

The Forest Trust
(a company limited by guarantee)



Registered Number 3842323
Charity Number 1114277

The Forest Trust
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Annual report and financial statements
for the year ended 31 December 2013

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Directors and advisers

The Trustee directors who were in office during the year and up to the date of signing of the financial statements were:

Directors

B. F. Wilkinson (Chairman)
A. Hewett
E. Bouchet (appointment 12 March 2013)
N. Madsen
M. Cattai-Livanos (appointment 12 March 2013)
D. Roth
S. Luutsche Ozinga (appointment 19 June 2013)
M. Troussier

Executive Director

S. Poynton

Secretary

Trethowans

Registered office

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Independent auditors

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Legal adviser

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Chairman's Report for the year ended 31 December 2013

TFT achieved substantial activity and financial growth in 2013, with an increase in incoming resources to \$11.5m, up almost \$2.5m on 2012. This reflects our growing number of palm oil members, a significant breakthrough in pulp and paper projects, building upon our diversification in new product areas and a continued strong performance in timber. We continue to strengthen our reserves, from \$1,678,533 in 2012 to \$2,337,619 in 2013.

Key achievements during the year were:

- Asia Pulp and Paper (APP) committing to No Deforestation and becoming a TFT member.
- APP piloting TFT's SURE Technology™ transparency dashboard, enabling stakeholders to keep up-to-date with its No Deforestation progress.
- Wilmar, which controls 45% of global palm oil trade, becoming a TFT member.
- Ferrero, Neste Oil, New Britain Palm Oil Limited and Reckitt Benckiser becoming palm oil members.
- Using our three years' experience in palm oil to publish our first paper on the lessons we've learnt and our approach for transforming the palm oil sector.
- Beginning High Carbon Stock (HCS) pilots in Liberia and Indonesia.
- Achieving our tenth FSC certified forest in Indonesia.
- Successfully completing the eight-year Timber Trade Action Plan (TTAP) project on behalf of the European Commission.
- Staff numbers growing from 97 at the end of 2012 to 131 by the end of 2013.

There were clearly a number of very positive achievements in 2013 and the work we have done in previous years has resulted in number of new TFT members. This progress has been achieved through the great passion and commitment of our people. Therefore, on behalf of the board, I would like to thank each and every member of the TFT team for their continued efforts.

I would also like to thank our existing members and business partners, as well as those who joined us in 2013. The work we do is complex, and at times it can be frustrating, but it is also hugely rewarding. It continues to set a leading example for responsible practices and growth across industries. Therefore I think it is important that we allow ourselves a moment to reflect on what we have achieved together.



Brent F Wilkinson
Chairman

Directors' Report for the year ended 31 December 2013

The Directors, who act as Trustees for charitable purposes, present their report and the audited financial statements for the year ended 31 December 2013. The information with respect to Directors and advisors set out on page one forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

This report has also been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

PRINCIPAL ACTIVITIES

TFT is a non-profit organisation helping companies transform the way they source their products. Located between the two worlds of business and nature, we work out in the field and negotiate in the boardroom to help companies and communities bring about change. TFT's membership consists of 96 global retailers and manufacturers who have made a firm commitment to changing products for good.

Since its founding in 1999, TFT has specialised in designing ways to prevent deforestation while also helping local communities that rely on forests to live. We have transformed the way wood is taken from forests and used in everyday products. Much of this has been achieved by working closely with both large and small timber-buying companies around the world.

TFT firmly believes that deforestation must be fought directly - that is, in the field. This is why the majority of our staff work on the ground in over 15 countries, helping to manage more than 10 million hectares of the world's forests.

TFT is using this approach on other raw materials, like palm oil, pulp and paper, stone, charcoal and sugar. Negotiating in the boardroom and working on the ground, side-by-side with our members, TFT's teams find practical and entrepreneurial ways of changing the way products are sourced, made and brought to customers.

ORGANISATIONAL STRUCTURE

To deliver against our strategy in 2013, we organised ourselves into three key teams:

- Our **Field Programme Team** works on the ground in more than 15 countries, in forests, plantations, quarries, mills and factories, to implement our member and partner projects. This group represents the vast majority of TFT staff and is comprised of foresters, agronomists and social experts who monitor the supply chains of our members and deliver on our donor priorities. They also share their local and regional knowledge through practical workshops and field training sessions.
- Our **Field Support Team** is responsible for designing, implementing and supporting field projects which develop and demonstrate techniques for helping companies source their products more responsibly. Composed of project managers, financial and human resources specialists, communication and business development teams, our field support staff work to ensure the field team are in the best position to focus on extending TFT's positive impacts on land management and responsible supply chains.

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- Our **Member and Donor Support Team** helps TFT's partners to understand requirements for sourcing products responsibly. They work closely with members to ensure they are delivering against their commitment to change their supply chains. They also act as a point of liaison with donors to ensure funds are invested effectively, and outputs communicated in a timely and digestible way. The team also communicates progress in the projects they support and in the chain of custody that supply their factories and stores.

TFT'S HIGHLIGHTS IN 2013

2013 was a year of significant growth for TFT. In February, we brokered an agreement that saw Asia Pulp and Paper (APP), one of the world's largest paper companies, announce an immediate end to all natural forest clearance in its supply chain. This is hugely significant because APP were considered by the wider NGO community as the epitome of what they are campaigning against – that is, a large corporate business that for many years had cleared forests to feed its paper mills.

Palm oil has become a big part of our work. 2013 saw Ferrero, Neste Oil, New Britain Palm Oil Limited and Reckitt Benckiser all becoming TFT palm oil members. The biggest palm oil news came in December, after several months of negotiation, when palm oil giant Wilmar became a TFT member and committed to No Deforestation and No Exploitation in its supply chain. Crucially, the policy applies not only to Wilmar's own operations but also to its subsidiaries and third-party suppliers.

With three years' experience working with palm oil we published our first paper on the subject, which allowed us to share what we believe to be an approach to truly responsible palm oil. The paper questions the ability of the commonly adopted certification-driven market to deliver change at the pace necessary for people, communities, and companies that want to protect forests and build responsible supply chains.

There were further innovations – we collaborated with Golden-Agri Resources (GAR) to implement a pilot on High Carbon Stock (HCS) forest conservation. The pilot, which took place in Liberia and Indonesia, is a result of extensive field work done by TFT, GAR and Greenpeace. The aim was to develop a practical, scientifically robust and cost effective methodology to define and identify HCS areas for conservation. In 2014 we aim to publish a HCS toolkit that will be used as a resource by the many people working in forest-connected supply chains.

TFT's research into charcoal in 2012 culminated in us welcoming our first charcoal member in mid-2013. By the end of the year, we had our second charcoal member.

TFT gained eight new members in 2013. By the end the year we had 114 members. In order to deliver results in the field and to meet our responsibilities to all projects and member companies, TFT's staff numbers increased from 97 in 2012 to 131 at the end of 2013. We also completed registrations for new TFT offices: Luang Prabang in Laos, Abidjan in Côte d'Ivoire and Guangzhou in China. Our field teams are based in Brazil, Côte d'Ivoire, Cameroon, Liberia, India, Laos, Malaysia, Vietnam, China and Indonesia, with field support offices in Switzerland, France, the UK and the United States.

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TFT'S SURE TECHNOLOGY

With successful trials taking place in 2012, our SURE Technology was officially launched in March 2013 to coincide with the EU Timber Regulation (EUTR). Created to stop illegally logged wood entering the EU marketplace, the EUTR stipulates that companies and others placing wood for sale in any of the 27 EU member states must have a Due Diligence System (DDS) in place to assess and mitigate the risk of illegal wood in their supply chain. During the year, SURE DDS became a key tool for retailers and manufacturers Sainsbury's, JYSK, Maisons du Monde and Frank Hudson. TFT carried out a number of training sessions and identified 'super-users' who could act as SURE champions within their companies.

We see SURE as a tool for change, giving businesses the ability to monitor and communicate their commitments. In this way, there are many opportunities beyond the DDS module. One example is SURE's transparency module, which we have developed to allow us to create 'transparency dashboards' for companies. This is something we explored with APP in early 2013, resulting in its first dashboard going live in June.

Since making its No Deforestation commitment in February 2013, APP's work in the field has been scrutinised by NGOs and other interested parties. Naturally, they want to see evidence of APP meeting these commitments. TFT enabled APP to share the progress it is making by piloting its 'Forest Conservation Policy (FCP) Monitoring Dashboard' using SURE. This allows NGOs and other interested parties to check on the implementation of APP's FCP, including what APP is doing to preserve forests containing high levels of carbon and forests and lands that are vital habitats for wildlife. Stakeholders can also learn about progress on mapping, resolving and ultimately preventing any social conflicts in or around APP concessions.

The dashboard shows technical information including boundary maps for APP supplier plantations and explains the full scope of the FCP. A dynamic tool, it continues to develop to reflect implementation progress. The monitoring dashboard is an important step in APP opening up its operations to NGOs and other stakeholders who want to see its progress and who also provide valuable feedback. With a very successful launch, we are now talking to other members about dashboards.

As well as DDS and transparency, SURE has a project management module that enables companies to see and manage the relationship between different nodes in their supply chain; something particularly useful for complicated commodity supply chains like palm oil. One of our members is already using this, and we look forward to developing the module and offering more in 2014.

By the end of 2013, our product story module – which connects customers via their mobile phones with the stories of products they buy - was in full effect in Maisons du Monde stores across Europe. More than 100 different products now carry stories, and we are very excited about the potential of this module in giving our retail and food company members an interface to engage customers. In 2014, we are hoping to explore the user experience further and promote the module to more members.

The efforts of the SURE team have given us a system we are truly proud of. We are now including SURE in all proposals to potential members and will focus our efforts in 2014 in helping build our global team understands of the technology and what it offers.

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PRODUCT AREAS

PALM OIL

2013 was a big year for our palm oil teams, building on the success of 2012. The end of the year saw Wilmar commit to protecting forests and peatlands and becoming a TFT palm oil member after several months of negotiation.

The announcement is of huge significance. Wilmar controls 45% of the world's palm oil trade, as well as being a big player in the sugar and soybean industry. Its commitment extends to all of its palm oil operations worldwide, which includes all of its subsidiaries, any refinery, mill or plantation it owns, manages or has invested in, regardless of stake, as well as all third-party suppliers from whom it purchases or with whom it has a trading relationship.

During the year, we gained four other palm oil members, with Reckitt Benckiser (RB) and Ferrero following Neste Oil and New Britain Palm Oil Limited in their No Deforestation commitments. Each of these companies plays a different role in the industry - RB and Ferrero are buying for their consumer brands and so there is a strong consumer link, New Britain Palm Oil is a producer and Neste Oil is an industry buyer, being a leading name in the biofuels industry. They are all at different stages in their journey but are all bound by their desire to move beyond the commonly adopted certification approach and make sure their product has no link with deforestation. Ferrero, for example, is doing well on working towards 100% traceability of its supply chain by 2014. TFT's role involves helping to reach this target by mapping the supply chain and working to effect real change on the ground by making sure growers, mills and refineries understand and adhere to the standards set out in Ferrero's palm oil charter. We also play a vital role in helping suppliers bridge any identified gaps.

Nestlé, a leading buyer of palm oil for its many global consumer products, published its six month update report, which highlighted the encouraging progress made in bringing about greater transparency in its supply chain. At the time of the report's publication in November 2013, we had engaged with 80% of Nestlé's palm oil volume, with 45% of its palm oil being traceable back to the mill. It has also begun to work towards solutions tailored to each of its suppliers in helping them meet the company's Responsible Sourcing Guidelines.

The paper TFT published in April 2013 helped industry stakeholders understand our approach to transforming the palm oil industry, and set out proposed standards that all palm oil members now commit to. A fundamental belief of TFT's is that brands should know where their oil comes from. Without traceability, how can a company know if its purchasing principles are being effectively implemented by its suppliers? If suppliers are not implementing those principles it is important to find out what and where the issues are. We also recognise that economies of scale and logistics are underpinning the palm oil trade. Therefore, solutions that make logistics more complicated and add significant costs (like segregation) are not viable. We are excited about the potential impact of our approach in helping companies drive responsible change in the industry.

Palm oil and High Carbon Stock (HCS)

At the beginning of 2013, TFT, Greenpeace and Golden Veroleum Liberia (GVL) sat down to discuss how the HCS methodology could be piloted in Liberia. The country is one of the last in West Africa with a dense tropical forest cover. At the same time, Liberia is in desperate need of development, and the government is committed to eradicating poverty by bringing in jobs through the exploitation of its natural resources.

Large mining and agricultural investors proposing in-country industrial development have been welcomed over the last five years and have been allocated land and concessions by the government. GVL is one of them, aiming to develop over 200,000 hectares of oil palm plantations and create 35,000 jobs.

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TFT went to Liberia to identify potential HCS forest clearance that had been detected through satellite data. GVL immediately adjusted its operations by halting its expansion, and embarked on a process aimed at identifying HCS forest in Liberia and potential development areas.

HCS is not about setting strict 35 tonnes per hectare thresholds. It is about finding a balance between conservation and development. GVL completely reshaped its development plans and applied the HCS methodology that had been applied in GAR's PT KPC operation in Indonesia.

After a year of work, the extensive training of over 40 GVL Liberian team members, thousands of field measurements in extremely challenging conditions, and many meetings, GVL, Greenpeace and TFT reached a provisional agreement on the foundation of what could be an acceptable landscape plan featuring a balance between development and conservation in the given pilot area. The group presented this outcome to the Liberian government in November 2013, who welcomed the invitation and supported the outcome.

PULP AND PAPER

In February 2013, TFT brokered an agreement that saw Asia Pulp & Paper (APP) announce an immediate end to all natural forest clearing in its supply chains in Indonesia. This agreement was the result of months of on-the-ground work by TFT field teams, coupled with a year of negotiations with Greenpeace and APP's leadership. This should mark the start of a global push to address the most destructive drivers of deforestation worldwide.

TFT founder Scott Poynton explained to The Guardian: "If the third-largest paper company in the world can commit to forest preservation – despite the complex social, political, economic and environmental challenges they have to navigate to do so—then any company can do it. Now, there is no excuse for companies – whether operating in Indonesia, Africa, or other forest-rich regions – to destroy forests as a consequence of feeding global demand for the goods they produce."

APP's announcement was received with a great fanfare. At the same time it was also met with a fair amount of suspicion by that very same NGO community. Although NGOs welcomed the announcement – Greenpeace had campaigned for it for a decade – they would remain vigilant of APP's activities to ensure it delivered on its No Deforestation commitment. TFT field teams have spent 2013 working hand in hand with APP forestry and mill staff in Indonesia and China to help them implement the Forest Conservation Policy that APP drew up with TFT and Greenpeace.

The NGO community recognised that APP would need time to implement its policy, but it also needed to see that progress was being made. This is why APP's progress reports are so important. We published the first after six weeks of announcing membership, with subsequent reports published online every three months. In June, APP announced it was building on this transparency with a TFT SURE Technology dashboard that showed its concessions and enabled stakeholders to track progress. This level of transparency has led to positive dialogue between APP and NGOs.

The company's pledge, along with its improved transparency and accountability processes, will help protect some of Indonesia's most important remaining forest areas, home to Sumatran tigers and orangutans; recognise and respect the rights of the region's indigenous forested peatlands that store massive amounts of greenhouse gases.

This agreement is unprecedented for APP, representing a possible tipping point for using the influence of advocacy groups such as Greenpeace to affect the role of the private sector in global deforestation and climate change. This has resulted in praise from Greenpeace, who had spent the previous ten years campaigning fiercely against them.

Although they remain diligent in their monitoring of APP's activities, Greenpeace recognises that APP has made progress in implementing its Forest Conservation Policy. What's more, APP

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recognises that the scrutiny that Greenpeace and other stakeholders have had on its work has been a major driver in its journey towards No Deforestation and greater transparency.

Nestlé continued to show progress in pulp and paper work with TFT. During 2013 we carried out 102 Responsible Source Guideline (RSG) assessments. The scale of Nestlé's operations is vast; TFT is currently working in markets representing 1.38 billion CHF, equivalent of 49% of Nestlé's total spend on pulp and paper products. During the year, we began working in a further three markets (Central & West Africa, Thailand and Vietnam) to the existing seven markets (USA, Brazil, Europe, India, China, Malaysia, Indonesia). By December 2013, Nestlé was able to trace 24% of its pulp and paper products to source, of which 22% was deemed responsible against the RSGs. A further three markets are anticipated for 2014/15.

STONE

TFT's Responsible Stone Program (RSP) marked its first full year in October 2013. Over the past year, TFT has visited all its members' quarries throughout India and China. As yet, none of the RSP members' supply chains have progressed to level one of the RSP as hoped for in 2012.

However, while stone remains an unregulated industry, we believe it can still be a responsible one. At present, it is associated with a number of negative issues, like the loss of habitat caused by quarry development, air and noise pollution, and difficult labour conditions for workers in quarries and factories. But despite the social and environmental challenges stone can pose, there are stone manufacturers that are working hard to improve industry standards

Level one of the RSP Code of Conduct addresses the wages of workers in factories and quarries - they must meet legal requirements as a minimum. Many stone manufacturers have successfully obtained minimum wage notifications from the local authorities. Going forward, many of these manufacturers plan to implement a wages register and keep properly maintained accounts of employees' payments.

In light of the lack of expected progress TFT is in discussion with its stone members about a new strategy going forward. In the meantime, we continued to promote RSP, exhibiting at the Xiamen international Stone Fair in China, which is the largest professional stone fair in the world. This resulted in discussions with several stone buyers about the possibility of becoming RSP members.

WOOD

During 2013, TFT supported wood projects in forests around the world. TFT supported forest managers in 249,945 hectares of forest in China, Suriname, Guyana and Brazil to establish systems to verify the legality of their forest products. With TFT's support, 210,840 hectares achieved Verified Legal standards.

Throughout the year, TFT's field teams worked in forests in Brazil, Indonesia, Malaysia, Laos and Vietnam, supporting forest owners and managers to improve practices. All forests that were FSC certified in previous years maintained their certificates in 2013. We are proud to have impacted over 10 million hectares of forest to date.

Trees for People

TFT's Climate Tree initiative enabled retail giant JYSK to support local communities through the Trees for People project. This has restored 100 hectares of degraded land around the Xingu River in the Amazon basin in Brazil. Funded by retail giant JYSK and Daenisches Bettenlager, the project helped farmers and communities bring the land back to life, improving both its ecological and agricultural value. It has delivered important tangible benefits to the individuals and communities involved.

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Timber Trade Action Plan (TTAP)

TFT managed TTAP, an eight-year project that began in 2005 and concluded in June 2013. It resulted in over 3.9 million hectares of forest being legally verified. It was one of the first private sector initiatives financed by the European Commission in support of its Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan to combat illegal logging. The project engaged suppliers in Cameroon, Republic of Congo, Gabon, Indonesia, Malaysia, Bolivia, Brazil, China, Guyana and Suriname. Other major highlights of the project include:

- 234 assessments, 157 action plans, and 111 third party supply chain verifications were completed
- 76 legally verified supply chains across the ten target countries
- 12,500 staff trained
- Rondobel became the first Brazilian company to achieve the Rainforest Alliance's Verification of Legal Origin (VLO) standard. TFT helped Rondobel staff understand their role in the process towards certification and responsible forest management
- LN Guerra became the first forest concession in Brazil to achieve FSC certification

Establishing legal timber supply chains takes a great deal of effort, but TTAP has shown it can be done. Our work focussed on providing advice and support to European buyers and their producers. The aim was to promote responsible forest management by ensuring only legally verified timber products were traded in Europe.

The process begins when a European buyer nominates a preferred supplier. Together, the buyer and supplier map out the supply chain and the products involved, making sure everybody fully understands FLEGT and the associated costs involved in achieving legality verification. A gap assessment is then conducted, identifying areas where any gaps of knowledge exist in the supply chain. From these findings, TTAP created an action plan for the supplier, providing the training, advice and technical support needed to close out the identified gaps. This improves and develops traceability systems to ensure products haven't been mixed with any unknown sources of timber at any point in the supply chain.

Once the action plan is complete, and the supplier is confident of meeting the required legality standard, the certification body of choice is contacted for third-party verification. Once successful, the supplier can then export its legally verified timber to European buyers with assurances that the products have been responsibly sourced and produced and do not contribute to the illegal timber trade.

The project has improved conditions for forest workers, and respect and rights for local communities. It has also helped contribute to a shift in attitude towards the responsible management of tropical forests in producer and consumer countries. It has also benefited producers, processors, and buyers.

Significant progress was made in China, too. UK Timber Trade Federation member Premier Forest Products Ltd nominated two of its suppliers from China's Shandong Province – Sainty and Shensen - to participate in TTAP. With TTAP's support they both achieved VLC certification.

Certification has helped maintain their access to European markets. Legality verification has also helped the farmers receive a higher price for their raw material. The extra funds allowed farmers to invest in their own peeling mill to process logs into veneers, and they plan to establish an assembly mill. TTAP's collaboration resulted in a rise in living standards in the area, with greater nutrition and improved access to healthcare and education. By establishing verified and certified tropical sources of veneer, Sainty has helped increase the demand for responsibly produced timber in Africa and Asia, and is helping drive forward tropical forest conservation in those continents.

Having helped the trade's implementation of the EUTR, other legality initiatives will undoubtedly benefit from TTAP's groundbreaking work.

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Community forest project highlights

Luang Prabang, (Laos)

In 2007, TFT worked with the Government of Lao PDR and teak farmers in Luang Prabang to set up the Luang Prabang Teak Programme (LPTP) to maximise the economic, social and environmental benefits of teak farming.

The programme began as a pilot project in Ban Kok Ngiew village and in 2011 became the first community forest in Laos to achieve FSC group certification, an important milestone in the development of community forestry in Laos.

Having passed its first surveillance audit in 2012, 2013 saw Luang Prabang expand to include 137 household members in four villages, with a further 100 villages targeted in 2014. The LPTP team is now producing handbooks and videos in the Lao language, to be used during village training.

Punjab & Haryana (Northern India)

In 2010 we began working with farmers in Punjab and Haryana, northern India, to improve their cultivation of shisham wood and link them with international markets for responsibly produced timber. The aim is to help these farmers put sustainable and certified shisham wood resources onto the international market, maximising financial, environmental and social benefits at the local level. The projects are now well established and demonstrate that a farm-based model of shisham production for international markets can work.

In August 2013, we consulted with the project farmers on whether they were interested in pursuing FSC certification with our support. Following a positive response, we've prepared a Certification Action Plan which is aiming towards certifying Punjab and Haryana in 2014, under FSC's Small and Low Intensity Managed Forests (SLIMF) standard.

Koperasi Hutan Jaya Lestari (Kostajasa)

The Kostajasa cooperative is a group of local farming families who have banded together to sustainably manage their mahogany forests. Currently, Kostajasa has 1,746 farmers from 27 farmers groups. Over 930 of those farmers are included in Kostajasa's FSC group certificate. In 2013, farmers collectively sold more than 147 m³ mahogany, and 36 m³ teak to six furniture factories in Java. Kostajasa plans to expand FSC certification for another six farmers' groups in 2014.

APEHRAL (Asosiasi Petani Hutan Rakyat Lestari) – previously known as Klinik Tani

We first began working with the farmers involved in APEHRAL in 2012 when they were still trading under Klinik Tani. A key part of our role is supporting the farmers' work towards FSC certification and connecting them to local wood processors who supply wood products to international markets, helping them secure commercial value from their teak trees. APEHRAL achieved SVLK-LK certification for 600 farmers across 11,269 hectares in December 2013.

CHARCOAL

Between seven and nine tonnes of wood is needed to produce one tonne of charcoal. This fact led TFT to begin work in charcoal. Around 60 percent of all wood taken from the world's forests is believed to be burnt as fuel – either directly or by first converting it into charcoal. The proportion of fuel wood used to make charcoal can only be estimated but it is probable that around 400 million cubic metres are transformed into charcoal per year throughout the world.

In 2013 Weber became TFT's first charcoal member. Weber is a responsible barbeque and charcoal company which uses local sawmill waste wood from the Auvergne forest in France to make its

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charcoal. La Forestiere, a French charcoal importer, with three suppliers in Latvia, quickly became the second TFT charcoal member. We have begun implementing traceability on both of their factories.

The year ended with TFT France hosting an event with 40 stakeholders, including retailers, importers and producers of charcoal, in order to consolidate the retailers' commitment and push the suppliers towards traceability, implementation and transparency.

SUGAR

In 2013 we began implementing a community engagement action program with SOSUCAM, a Cameroonian sugar cane company that produces agro-food commodities in and for Africa. This also involved labour relations management around the company's plans to extend one of its two sugar production and processing facilities from 20,000 to 31,000 hectares.

Many of the 8,000 workers, which include workers from 100 different ethnic groups, are not from the local regions of Nkoteng and Mbandjock where SOSUCAM is based. Some of these ethnic groups are from villages which had their land taken from them by the state. In the past, this has led to tension between these groups, hence the importance of a community action programme.

We also held training workshops for SOSUCAM management, designed to help them proactively ease any tension between staff. The training tackled strategic stakeholder and community engagement, labour management, grievance and solicitations management, information sharing and communications, conflict management and contribution to local development.

TECHNOLOGY MINERALS

Mobile phones and tablets are part and parcel of our modern lives. Yet there remains much work to be done to ensure that the minerals that make up the billions of devices in the world are sourced responsibly, respecting nature and the people extracting them. This is why in 2013 we began research to scope the potential of this new product group, which included engaging with relevant corporate and NGO stakeholders. We started working with a mineral partner in Africa to address both their social and environmental impact and develop responsible businesses with the communities around the mine. Bangka Island in Indonesia, which supplies 90% of the world's tin, and has been ravaged by the effects of tin mining.

SOCIAL AND EDUCATIONAL PROJECTS

Centre for Social Excellence (CSE)

The CSE is a Cameroon-based teaching project which aims to develop and expand the social expertise of graduate-level students and forest/agribusiness professionals throughout Central and West Africa. CSE is designed to promote and improve relationships between private companies and local communities. It offers students a broad range of social, ethnographic and forestry management topics including participative mapping techniques which aim to incorporate the views and rights of indigenous people living in and around forest concessions.

In 2013, seven students completed the CSE's long course - ten months of study including a five-month internship at forestry and agribusiness companies. We also welcomed nine students to our short course - typically two to three weeks' intensive study. Ten TFT staff were also trained through the short course.

The idea behind the CSE is for students take what they have learnt into the workplace, bringing valuable social skills to the many companies trying to find the right balance between

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conservation and development in Africa. Students on the short course are already in employment and will return to their employers with the skills required to work with communities for the benefit of all parties.

During the year, students went on field trips to Biotropical's factory in Douala and a plantation in Penja as part of their 'Consensus Building' class. Biotropical is involved in the production, processing and exportation of tropical organic fruits (pineapple, pawpaw, banana, mango, and passion fruit). They observed and discussed some internal social aspects (e.g. protective equipment, smallholder integration, gender specified jobs, workers safety); environmental issues of organic agriculture (e.g. mixed cropping and organic manure production) and challenges of producing organic products for the global market, for instance ensuring traceability and internal monitoring of production practices.

As part of their class on 'Communication and FPIC' students spent two days in the village of Muebah, south west Cameroon. The aim of the trip was to allow students to gain the valuable experience of interacting with local communities, and how to improve communication with such communities by understanding their social structure and their communication means. During this field visit, students had the opportunity to gather information through informal discussions with village members and through consultation with the village's council. In particular, students focused on issues of gender in taking community decisions on economic activities and village initiatives.

STAFF DEVELOPMENT

Acknowledging the growth in staff numbers in 2013, we extended the size of our Senior Management Committee (SMC) to include staff leading our key projects. In April 2013 they joined TFT directors and the rest of the SMC – county heads and senior managers – in the UK for our annual SMC Week.

Having spent 2012's SMC Week exploring TFT's global role and possibilities, the focus in 2013 was to look inwards and discover more about what motivates us as individuals and how we can successfully navigate perceived barriers to where we want to be. We worked with leadership development organisation Olivier Mythodrama to create a compelling three-day workshop that used myth and storytelling to challenge and inspire. Other sessions held during the week were designed to help us in our day-to-day communication, through the many challenging situations we encounter, and to better understand the power of the self in changing the status quo.

2013 was also a year in which we held a new initiative called Exploration Week. Taking place in June, it gave all staff the opportunity to take a break from day-to-day commitments to explore topics to help develop themselves and TFT. Sessions included an exploration into cocoa supply chains, how to be a better presenter and methodologies for effective project management.

In December we held Reconnecting Day, where each team spent time watching the documentary Project Wild Thing (see media section for more) and then went out into nature to enjoy time together.

Other initiatives held during the year included Slow Month, where for one month of the year each team enjoys a Monday or a Friday off work, and each member of staff being given their birthday off.

All this is in recognition of the exceptional hard work our global teams put into making TFT the unique organisation it is.

PROVIDING EDUCATION, TRAINING AND PUBLIC AWARENESS

a. Outreach to schools and universities

We continued formulating ideas for an education outreach programme built around environmental and social awareness of the supply chain. Senior TFT staff spent time visiting schools and

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universities to discuss the many issues around supply chains and how these can have meaning and application to all education audiences, from primary school children to postgraduate-level students.

b. Web presence

Across the year we continued to develop our website to reflect the need for timely, accurate, digestible information on the output from our work with members. We continued our use of Twitter and Facebook, connecting with our online community through pictures from the field, project updates and links to relevant news.

Our website attracted a total of 61,520 visits and over 180,000 page views. Visitors spent an average of 2.46 minutes on the site and most of our visitors came from the United Kingdom, the United States, Indonesia, France and Australia. Our top three referrers are Facebook, LinkedIn and Twitter, with one of our members' sites, crateandbarrel.com, just behind them. We posted 45 news items during the year.

We also launched our new blog, *Between Two Worlds*, www.between2worlds.com, about stories of change, whether that's smallholder farmers or the state of the fashion industry. This has given TFT a platform to write about, share and promote stories explaining where we have impacted change for the better in either a supply chain or a local community. From its launch in August until the end of 2013, the blog had 4,117 visits and a total of 7,809 page views. Around one third of visits are returning visitors. Among our most popular blog posts in 2013 were 'Palm oil: the process from tree to refinery' and 'Strong 'No Deforestation' commitments save forests and feed people.'

c. Workshops

The objective of our workshops is to promote a broader understanding of the importance of responsible product sourcing. Most of TFT's initiatives include significant training components to ensure long term results. For instance, through factory visits, building capacity in forest projects, or participating in international conferences and workshops, we provide training and education.

These events and presentations are not inclusive of regular training sessions that take place in the forests as part of the process of capacity building in forest managers. These take place on a weekly basis in most of TFT's forest projects.

Some highlights of TFT's education, training and public awareness activities include the following:

- Providing aspects of sustainable forest management, including: forest planning, pre-harvest inventory, environmental responsibility, environmental impact assessments and monitoring, reduced impact logging (RIL) practices, health and safety, GPS and GIS mapping and Chain of Custody.

- Contributing to the development of promotional material for TFT members, including store catalogues, to inform the customer about the importance of sourcing products responsibly.

- Participating in a number of trade fairs worldwide, both through TTAP and our members and NGO partners, to raise industry and public awareness of the importance of sourcing responsibly produced products.

d. Media

TFT enjoyed an increased profile in the media in 2013. This larger number of mentions was not an attempt to boost the brand, it was an opportunity to promote and spread stories about how real transformation took place.

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APP's No Deforestation commitment was widely covered throughout the global mainstream media, with stories covered by the global news media, including:

Associated Press
The Australian
Bloomberg
Financial Times
The Guardian
Le Figaro
Le Monde
New York Times
Reuters
Sydney Morning Herald
Wall Street Journal
Washington Post

Scott Poynton gave a talk on an Australian radio programme Ockham's Razor, focusing on tackling deforestation. Mongabay, one of the world's most popular environmental science and conservation news sites, with over one million unique visitors per month, regularly featured TFT in 2013.

2013 saw the introduction of The TFT Pocket Book, which is the visualisation of our vision. On first inspection, it's far from conventional – but in many ways this is the point. Designed to challenge the reader and make them think. A combination of illustrations about TFT's approach to changing supply chains for the better and how we approach change, the Pocket Book also has a good number of blank pages so it can be used by whoever owns it. Pocket Books are given to new members.

TFT supported the feature-length documentary Project Wild Thing. It gives a witty insight into how to get more kids (and their parents) into the great outdoors. David Bond, the film's director and founder of the Project Wild Thing Network, is contagiously enthusiastic and leaves you feeling inspired.

Project Wild Thing is not just a film; it is a movement of organisations and individuals who want to do something about problems we are addressing in our society as a whole: that because of too much time spent indoors, the current generation of children will be the first generation to have a shorter life expectancy than their parents. Time playing and getting grubby in the garden, learning about the world around them and interacting with their friends and family is decreasing with the outdoors being perceived as dangerous and dirty. The movement wants to reconnect children with nature, creating free-ranging, roaming, outdoor playing children.

FUTURE PLANS

Given the value of the Centre for Social Excellence to companies in Africa, we are now looking to bring the model to Indonesia. Our work in South East Asia has shown us how vital an educational centre like CSE would be for developing the skills to help the region's companies and communities minimise conflicts and enjoy better relationships. We have begun the groundwork that we hope will see CSE Indonesia launched in Autumn 2015.

We anticipate that our work to build traceability and accountability in palm oil supply chains will see us develop more relationships in the industry. We also hope to take time to harmonise our approach across our various members' supply chains and spot further opportunities to help the industry palm oil industry delink itself from deforestation.

Our SURE Technology is growing as we grow, and we are looking forward to developing our transparency dashboard module further to give companies a tailored offering they can use to engage their stakeholders in the company's change journey.

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We are excited about the diversification TFT has undergone in product areas in recent years, and we anticipate expanding this in the coming year. Modern commodities inevitably have complex supply chains and we hope to bring our experience and influence to bear here.

Results for the year

The Statement of Financial Activities shows a net increase in funds of US\$659,086 (2012: increase of US\$ 1,274,322)

Reserves policy

As of 31 December 2013, TFT had a net reserve of US\$2,337,619 (2012: US\$1,678,533). Reserves are held to fund the operations of the charity and The Board of Trustees believes that the TFT should ultimately maintain a level of reserves equivalent to at least 3 months of operating costs. The reserves policy is reviewed annually.

Dividends

As a charitable organisation and a company limited by guarantee, there will be no payment of a dividend. Net incoming resources of US\$659,086 (2012: Increase of US\$1,274,322) will be retained within the funds of the charity.

Governance of the charity

The Board consists of 7 directors appointed by the member companies with the Chairman and at least one Board member being independent of any member company. All decisions are reached by consensus and only the Chairman holds a veto power. In 2013, Board meetings were held in January, May and September.

The induction and training of directors is based on an assessment of each new director's training needs and briefings are tailored to meet their requirements. A list of Directors can be found on page 3.

The Directors have taken into consideration the Charity Commission guidance on public benefit.

Charitable status

The company has been granted relief from Corporation Tax under Section 478 (onwards) of the Corporation Taxes Act 2010.

Risk management

The Board recognises the need to develop sound systems of internal risk control and to implement effective risk management across the organisation and its operations. Risk issues – both internal and external - are discussed at each Board meeting and strategies are enacted to mitigate those risks.

Statement of Trustees' responsibilities

The Trustees (who are also directors of the Forest Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming

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resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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 auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

Approved by the board and signed on its behalf by



Brent Wilkinson
Chairman
September 25th, 2014

Independent auditors' report to the members of The Forest Trust

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Forest Trust, comprise:

- the balance sheet as at 31 December 2013;
- the statement of financial activities and the summary income and expenditure account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the

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knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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This report, including the opinions, has been prepared for and only for the charity's members and Trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
September 25th, 2014

- (a) The maintenance and integrity of The Forest Trust's website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 December 2013

	Notes	Unrestricted funds 2013 US\$	Restricted funds 2013 US\$	Total funds 2013 US\$	Total funds 2012 US\$
Incoming resources from generated funds					
Voluntary income:					
Donations		9,971,390	-	9,971,390	7,596,738
Grants received		-	1,548,152	1,548,152	1,489,811
Investment income:					
Bank interest received		2,490	-	2,490	245
Other incoming resources		7,319	-	7,319	5,539
Total incoming resources		9,981,199	1,548,152	11,529,351	9,092,333
Resources expended					
Costs of generating funds:					
Fundraising costs	2	141,547	21,955	163,502	332,992
Marketing and publicity	3	495,010	76,779	571,789	344,740
		636,557	98,734	735,291	677,732
Charitable expenditure					
Costs in furtherance of the charity's activities:					
Charitable activities	4	7,215,645	1,598,066	8,813,711	6,036,533
Governance costs	5	1,143,845	177,418	1,321,263	1,103,746
		8,359,490	1,775,484	10,134,974	7,140,279
Total resources expended		8,996,047	1,874,218	10,870,265	7,818,011
Net income/(expenditure) for the year	6	985,152	(326,066)	659,086	1,274,322
Net movements in funds		985,152	(326,066)	659,086	1,274,322
Fund balances brought forward at January		1,123,893	554,640	1,678,533	404,211
Fund balances carried forward at December		2,109,045	228,574	2,337,619	1,678,533

All incoming resources and resources expended are derived from continuing activities. The notes on pages 24 to 32 form part of these financial statements. The charitable company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the net movement in funds for the year stated above and its historical cost equivalent.

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Balance sheet as at 31 December 2013

	Note	2013 US\$	Restated 2012 US\$
Fixed assets			
Intangible assets	10	557,244	364,240
Tangible assets	9	270,633	267,807
Total Fixed assets		827,877	632,047
Current assets			
Debtors	11	2,053,660	1,874,540
Cash at bank and in hand		875,090	639,317
		2,928,750	2,513,857
Creditors: Amounts falling due within one year	12	(1,419,008)	(1,467,371)
Net current assets		1,509,742	1,046,486
Total assets less current liabilities		2,337,619	1,678,533
Net assets		2,337,619	1,678,533
The funds of the charity			
Restricted income fund	14	228,574	554,640
General unrestricted fund	14	2,109,045	1,123,893
Total charity funds		2,337,619	1,678,533

The 2012 comparatives for the restricted income and general unrestricted funds have been restated to more accurately reflect the split of the charity funds as at 31 December 2012.

The financial statements and associated notes on pages 24 to 32 were approved by the board of directors on 25 September 2014 and were signed on its behalf by:

Brent Wilkinson
Chairman

Registered Number 3842323
Charity Number 1114277

Notes to the financial statements for the year ended 31 December 2013

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

A summary of the principal accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Cash Flow Statement

The exemption to prepare a cash flow statement has been taken under FRS 1.

Restricted funds

Restricted funds are funds which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation. These funds may be income only (where the capital must be retained) or income and capital (where the donation and income deriving therefrom may be utilised).

Accruals basis

The financial statements are prepared on an accruals basis with the exception of donations which are accounted for on a cash basis.

Incoming resources

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Grants

Grants received and individual grants awarded are accounted for on an accruals basis where there is a constructive or legal obligation.

Resources expended

Direct charitable expenditure in relation to the operation of the activities of the charitable company is accounted for separately from governance costs and any cost in respect of fundraising and publicity.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support for charities. They are allocated to the restricted/unrestricted funds in equal proportion with the allocation of the total restricted/unrestricted resources received.

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1 Principal accounting policies (continued)

Direct charitable expenditure is those costs incurred directly in support of expenditure on the activities of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Tangible fixed assets

Capitalisation

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Any with a cost below \$1,000 are not capitalised.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. Assets are depreciated over three years, five years, or fifteen years on a straight line basis depending on the nature of the asset.

Intangible fixed assets

Capitalisation

Intangible assets represent the capitalised development costs relating to the SURE computer software.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measure.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years. However, given that the asset remains under construction as at the year end, no amortisation has been recognised.

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Foreign currencies

Trading transactions denominated in foreign currencies are translated into US dollars at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in the operating results.

Deferred income

Deferred income represents that portion of income that has been billed to members in advance of the period that the payment relates to, where the period the payment relates to is after the year end.

Accrued income

Accrued income represents income recognised for work performed that was unbilled at the year end. It is accounted for on the basis of work performed that remains unbilled, or in line with contracted agreements with Members. Investment income is recognised on a receivable basis.

Operating leases

Rental under operating leases are charged on a straight-line basis over the lease term.

Pension costs

The company operates 3 defined contributions schemes, the costs of which are included in the SoFA in the year in which they are paid.

2 Fundraising costs

As fundraising efforts are undertaken to obtain additional income from all sources, fundraising cost are allocated to the restricted/unrestricted funds in equal proportion with the allocation of the total restricted/unrestricted resources received.

3 Marketing and publicity

	2013 US\$	2012 US\$
Marketing	501,187	299,322
Publications	70,602	45,418
	571,789	344,740

As marketing and publicity campaigns are generally intended to benefit all donors, marketing and publicity costs are allocated to the restricted/unrestricted funds in equal proportion with the repartition of the total restricted/unrestricted resources received.

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4 Charitable activities

	2013 US\$	2012 US\$
Salaries and social costs	4,799,873	3,778,227
External consultants	947,405	278,620
Operating costs	3,066,433	1,979,686
	8,813,711	6,036,533

5 Governance costs

	2013 US\$	2012 US\$
Salaries and office costs	733,339	615,177
Professional fees	179,822	187,392
Operating costs	408,102	301,177
	1,321,263	1,103,746

As the administration of the charity and compliance with constitutional and statutory requirements is essential and benefiting all donors, the non-specific governance costs are allocated to the restricted/unrestricted funds in equal proportion with the repartition of the total restricted/unrestricted resources received.

6 Net income/expenditure for the year

The balance transferred to the general unrestricted funds and the restricted growth fund for the year is stated after charging depreciation and amortisation of US\$143,882 (2012: US\$67,472). Fees to the auditors for the statutory audit amounted to US\$39,081 (2012: US\$28,680), non audit fees amounted to US\$Nil (2012: US\$Nil). The operating lease charge for 2013 is US\$247,485 (2012: US\$189,751). The operating lease charge covers office rentals.

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7 Employee information

The average monthly number of persons employed by the company during the year was:

By location	2013 Number	2012 Number
Head office	32	28
SE Asia	90	57
Africa	7	6
Latin America	5	6
	134	97

Staff costs (for the persons above)	2013 US\$	2012 US\$
Wages and salaries	5,127,695	4,156,334
Social security costs	623,132	467,576
Other pension costs	187,763	147,147
Employee insurance	5,552	4,624
	5,944,142	4,775,681

No directors received any remuneration from the charity during the year (2012: none). US\$2,855 (2012 US\$2,616) of expenses was reimbursed to directors during the year. They received reimbursements of expenses for travel and subsistence costs in connection with their responsibilities as Trustees of the Charity.

The aggregate emoluments of the highest paid employees were:

Aggregate emoluments per annum	2013 Number	2012 Number
Between US\$100,000 and US\$120,000	2	3
Between US\$120,000 and US\$150,000	1	-
Between US\$150,000 and US\$210,000	3	3
Above US\$210,000 but less than US\$350,000	1	1

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8 Taxation

HM Revenue and Customs in the UK has previously accepted charitable status of the company and has granted relief from corporation tax under Section 478 of the Corporation Taxes Act 2010.

9 Tangible fixed assets

	Office equipment US\$	Assets Under Construction US\$	Total US\$
Cost			
At 1 January 2013	487,246	11,448	498,694
Additions	79,524	-	79,524
Disposals	(72,987)	-	(72,987)
At 31 December 2013	493,783	11,448	505,231
Accumulated depreciation			
At 1 January 2013	230,887	-	230,887
Charge for the year	76,698	-	76,698
Disposals	(72,987)	-	(72,987)
At 31 December 2013	234,598	-	234,598
Net book value			
At 31 December 2013	259,185	11,448	270,633
At 31 December 2012	256,359	11,448	267,807

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10 Intangible assets

	Software US\$
Cost	
At 1 January 2013	364,240
Additions	260,188
At 31 December 2013	624,428
Accumulated amortisation	
Charge for the year	67,184
At 31 December 2013	67,184
Net book value	
At 31 December 2013	557,244
At 31 December 2012	364,240

11 Debtors

	2013 US\$	2012 US\$
Amounts falling due within one year:		
Trade debtors	1,370,960	1,395,615
Other debtors	456,862	315,149
Amount owed by employees	16,086	20,387
Prepayments and accrued income	209,752	143,389
	2,053,660	1,874,540

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12 Creditors: amounts falling due within one year

	2013	2012
	US\$	US\$
Trade creditors	457,238	271,863
Taxation and social security	55,725	39,640
VAT	33,856	-
Amount owed to employees	40,860	59,670
Accruals and sundry creditors	58,586	132,389
Deferred income (see note 13)	772,743	963,809
	1,419,008	1,467,371

13 Deferred income

	2013	2012
	US\$	US\$
Opening balance	963,809	876,853
Incoming resources deferred in the year	3,834,080	3,725,220
Amounts released	(4,025,146)	(3,638,264)
Closing deferred income	772,743	963,809

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14 Analysis of Assets and Liabilities between funds

	Restricted income fund	General unrestricted fund	Total funds
	US\$	US\$	US\$
Intangible assets	-	557,244	557,244
Tangible fixed assets	59,435	211,198	270,633
Current assets:			
Debtors	127,440	1,926,220	2,053,660
Cash	119,852	755,238	875,090
Current liabilities:			
Creditors falling due within 1 year	(78,153)	(1,340,855)	(1,419,008)
Balance at 31 December 2013	228,574	2,109,045	2,337,619

15 Funds

	General unrestricted fund	Restricted income fund	Total funds
	US\$	US\$	US\$
Balance at 1 January 2013 (restated)	1,123,893	554,640	1,678,533
Net movement in funds	985,152	(326,066)	659,086
Balance at 31 December 2013	2,109,045	228,574	2,337,619

Funds are considered restricted when they have been donated to the Charity to perform specific tasks and activities.

The opening balances have been restated to more accurately reflect the split of the charity funds as at 1 January 2013.

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16 Financial commitments

Annual commitments under non-cancellable operating leases were as follows:

	2013 US\$	2012 US\$
Land and Buildings		
Operating leases due to expire		
Within one year	100,265	43,817
Between 2 to 5 years	67,966	151,131
Total	168,231	194,948
Vehicles		
Operating leases due to expire		
Within one year	3,504	-
Between 2 to 5 years	-	8,321
Total	3,504	8,321

17 Capital

The Charity is a company limited by guarantee and consequently does not have share capital. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called to do so.

18 Capital

There were no related party transactions in the year and no balances outstanding from or owing to related parties at the year end.

Annex 1: Supporters during 2013 (unaudited)

Adeo Group	Dolcis	Mitre 10
Aggregate Industries	Domaxel/Weldom	Mr Bricolage
Alinea	E. Leclerc	Natura
ALPI Group	E-bony	Neste Oil
Amcor	E.Nielsen	New Britain Palm Oil Ltd
Anavil	Euro-sten as	Pelt & Hooykaas
Arctic Kvartsit	Exito	Perhutani Industri Kayu Cepu
Arte di Granito	Ferrero	Pro Fair Trade / Ceres Food
Asia Pulp and Paper Group	Florin AG	S2dio
Auchan	Frank Hudson	Sainsbury's
B&Q	Gebr.Voets	Scapino (Belgium)
Beltrami	Golden Agri/PT Smart	Scapino (Netherlands)
Big C	Golden Veroleum Liberia	Sime Darby
BNP Paribas	Jardiland	Sobeys
Botanic	Jetstone	Soboplac
Brantano (Belgium)	Jysk Denmark	Sony Pictures Entertainment
Brantano (UK)	Jysk Finland	SOSUCAM
Brico Dépôt	Jysk Norway	Steffex
Bricomarché	Jysk Sweden	Stoneasy
Carbonex	Kwantum Belgium	Struyk Verwo Infra
Cargill	Kwantum Netherlands	Système U
Casino	La Forestière	Tiga Jaya Furniture
Castorama (France)	Leroy Merlin	Truffaut
Cemai	Leroy Merlin Brasil	Vicaima
Ceramic Prints	Les Mousquetaires	Vlaemynck
CIB	Macintosh Retail Group	Viareggio
Cora	Madeiporto	Weber
Crate & Barrel	Maisons du Monde	Wilmar
Dänisches Bettenlager	Managem	
Dekker Natuursteen	Manfield	
Delhaize	Michel Oprey & Beisterveld	

The Forest Trust

(a company limited by guarantee)

Charitable trusts

Chirac Foundation
Fondation Ensemble
Prince Albert of Monaco Foundation
Synchronicity Earth
Waterloo Foundation

Organisations

Climate and Land Use Alliance
European Forest Institute
European Commission
Global Green Growth Initiative
KfW
Ministry of Agriculture, Nature and Food Quality, Netherlands Government
Rights and Resources Initiative
The Nature Conservancy
UK Timber Trade Federation
VVDH – Dutch Timber Trade Federation