

**Highlands & Islands Environment Foundation
(Scottish Charitable Incorporated Organisation)**

**Trustee report and financial statements
for the year ended
31st December 2025**

**Wenn Townsend
Chartered Accountants
Oxford**

Highlands & Islands Environment Foundation

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Highlands & Islands Environment Foundation

Reference and administrative information for the year ended 31st December 2025

Principal office:	Kinlochaline Morvern Oban PA80 5UZ
Trustees:	Hugh Raven (Chairperson) Frances Gabinsky Stuart Housden Caroline Younger William Carman
Bankers:	The Co-operative Bank plc 29 Gordon Street Glasgow G1 3PF
Independent examiner:	Benjamin Hayes BSc FCA Wenn Townsend 30 St Giles Oxford OX1 3LE

Highlands & Islands Environment Foundation

Trustees' report for the year ended 31st December 2025

The trustees have pleasure in presenting their report, together with the financial statements and the Independent Examiner's report, for the year ended 31st December 2025.

Structure, governance and management

Constitution

The charity is a Scottish Charitable Incorporated Organisation (SCIO). It is governed by its Constitution. The charity was granted charitable status by OSCR on 22nd March 2012.

Appointment of trustees

The charity trustees who are the members of the SCIO, make up the Board of Trustees. Under the Constitution there must be a minimum of 3 trustees and a maximum of 5. Additional and future trustees are elected by the Board to serve for a three-year term but are then eligible for reappointment by the trustees at the next Board meeting.

With regards to training of trustees, all of the trustees already have significant experience of serving on Boards of other organisations in related fields. However, further training will be provided to the trustees as and when required. The position of the chairperson is elected by the Board of Trustees.

Management

The trustees are responsible for the direction and governance of the charity. The Executive Director, Sally McNaught, carries out the day-to-day management of the charity.

Objectives and activities

Charitable purposes

The Highlands & Islands Environment Foundation has been established with the following charitable purposes:

- To advance environmental protection and improvement, through the conservation, protection and improvement of the physical and natural environment within Scotland, in particular but not exclusively by monitoring and protecting natural habitats and biodiversity, in the land and in the sea and establishing marine protected areas; and
- To advance education, with a particular focus on education relating to conserving, protecting and improving the physical and natural environment of Scotland through the dissemination of information about conservation, protection and improvement activities including waste, water and energy usage.

Activities and achievements

In keeping with our charitable purpose to protect and restore the natural beauty, biodiversity and eco-systems of the Scottish Highlands & Islands for the benefit of all, twenty-six grants totalling £311,244 (2024: fifteen totalling £173,297) were awarded during the year to support community-led, grassroots environmental projects in line with our charitable objectives. Projects were supported in each of our four areas of interest: empowering communities for nature; protecting habitats and species; restoring ecosystems; and tackling environmental threats.

A mixture of online and in-person events took place throughout the year, including participation in the Conservation Collective (CC) Global Gathering, HIEF being an affiliate of the CC, and a celebratory event at the Caledonian Club in London recognising some of the achievements of our first five years of grant making. There were also visits to see grantee projects throughout the Highlands and staff visited our sister foundation in Devon as well as participating in the Farmer Cluster Forum at The Allerton Project, Loddington, Leicestershire and a panel discussion in Edinburgh.

Highlands & Islands Environment Foundation

Trustees' report (continued) for the year ended 31st December 2025

Plans for the future

Our 2026 priorities are to sustain the increased number and scope of grants awarded, focusing on increasing donation income, in particular unrestricted donations, to support our grant making. We will continue to diversify income streams for the foundation, crafting engaging and inspiring case studies and marketing materials to continue to raise awareness of HIEF to encourage increased grant applications and to boost the recruitment and retention of donors.

Statement on risk

The trustees continually review and assess the major strategic, operational and financial risks to which the charity is exposed. From this review, the trustees continue to update and establish procedures to mitigate those risks which are identified as a result of this review. The main risks that have been identified in this review are:

- possible reputational risk in the event of a serious accident connected with outdoor activities supported by a grant from the charity; and
- reduction or loss of financial support.

Financial review

The statement of financial activities on page 6 reflects a deficit of £24,145 (2024: surplus of £7,741). The total fund balance carried forward is £40,046 (2024: £64,191).

Reserves policy

Unrestricted funds represent the general funds which the trustees are free to use in accordance with the organisation's charitable objectives.

The trustees confirm that in their opinion the assets of the organisation are available and adequate to fulfil current obligations.

Trustees have agreed a reserves policy to sustain the charity without creating a deficit, with a view to holding around three months free reserves (c£35,000).

Total reserves at 31st December 2025 were £40,046 (2024: £64,191) of which £36,046 were unrestricted (2024: £60,191), and thus the trustees are content that this is in line with the target levels noted above.

Agreed by the trustees on 23rd August 2026 and signed on their behalf by:



Hugh Raven
Chairperson

Highlands & Islands Environment Foundation

Trustees' report (continued) for the year ended 31st December 2025

Statement of trustees' responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable Law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). Under the SCIO's Constitution, the Trustees are required to ensure that full and punctual accounts are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Trustees also have regard to the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2016. Under this legislation, the Trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the SCIO and of the incoming resources and application of resources of the charity 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 of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume the SCIO will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the SCIO and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Examiner to the Trustees of the Highland & Islands Environment Foundation SCIO

I report on the financial statements of the charity for the year ended 31st December 2025 which are set out on pages 6 to 14.

This report is made to the trustees, as a body, in accordance with the terms of my engagement. My work has been undertaken to enable me to report my opinion set out below and for no other purpose. To the fullest extent permitted by law I do not accept or assume responsibility to anyone other than the trustees, as a body, for my work or for this report.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity trustees consider that the audit requirement of regulation 10(1)(d) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements and seeks explanations from the trustees concerning any such matters. The procedures do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's Statement

In the course of my examination, no matter has come to my attention:

- 1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and comply with Regulation 9 of the 2006 Accounts Regulations;have not been met, or
- 2) which, in my opinion, attention should be drawn in order to enable proper understanding of the financial statements to be reached.

Benjamin Hayes

**Benjamin Hayes BSc FCA
Wenn Townsend
30 St Giles
Oxford
OX1 3LE**

..23rd August... 2026

Highlands & Islands Environment Foundation

Statement of financial activities (incorporating income and expenditure account) for the year ended 31st December 2025

	Note	Restricted 2025 £	Unrestricted 2025 £	Total 2025 £	Restricted 2024 £	Unrestricted 2024 £	Total 2024 £
Income from							
Donations	3	60,289	330,840	391,129	110,244	166,100	276,344
		<u>60,289</u>	<u>330,840</u>	<u>391,129</u>	<u>110,244</u>	<u>166,100</u>	<u>276,344</u>
Total income		<u>60,289</u>	<u>330,840</u>	<u>391,129</u>	<u>110,244</u>	<u>166,100</u>	<u>276,344</u>
Expenditure on:							
Raising funds	4	-	44,690	44,690	12,000	35,037	45,037
Charitable activities	5	60,289	310,295	370,584	98,244	125,322	223,566
		<u>60,289</u>	<u>310,295</u>	<u>370,584</u>	<u>98,244</u>	<u>125,322</u>	<u>223,566</u>
Total expenditure		<u>60,289</u>	<u>354,985</u>	<u>415,274</u>	<u>110,244</u>	<u>158,359</u>	<u>268,603</u>
Net income/(expenditure) before transfers		-	(24,145)	(24,145)	-	7,741	7,741
Transfers between funds	11	-	-	-	-	-	-
Net movement in funds		-	(24,145)	(24,145)	-	7,741	7,741
Total funds brought forward		4,000	60,191	64,191	4,000	52,450	56,450
		<u>4,000</u>	<u>60,191</u>	<u>64,191</u>	<u>4,000</u>	<u>52,450</u>	<u>56,450</u>
Total funds carried forward	11	<u>4,000</u>	<u>36,046</u>	<u>40,046</u>	<u>4,000</u>	<u>60,191</u>	<u>64,191</u>

All of the charity's activities are continuing.

The notes on pages 9 to 14 form an integral part of the financial statements

Highlands & Islands Environment Foundation

Balance sheet As at 31st December 2025

	Note	2025 £	2024 £
Current assets			
Debtors	9	-	5,000
Cash at bank		117,579	165,557
		<u>117,579</u>	<u>170,557</u>
Current liabilities			
Creditors falling due within one year	10	(77,533)	(106,366)
		<u>40,046</u>	<u>64,191</u>
Net current assets			
		<u>40,046</u>	<u>64,191</u>
Net assets		<u>40,046</u>	<u>64,191</u>
Funds			
Unrestricted funds	11	36,046	60,191
Restricted funds	11	4,000	4,000
		<u>40,046</u>	<u>64,191</u>

The financial statements were approved by the trustees on 23 August 2026 and signed on their behalf by:

.....
Hugh Raven
Chairperson

The notes on pages 9 to 14 form an integral part of the financial statements

Highlands & Islands Environment Foundation

Statement of cash flows At 31 December 2025

	2025 £	2024 £
Cash flows from operating activities		
Net income	(24,145)	7,741
Increase/(decrease) in creditors	(28,833)	3,806
(Increase)/decrease in debtors	5,000	-
Cash provided by/(used in) operating activities	(47,978)	11,547
Total cash and cash equivalents at start of year	165,557	154,010
Total cash and cash equivalents at end of year	117,579	165,557
Cash and cash equivalents comprise:		
Cash at bank	117,579	165,557

Highlands & Islands Environment Foundation

Notes to the Financial Statements for the year ended 31st December 2025

1. Incorporated Organisation Constitution

Highlands & Islands Environment Foundation SCIO is a Scottish Charitable Incorporated Organisation that is governed by a Constitution.

2. Accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and are in accordance with Applicable Accounting Standards, the Statement of Recommended Practice FRS102 (SORP FRS 102) "Accounting and Reporting by Charities", the Charities Act 2011, The Charities and Trustees Investment (Scotland) Act 2005, The Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011 and in accordance with the Financial Reporting Standard 102 FRS (FRS 102). The financial statements are prepared in Sterling, which is the functional currency of the Organisation. Monetary amounts in these financial statements are rounded to the nearest pound.

Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the charity will continue its operations. There are no material uncertainties that exist or material changes in the way the charity operated and the Trustees consider it appropriate to prepare financial statements on a going concern basis.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity, for example, the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure. No amount is included in the financial statements for volunteer time in line with the SORP. Further detail is given in the Trustees' Annual Report.

Highlands & Islands Environment Foundation

Notes to the Financial Statements (continued) for the year ended 31st December 2025

2. Accounting policies (continued)

Expenditure

Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. All costs have been directly attributed to one of the functional categories of expenditure in the Statement of Financial Activities. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. The charity is not registered for VAT and accordingly expenditure is shown gross.

Cash

Cash at bank includes cash and highly liquid short-term investments until a maturity of three months or less from the date of acquisition of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity only 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.

Funds

All of the charity's unrestricted funds are available for its charitable purposes at the discretion of the trustees. Restricted funds are those funds which can only be used for specific purposes as specified by the donor or when the funds have been received for a specific purpose.

Taxation

The incorporated association is recognised by HMRC as a charity and no charge for taxation arises on the results of the period.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

3. Charitable income

	2025 £	2024 £
Donations	383,001	276,344
Gift aid recoverable	8,128	-
	391,129	276,344

Highlands & Islands Environment Foundation

Notes to the Financial Statements (continued) for the year ended 31st December 2025

4. Expenditure on raising funds

	2025 £	2024 £
Wages and salaries (including pension)	41,230	33,170
Events	3,460	11,867
	<u> </u>	<u> </u>

5. Charitable activities

	2025 £	2024 £
Grants awarded	311,244	173,297
Marketing	1,717	2,599
Sundry expenses	1,371	326
Travel and subsistence	6,829	5,135
Support costs	41,230	37,170
Licences / IT support / professional fees	6,292	3,115
Governance costs	1,901	1,924
	<u> </u>	<u> </u>
	370,584	223,566
	<u> </u>	<u> </u>

6. Support costs

	2025 £	2024 £
Wages and salaries (including pension)	41,230	37,170
	<u> </u>	<u> </u>

7. Governance costs

	2025 £	2024 £
Independent examiner's fees	1,350	1,260
Payroll fees	301	414
Affiliation fees	250	250
	<u> </u>	<u> </u>
	1,901	1,924
	<u> </u>	<u> </u>

Highlands & Islands Environment Foundation

Notes to the Financial Statements (continued) for the year ended 31st December 2025

8. Grants awarded

	2025	2024
	£	£
Glenelg Peninsula Biodiversity Mapping	-	7,600
Restoring Nature at Ardura	-	11,915
Waterfall Woods Rehabilitation	-	5,000
Marine Litter Island Drone Survey	-	7,500
Glen Urquhart Farm Cluster	-	15,000
Salmon Stream Nutrition Restoration Wester Ross Fisheries Trust	-	6,833
Bute Community Forest Ranger	-	10,000
Static Gear Reserves	5,000	10,000
Amphibian and Reptile Crofter Guidance	-	8,952
Lunan Burn Wildlife Cluster	-	7,128
Argyll Economic Assessment	-	15,000
Skye and Localsh Marine Life Reserve	-	7,000
Great Yellow Bumble Bees – cancelled in year unpaid from last year	(10,000)	10,000
Industry Analysis to Inform Policy	-	30,000
Baron's Haugh	-	5,000
Scotland's Fishing and Aquaculture Pollution Problem	-	16,369
Knoydart Wild Trees Survey	12,000	-
Broadford & Strath Community Woodland	15,000	-
Orkney Skate Monitoring	14,975	-
Edinglassie Burn Restoration	10,040	-
Tayvallich Rhododendron Removal	15,331	-
MaCCOLL Baseline Surveys	15,000	-
Salmon in the Classroom	5,000	-
Conserving Red-Necked Phalaropes	20,289	-
Kintyre Seagrass Community Engagement	7,500	-
Seeds from the Sky	9,469	-
Sanday Dune Restoration	15,000	-
Ridding Gigha of Skunk Cabbage	13,310	-
Bac Dubh Peatland Restoration	7,045	-
Arran Community Rainforest Nursery	7,500	-
Arrochar Litter Skink	5,000	-
MPA Film and Podcast	14,695	-
Culbin Sands	5,000	-
West Loch Ness Farm Cluster	14,906	-
Tackling Marine Litter on Scottish Islands	20,000	-
Restoring Nature at Ardura Community Forest	13,534	-
Eigg Tree Nursery	7,000	-
Lossiemoth Dune Restoration	15,000	-
Connecting People and Twinflower	14,698	-
Seedshed Sutherland	10,552	-
Geopark Education Programmes	15,000	-
Collecting Native Oyster Spat	13,400	-
	<u>311,244</u>	<u>173,297</u>

Highlands & Islands Environment Foundation

Notes to the Financial Statements (continued) for the year ended 31st December 2025

9. Debtors

	2025 £	2024 £
Amounts due back from grantees	-	5,000
	<u> </u>	<u> </u>

10. Creditors

	2025 £	2024 £
Grants payable	75,650	104,449
Accruals	1,500	1,401
Other creditors	383	516
	<u> </u>	<u> </u>
	<u>77,533</u>	<u>106,366</u>

Highlands & Islands Environment Foundation

Notes to the Financial Statements (continued) for the year ended 31st December 2025

11. Funds

	Balance at 1st January 2025 £	Income £	Expenditure £	Transfers £	Balance at 31st December 2025 £
Restricted funds:					
Matched Donations Fund	-	60,289	(60,289)	-	-
Spey Partnership Project	4,000	-	-	-	4,000
	<u>4,000</u>	<u>60,289</u>	<u>(60,289)</u>	<u>-</u>	<u>4,000</u>
Unrestricted funds:					
General fund	60,191	330,840	(354,985)	-	36,046
	<u>60,191</u>	<u>330,840</u>	<u>(354,985)</u>	<u>-</u>	<u>36,046</u>
Total funds at 31st December 2025	<u>64,191</u>	<u>391,129</u>	<u>(415,274)</u>	<u>-</u>	<u>40,046</u>

	Balance at 1st January 2024 £	Income £	Expenditure £	Transfers £	Balance at 31st December 2024 £
Restricted funds:					
Matched Donations Fund	-	110,244	(110,244)	-	-
Spey Partnership Project	4,000	-	-	-	4,000
	<u>4,000</u>	<u>110,244</u>	<u>(110,244)</u>	<u>-</u>	<u>4,000</u>
Unrestricted funds:					
General fund	52,450	166,100	(158,359)	-	60,191
	<u>52,450</u>	<u>166,100</u>	<u>(158,359)</u>	<u>-</u>	<u>60,191</u>
Total funds at 31st December 2024	<u>52,450</u>	<u>276,344</u>	<u>(268,603)</u>	<u>-</u>	<u>64,191</u>

Restricted funds:

Spey Partnership Project: the aim of this project is to create an alliance of everyone who loves/has an interest in the River Spey to enable them to work together to restore the River Spey's local ecosystem along its entire length. HIEF was approached to co-ordinate community-led projects with larger catchment scale work & to collate donations from key individuals & local businesses to pay for them.

Matched Donations Fund: this fund represents monies donated to the charity for specific ongoing projects that the charity has itself made awards to in the period.

Highlands & Islands Environment Foundation

**Notes to the Financial Statements (continued)
for the year ended 31st December 2025**

12. Remuneration of trustees and staff

No employees received emoluments exceeding £60,000 in the current or preceding year.

The trustees neither received nor waived any remuneration during the year (2024: £Nil).

The average number of full-time equivalent employees in the year was:

	2025 No.	2024 No.
Administration	<u>2</u>	<u>1.5</u>

13. Related party transactions

During the year, one trustee gave an unrestricted donation to the organisation totalling £10,000 (2024: four trustees totalling £20,000).

In the prior year, a further £15,000 was donated by one trustee for a specific purpose, being for a Restricted Project Co-ordinator.

Mr H Raven, trustee, is also a trustee of Open Seas a registered charity. A grant of £15,000 was made to this charity in the period. Mr Raven had no involvement in this decision, which was approved in line with normal procedures by the charity.

There were no other related party transactions in the year.

14. Ultimate controlling party

The organisation is controlled by the trustees.