

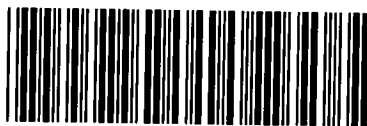
Charity Registration No. 1083225

Company Registration No. 04088392 (England and Wales)

EARTHBALANCE 2000
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

stokoerodger  **LLP**
CHARTERED ACCOUNTANTS

FRIDAY



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28/12/2018
COMPANIES HOUSE

EARTHBALANCE 2000

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr T Fraser Mr G Kemp Dr A G Rutherford Mr D P Wilkinson Dr D R Kell	(Appointed 10 July 2017)
Secretary	Mr K Nicholson	
Charity number	1083225	
Company number	04088392	
Principal address	West Sleekburn Farm Bomarsund Bedlington Northumberland NE22 7AD	
Registered office	West Sleekburn Farm Bomarsund Bedlington Northumberland NE22 7AD	
Independent examiner	A K Dunn BA (Hons) ACA St Matthews House Haugh Lane Hexham Northumberland NE46 3PU	
Bankers	HSBC Bank PLC 110 Grey Street Newcastle upon Tyne NE1 6JG	
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF	

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EARTHBALANCE 2000

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The trustees present their report and the unaudited accounts of the charity for the year ended 31 March 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charitable company provides a public benefit through the promotion of urban or rural regeneration and support for enterprise, education and employment; conservation of the environment. It also promotes physical and mental health and the relieve of sickness and the promotion of sustainable development through the regeneration of the Earth Balance site.

The trustees seek to provide important local and public support for enterprise and employment through the provision of premises and land. This has been very successful with the majority of properties being occupied by tenants. In addition, the site saw an increased number of the general public visiting the site to access the natural resources available there.

The Trustees continue to work hard to listen to stakeholders in helping to deliver the charitable objects and carry out activities and this has widened from Northumberland County Council to include Northumbria NHS Foundation Trust, the local Parish Council Disabled Group, the local Special Needs School, some hard to reach sections of the local community and local residents. In particular, there continues to be an open dialogue aspect to the work of the charity which ensures that the charity develops work in line with those it serves. The Trustees have been successful in establishing positive working relationships which has provided the charity with a strong and sustainable base from which it can continue to regenerate the site.

During the year, work continued on the planning consultation process and in bringing together a more formal group around the Health and Wellbeing Village which will feature in the centre of the site, complementing the newly-completed Proton Therapy Cancer Centre. We are undertaking this work sensitively with partners and at a pace suited to regenerating the site in line with our objects whilst meeting local community needs. The regeneration needed requires meeting future housing, health and social care needs and responding to the current and future needs of those accessing the site today and in the future.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2018

Achievements and performance

The site covers an area of 116.3 Acres (47.09 Hectares) that straddles the South East Northumberland railway line to Ashington and Lynemouth. It is bordered by the A189 and has two power lines running through the site. The 'Sleekburn' runs through the site to an estuary with a salt marsh as a designated Nature Reserve.

In 2016, in line with recommendations from the Charity Commission and its legal advisors, the charity registered a wholly owned trading subsidiary which has allowed it to carry out trading activity, managing the risk at arms length from the charity and allowing the trading company to maximise the current trading opportunities. The trading company has two shared board members with the charity to maintain a high level of shared understanding at a strategic level and is supported by the charity to help achieve its charitable objects. The Trading Company has begun trading and has made a surplus during the year as well as making significant progress in developing out the site in accordance with the charitable objects.

The site has maintained it's organic status via the Soil Association for another year for the soil and fishery and is home to a diverse mix of wildlife, with onsite habitat creation and the development of "wildlife corridors " that allow safe movement of wildlife through areas that are created to support their specific needs, wetland habitats that support a startling array of water birds and over the last two years we have been lucky enough to attract the Water Vole a native British rodent very much in decline throughout the UK.

Over the last few years the site has also developed one of the highest rated Soil Association aquaculture system for breeding of Organic Brown and Rainbow Trout.

During the year the charity provided:

- Protection of the environment and wild life through the maintenance and protection of 116.3 acres of land, in the heart of an urban area, that has become home to a wide range of wildlife not normally seen in the area.
- Maintenance of statutory rights of way.
- Information provided in response to enquiries for information advice and guidance about the site.
- 16,779 bags of organic vegetables and fruit were produced and delivered from the site to the general public.
- 9 men and women from the local area regularly enjoyed using the Earth Balance Shed, making projects for the community or for themselves as well as receiving the important health giving benefits of socialising. All free of charge.
- 56 places per week, 2,800 interventions for disabled adults, learning practical, business, social and life skills based around the creative recycling of textiles.
- Up to 500 children and young people with autism supported by the number one Northumberland based specialist early intervention and post-diagnostic centre for autism.
- 39 individuals with forensic or mental and physical learning needs accessed horticultural activities and support free of charge which equates to 1,872 individual interventions.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The existing buildings and curtilage continue to be improved and the site is gradually seeing a larger number of visitors being attracted to utilise the open public spaces, visit tenants and be welcomed into the community.

Remedial works have continued to tidy up the site, reinstate existing landscaped areas, roads, paths and bridleways, and to progress new works to enhance the site.

The Men's Shed group, based from the indoor maintenance building and which utilises the site assets to carry out projects on and off site to benefit the local community continues to grow. Following the group accessing initial start-up funding, with the support of the Earth Balance General Manager, they now thrive independently of the charity, generating a small income from woodworking. The works the men carry out include joinery, maintenance and building small useful items such as planters and fencing.

A significant milestone achieved during the year was the opening of the Proton Partners International Cancer Centre, now called the Rutherford Cancer Centre, which has seen England's first Proton Therapy Cancer Centre come to the site. This is an important milestone, as it sets up the Health and Wellbeing village front and centre of the regional healthcare agenda to transform the centre site into an exemplary site for the local community and in attracting visitors from out of the area and out of the country. Another significant relationship, generated by the Chair is that with Newcastle University, who have a research interest in the health aspects of the site regeneration. We expect this will be cemented in coming periods with a more formal arrangement alongside potential future health partners Dementia Care, Northumbria NHS Foundation Trust, Synergy Healthcare, Northumberland County Council Social Services and the forthcoming Dementia Consortium led by St Oswald's Hospice.

The Charity has improved its ability to record public access to the site and the level of activities and services provided on site. This has resulted in clearer data available at the year end and we will encourage the improvement of this into 2018/19.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Financial review

The Charity continues a financial recovery, and has maintained a level of cash during the year, without needing to rely on a loan, which is an improvement on previous years. The Trustees and General Manager have worked hard during the year to manage income and expenditure with the Trustees relying on 'General Manager' consultancy support to be able to deliver existing services and responsibilities at a reduced cost to the charity.

The financial position for the period shows a profit of income over expenditure of £36,051, a significant improvement for the charity and an improvement on the 2017 deficit of £2,359. This results in a balance of £182,116 on restricted funds (£184,012 in 2017), and a net deficit in respect of unrestricted funds of £163,753 (£201,701 in 2017). The cash position of £8,015 has improved upon the previous year balance of £5,940, once the exceptional cash amount of £30,000 is removed from last years cash position and the Trustees will seek to increase the cash balance into the future, which will provide further resilience for the charity.

The trustees have kept abreast of the charitable company's deficient unrestricted reserves and have taken action to cut costs, increase income and redress this position and at the same time maintain and improve the site and buildings. The financial statements show a long term loan which has been taken in accordance with Charity law as best value for the charity following a considered approach, supported by our solicitors Muckle LLP, guidance. The long term loan appears as part of the Creditors amount falling due after more than one year and has been externally arranged by an independent financial advisor. In addition, the Trustees have continued a further year without the need for any staffing costs, utilising consultants to meet operational need without the need for ongoing commitments.

The trustees recognise that at the year end the unrestricted reserves are deficient and that the charitable company relies on the support of ORCA Steel DMCC. The Trustees will again set a budget for the following year to show a surplus generated through the plans in place and continue to monitor progress against budget on a monthly basis.

ORCA STEEL DMCC have agreed not to demand repayment of the loan amounts outstanding to them as presented in the accounts, until the Charity is in a financial position to repay them over an agreed period. The Trustees have worked with legal advisors at each step of this process and followed any guidance provided.

The financial statements, which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) and comply with the charity's governing documents.

Reserves policy

It is the policy of the charitable company to aim to achieve unrestricted funds, which are the free reserves of the charitable company, that equate to approximately three months running costs within the next few years. This will provide sufficient funds to cover management, administration and support costs. The Charity is currently not able to meet this level and so we will seek to reduce and manage our limited costs and maximise income to be able to do so in future periods. The subsidiary trading company generates a profit and has plans to generate a significant profit from 2019, and so we envisage financial support to the charity will follow in 2018/19, particularly with respect to reducing the loan amount outstanding.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Risk policy

The trustees have assessed the major risks to which the charitable company is exposed, in particular those relating to the operations and finances of the charitable company, and are satisfied that systems are in place to mitigate our exposure to the major risks. A risk register maintains the risks and mitigations and is discussed by Trustees at each meeting.

In addition, the risks posed by trading have been mitigated further by the set up and successful full year operation of a wholly owned subsidiary trading company to separate specific risks from the charity.

Plans for future periods

Continuance of the regeneration of the site is rapidly progressing across the work streams of Furthering Charitable Objects, Energy, Site Development and Health and Wellbeing and with the first new tenant of significance onsite, we are keen to build on the impetus created. There has been significant local and regional interest in the site and we are continuing to receive enquiries on an increasing basis.

Knight Frank undertook an external valuation survey of the site which showed that the value of the site has significantly increased. The Trustees will continue to work with other external professional advisors to ensure that the value of the site is reflected in any further dealings.

The Health and Wellbeing village progress got off to a strong start in 2016 with significant support from Northumberland County Council in terms of financial support and political support as well as support from the officers of the Council and the Council-owned development company, Arch. Following the year end, Northumberland County Council declared they had no mandate to develop out the site and would not be taking further part to the extent they had previously indicated and so 2018/2019 will be a year in which we seek a development partner for the site who will be willing and able to bring the site to fruition.

The Rutherford Cancer Centre (previously Proton Partners International) opened the building in the summer of 2018, with a staged opening according to the practical completion of the building and the commissioning of clinical services. They obtained a successful CQC approval and at the time of writing had served seven patients on site. A group was set up to consider the masterplanning work required to complete the health village and what an effective brief might look like, considering the extensive work that had already been carried out as we want to complete the area around the Rutherford Cancer Centre site as soon as possible to minimise disruption for patients in attendance. The serving of cancer patients on site is a significant milestone in the site's history and a real demonstration of its rebirth and the ability of the Trustee team to deliver real improvements. Planning has been approved for a small café with veranda and terrace and a large agricultural building with training space with further planning applications due in the future including supported housing and an overall outline planning application for the site.

The site will continue to champion sustainability and conscious provision of energy, as a thriving eco centre where a variety of enterprises, technologies, events, training courses and projects are established and on view to raise the awareness of sustainability issues within the local community and far beyond. In particular, the environmental considerations in the planning process will take a high priority, as will the human geography elements of the site, with the economic elements ranked thereafter.

The Trustees continue to consider how their covenant with the Armed Forces Covenant scheme to help support veterans, active and retired, in the local community and work will progress into the next financial year, and is most likely to come into effect once the site has been further developed.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

During the year the tenants reduced by one, sadly losing Fresh Element through an issue around expectations of pace of development, however other tenants remained the same; Bomarsund Men's Shed, ReDress, Horticultural Training Unit, Rutherford Cancer Centre, Toby Henderson Trust, North East Organic Growers, Black Sheep Organics and a shared charity project office, welcoming partners to the site.

Despite the changing focus of relationship moving to a landlord/tenant one, the Trustees will continue to work positively and diligently in partnership with Northumberland County Council and other stakeholders including Northumbria NHS Foundation Trust, the local Parish Council, the local school, the nearby Parish Disabled group and local residents during the year to develop a site strategy which meets the needs of the local communities and future users of the site. This will ensure that a successful working protocol is established to sensitively bring the site back to life as the regeneration journey continues, creates a sustainable income for the charity and also creates around 300 long term jobs, investment opportunities and facilities for the local community.

The link with the local school supporting children with mental or physical disabilities has strengthened ties with the site and they have received visitors to talk about the world of work and the site received a four week work placement in Spring 2018 for a young man from the school who struggled to get access to real world placements due to perceived barriers around his disabilities.

As part of increasing the public access to site and creating a safe and friendly environment, the Trustees are undertaking a review of site conditions and assets in order to make sure on site buildings and areas are properly maintained and improved, following professional advice. In particular, the barn, brewery, energy centre and kitchen buildings and some common areas require maintenance or modernisation for the betterment of the site and give the environment and public a better and safer site experience. The Trustees have also commissioned risk assessment such as fire, legionella, asbestos and electrical certification ahead of site development.

The Trustees would like to take this opportunity to thank all its partners, including Northumberland County Council and Northumbria NHS Trust for their continued support. In particular the Trustees would like to acknowledge the continued support from sponsors Orca Steel DMCC who have provided support in the form of a long term loan repayable when the charity is able.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Structure, governance and management

The charitable company is limited by guarantee and its governing document is its Memorandum and Articles of Association, dated 6th October 2000 and last amended 16th April 2008.

Earth Balance 2000 ("The Charity") is currently a "Small Charity" (as defined in the Charity Act 2011) and below the audit threshold. It is based at West Sleekburn Farm in the heart of South East Northumberland.

The Governing body of the charitable company are the trustees who meet regularly to decide overall financial policy matters. The trustees have met quarterly to review finances and operational matters.

The directors of the charitable company, also act as trustees of the charitable company.

The accounts show that the charitable company is now only partly reliant upon the past support of the sponsor ORCA Steel DMCC and is continuing an upward trend of stability into 2018/19, in terms of managing cash well and also in seeing a profit generated by the subsidiary trading company.

New members of the board are elected by nominating bodies during General Meetings.

The articles of association restricts members to a minimum and maximum of five which has been maintained throughout the year.

The trustees maintain a well mixed skill base of expertise and ensure that where members resign, suitable replacement candidates are sought.

Most members are already familiar with the practical work and objectives of the charitable company bringing their own relevant and unique skills and receive an induction upon joining.

Since the formation of the charitable company it has been a main priority for the board to maintain a viable business operation that maximised income and kept operational costs to a minimum whilst furthering the charitable aims and objectives.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr T Fraser

Mr G Kemp

Dr A G Rutherford

Mr D P Wilkinson

Mr C Pywell

Dr D R Kell

(Resigned 10 July 2017)

(Appointed 10 July 2017)

The trustees' report was approved by the Board of Trustees.


Dr A G Rutherford

Trustee

Dated: 21 December 2018


Mr D P Wilkinson

Trustee

Dated: 21 December 2018

EARTHBALANCE 2000

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF EARTHBALANCE 2000

I report to the trustees on my examination of the financial statements of Earthbalance 2000 (the charity) for the year ended 31 March 2018.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

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

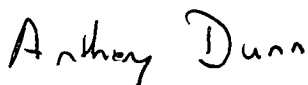
Independent examiner's statement - matter of concern identified

I have completed my examination. I have identified a matter of concern in my report which I believe should be brought to the attention of a reader of the accounts. As discussed in note 14 of the accounts there is a contingent liability in respect of a potential charge from Orca DMCC. My opinion is not modified with respect to this matter.

I confirm that no other matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

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

I confirm that there are no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



A K Dunn BA (Hons) ACA

St Matthews House
Haugh Lane
Hexham
Northumberland
NE46 3PU

Dated: 21 December 2018

EARTHBALANCE 2000

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Charitable activities	3	69,673	-	69,673	339,693
<u>Expenditure on:</u>					
Charitable activities	4	31,725	1,897	33,622	342,052
Net income/(expenditure) for the year/ Net movement in funds		37,948	(1,897)	36,051	(2,359)
Fund balances at 1 April 2017		(201,701)	184,013	(17,688)	(15,330)
Fund balances at 31 March 2018		<u>(163,753)</u>	<u>182,116</u>	<u>18,363</u>	<u>(17,689)</u>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

EARTHBALANCE 2000

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	7		210,317		213,197
Investments	8		1		1
			<u>210,318</u>		<u>213,198</u>
Current assets					
Debtors	9	32,676		10,201	
Cash at bank and in hand		8,015		35,940	
		<u>40,691</u>		<u>46,141</u>	
Creditors: amounts falling due within one year	10	(11,661)		(56,043)	
Net current assets/(liabilities)			29,030		(9,902)
Total assets less current liabilities			<u>239,348</u>		<u>203,296</u>
Creditors: amounts falling due after more than one year	11		(220,985)		(220,985)
Net assets/(liabilities)			<u>18,363</u>		<u>(17,689)</u>
Income funds					
Restricted funds	12		182,116		184,012
Unrestricted funds			(163,753)		(201,701)
			<u>18,363</u>		<u>(17,689)</u>

EARTHBALANCE 2000

BALANCE SHEET (CONTINUED)

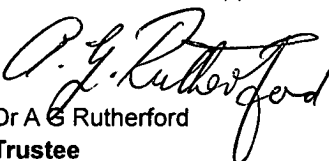
AS AT 31 MARCH 2018

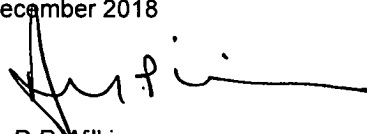
The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts were approved by the Trustees on 21 December 2018


Dr A G Rutherford
Trustee


Mr D P Wilkinson
Trustee

Company Registration No. 04088392

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Earthbalance 2000 is a private company limited by guarantee incorporated in England and Wales. The registered office is West Sleekburn Farm, Bomarsund, Bedlington, Northumberland, NE22 7AD.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees' continue to adopt the going concern basis of accounting in preparing the accounts. The validity of the going concern basis is dependent upon current and future sources of funding or support being sufficient for the charitable company to continue its operations.

The trustees continue to keep the business model under careful review to ensure careful management of resources while maintaining a capacity to benefit from new opportunities. This strategy will allow the company to return to surplus and the trustees are confident in the longer term the company will generate funds to repay creditors.

The charitable company is also dependent upon the support of Orca Steel DMCC and their other group entities. The directors of Orca Steel DMCC Limited have confirmed that their respective entities will continue to support the charitable company for the foreseeable future and confirm the loan made will not be demanded for repayment within at least another 12 months.

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are held for use on specific purposes as determined by restrictions imposed by the funders.

Fixed assets - restricted funds

Earthbalance 2000, a company limited by guarantee, having its primary purpose to provide support and facilitate the creation of opportunities for enterprise and education that work in harmony with the environment through the demonstration of environmentally sustainable practices holds assets, partly financed by grants that can only be used for such expenditure.

- Expenditure incurred on fixed assets is capitalised. The fixed asset being depreciated over their useful economic life in accordance with the charitable company's policy.
- Grant and assistance received specifically to finance the expenditure is credited to a restricted fund.

1.4 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, after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred.

Charitable expenditure comprises those costs incurred by the charity in the delivery of activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the examination fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. management time.

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

All fixed assets are initially recorded at cost.

Depreciation is calculated to write off the cost less estimated residual value, over the economic life of that asset as follows:

Leasehold property	Over remaining life of the 98 year lease
Fixtures, fittings & equipment	20% Straight line

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.10 Financial instruments

The charity only has financial assets and 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.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 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.

3 Charitable activities

	2018 £	2017 £
Sales within charitable activities	69,673	339,693

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

4 Charitable activities

	2018 £	2017 £
Staff costs	-	30,554
Depreciation and impairment	2,880	2,864
Running costs of Earthbalance site	19,830	289,001
	<u>22,710</u>	<u>322,419</u>
Support costs	8,200	11,303
Governance costs	2,712	8,330
	<u>33,622</u>	<u>342,052</u>
Analysis by fund		
Unrestricted funds	31,725	
Restricted funds	1,897	
	<u>33,622</u>	
For the year ended 31 March 2017		
Unrestricted funds		329,269
Restricted funds		12,783
		<u>342,052</u>

5 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year.

In the subsidiary accounts payments of £29,000 were made in respect of self employed consultancy services to Directors of the subsidiary who are also Trustees of the Charity.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6 Employees

Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Administration	-	1

Employment costs

	2018 £	2017 £
Wages and salaries	-	30,387
Social security costs	-	167
	-	30,554

There were no employees whose annual remuneration was £60,000 or more.

7 Tangible fixed assets

	Leasehold property £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 April 2017	291,614	3,521	295,135
At 31 March 2018	291,614	3,521	295,135
Depreciation and impairment			
At 1 April 2017	80,530	1,408	81,938
Depreciation charged in the year	2,176	704	2,880
At 31 March 2018	82,706	2,112	84,818
Carrying amount			
At 31 March 2018	208,908	1,409	210,317
At 31 March 2017	211,084	2,113	213,197

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Fixed asset investments

		Other investments
Cost or valuation		
At 1 April 2016 & 31 March 2017		1
Carrying amount		
At 31 March 2018		1
At 31 March 2017		1

	Notes	2018 £	2017 £
Other investments comprise:			
Investments in subsidiaries	18	1	1

9 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	25,400	9,720
Amounts owed by subsidiary undertakings	5,000	-
Other debtors	411	-
Prepayments and accrued income	1,865	481
	<u>32,676</u>	<u>10,201</u>

10 Creditors: amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	-	3,911
Trade creditors	4,841	14,452
Amounts owed to subsidiary undertakings	-	25,000
Accruals and deferred income	6,820	12,680
	<u>11,661</u>	<u>56,043</u>

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other creditors	220,985	220,985

12 Restricted funds

The funds of the charity include restricted funds comprising the following balances held on trust for specific purposes:

	Balance at 1 April 2017 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 March 2018 £
Visitor centre	184,013	-	(1,897)	182,116
	184,013	-	(1,897)	182,116

13 Analysis of net assets between funds

	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £	Total 2017 £
Fund balances at 31 March 2018 are represented by:				
Tangible assets	28,201	182,116	210,317	213,197
Investments	1	-	1	1
Current assets/(liabilities)	29,030	-	29,030	(9,902)
Long term liabilities	(220,985)	-	(220,985)	(220,985)
	(163,753)	182,116	18,363	(17,689)

14 Financial commitments, guarantees and contingent liabilities

Over the past few years Orca DMCC have supported the Charity in a number of ways, including the general maintenance and improvements to buildings on site and the wider site itself. This has helped make ready the site for our planned future developments in line with our Charitable objectives. The potential costs of this work have not previously been identified to us or communicated to us by Orca until recently. The amount envisaged as a potential charge is currently being negotiated with them. Any agreed liabilities accepted in the future will likely see a corresponding and equivalent uplift in the value of our fixed assets. In addition any such sums will be added to the loan, to be repaid when the Charity's resources allow and will not be due within 12 months of any agreement. The trustees believe the amount significantly exceeds their expectation of a likely agreed final sum once negotiations are concluded. The amount provided in these accounts is £220,985.

15 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Operating lease commitments

(Continued)

	2018 £	2017 £
Within one year	670	607

16 Capital commitments

The charitable company had not contracted for any capital commitments as at 31 March 2017 (2016 - None).

17 Related party transactions

There were no disclosable related party transactions during the year (2017 - none).

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Total paid including on costs	-	30,554

18 Subsidiaries

These financial statements are separate charity financial statements for Earthbalance 2000.

Details of the charity's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Earth Balance 2000 Trading Company Limited	England & Wales	Trading Arm of Charity	Ordinary	100.00

The aggregate capital and reserves and the result for the year of subsidiaries excluded from these accounts was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Earth Balance 2000 Trading Company Limited	24,790	20,897