is considered to be in the best interests of the Charity because of the funding relationship, and controls are in place to avoid any abuse of power or conflicts of interest. The Board has delegated the responsibility for the day-to-day management of the Charity to the Chief Executive. The Chief Executive reports directly to the Chair of Trustees and provides advice to the Board.

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

Results for the year

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

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

Reserves

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

Restricted Reserves: at 31 March 2024, £3.257m of total reserves held were restricted funds as per Note 21, which includes fixed assets and investments of £2.400m, as per

Note 22. The increase in restricted funds of £0.467m to £3.257m (2022-23: £2.790m) was due mainly to Nature for Climate Funds held at year end as per Note 20.

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

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

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

*Balances per Note 20.

Going concern

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

Looking ahead, the annual grant from Defra, ie via both grant in aid and the Nature for Climate Fund, is expected to continue to represent a high proportion of the NFC's income. Based on the Government's high priority for tree planting, grant in aid funding allocated as part of

the Spending Review period is projected to remain at a similar level to the current allocation (ie £2.4m). Defra has also allocated a further £3.158m (2023-24: £2.4m) to the NFC from the Nature for Climate Fund for 2024-25. The settlement on funding beyond the current Nature for Climate Fund as part of the Spending Review is still being determined. Pending the outcome of this Review, Defra has agreed a minimum allocation of £1m to the NFC to support the Nature for Climate Fund transition in 2025-26. In addition, the NFC's Board approved income generation strategy is delivering both unrestricted and restricted income, and the new website recently launched in 2024 is aimed at generating increased fundraising. The NFC's bank balance as at the end of March 2024 totals £1.673m. If required, and with Board approval, all designated funds of the Charity as described in the Reserves section above could be made available to meet the cash flow requirements of the Charity.

To support the long-term strategic development of the NFC and the National Forest, the Charity has completed the transitional activities following the acquisition of the National Forest Charitable Trust (NFCT), with a successful first full year of trading under the new arrangements. Continued professional advice on legal, financial and governance issues has been received from Mazars LLP and Browne Jacobson LLP to support the transition. The NFC's Audit & Risk Committee has continued to oversee this work to ensure that risks are being mitigated and to reduce any impact on the NFC's ability to continue as a going concern. Following

the closure of the NFCT charity, the trading company arrangements have been simplified and a single trading company, National Forest Enterprises Ltd, is now in place. Operating trading through this subsidiary company helps to provide an additional level of protection to the Charity's going concern position.

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

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

Auditors and their remuneration

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

The fee for the audit of the financial statements in 2023-24 was £50,000 (2022-23: £47,525). No non-audit

work was conducted by the National Audit Office during 2023-24.

Internal audit

Mazars LLP,
58 The Ropewalk,
Nottingham NG1 5DW

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

Bankers

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

Investment Managers

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

Solicitors

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

Pension liabilities

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

Losses, special payments and gifts

(this information is subject to audit)

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

Government Functional Standards

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

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

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

Payment of Suppliers

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

Research and development

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

The main areas of activity were:

- Ecological appraisals;
- Green Finance Consultancy;

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

Employee Involvement

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

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

Sustainability Report

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

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

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

Summary of key sustainability data

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

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

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

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

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

Summary of Greenhouse Gas Emissions tCO₂e	Unit	2023-24	2022-23	2021-22	2020-21	2019-20
Scope 1 Emissions – Fleet Vehicle	tCO ₂ e	1.08	0.67	–	–	–
Scope 2 Emissions – Building Energy Consumption	tCO ₂ e	6.91	8.17	8.92	8.75	14.51
Scope 3 Emissions – Business Travel	tCO ₂ e	10.64	5.36	2.12	0.84	6.18
Total Emissions	tCO ₂ e	18.63	14.20	11.04	9.59	20.69
Average number of staff (FTE)	FTE	41	36	30	26	22
Total Emissions per head	tCO ₂ e/ FTE	0.45	0.39	0.37	0.37	0.94

Fleet Vehicles

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

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

Energy Consumption

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

Business Travel

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

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

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

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

Carbon reduction

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

Carbon sequestration

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

Waste

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

All other recyclable materials are recycled via the local authority recycling services; no data is currently available for this, nor for the minimal amount of waste that is not recyclable. IT equipment is recycled for refurbishment

and re-use. Staff take home any food waste for composting.

Procurement

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

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

Tree guards

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

through the NFC's grants to remove plastic tree guards on previously planted sites. These are collected and recycled into outdoor furniture where possible.

Biochar

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

Biomass Production in the National Forest

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

Personal data related incidents

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

Post year end events and developments

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

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



Dr Tony Ballance

Chair of the Board of Trustees

10 December 2024



John Everitt OBE FRSA

Chief Executive/Accounting Officer/Trustee

10 December 2024

Statement of Trustees' and Accounting Officer's Responsibilities

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

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

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

In preparing the financial statements, the Trustees are required to comply with the requirements of FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting by Charities issued by the Charity Commission with regard to any additional requirements

arising from the Government Financial Reporting Manual and in particular to:

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

The Principal Accounting Officer for the Department for Environment, Food and Rural Affairs has designated the Chief Executive of the National Forest Company as the Company's Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Forest Company's assets, are set out in *Managing Public Money* published by the HM Treasury.

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

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information; and
- the annual report and accounts as a whole are fair, balanced and understandable and that the Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Dr Tony Ballance

Chair of the Board of Trustees

10 December 2024



John Everitt OBE FRSA

Chief Executive/Accounting Officer/Trustee

10 December 2024

Governance Statement

Overview

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

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

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

The NFC seeks to comply with good practice as issued by the Charity Commission. It also complies with the Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice' as it applies to the NFC and operations are underpinned by the 7 core principles ('the Nolan Principles') of

good governance for public services. This Governance Statement provides an evaluation of the effectiveness of the NFC's governance, risk and internal control arrangements.

Governance Arrangements

Members and Board of Trustees

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

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

The Chair and 8 Trustees, excluding the Chief Executive, are not remunerated but are entitled to be reimbursed out of pocket expenses necessarily incurred in fulfilling their duties. The NFC Chief Executive is a Trustee and his remuneration is detailed in the Remuneration and Staff Report.

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

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

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

Lord Duncan of Springbank (Chair)

Tony Ballance (Chair)

Penny Coates

Ruth Evans

Alison Field

Paddy Harrop

Anne Jenkins

Mike Kapur

Matt Robinson

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

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

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

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

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

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

Membership of the Board, its Committees, Working Groups and Subsidiary Board is provided on page 78.

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

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

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

- agreeing future strategy in respect of the Timber Festival;
- receiving a presentation on the NFC's Arts and Creativity Strategy; and
- considering an update on performance against key priority areas from the NFC's Equality, Diversity and Inclusion (EDI) commitment statement.

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

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

The review again demonstrated that the NFC's governance processes and practice provide a high level of assurance against the Charity Commission's key principles and therefore provided a strong basis for assessing Board performance as 'effective'. There continues to be consensus amongst Trustees, and between staff and Trustees, on areas of strength, compliance and weakness.

The review also assessed the quality of reports and papers to the Board which were considered to be of a

good standard, enabling the Board to make effective decisions.

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

Subsidiary Companies

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

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

The directors of the subsidiary company are appointed by the NFC Board of Trustees and the company is chaired by an NFC Trustee, with the NFC Chief Executive also

sitting on the board as a director to ensure that activities and any investment reflects the interests of the NFC. Operating non-primary purpose trading activity through the subsidiary provides additional safeguards to the NFC and generates unrestricted income through the gifting of profits at the year end.

A proportion of annual profits from the operation of Conkers are paid by Planning Solutions Ltd to National Forest Enterprises Ltd. The subsidiary company does not employ staff but the costs of NFC staff working on behalf of the company are recharged to the subsidiary and paid from the annual profits. Gift aid on visitor admissions to Conkers is received directly by the Charity and Trustees agree to its use to support investment in Conkers and/or time for staff working on behalf of the company, if required. Additional capital investment in Conkers as an asset of the Charity is also agreed by the NFC Board as advised by the subsidiary company.

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

- assuming oversight of the transition and post-merger governance and management arrangements of the 2 subsidiaries;
- approving the financial accounts (year ended March 2023) for the 2 subsidiary companies;
- approving the Articles of Association for National Forest Enterprises Ltd;
- approving the Terms of Reference for the National Forest Enterprises Ltd Board;

- monitoring due diligence, governance and management arrangements, financial security, budget, risk, health and safety, repairs and maintenance, key performance indicators and insurance of the subsidiaries;
- contributing to the strategic plan and vision for the Conkers Centre; and
- commenting on the Clay Stocks (Heart of the Forest) restoration plan.

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

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

Board Committees and Working Groups

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

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

The Committees and Working Groups are:

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

All Committees and Working Groups have written terms of reference.

Audit & Risk Committee (ARC)

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

conducted. The Committee also presents an annual report on its activities to the Board.

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

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

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

Other business conducted by ARC during the year included:

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

- reviewing the NFC's Risk Policy/Appetite Statement; and
- commenting on the NFC's Ethical Policy.

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

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

Remuneration Committee

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

Land & Forestry Working Group

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

In 2023-24 the Group's work included:

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

- oversight of the Midlands Forest Network initiative; and
- discussing proposals for forest cover mapping and baseline.

Development Working Group

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

Membership includes 2 external advisors.

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

- development and monitoring of the income generation strategy;
- commenting on the Development team's work programme and key performance indicators for 2023-24;
- oversight of new product development including the NFC's Forest Champions scheme;
- consideration of the Brand, Marketing and Communications Strategy for 2023-26;
- development of a restricted funding tracker;
- assessment and review of the return on investment/ advertising spend of the income generation campaign;

- oversight of the new website;
- agreeing changes to the operation of the Commercial Advisory Panel (a group of influential local advisors);
- consideration of the NFC's approach to its future fundraising strategy (restricted and unrestricted income) and advocacy work; and
- reviewing policies (Partner Engagement, Ethical, Social Media and Trademark).

Tourism, Recreation & Communities Working Group

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

- reviewing the work programme for 2023/24 and performance against targets;
- considering the development of a Sustainable Tourism Framework/Vision and introduction of Local Visitor Economy Partnerships;
- continued oversight and input into the National Forest Festival 'Timber' for which the operator, Wild Rumpus, received funding from the NFC;
- oversight of restricted projects including the Outdoor Learning Programme, Community Woodlands and

Volunteering, and the Charnwood Forest Landscape Partnership Scheme;

- advice and guidance on restricted funding opportunities and bids relating to tourism, recreation and community activity;
- contributing to the Heart of the National Forest Vision;
- development of the Arts and Creativity Strategy; and
- oversight of National Forest Society, Arts and Sustainable Tourism grants and supporting the review of the Small Grants scheme.

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

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

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

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

* Denotes Chair.

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

Strategy and planning

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

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

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

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

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

In 2023-24, the NFC continued plans in partnership with the Midlands Engine and Woodland Trust to create the Midlands Forest Network. This initiative supports delivery of tree planting targets whilst using the experience from the National Forest to accelerate woodland creation outside of the National Forest boundary. In addition, the NFC worked with Defra to develop the Forest for the Nation competition. This new programme is focused on identifying potential project areas where a new nationally important forest could be created in England, using the experience of the NFC and National Forest.

Internal controls and the work of internal audit

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

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

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

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

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

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

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

There were no identified instances of fraud during the year.

Information management

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

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

Safety, Health and Wellbeing

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

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

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

Whistleblowing

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

Risk Management

The NFC Board is responsible for determining the NFC's approach to risk, agreeing the Risk Policy, setting the culture and appetite for risk management and for monitoring the management of the highest scored risks as detailed in the Risk Register. Board Committees and Working Groups are responsible for overseeing

the management of risks in their area of business and ensuring that the most effective plans are drawn up and implemented to mitigate them.

This responsibility has been incorporated into their terms of reference.

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

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

SLT is also responsible for producing the annual draft risk register. The register divides between the more strategic risks focusing on the key priorities and outcomes for the 3-year Corporate Plan and is formally reviewed by ARC and the Board every quarter. During the year, the risk policy and risk appetite statement were updated. Responsibility for the more operational risks falls to senior management and Working Groups and these

are reported on in the Chief Executive's quarterly report to the Board which focuses on risks relating to the achievement of in-year targets.

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

The NFC received no ministerial directions during the year.

Task Force on Climate-related Financial Disclosures (TCFD)

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

Performance management

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

Responsibilities and objectives are detailed in annual job plans for each employee and performance against these is assessed through the staff review system.

This includes a mid-year and end of year assessment of how the individual has performed which determines any entitlement to a performance related bonus. The job plans also detail training and development needs identified to equip the individual to perform effectively.

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

were responded to within the specified timescale and satisfactorily resolved.

Conclusion

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

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

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

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

Remuneration and Staff Report

(a) Remuneration Report

Remuneration Policy

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

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

The Remuneration Committee meets at least annually and comprises 3 Trustees, including the Chairs of the Board and ARC. The Committee members are identified on page 78.

Trustees' remuneration

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

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

Remuneration of the Chief Executive

(this information is subject to audit):

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

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

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

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

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

Name	Start date
John Everitt	5 January 2015

Single total figure of remuneration

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

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

Civil Service Pensions

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

The PCSPS and **alpha** are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year.

Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha**

from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in 1 of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

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

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to **alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all

members. The public service pensions remedy is made up of 2 parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

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

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

provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website

civilservicepensionscheme.org.uk

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

Benefits to which the Chief Executive qualifies under the PCSPS

(this information is subject to audit)

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made

by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

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

Real increase in CETV

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

(b) Staff Report

Staff employed

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

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

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

Remuneration of staff

(this information is subject to audit)

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

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

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

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

There were no exit payments in year.

Sickness absence

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

Gender diversity

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

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

Equal Opportunities

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

Staff engagement

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

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

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

Staff are incentivised to deliver high quality outcomes for the National Forest through annual performance related

bonuses linked to their job descriptions, with an in-year bonus scheme also used to reward exceptional effort.

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

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

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

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

The narrowing of the pay ratio for the financial year 2023-24 compared with financial year 2022-23 is because of pay uplifts for several operational roles as a result of adjustments made to job roles for expanding responsibilities, primarily in forest creation and related to the acquisition of NFCT.

Remuneration of the workforce ranged from £20k to £97k (2022-23: £17k to £95k).

The percentage changes in the highest paid Director's salary is 5% (2023: 9%). The percentage changes in the highest paid Director's performance pay and bonuses payable is 6% (2023: 21%).

The average percentage change in employees' salaries is 9% (2023: 4%).

The average percentage change in employees' performance-related pay is 3% (2023: 5%).

In 2023-24, no employees received remuneration in excess of the highest paid Director, as was the case in 2022-23.

Total remuneration includes full time salary equivalents and non-consolidated performance related bonuses but excludes employer pension contributions and the cash equivalent transfer value of pensions.

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

John Everitt OBE FRSA

Chief Executive/Accounting Officer

10 December 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE NATIONAL FOREST COMPANY AND THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the National Forest Company and its Group for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000. The financial statements comprise the National Forest Company and its Group's:

- Balance Sheets as at 31 March 2024;
- Consolidated Statement of Financial Activities and Income and Expenditure Account, National Forest Company Statement of Financial Activities and Income and Expenditure Account, and Consolidated Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion the financial statements:

- give a true and fair view of the state of the National Forest Company and its Group's affairs as at 31 March 2024 and its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

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

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

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

Conclusions relating to going concern

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

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

to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The Trustees and the Accounting Officer are responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, if I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

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

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

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

Responsibilities of the Trustees and Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the National Forest Company and its Group from whom the auditor determines it necessary to obtain audit evidence.
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and the Charities Act 2011;
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006 and the Charities Act 2011; and
- assessing the National Forest Company and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the National Forest Company or its Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the National Forest Company and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, the National Forest Company and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Forest Company and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Forest Company and its Group's controls relating to the National Forest Company and its Group's compliance with the Companies Act 2006, Charities Act 2011, and Managing Public Money;

- inquired of management, National Forest Company and its Group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant specialists, including property experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the National Forest Company and its Group's framework of authority and other legal and regulatory frameworks in which the National Forest Company and its Group operates, I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Forest Company and

its Group. The key laws and regulations I considered in this context included Companies Act 2006, Charities Act 2011, the FRS 102 Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, the Government Financial Reporting Manual, Managing Public Money, employment law and tax Legislation.

Audit response to identified risk

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

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

engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

11 December 2024

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

National Forest Company

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

	Note	Unrestricted funds £	Restricted funds £	2023-24 Total funds £	Unrestricted funds £	Restricted funds £	2022-23 Total funds £
Income from:							
Grant in aid	2	2,527,275	–	2,527,275	2,400,713	–	2,400,713
Nature for Climate Fund	2	–	1,399,799	1,399,799	–	1,150,701	1,150,701
Assets transferred at Fair Value ⁽¹⁾	1	–	–	–	5,675,404	–	5,675,404
Donations Conkers	4	881,038	–	881,038	935,501	–	935,501
Donations	4	411,619	23,000	434,619	499,490	20,000	519,490
Charitable activities	5	342,476	1,388,146	1,730,622	448,630	905,177	1,353,807
Other trading activities	6	106,418	–	106,418	134,893	–	134,893
Investments		127,283	–	127,283	122,005	–	122,005
Total		4,396,107	2,810,945	7,207,053	10,216,636	2,075,878	12,292,514
Expenditure on:							
Raising funds	7	(816,633)	–	(816,633)	(796,826)	–	(796,826)
Charitable activities	8	(4,876,467)	(2,339,903)	(7,216,370)	(3,448,273)	(1,643,083)	(5,091,356)
Total		(5,693,100)	(2,339,903)	(8,033,003)	(4,245,099)	(1,643,083)	(5,888,182)
Net gains/(losses) on investments	14	173,681	–	173,681	(27,435)	478	(26,957)
Net income/(expenditure)		(1,123,311)	471,042	(652,269)	5,944,102	433,273	6,377,376
Transfers between funds	20	3,289	(3,289)	–	(97,173)	97,173	–

	Note	Unrestricted funds £	Restricted funds £	2023-24 Total funds £	Unrestricted funds £	Restricted funds £	2022-23 Total funds £
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	13	(4,565)	–	(4,565)	765,599	(178,225)	587,374
Gains/(loss) on Foreign Currency	15	–	(257)	(257)	–	10,565	10,565
Net movement in funds		(1,124,587)	467,496	(657,092)	6,612,528	362,786	6,975,314
Reconciliation of funds:							
Total funds brought forward	20	13,891,180	2,789,553	16,680,733	7,278,652	2,426,767	9,705,419
Total funds carried forward	20	12,766,593	3,257,049	16,023,642	13,891,180	2,789,553	16,680,733

(1) Fair Value of assets transferred as per Note 1.5.

National Forest Company

National Forest Company Statement of Financial Activities and Income and Expenditure Account for the year ended 31 March 2024

	Note	Unrestricted funds	Restricted funds	2023-24 Total funds	Unrestricted funds	Restricted funds	2022-23 Total funds
		£	£	£	£	£	£
Income from:							
Grant in aid	2	2,527,275	–	2,527,275	2,400,713	–	2,400,713
Nature for Climate Fund	2	–	1,399,799	1,399,799	–	1,150,701	1,150,701
Assets transferred at Fair Value ⁽¹⁾	1	–	–	–	3,749,519	–	3,749,519
Donations Conkers	4	881,039	–	881,039	935,501	–	935,501
Donations	4	411,619	23,000	434,619	588,880	20,000	608,880
Charitable activities	5	160,880	1,388,146	1,549,026	103,735	905,177	1,008,912
Other trading activities	6	106,419	–	106,419	134,893	–	134,893
Investments		96,245	–	96,245	91,410	–	91,410
Total		4,183,476	2,810,945	6,994,422	8,004,652	2,075,878	10,080,530
Expenditure on:							
Raising funds	7	(813,373)	–	(813,373)	(794,252)	–	(794,252)
Charitable activities	8	(4,669,363)	(2,339,903)	(7,009,266)	(3,162,493)	(1,643,083)	(4,805,576)
Total		(5,482,737)	(2,339,903)	(7,822,639)	(3,956,745)	(1,643,083)	(5,599,828)
Net (losses)/gains on investments	14	185,681	–	185,681	(31,935)	478	(31,457)
Net income/ (expenditure)		(1,113,581)	471,042	(642,536)	4,015,971	433,273	4,449,244
Transfers between funds	20	3,289	(3,289)	–	(97,173)	97,173	–

	Note	Unrestricted funds £	Restricted funds £	2023-24 Total funds £	Unrestricted funds £	Restricted funds £	2022-23 Total funds £
Other recognised gains/(losses)							
Gains/(losses) on revaluation of fixed assets	13	(84,565)	–	(84,565)	588,099	(178,225)	409,874
Gains/(loss) on Foreign Currency	15	–	(257)	(257)	–	10,565	10,565
Net movement in funds		(1,194,857)	467,496	(727,358)	4,506,897	362,786	4,869,683
Reconciliation of funds:							
Total funds brought forward	20	11,785,549	2,789,553	14,575,102	7,278,652	2,426,767	9,705,419
Total funds carried forward	20	10,590,692	3,257,049	13,847,742	11,785,549	2,789,553	14,575,102

(1) Fair Value of assets transferred as per Note 1.5.

National Forest Company

Balance Sheets as at 31 March 2024

	Note	National Forest Company Reclassified ⁽¹⁾		Consolidated Reclassified ⁽¹⁾	
		As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
		£	£	£	£
Fixed assets:					
Intangible assets	12	201,545	139,277	201,545	139,277
Tangible assets ⁽¹⁾	13	8,527,376	7,620,710	9,553,261	8,566,594
Investment property ⁽¹⁾	14	3,085,000	3,742,000	4,235,000	4,904,000
Investment	14	524,183	498,502	524,183	498,502
Total fixed assets		12,338,104	12,000,489	14,513,989	14,108,373
Current assets:					
Debtors	15	887,151	854,070	902,778	872,379
Cash at bank and in hand	16	1,672,634	2,579,508	1,672,732	2,579,513
Total current assets		2,559,784	3,433,578	2,575,510	3,451,892
Liabilities:					
Creditors: Amounts falling due within one year	17	(1,050,147)	(858,965)	(1,065,858)	(879,532)
Net current assets		1,509,638	2,574,613	1,509,653	2,572,360

		National Forest Company Reclassified ⁽¹⁾		Consolidated Reclassified ⁽¹⁾	
	Note	As at 31 March 2024 £	As at 31 March 2023 £	As at 31 March 2024 £	As at 31 March 2023 £
Total assets less current liabilities		13,847,742	14,575,102	16,023,642	16,680,733
Total net assets		13,847,742	14,575,102	16,023,642	16,680,733
The funds of the Charity:					
Unrestricted funds	20	9,950,407	11,060,700	11,868,808	12,988,831
Restricted funds	20	3,435,275	2,967,778	3,435,275	2,967,778
Revaluation Reserve	21	462,059	546,624	719,559	724,124
		13,847,742	14,575,102	16,023,642	16,680,733

⁽¹⁾ Prior year reclassified as per Note 3.

The Notes on pages 126 to 192 form part of the accounts.

The National Forest Company is exempt under the provisions of Section 475 of the Companies Act 2006 from making the disclosure requirements under Part 16 under Section 482 (non-profit making companies subject to public sector audit) of that Act.

The financial statements were approved by the Board of Trustees on 10 December 2024 and signed on its behalf by:



Dr Tony Ballance
Chair of the Board
of Trustees



John Everitt OBE FRSA
Chief Executive/Accounting
Officer

National Forest Company

Cash Flow Statement for the twelve months ended 31 March 2024

		National Forest Company		Consolidated	
	Note	2023-24	2022-23	2023-24	2022-23
		£	£	£	£
Cash flows from operating activities					
Net cash provided by operating activities		369,486	901,376	338,540	870,786
Cash flow from investing activities					
Interest and rent from investment	SoFA	96,244	91,410	127,283	122,005
Purchase of property, plant and equipment	13	(816,504)	(859,056)	(816,504)	(859,056)
Purchase of Investment Property	14	(493,575)	–	(493,575)	–
Purchase of investments	14	–	–	–	–
Purchase of Intangible asset	12	(62,268)	(95,313)	(62,268)	(95,313)
Net cash provided by (used in) investing activities		(1,276,103)	(862,959)	(1,245,064)	(832,364)

	Note	National Forest Company		Consolidated	
		2023-24	2022-23	2023-24	2022-23
		£	£	£	£
Change in cash and cash equivalents in the reporting period					
Cash and cash equivalents at 1 April	16	2,579,508	2,530,527	2,579,513	2,530,527
Change in cash and cash equivalents due to exchange rate movements	SoFA	(257)	10,565	(257)	10,565
Cash and cash equivalents at 31 March	16	1,672,634	2,579,508	1,672,732	2,579,513
a) Reconciliation of net income/(expenditure) to net cash flow from operating activities					
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	SoFA	(642,536)	4,576,244	(652,269)	6,377,376
Adjustments for:					
Impairment charges	13/14	1,205,171	309,935	1,205,171	309,935
Reversal of prior years' impairment charges	13/14	(100,000)	(405,626)	(100,000)	(405,626)
Depreciation	13	30,676	23,537	30,676	23,537
Amortisation	12	–	4,547	–	4,547

	Note	National Forest Company		Consolidated	
		2023-24	2022-23	2023-24	2022-23
		£	£	£	£
Asset Transfer from National Forest Charitable Trust	13/14	–	(3,574,114)	–	(5,385,000)
(Gains)/losses on investments	14	(185,681)	31,457	(173,681)	26,957
(Increase)/Decrease in debtors	15	(33,081)	(339,078)	(30,400)	(250,478)
Increase/(Decrease) in creditors	17	191,182	365,884	186,326	291,543
Interest and rent from investment	SoFA	(96,245)	(91,410)	(127,283)	(122,005)
Net cash provided by (used in) operating activities		369,486	901,376	338,540	870,786
b) Analysis of cash and cash equivalents					
Cash at bank and in hand	16	1,672,634	2,579,508	1,672,732	2,579,513
Cash and cash equivalents at 31 March		1,672,634	2,579,508	1,672,732	2,579,513

Notes to the Accounts

Note 1 to the Financial Statements

1.1 Statement of accounting policies

The NFC is a public benefit entity and is a company limited by guarantee and a charity registered in England and Wales. These financial statements have been prepared in compliance with FRS 102 and the FRS 102 Statement of Recommended Practice (SoRP) Accounting and Reporting by Charities. In addition, these financial statements also meet the accounting and disclosure requirements of the Companies Act 2006 and the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury, where not inconsistent with the requirements of the SoRP and the Accounts Direction issued by the Secretary of State for Environment, Food and Rural Affairs.

Where the NFC has a choice of accounting policy to adopt, a judgement has been made to select the most appropriate policy to suit the particular circumstances for the purpose of giving a true and fair view. The particular policies adopted by the NFC are described below. They have been applied consistently in dealing with items which are considered material in relation to the accounts.

1.2 Going concern

These financial statements have been prepared on the basis of the NFC being a going concern. This judgement made by the Trustees takes into consideration the level

of reserves held by the Company; and for 2024-25 grant in aid funding from Defra remains at a similar base level to the 2023-24 allocation. Defra has allocated a further £3.158m for 2024-25 to the NFC from the Nature for Climate Fund, with an additional minimum £1m proposed for 2025-26, after commencing in 2020-21. A more detailed discussion of Going Concern is included on page 38.

1.3 Significant judgements and accounting estimates

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

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

Judgements

- Income recognition (see Note 1.6 below).
- Acquisition of National Forest Charitable Trust (see Note 1.5 Disclosures below).

Estimates

- Annual valuation of the NFC owned land and buildings undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (see Notes 1.9 and 1.11 below).

1.4 Accounting convention

The accounts have been prepared on a going concern basis, on an accruals basis and under the modified historical cost convention, modified to account for the revaluation of land and buildings.

1.5 Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the National Forest Company and its wholly owned subsidiaries National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd for the year ended 31 March 2024. Consolidation has been carried out on a line-by-line basis.

Disclosures

On 1 April 2022 the NFC acquired the National Forest Charitable Trust (NFCT) and 100% of the share equity of its subsidiaries National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd.

The NFCT transaction was considered to be an acquisition rather than a merger (as per FRS 102 Appendix I Merger definition, page 312) as the creation of a new reporting entity had not been formed.

Assets transferred at fair value, at nil costs and in substance a gift.

At the acquisition date £5,675,404 of assets in total were transferred to the Consolidated NFC. This comprised of £3,749,519 to the NFC; being of £86,179 cash, £204,225 debtors, £2,969,115 fixed assets and £490,000 investments from the NFCT. A further £768,385 fixed assets, and £1,157,500 investments were transferred from National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd).

As at the reporting date of 31 March 2023 the changes that arose from the new business combinations were £437,000 that comprised of £20,000 gain on investment and £235,000 revaluation on fixed assets of the NFC (formerly NFCT assets), £4,500 gain on investment and £177,500 revaluation on fixed assets of National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd).

The NFCT's final accounts to 30 June 2022 can be found at <https://find-and-update.company-information.service.gov.uk/company/03649753>.

1.6 Income recognition

Government grants

Grant in aid is credited to income in the year that it is received. It is regarded as unrestricted income since Defra, whilst requiring funds allocated be utilised in contributing to the delivery of departmental objectives,

does not stipulate how any specific element of the grant should be spent.

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

This has been presented as a separate line in the Statement of Financial Activities (SoFA) due to the materiality of the income as per the SoRP paragraph 4.13.

Income from donations

General donations are received and utilised for any of the NFC's charitable purposes. No direct benefit is provided to the donor in return, other than the knowledge that the NFC must use the gift to further its objectives. Income from donations is unrestricted.

'Dedicate a Grove' and 'Dedicate a Tree' income are gift donations which the NFC use to support the ongoing creation and management of the National Forest. This is classed as unrestricted income as it represents a contribution to the National Forest's creation which is intrinsically linked to other purposes of the Charity such as ongoing maintenance of woodlands, habitat creation and education, and is used to further the NFC's charitable purposes including woodland creation.

The NFC receives an annual donation from Rolls-Royce. This is a restricted donation to support South Derbyshire District Council's (SDDC) Environmental Education Project and is paid over to SDDC as a disbursement upon receipt of a satisfactory progress report, as reflected in the agreement.

Donations from Conkers is the gift aided admission receipts from entry into the Conkers visitor attraction, which is offset by management fees to the operator.

Income from donations is recognised on evidence of entitlement to the donation, the receipt is probable and its amount can be measured reliably.

Income from activities and generated funds

Income is accounted for net of VAT, with VAT accounted on the Balance Sheet as a current liability. Grant income entitlement is recognised when the NFC has met any performance or other deliverable criteria for recognition and the monetary value can be measured reliably.

Where the grant is received in advance of recognition it is deferred and included in creditors until entitlement occurs. If entitlement occurs before the income has been received it is accrued to debtors. Income is allocated to restricted income when it is given by the donor or grant maker for defined purposes.

Income from Sponsorship

Sponsorship income is recognised as income when the conditions for its receipt have been met, as per SoRP (5.39 – 5.47). Where there are conditions or specified

deliverables then income received is not immediately recognised but is deferred as a liability until conditions imposed are met at which point the related income is recognised in the SoFA.

Where there are no specified deliverables under the agreement then the income is recognised in the SoFA, in line with the stage of completion of the agreement term.

1.7 Expenditure

Expenditure is accounted for net of VAT on an accruals basis and is classified under the relevant activity within the SoFA. VAT is posted to the Balance Sheet as a current asset.

1.8 Expense allocation

Costs are allocated to the main areas of NFC activity of raising funds, forest creation, woodland management, tourism and promotion, community engagement and various restricted projects reflecting the objectives of the NFC as set out in the Directors' Report.

Governance costs include Trustee expenses, production of the Annual Report and Accounts, audit fees and bank charges. The salary and related costs of the Chief Executive, who is also a Trustee, are now included within governance costs (35%) and support costs (65%) following the introduction of a timesheet recording system.

The salary and related costs of staff employed wholly on raising funds and the various charitable activities are allocated to those activities. Where staff are engaged

on more than 1 of these activities, timesheets capture the percentage of each individual's time spent on each activity.

Indirect costs have been allocated to the headings in the SoFA on the basis of full-time equivalent headcount of staff employed directly on charitable activities and activities for raising funds. The exception is grants administration costs which have been allocated on a staff time basis via the timesheets.

1.9 Tangible fixed assets

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provisions 10.33 to 10.36. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2024 by Fisher German and Bagshaws LLP, Chartered Surveyors. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality. The land valuations reflect the site use at the date of the valuation, ie open land, grazing land, young woodland and mature woodland. When planting takes place and there is a change of use in the land, ie tree planting, the valuation report reflects this with any impairment in value taken to the SoFA. For Conkers land and building the Profits Method of valuation is used, as this is considered more appropriate, whereby

the fair value is calculated by determination of a Fair Maintainable Trade (Turnover) and a Fair Maintainable Operating Profit. In the current year, an additional valuation allowance of £0.210m was included in the calculation of the fair value of Conkers land and building for capital expenditure allowance that would be expected to be incurred to maintain the expected trading potential. Land and buildings in the Balance Sheet are shown at the valuations provided per Note 13 and 14.

Where the valuation is higher than the purchase price paid, the excess over purchase price is credited to a Revaluation Reserve. Where land or buildings are revalued due to a change in market values but remain at below the purchase price, the loss on revaluation is charged to the SoFA in the year of the revaluation. Where revaluation losses offset any previous revaluation gains, these losses are recognised in the 'gains/(losses) on the revaluation of fixed assets' section of the SoFA. Similarly, where as a result of a proposed change of use there is impairment in the value of the land or buildings, the loss on impairment is charged to the SoFA in the year of the impairment. Where in a subsequent year the value of land or buildings which has been the subject of an impairment charge increases, usually as a result of an increase in market values, and the valuation remains at below the purchase price, then the increase is charged to the SoFA as a reversal of previous years' impairment. Changes in the value of land or buildings arising from revaluation or impairment are reflected in the balance of General Funds and in the Revaluation Reserve.

Impairment and reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via forest creation activity (Note 8).

Depreciation

Depreciation is provided on a straight-line basis on the cost of furniture and fittings and information technology assets, to write them down to their estimated residual values over their expected useful lives. Expectations are informed by past experience and reflect anticipated usage of such assets.

Furniture and fittings and information technology assets have an expected useful life of between 3 and 5 years. No depreciation is charged in the year of acquisition of the asset but a full year is charged in the year of disposal.

1.10 Intangible Fixed Assets

During the year further work has taken place to re-develop the website to generate future funding, as per Note 12 Asset under construction.

All intangible assets are measured at their historical cost at acquisition. Following the initial recognition of the website, subsequent measurement will be the website at cost less accumulated amortisation and impairment losses.

At the end of each reporting period an impairment review will be performed to determine whether the website is still fit for purpose in generating funds and achieving our expectations.

Amortisation will be charged on a straight-line basis over the useful economic life of the asset and the useful economic life will be reviewed at each reporting date.

When reviewed at 31 March 2024 by the Audit & Risk Committee (ARC), the impairment review identified an extended lifespan for the existing website, and recognised the continuing function of the website into 2024-25. The carried forward value as at 31 March 2024 is considered to have an immaterial difference to the brought forward as at 1 April 2023 value and therefore, no amortisation has been charged in 2023-24.

1.11 Investments

Investment property

The NFC has adopted an accounting policy of revaluing the land and buildings it owns as per SoRP provision 10.48. An annual valuation is undertaken by an independent Chartered Surveyor in accordance with the RICS Valuation Standards (the 'Red Book'). Valuations were undertaken of NFC land and buildings as at 31 March 2024. The market approach was adopted, with the opinion of value based on the comparable evidence obtained and their experience of valuing residential property, woodland and agricultural land in the locality.

In the 2023-24 financial year, 7 properties with a Net Book Value of £1.257m have been transferred and re-classified to fixed assets due to land surrendered on Farm Business Tenancies.

Investment Property in the Balance Sheet is shown at the valuations provided per Note 14.

Investments

Investments are measured at fair value and any gains or losses arising from the revaluation are charged to the SoFA. In 2023-24 the gain on the Investment property was £148,000 (2022-23: £49,500).

Within investments the NFC recognises the Cazenove Charity Responsible Multi-Asset Fund investment of £0.524m.

1.12 Current assets and liabilities

Debtors are measured at their recoverable amounts and creditors at their settlement amounts when these can be measured or estimated reliably.

A de minimis threshold of £300 has been adopted when determining debtors and creditors at the end of March.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances held in a Business Instant Saver account and cash balances held by the Government Banking Service.

1.14 Leases

The NFC has no finance leases.

Rentals under operating leases are charged to the SoFA on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

1.15 Financial Instruments

The NFC has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The NFC investment of £500,001 with Cazenove's Charity responsible Multi-Asset Fund is a financial instrument with the measurement and accounting basis being fair value. The fair value as determined by the fund managers as at 31 March 2024 is £524,183.

1.16 Foreign Currencies

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

1.17 Staff costs and pensions

The NFC accounts for staff costs and pension contributions in the periods for which they are payable. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The NFC is unable to identify its share of the underlying assets and liabilities. The Scheme administrators carry out actuarial valuations of the Scheme and prepare full accounts for the Scheme.

The NFC recognises in its accounts those costs collected from it by the Scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as “Pension Costs”.

Note 2 Grant in aid

Grant in aid of £2,527,275 was received from Defra in 2023-2024 (2022-23: £2,400,713). The grant is treated as unrestricted income since the Department, whilst requiring that funds allocated contribute to the delivery of its objectives, does not stipulate any specific purpose(s) as to how any of the funds must be utilised.

Grant in aid accounts for 35% of total NFC income and is utilised to fund the forest creation and woodland management programmes, including the various grant schemes, contributes to the tourism and community engagement programmes and meets a significant proportion of governance and support costs.

Nature for Climate Funds of £1,399,799 was received from Defra in 2023-24 (2022-23: £1,150,701). This grant is treated as restricted income, per the memorandum of understanding, which facilitates funding of new planting within the National Forest. Nature for Climate Funds accounts for 19% of total NFC income.

Note 3 Prior year reclassified

Upon review of the Company's valuations report for the period 2023-24, it was identified that £0.240m of investment land was incorrectly classified as a tangible asset for 2022-23. Thus, the comparative balances as at 31 March 2023 have been amended to reclassify that value from land in tangible assets to land in investment assets. This reclassification adjustment resulted in a decrease in tangible assets of £0.240m and an increase in investment assets for the prior year by £0.240m. There are no other impacts on the financial statements for the year ended 31 March 2023.

Statement of Financial Position at 31 March 2023

		National Forest Company		Consolidated	
		As at 31 March	As 2023	As originally reported	As Reclassified reclassified
Note		£	£	£	£
Fixed assets:					
Intangible assets	12	139,277	-	139,277	-
Tangible assets	13	7,860,710	(240,000)	8,806,594	(240,000)
Investment property	14	3,502,000	240,000	4,664,000	240,000
Investment	14	498,502	-	498,502	-
Total fixed assets		12,000,489	-	14,108,373	-

Note 4

Income from Donations

	National Forest Company						Consolidated					
	Total			Total			Total			Total		
	Unrestricted	Restricted	£	2023-24	Unrestricted	Restricted	£	2022-23	Unrestricted	Restricted	£	2022-23
	£	£	£	£	£	£	£	£	£	£	£	£
Donations												
Conkers	881,038	-	-	881,038	935,501	-	881,038	935,501	935,501	-	-	935,501
Donations	234,682	-	-	234,682	262,289	-	234,682	262,289	262,289	-	-	262,289
Dedicate a Grove	42,401	-	-	42,401	18,749	-	42,401	18,749	18,749	-	-	18,749
Dedicate a Tree	134,435	-	-	134,435	198,652	-	134,435	198,652	198,652	-	-	198,652
Rolls Royce	-	20,000	-	20,000	20,000	20,000	20,000	-	-	20,000	-	20,000
Legacies	100	-	-	100	19,800	-	100	19,800	19,800	-	-	19,800
Other	-	3,000	-	3,000	-	-	3,000	-	-	-	-	-
Total	1,292,657	23,000	20,000	1,315,657	1,434,991	20,000	1,292,657	1,434,991	1,434,991	20,000	20,000	1,454,991

Note 5

Income from charitable activities

	National Forest Company						Consolidated					
	Unrestricted			Total			Unrestricted			Total		
	£	Restricted	£	2023-24	Unrestricted	Restricted	£	2022-23	Unrestricted	Restricted	£	Total 2022-23
Woodland creation grants	-	11,355	-	11,355	-	12,172	-	11,355	-	12,172	-	12,172
Section 106 agreements	-	246,450	-	246,450	-	-	-	246,450	-	-	-	-
Tourism and promotion programme	-	18,000	-	18,000	-	18,000	-	18,000	-	18,000	-	18,000
Charnwood Forest Landscape Partnership Scheme	-	553,913	-	553,913	-	455,128	-	553,913	-	455,128	-	455,128
Timber Festival	-	-	-	-	-	(6,750)	-	-	-	(6,750)	-	(6,750)
National Forest Trek	-	1,057	-	1,057	-	43,473	-	1,057	-	43,473	-	43,473
Community Forest Woodland Outreach project	-	-	-	-	-	(630)	-	-	-	(630)	-	(630)
Severn Trent – Great Big Nature Boost	-	224,694	-	224,694	-	243,534	-	224,694	-	243,534	-	243,534
ELMS Test and Trial	-	63,104	-	63,104	-	4,228	-	63,104	-	4,228	-	4,228
Valpack	-	-	-	-	-	48,628	-	-	-	48,628	-	48,628
Greenspring	-	-	-	-	5,278	-	-	-	5,278	-	-	5,278
National Forest Community Woods	-	133,603	-	133,603	-	33,968	-	133,603	-	33,968	-	33,968
UKSPF - Heart of the National Forest	-	34,510	-	34,510	-	-	-	34,510	-	-	-	-
Creating a Forest for Learning project	-	22,000	-	22,000	-	-	-	22,000	-	-	-	-
Arbor Day Foundation	-	45,915	-	45,915	-	-	-	45,915	-	-	-	-

Note 6

Income from other trading activities

	National Forest Company						Consolidated					
	Total			Total			Total			Total		
	Unrestricted	Restricted	£	2023-24	Unrestricted	Restricted	£	2023-24	Unrestricted	Restricted	£	2022-23
Other trading activities	70,673	-	£	70,673	60,586	-	£	70,673	60,586	-	£	60,586
Sponsorship	35,745	-	£	35,745	74,307	-	£	35,745	74,307	-	£	74,307
Total	106,418	-	£	106,418	134,893	-	£	106,418	134,893	-	£	134,893

Note 7

Cost of activities for raising funds

	National Forest Company			Consolidated		
	Total		Total	Total		Total
	2023-24	2022-23	£	2023-24	2022-23	£
Activities undertaken directly	498,522	594,664	£	498,522	594,663	£
Support costs	314,851	199,588	£	318,111	202,163	£
	813,373	794,252	£	816,633	796,826	£

Note 8

Consolidated – Analysis of expenditure on charitable activities

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2023-24 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £
Forest Creation	1,329,534	366,328	495,754	2,191,616	450,126	395,767	391,275	1,237,168
Woodland Management	414,880	317,760	234,181	966,820	323,573	286,514	177,877	787,964
Tourism and Promotion	130,578	36,652	93,029	260,260	104,577	19,531	80,473	204,581
Community Engagement	87,060	176,999	199,828	463,887	116,786	107,347	238,455	462,588
National Forest Trek	–	–	–	–	74,406	–	13,242	87,648
Charnwood Forest Landscape Partnership Scheme	558,549	–	206,479	765,028	332,782	–	195,260	528,042
Creating a Forest for Learning project	142,164	–	19,342	161,506	35,341	–	50,160	85,501
Timber Festival	71,840	–	11,799	83,639	63,534	–	4,312	67,846
Creating Working Woodlands project	10,165	–	–	10,165	2,481	–	–	2,481
Community Forest Woodland Outreach project	–	–	–	–	26,575	–	–	26,575
Severn Trent – Great Big Nature Boost	229,871	–	7,374	237,245	195,180	–	11,678	206,858
ELMS Test and Trial	66,392	–	443	66,835	37,151	–	13,469	50,620
National Forest Community Woodlands	106,729	–	58,994	165,723	45,792	–	48,335	94,127
Midland Forest Network	56,490	–	38,936	95,426	–	–	–	–
UKSPF – Heart of the National Forest	74,949	–	37,166	112,116	–	–	–	–
Other	75,587	–	–	75,587	46,249	–	–	46,249

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2023-24 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £
Conkers	1,560,518	–	–	1,560,518	1,203,108	–	–	1,203,108
Total	4,915,305	897,739	1,403,326	7,216,370	3,057,661	809,159	1,224,536	5,091,356

Note 8

National Forest Company – Analysis of expenditure on charitable activities

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2023-24 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £
Forest Creation	1,325,759	366,328	490,973	2,183,060	450,151	395,767	386,721	1,232,639
Woodland Management	396,837	317,761	232,323	946,921	306,489	286,514	175,877	768,880
Tourism and Promotion	130,578	36,652	92,246	259,476	104,577	19,531	79,587	203,694
Community Engagement	87,060	176,999	198,171	462,230	116,786	107,347	235,892	460,025
National Forest Trek	–	–	–	–	74,406	–	13,072	87,478
Charnwood Forest Landscape Partnership Scheme	558,549	–	204,363	762,912	332,782	–	192,772	525,554
Creating a Forest for Learning project	142,164	–	19,144	161,308	35,323	–	49,519	84,842
Timber Festival	71,840	–	11,678	83,518	63,534	–	4,256	67,790
Creating Working Woodlands project	10,165	–	–	10,165	2,481	–	–	2,481
Community Forest Woodland Outreach project	–	–	–	–	26,575	–	–	26,575
Severn Trent – Great Big Nature Boost	229,871	–	7,299	237,170	195,180	–	11,528	206,708
ELMS Test and Trial	66,392	–	438	66,830	37,321	–	13,300	50,621
National Forest Community Woodlands	106,729	–	58,390	165,118	45,792	–	47,718	93,510
Midland Forest Network	56,490	–	38,537	95,027	–	–	–	–
UKSPF – Heart of the National Forest	74,949	–	36,785	111,735	–	–	–	–
Other	75,587	–	–	75,587	46,249	–	–	46,249

Activity or programme	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2023-24 £	Activities undertaken directly £	Grant funding of activities £	Support Costs £	Total 2022-23 £
Conkers	1,388,210	–	–	1,388,210	948,529	–	–	948,529
Total	4,721,179	897,740	1,390,348	7,009,266	2,786,175	809,159	1,210,242	4,805,576

Note 9

Staff costs and pensions

9.1 Employees with earnings above £60,000

	2023-24	2022-23
£90,000 – £99,999	1	1
£80,000 – £89,999	-	-
£70,000 – £79,999	-	1
£60,000 – £69,999	3	2
	<u>4</u>	<u>4</u>

9.2 Staff salaries, social security and pensions

	Permanent contracts £	Other contracts £	2023-24 Total £	Permanent contracts £	Other contracts £	2022-23 Total £
Salaries	1,360,899	331,413	1,692,312	1,158,642	200,965	1,359,607
Social security costs	146,242	32,524	178,766	126,376	16,973	143,349
Pension costs	351,110	60,657	411,767	303,187	42,356	345,543
	<u>1,858,251</u>	<u>424,594</u>	<u>2,282,845</u>	<u>1,588,205</u>	<u>260,294</u>	<u>1,848,499</u>

9.3 Average number of persons employed

	2023-24		2022-23	
	Headcount	Full time equivalent	Headcount	Full time equivalent
Staff (including Chief Executive)	<u>41</u>	<u>39</u>	<u>38</u>	<u>34</u>

The full time equivalent of employees includes 8.36 FTE fixed term staff.

Note 10

Consolidated – Support costs 2023-24

	Charnwood										Severn		UK				Basis of
	Forest Creating a										Trent –		Shared				
	Tourism		National		Landscape		Forest for		Great Big		ELMS		National		Midland		
	and Community		Forest Partnership		Learning		Timber		Nature		Test and		Forest		Forest Prosperity		
	Promotion	Engagement	Trek	Scheme	project	Festival	Boost	Trial	Community	Network	Fund	administration	Grants				
Raising Funds	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£ apportionment	
Staff costs	179,379	245,015	72,364	33,120	67,345	–	116,431	10,907	6,653	4,158	250	33,266	21,956	20,958	218,561	1,030,362	Headcount
Governance																	
Costs	31,099	42,478	12,546	5,742	11,676	–	20,186	1,891	1,153	721	43	5,767	3,806	3,633	14,174	154,917	Headcount
Premises costs	19,702	26,911	7,948	3,638	7,397	–	12,788	1,198	731	457	27	3,654	2,411	2,302	8,980	98,144	Headcount
ICT &																	
Telecoms	29,573	40,393	11,930	5,460	11,103	–	19,195	1,798	1,097	686	41	5,484	3,620	3,455	13,478	147,313	Headcount
HR &																	
Recruitment	28,462	38,877	11,482	5,255	10,686	–	18,474	1,731	1,056	660	40	5,278	3,484	3,325	12,972	141,782	Headcount
Office costs	16,498	22,534	6,655	3,046	6,194	–	10,708	1,003	612	382	23	3,060	2,019	1,928	7,519	82,182	Headcount
PR related	91	124	37	17	34	–	59	6	3	2	–	17	11	11	41	451	Headcount
Travel	4,883	6,670	1,970	902	1,833	–	3,170	297	181	113	7	906	598	571	2,226	24,326	Headcount
Training &																	
Development	2,266	3,095	914	418	851	–	1,471	138	84	53	3	420	277	265	1,033	11,285	Headcount
Depreciation	6,158	8,411	2,484	1,137	2,312	–	3,997	374	228	143	9	1,142	754	719	2,807	30,676	Headcount
Amortisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	Headcount
Grants																	
administration	–	61,245	105,851	34,295	80,398	–	–	–	–	–	–	–	–	–	(281,790)	–	Staff time
	318,111	495,754	234,181	93,029	199,828	–	206,479	19,342	11,799	7,374	443	58,994	38,936	37,166	–	1,721,437	

Note 10 (continued)

Consolidated – Support costs 2022-23

	Charnwood										Severn				UK				Basis of
	Forest Creating a										Trent –				Shared				
	Tourism		National		Landscape		Forest for		Great Big		ELMS		National		Midland		Forest Prosperity		
	Raising Funds creation	Forest Management	Woodland	Promotion	and Community Engagement	Trek	Forest Partnership	Learning project	Timber Festival	Nature Boost	Test and Community	Woodlands	Forest Network	Forest Prosperity	Grants	Fund administration	2022-23	£ 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	1,037	3,720	-	-	-	8,013	102,322	Headcount	
Office costs	10,212	16,044	7,229	3,130	8,288	669	9,864	2,534	218	590	680	2,442	-	-	-	5,259	67,159	Headcount	
PR related	68	107	48	21	55	4	66	17	1	4	5	16	-	-	-	35	447	Headcount	
Travel	4,160	6,532	2,943	1,274	3,374	272	4,015	1,032	89	240	277	994	-	-	-	2,140	27,342	Headcount	
Training &																			
Development	4,719	7,345	3,341	1,446	3,830	309	4,558	1,171	101	273	314	1,129	-	-	-	2,431	30,967	Headcount	
Depreciation	3,579	5,623	2,534	1,097	2,905	234	3,457	888	76	207	238	856	-	-	-	1,843	23,537	Headcount	
Amortisation	691	1,087	489	212	561	45	668	172	15	40	46	165	-	-	-	356	4,547	Headcount	
Grants																			
administration	-	73,732	34,771	18,510	74,386	-	-	-	-	-	-	-	-	-	-	(201,399)	-	Staff time	
	202,163	391,275	177,877	80,473	238,455	13,242	195,260	50,160	4,312	11,678	13,469	48,335	-	-	-	-	1,426,699		

Note 10 (continued)

National Forest Company – Support costs 2023-24

	Charnwood										Severn				Trent –				Midland UK Shared				Basis of	
	Tourism					National Forest Partnership		Forest Landscape Learning project			Great Big Nature Boost		National Forest and Community Trial£ Woodlands		National Forest Prosperity Network		Fund administration		Grants		2023-24	£ apportionment		
	Woodland Management		Promotion and Engagement		Trek	Scheme	Learning	Timber Festival	Nature	£	£	£	£	£	£	£	£	£	£					
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£					
Staff costs	179,379	245,015	72,364	33,120	67,345	-	116,431	10,907	6,653	4,158	250	33,266	21,956	20,958	218,561	1,030,362	Headcount							
Governance																								
Costs	28,343	38,714	11,434	5,233	10,641	-	18,397	1,723	1,051	657	39	5,256	3,469	3,311	12,918	141,190	Headcount							
Premises costs	19,702	26,911	7,948	3,638	7,397	-	12,788	1,198	731	457	27	3,654	2,411	2,302	8,980	98,144	Headcount							
ICT &																								
Telecoms	29,573	40,393	11,930	5,460	11,103	-	19,195	1,798	1,097	686	41	5,484	3,620	3,455	13,478	147,313	Headcount							
HR &																								
Recruitment	28,256	38,595	11,399	5,217	10,608	-	18,341	1,718	1,048	655	39	5,240	3,458	3,301	12,878	140,755	Headcount							
Office costs	16,048	21,919	6,474	2,963	6,025	-	10,416	976	595	372	22	2,976	1,964	1,875	7,314	79,939	Headcount							
PR related	91	124	37	17	34	-	59	6	3	2	-	17	11	11	41	451	Headcount							
Travel	5,036	6,878	2,032	930	1,891	-	3,269	306	187	117	7	934	616	588	2,295	25,085	Headcount							
Training &																								
Development	2,266	3,095	914	418	851	-	1,471	138	84	53	3	420	277	265	1,033	11,285	Headcount							
Depreciation	6,158	8,411	2,484	1,137	2,312	-	3,997	374	228	143	9	1,142	754	719	2,807	30,676	Headcount							
Amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Headcount							
Grants																								
administration	-	60,917	105,309	34,113	79,965	-	-	-	-	-	-	-	-	-	-	(280,304)	Staff time							
	314,851	490,973	232,323	92,246	198,171	-	204,363	19,144	11,678	7,299	438	58,390	38,537	36,785	-	1,705,199								

National Forest Company – Support costs 2022-23

National Forest Company – Annual Report and Accounts 2023-24

Note 11

Governance costs

	National Forest Company		Consolidated	
	2023-24	2022-23	2023-24	2022-23
	£	£	£	£
Trustees' travel and expenses	2,007	3,791	2,766	3,791
Trustee meetings and meals external	948	797	948	797
Trustee training and development	813	-	813	-
Annual Report and Accounts production	4,082	3,858	4,082	3,858
Fees payable for the audit of the Annual Accounts	50,000	47,525	61,250	62,200
Internal audit fees	13,664	13,512	13,664	13,512
Bank charges	7,681	11,784	7,927	11,798
Professional and Legal Fees	-	12,977	1,473	12,977
Trustee recruitment	13,848	19,414	13,848	19,414
Other sundry expenditure	401	127	401	127
Strategic costs ⁽¹⁾	47,745	41,628	47,745	41,628
	141,190	155,413	154,917	170,102

⁽¹⁾ Strategic costs represent 35% of the Chief Executive's employment costs (2022:23 32%).

Note 12

Intangible Assets National Forest Company and Consolidated

	Asset under construction £	Website £	Total £
Cost or valuation			
At 1 April 2023	137,974	117,258	255,232
Additions during the year	62,268	—	62,268
Transfer during the year	—	—	—
At 31 March 2024	200,242	117,258	317,500
Amortisation			
At 1 April 2023	—	115,955	115,955
Charges in the period:	—	—	—
At 31 March 2024	—	115,955	115,955
Net Book Value			
31 March 2024	200,242	1,303	201,545
Cost or valuation			
At 1 April 2022	42,661	117,258	159,919
Additions during the year	95,313	—	95,313
Transfer during the year	—	—	—
At 31 March 2023	137,974	117,258	255,232
Amortisation			
At 1 April 2022	—	111,408	111,408
Charges in the period:	—	4,547	4,547
At 31 March 2023	—	115,955	115,955
Net Book Value 31 March 2023	137,974	1,303	139,277

Asset under construction relates to the charges incurred for the development of the new NFC website.

All intangible asset costs are associated with National Forest Company.

Tangible Assets National Forest Company and Consolidated

⁽¹⁾ Prior year reclassified as per Note 3.

Note 13 (continued)

Tangible Assets National Forest Company and Consolidated

Cost or valuation	National Forest Company						Consolidated					
	Conkers – Buildings			Conkers – Land			Reclassified ⁽¹⁾ Land			Furniture & Information Technology		
	£	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2022	-	-	-	-	3,143,500	185,013	161,993	3,490,506	-	185,013	161,993	3,490,506
Additions during the year	-	-	-	-	813,355	29,694	16,007	859,056	-	29,694	16,007	859,056
Disposals/transfers during the year	2,369,771	446,502	18,727	18,727	134,115	-	-	2,969,115	2,369,771	18,727	-	3,737,500
Impairment	-	-	-	-	(268,354)	-	-	(268,354)	-	-	-	(268,355)
Reversal of prior years' impairment	-	-	-	-	310,126	-	-	310,126	-	-	-	310,126
Revaluation (loss)/gain to Revaluation Reserve	138,507	71,056	437	437	199,874	-	-	409,874	138,507	71,056	-	587,374
Investment property transfer ⁽¹⁾	-	-	-	-	134,500	-	-	134,500	-	-	-	134,500
At 31 March 2023	<u>2,508,278</u>	<u>517,558</u>	<u>19,164</u>	<u>19,164</u>	<u>4,467,116</u>	<u>214,707</u>	<u>178,000</u>	<u>7,904,823</u>	<u>2,508,278</u>	<u>517,558</u>	<u>19,164</u>	<u>8,850,707</u>
Depreciation												
At 1 April 2022	-	-	-	-	-	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
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-

	National Forest Company						Consolidated					
	Conkers –			Reclassified ⁽¹⁾			Reclassified ⁽¹⁾			Reclassified ⁽¹⁾		
	Buildings	Land	Buildings	Land	Buildings	Total	Buildings	Land	Buildings	Land	Buildings	Total
	£	£	£	£	£	£	£	£	£	£	£	£
Depreciation charged on disposals	-	-	-	-	-	-	-	-	-	-	-	-
Investment property transfer	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2023	-	-	-	-	-	284,113	-	-	-	161,436	122,677	284,113
Net Book Value												
31 March 2023	2,508,278	517,558	19,164	4,467,116	53,271	7,620,710	2,508,278	517,558	19,164	5,413,000	55,323	8,566,595

⁽¹⁾ Prior year reclassified as per Note 3.

Note 13 (continued)

Tangible Assets National Forest Company and Consolidated

The Net Book Value of £9,553,260, of which £1,025,885 is land belonging to National Forest Enterprises Ltd and £8,527,376 assets of the National Forest Company, comprising Conkers £2,750,000, Land £5,659,116, Furniture and Fittings £63,753 and IT £54,507.

Investment property transfer – Land value of £1,257,000 has been reclassified from investment property (Note 14 Land), due to land surrendered on Farm Business Tenancies.

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed consolidated:
Land £4,839,493 (2022-23: £4,444,359) Buildings £2,253,052 (2022-23: £2,503,498).

For each revalued class of tangible asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed National Forest Company: Land £4,071,108 (2022-23: £3,675,974) Buildings £2,253,052 (2022-23: £2,503,498). All land and buildings are freehold.

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or buildings arising from revaluation or impairment are therefore reflected.

Impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Reversal of prior years' impairment on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Note 14

Investments National Forest Company and Consolidated

	National Forest Company				Consolidated			
	Cazenove Investment		Land		Cazenove Investment		Land	
	Property	Fund	Land	Total	Property	Fund	Land	Total
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2023								
(Reclassified) ⁽¹⁾	1,060,000	498,502	2,682,000	4,240,502	2,222,000	498,502	2,682,000	5,402,502
Additions during the year	–	–	493,575	493,575	–	–	493,575	493,575
Disposals/transfers during the year	–	–	(1,257,000)	(1,257,000)	–	–	(1,257,000)	(1,257,000)
Impairment	–	–	(53,575)	(53,575)	–	–	(53,575)	(53,575)
Reversal of prior years' impairment	–	–	–	–	–	–	–	–
Revaluation (loss)/gain	160,000	25,681	–	185,681	148,000	25,681	–	173,681
At 31 March 2024	1,220,000	524,183	1,865,000	3,609,183	2,370,000	524,183	1,865,000	4,759,183

	National Forest Company				Consolidated			
	Property		Reclassified ⁽¹⁾ Land		Reclassified ⁽¹⁾ Land		Cazenove Investment Fund	
	£	£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2022	525,000	2,806,000	531,539	3,862,539	525,000	2,806,000	531,539	3,862,539
Additions during the year	–	–	–	–	–	–	–	–
Disposals/transfers during the year ⁽¹⁾	490,000	(134,500)	–	355,500	1,647,500	(134,500)	–	1,513,000
Impairment	–	(41,580)	–	(41,580)	–	(41,580)	–	(41,580)
Reversal of prior years' impairment	–	95,500	–	95,500	–	95,500	–	95,500
Revaluation (loss)/gain	45,000	(43,420)	(33,037)	(31,457)	49,500	(43,420)	(33,037)	(26,957)
At 31 March 2023	1,060,000	2,682,000	498,502	4,240,502	2,222,000	2,682,000	498,502	5,402,502

⁽¹⁾ Prior year reclassified as per Note 3.

Note 14 (continued)

Investments National Forest Company and Consolidated

The Net Book Value of £4,759,183, of which £1,150,000 is Property belonging to National Forest Enterprises Ltd and £3,609,183 assets of the National Forest Company, comprising Property £1,220,000, Land £1,865,000 and Cazenove Investment Fund £524,183.

Investment Land includes 9 sites (8 Sites National Forest Company) that are part or wholly, commercially let.

In the 2023-24 financial year, £1,257,000 (relating to 7 sites) has been transferred and re-classified to Tangible Assets (Note 13, Land) due to land surrendered on Farm Business Tenancies.

For each revalued class of investment asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed for consolidated: property £1,945,000 (2022-23: £1,945,000): Land £2,253,052 (2022-23: £2,503,498).

For each revalued class of investment asset the carrying amount, had the assets been carried under the historical cost model, is required to be disclosed for National Forest Company: property £825,000 (2022-23: £825,000): Land £2,253,052 (2022-23: £2,503,498). All land and buildings are freehold.

An annual valuation of NFC land and buildings as at 31 March is undertaken by an independent Chartered Surveyor. Changes in the value of land or

buildings arising from revaluation or impairment are therefore reflected.

Impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

Reversal of prior years' impairments on land is charged to the SoFA through expenditure on charitable activities via Forest Creation activity (Note 8).

In the 2020-21 financial year £500,001 was invested in Cazenove Charity Responsible Multi-Asset Fund, generating a return of £21,848 (2022-23: £21,291).

The income is extracted to our reserves, rather than re-invested into the fund. Fair value measurement of the fund by the investment managers as at 31 March 2024 resulted in a gain of £25,681. This has been reflected as a cash equivalent due to it being a high liquid investment.

Note 15

Debtors

	National Forest Company		Consolidated	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Amounts falling due within one year:	£	£	£	£
VAT	69,305	22,171	71,372	37,124
Prepayments	85,592	83,372	85,592	83,372
Owed by Subsidiary ⁽¹⁾	96,151	185,419	—	—
Accrued Income:				
– Creating a Forest for Learning project ⁽²⁾	26,367	86,352	26,367	86,352
– Charnwood Forest Landscape Partnership Scheme	264,350	117,325	264,350	117,325
– Community Woodlands – NLHF funding	34,464	26,437	34,464	26,437
– Other	129,290	132,539	233,327	163,135
Debtors:				
– Trade debtors	168,136	190,510	173,810	192,762
– Other debtors	8,460	6,876	8,460	162,803
	882,114	851,001	897,744	869,310
Amount falling due after more than one year:				
Other debtors	5,036	3,069	5,036	3,069
	5,036	3,069	5,036	3,069
Total debtors	887,151	854,070	902,780	872,379

⁽¹⁾ Amount Owed by a Subsidiary is repayable on demand and no interest is chargeable.

⁽²⁾ Creating a Forest for Learning project accrued income includes the unrealised exchange gain on foreign currency.

Note 16

Cash at bank and in hand

	National Forest Company		Consolidated	
	31 March 2024 £	31 March 2023 £	31 March 2024 £	31 March 2023 £
Balance at 1 April:	2,579,508	2,530,527	2,579,513	2,530,527
Net increase/ (decrease) in cash and cash equivalent balances	(906,874)	48,981	(906,781)	48,986
Balance at 31 March	<u>1,672,634</u>	<u>2,579,508</u>	<u>1,672,732</u>	<u>2,579,513</u>
The following balances at 31 March				
Commercial banks and cash in hand	1,421,436	2,329,961	1,421,535	2,329,966
Government Banking Service	251,197	249,547	251,197	249,547
	<u>1,672,634</u>	<u>2,579,508</u>	<u>1,672,732</u>	<u>2,579,513</u>

Note 17

Creditors

	National Forest Company		Consolidated	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£	£	£	£
Amounts falling due within one year:				
Trade creditors	157,831	288,197	161,948	249,090
Other Creditors	3,300	9,593	3,300	9,593
Accruals	286,930	212,456	298,524	227,130
Deferred income ⁽¹⁾	602,086	348,719	602,086	348,719
	<u>1,050,147</u>	<u>858,965</u>	<u>1,065,858</u>	<u>834,532</u>

⁽¹⁾ Deferred income relates to specified outputs delivered in 2024-25.

Note 17

Creditors (continued)

Analysis of movement of deferred income

	Other	Nature for Climate Fund	Section 106 Funds	Severn Trent – Great Big Nature Boost	Carbon project ⁽³⁾	Community Forest Woodland Outreach project	Charnwood Development project	Creating a Forest for Learning project	UK Shared prosperity Fund	Decarbonisation project	Total
	£	£	£	£	£	£	£	£	£	£	£
31 March 2017											
Deferred	–	–	–	–	–	–	3,962	44,403	–	–	48,365
31 March 2018											
Released	–	–	–	–	–	–	(3,962)	(44,403)	–	–	(48,365)
31 March 2018											
Deferred	–	–	–	–	–	–	2,000	36,364	–	–	38,364
31 March 2019											
Released	–	–	–	–	–	–	(2,000)	(36,364)	–	–	(38,364)
31 March 2019											
Deferred	–	–	–	–	–	–	–	28,151	–	–	28,151
31 March 2020											
Released	–	–	–	–	–	–	–	(28,151)	–	–	(28,151)
31 March 2020											
Deferred	3,650	–	–	–	–	8,333	–	–	–	–	11,983
31 March 2021											
Released	(3,650)	–	–	–	–	–	–	–	–	–	(3,650)
31 March 2021											
Deferred	5,672	–	–	–	100,000	–	–	–	–	–	105,672
31 March 2022											
Released	(5,672)	–	–	–	–	(8,333)	–	–	–	–	(14,005)

	Nature for Climate Fund		Section 106 Funds		Severn Trent – Great Big Nature Boost		Community Forest Woodland Outreach project		Charnwood Development project		Creating a Forest for Learning project		UK Shared prosperity Fund		Decarbonisation project		Total	
	Other	£	£	£	£	E	£	£	£	£	£	£	£	£	£	£	£	
31 March 2022																		
Deferred	10,387	–	–	–	31,932	50,000	–	–	–	–	–	–	–	–	–	–	–	92,319
31 March 2023																		
Released	(10,387)	–	–	–	(31,932)	–	–	–	–	–	–	–	–	–	–	–	–	(42,319)
31 March 2023																		
Deferred	19,766	77,299	99,458	2,196	–	–	–	–	–	–	–	–	–	–	–	–	–	198,719
31 March 2024																		
Released	(19,766)	(77,299)	(99,458)	(2,196)	–	–	–	–	–	–	–	–	–	–	–	–	–	(198,719)
31 March 2024																		
Deferred ⁽²⁾	13,017	–	15,279	105,300	50,000	–	–	–	–	–	–	–	218,490	50,000	452,086			
Total	13,017	–	15,279	105,299	200,000	–	–	–	–	–	–	–	218,490	50,000	602,086			

⁽²⁾ Deferred income ‘Other’ 2024 relates to sponsorship contracts £11,657 split over 2 financial years.

⁽³⁾ Carbon Project – delays in releasing the deferred income have been caused by a backlog of projects with the carbon verification provider.

Analysis of Grants

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

	Grants to Institutions £	Grants to Landowners £	Support Costs £	2023-24 £	Grants to Institutions £	Grants to Landowners £	Support Costs £	2022-23 £
Forest creation, access and nature conservation	201,299	165,029	60,917	427,244	134,844	260,923	73,152	468,919
Woodland Management	93,851	223,910	105,309	423,069	70,785	215,729	34,594	321,109
Community engagement	176,999	-	79,965	256,964	107,347	-	73,913	181,260
Tourism and promotion	30,177	6,476	34,113	70,765	18,419	1,112	18,414	37,945
Total	502,325	395,414	280,304	1,178,042	331,395	477,765	200,073	1,009,232

During the 2023-24 financial year, the NFC awarded grants to the following:

Institution and/or Landowner	2023-24 £	2022-23 £
South Derbyshire District Council	22,961	1,475
Leicestershire County Council	4,876	4,976
National Trust	70,930	-
Fellowship of the School of Economic Science	21,953	-
Duchy of Lancaster	3,413	10,597
Bradgate Park Trust	6,003	68,859
Woodland Trust	40,886	32,336
Severn Trent Water	-	37,490
Football Association	-	23,668
Grants to other institutions	331,304	151,994
Grants to landowners/Individuals	395,414	477,764
Total Grants paid	897,739	809,159

Trading Subsidiaries

The subsidiaries undertaking is as follows:

Name	STATEMENT OF COMPREHENSIVE INCOME	31 March 2024	31 March 2023
Registered in		£	£
The Forest Experience Limited	Turnover	–	410,506
England and Wales Company Number 03601522	Gross profit	–	410,506
Registered address	Administrative expenses	–	(321,116)
Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, DE12 6BA,	Operating Profit	–	89,390
England	Profit for the financial year	–	89,390
Activity	Balance Sheet:	£	£
Other amusement and recreation	Current assets	–	167,875
activities – operating CONKERS visitor attraction.	Creditors	–	(167,873)
Shareholder funds	Net assets	–	2
£2	Share capital and reserves	–	2

Name	STATEMENT OF COMPREHENSIVE INCOME	
	31 March 2024	31 March 2023
National Forest Enterprises Ltd (Heart of The National Forest Park Developments Limited)	£	£
Registered in England and Wales Company Number 03601510	283,256	32,472
Registered address Enterprise Glade, Bath Yard, Moira, Swadlincote, Derbyshire, DE12 6BA, England	283,256	32,472
Activity Other amusement and recreation activities – holding and preparing land.	(280,997)	(34,731)
Shareholder funds £2	(12,000)	4,500
	(9,741)	2,241
	(9,741)	2,241
	80,000	945,885
	70,259	948,126

Balance Sheet:	31 March 2024	31 March 2023
	£	£
Fixed assets	2,175,885	2,107,885
Current assets	111,866	35,859
Creditors	(111,864)	(38,116)
Net assets	<u>2,175,887</u>	<u>2,105,628</u>
Capital and reserves		
Called up share capital	2	2
Revaluation reserve	1,025,885	945,885
Investment property reserve	1,150,000	1,162,000
Profit and loss account	–	(2,259)
	<u>2,175,887</u>	<u>2,105,628</u>

The National Forest Company own 100% of the ordinary share capital of the subsidiary listed above. The trade and assets of The Forest Experience Ltd were transferred to National Forest Enterprises Ltd on 29 January 2024, following which Forest Experience Ltd was struck off on 16 July 2024 in line with the disclosure in the Forest Experience Ltd 31 March 2023 Financial Statements.

Note 20

Consolidated – Summary of funds: 2023-24

	As at 1 April 2023 £	Income £	Expenditure £	Revaluation £	Foreign Currency gain/(loss) £	Transfers ⁽¹⁾ £	As at 31 March 2024 £
Unrestricted							
General Fund	8,339,688	4,217,318	(5,065,073)	–	–	3,289	7,495,223
Financial Contingency Fund ⁽²⁾	700,000	–	–	–	–	–	700,000
Land Acquisition, Management and Development Fund ⁽³⁾	700,000	–	(200,000)	–	–	–	500,000
Enterprise and Investment Fund ⁽⁴⁾	500,000	–	(61,027)	–	–	–	438,973
Conkers Repair & Investment Fund ⁽⁵⁾	280,588	178,789	(367,000)	–	–	–	92,377
Investments ⁽⁶⁾	2,468,555	–	–	173,681	–	–	2,642,236
Revaluation Reserve	902,349	–	–	(4,565)	–	–	897,784
Total Unrestricted	13,891,180	4,396,107	(5,693,100)	169,117	–	3,289	12,766,593
Restricted							
Nature for climate funds ⁽⁷⁾	2,402,706	1,399,799	(779,208)	–	–	1,521	3,024,818
Other restricted funds ⁽⁹⁾	9,011	358,266	(251,089)	–	–	(85,187)	31,001
Creating a Forest for Learning project	173,366	22,000	(151,028)	–	(257)	–	44,081
Timber Festival	–	–	–	–	–	–	–
Creating Working Woodlands project	11,633	–	(10,165)	–	–	–	1,468
Charnwood Forest Landscape Partnership Scheme ⁽⁸⁾	144,209	553,913	(598,476)	–	–	–	99,647
National Forest Trek	–	1,057	–	–	–	(1,057)	–
Community Forest Woodland	–	–	–	–	–	–	–
Outreach project	–	–	–	–	–	–	–
Rolls Royce	–	20,000	(20,000)	–	–	–	–
Severn Trent – Great Big Nature Boost	–	224,694	(262,987)	–	–	38,293	–
ELMS Test and Trial	–	63,104	(65,805)	–	–	2,702	–

	As at 1 April 2023 £	Income £	Expenditure £	Revaluation £	Foreign Currency gain/(loss) £	Transfers ⁽¹⁾ £	As at 31 March 2024 £
National Forest Community							
Woodlands	–	133,603	(106,729)	–	–		26,874
Valpack	48,628	–	(19,467)	–	–	–	29,161
UKSPF – Heart of the National Forest		34,510	(74,949)			40,439	–
Total Restricted	2,789,553	2,810,945	(2,339,903)	–	(257)	(3,289)	3,257,049
Total Reserves	16,680,733	7,207,054	(8,033,003)	169,117	(257)	–	16,023,642

Note 20 (continued)

Consolidated – Summary of funds: 2023-24

2023-24 National Forest Company Consolidated Reserves:

Total reserves of £16.024m (2022-23: £16.681m) per the table above. These include a share of the subsidiary of £2.176m (2022-23: £2.106m).

Unrestricted Reserves: These are £12.767m (2022-23: £13.891m) per the table above. These include share of the subsidiary of £2.176m (2022-23: £2.106m)

Unrestricted funds - are funds given to NFC with no restrictions on use.

(1) Transfers from unrestricted (General fund) to restricted funds are match funding contributions; transfers from other restricted funds include S106 £67,233, Sustrans £17,447 and Active Choice £507.

Unrestricted - designated funds: These are unrestricted funds which have been set aside by the Trustees for particular purposes as below:-

- (2) Financial Contingency Fund - equates to approximately 4 months of NFC running costs and to be used in the event of major cashflow problems.
- (3) Land Acquisition, Management and Development Fund (LAMDF) - available to support land acquisition and initial site establishment costs.
- (4) Enterprise and Investment Fund (EIF) - available to support innovation, enterprise and long-term financial sustainability.

- (5) Conkers Investment Fund - funds set aside to support repairs and maintenance, capital refreshment and emergency support for Conkers.
- (6) Investments - the value as per note 14 £4.759m of which £3.850m is unrestricted and the balance £0.909m restricted as part of Nature for climate funds reserve (Note 22).

Restricted Reserves: These are £3.257m (2022-23: £2.789m) per the table above. These are funds which have been given to NFC for specific purposes by funders.

- (7) £3.025m is Nature for Climate Fund.
- (8) £0.100m is Charnwood Forest Landscape Partnership Scheme.
- (9) Other restricted funds include Woodland Trust, Section 106 and AP C Scothern Fund carried forward.

Note 20 (continued)

National Forest Company – Summary of fund movements 2023-24

	As at 1 April 2023 £	Income £	Expenditure £	Revaluation £	Foreign Currency gain/(loss) £	Transfers ⁽¹⁾ £	As at 31 March 2024 £
Unrestricted							
General Fund	6,416,056	4,004,687	(4,854,710)	–	–	3,289	5,569,321
Financial Contingency Fund ⁽²⁾	700,000	–	–	–	–	–	700,000
Land Acquisition, Management and Development Fund ⁽³⁾	700,000	–	(200,000)	–	–	–	500,000
Enterprise and Investment Fund ⁽⁴⁾	500,000	–	(61,027)	–	–	–	438,973
Conkers Repair & Investment Fund ⁽⁵⁾	280,588	178,789	(367,000)	–	–	–	92,377
Investments ⁽⁶⁾	2,464,055	–	–	185,681	–	–	2,649,736
Revaluation Reserve	724,849	–	–	(84,565)	–	–	640,284
Total Unrestricted	11,785,548	4,183,476	(5,482,737)	101,116	–	3,289	10,590,690
Restricted							
Nature for climate funds ⁽⁷⁾	2,402,706	1,399,799	(779,208)	–	–	1,521	3,024,818
Other restricted funds ⁽⁹⁾	9,011	358,266	(251,089)	–	–	(85,187)	31,001
Creating a Forest for Learning project	173,366	22,000	(151,028)	–	(257)	–	44,081
Timber Festival	–	–	–	–	–	–	–
Creating Working Woodlands project	11,633	–	(10,165)	–	–	–	1,468
Charnwood Forest Landscape Partnership Scheme ⁽⁸⁾	144,209	553,913	(598,476)	–	–	–	99,647
National Forest Trek	–	1,057	–	–	–	(1,057)	–
Community Forest Woodland Outreach project	–	–	–	–	–	–	–
Rolls Royce	–	20,000	(20,000)	–	–	–	–

	As at 1 April 2023 £	Income £	Expenditure £	Revaluation £	Foreign Currency gain/(loss) £	Transfers ⁽¹⁾ £	As at 31 March 2024 £
Severn Trent – Great Big Nature							
Boost	–	224,694	(262,987)	–	–	38,293	–
ELMS Test and Trial	–	63,104	(65,805)	–	–	2,702	–
National Forest Community							
Woodlands	–	133,603	(106,729)	–	–	–	26,874
Valpack	48,628	–	(19,467)	–	–	–	29,161
UKSPF – Heart of the National Forest		34,510	(74,949)	–	–	40,439	–
Total Restricted	2,789,553	2,810,945	(2,339,903)	–	(257)	(3,289)	3,257,049
Total Reserves	14,575,101	6,994,421	(7,822,640)	101,116	(257)	–	13,847,740

Note 20 (continued)

National Forest Company – Summary of fund movements 2023-24

National Forest Company Reserves

National Forest Company unrestricted reserves are £10.591m (2022-23: £11.785m) per the table above.

These are funds given to NFC with no restrictions on use.

- (1) Transfers from unrestricted (General fund) to restricted funds are match funding contributions; transfers from other restricted funds include S106 £67,233, Sustrans £17,447 and Active Choice £507.

Unrestricted – designated funds: These are unrestricted funds which have been set aside by the Trustees for particular purposes as below:-

- (2) Financial Contingency Fund - equates to approximately 4 months of NFC running costs and to be used in the event of major cash flow problems.
- (3) Land Acquisition, Management and Development Fund (LAMDF) - available to support land acquisition and initial site establishment costs.
- (4) Enterprise and Investment Fund (EIF) - available to support innovation, enterprise and long-term financial sustainability.
- (5) Conkers Investment Fund - funds set aside to support repairs and maintenance, capital refreshment and emergency support for Conkers.
- (6) Investments - the value as per note 14 £3.609m of which £2,700m is unrestricted and the balance

£0.909m restricted as part of Nature for climate funds reserve (Note 22).

National Forest Company restricted reserves are £3.257m (2022-23: £2.789m) per the table above.

These are funds which have been given to NFC for specific purposes by funders.

(7) £3.025m is Nature for climate funds.

(8) £0.100m is Charnwood Forest Landscape Partnership Scheme.

(9) Other restricted funds include Woodland Trust, Section 106 and AP C Scothern Fund carried forward.

Note 21

Analysis of net assets between funds

	National Forest Company						Consolidated					
	Un-restricted			Restricted			Un-restricted			Restricted		
	£	£	£	£	£	£	£	£	£	£	£	£
	9,950,407	3,435,275	13,385,683	11,060,700	2,967,778	14,028,478	11,868,808	3,435,275	15,304,083	12,988,831	2,967,778	15,956,609
General Fund												
Revaluation Reserve	640,284	(178,225)	462,059	724,849	(178,225)	546,624	897,784	(178,225)	719,559	902,349	(178,225)	724,124
Net assets	<u>10,590,691</u>	<u>3,257,050</u>	<u>13,847,742</u>	<u>11,785,549</u>	<u>2,789,553</u>	<u>14,575,102</u>	<u>12,766,592</u>	<u>3,257,050</u>	<u>16,023,642</u>	<u>13,891,180</u>	<u>2,789,553</u>	<u>16,680,733</u>

Note 23

Commitments under operating leases

The future minimum lease payments under operating leases which the NFC is committed to make under operating leases are as follows:

	31 March 2024 £	31 March 2023 £
Obligations under operating leases comprise:		
Buildings, office accommodation lease		
Not later than 1 year	53,534	—
Later than 1 year and within 5 years	160,603	—
Later than 5 years	—	—
	<u>214,137</u>	<u>—</u>

The above obligations relate to the lease for office accommodation occupied by the National Forest Company which commenced on 1 April 2023 and will expire on 31 March 2028.

The lease expense for 2023-24 was £48,008 (2022-23: £48,207).

The future minimum lease payments under operating leases which the NFC is committed to receive under operating leases are as follows:

	31 March 2024 £	31 March 2023 £
Recognition under operating leases comprise:		
Property and Farm Business Tenancies (FBT) leases		
Not later than 1 year	38,374	49,026
Later than 1 year and within 5 years	72,760	107,834
Later than 5 years	—	—
	111,134	156,860

The above recognition relates to the lease of National Forest Company owned assets.

The Boathouse is leased on a long-term tenancy.

Hanging Hill Farm is a periodic short term tenancy.

FBT are short term grazing and grassland tenancies on various sites.

Note 24

Other financial commitments

Forest creation schemes

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

	31 March 2024 £	31 March 2023 £
Not later than 1 year	72,061	87,338
Later than 1 year and not later than 5 years	347,809	357,644
Later than 5 years	—	—
	419,870	444,982

Note 25

Financial Instruments

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

being determined by the fund managers as at 31 March 2024 to be £524,183.

Note 26

Related party transactions

Key management personnel of the Charity:

John Everitt has been a member of the National Lottery Heritage Fund Midlands and East Committee since January 2015. Grant Support of £524,628 (2022-23: £334,761) was received for the Charnwood Forest Landscape Partnership Scheme project; John Everitt declared an interest and was not party to the decision to award the funds.

John Everitt is a director of National Forest Enterprises Ltd (formerly Heart of the National Forest Park Developments Ltd) and The Forest Experience Ltd, subsidiaries of the National Forest Company. National Forest Enterprises Ltd owed £96,151 (2022-23: £264,561) and paid nil (2022-23: £16,028) in gifted profit proceeds to the National Forest Company.

Trustee, Mike Kapur, appointed on 1 April 2018, is Chair of Leicester City Football Club Trust. The NFC paid £nil (2022-23: £25,000) to Leicester City Football Club Trust for the Community Forest Woodland Outreach project.

Trustee, Alison Field, appointed on 1 April 2018, is Vice President of Royal Forestry Society (RFS). National Forest Company paid £214.34 (2022-23: £204.50) for membership subscription of the RFS.

Trustee, Penny Coates, appointed on 1 April 2022, is a director of National Forest Enterprises Ltd, subsidiary of National Forest Company. National Forest Enterprises Ltd paid nil (2022-23: £175,171) in gifted profit proceeds to the National Forest Company.

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

All amounts were settled as at 31 March 2024 with the exception of Charnwood Forest Landscape Partnership Scheme project quarter 4 claim of £264,350 and National Forest Enterprises Ltd £96,151 and are accrued in the accounts.

The NFC has dealings with the Department for Environment, Food and Rural Affairs (Defra) and some of its sponsored bodies. The NFC receives grant in aid (GiA) from Defra. During the year, the NFC received £2,527,275 (2022-23: £2,400,713) GiA and £1,261,299 (2022-23: £1,228,000) via the Nature for Climate Fund.

The NFC received £11,355 from Rural Payments Agency (2022-23: £12,171) for woodland grants.

The NFC received nil (2022-23: £10,675) from Natural England for the Community Forest Woodland Outreach project.

The NFC has an agreement with Forest Research allowing access to a National Forest site at Eastern Old

Parks in order to undertake research into Ash Dieback disease.

All amounts were settled as at 31 March 2024 with the exception of £264,350 Charnwood Forest Landscape Partnership Scheme and National Forest Enterprises Ltd £96,151.

Note 27

Events after the reporting period

The Forest Experience Ltd was struck off on 16 July 2024 at Companies House.

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

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