

Charity Number: 1074983
Company Number: 03527370

**LANCASHIRE
ENVIRONMENTAL FUND
LIMITED (BY GUARANTEE)**
Trustees' Report and Accounts

**For The Year Ended
31 December 2021**

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

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LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

CHARITY DETAILS

Company Name	Lancashire Environmental Fund
Charity registration number	1074983
Company registration number	03527370
Trustees	J Drury F McGinty A J Hughes S Turner Appointed 8 th June 2021 A Atkinson Resigned 8 th June 2021
Secretary	L Sales
Fund Manager	A Rowett
Auditor	MHA Moore and Smalley Richard House Winckley Square Preston PR1 3HP
Legal advisor	Company Secretary PO Box 100 County Hall Democratic Services Lancashire County Council Preston PR1 0LD
Principal/contact address	c/o Lancashire Wildlife Trust The Barn Berkeley Drive Bamber Bridge PR5 6BY
Registered address	Company Secretary PO Box 100 County Hall Democratic Services Lancashire County Council Preston PR1 0LD
Members	Community Futures Lancashire County Council Suez Recycling & Recovery UK Limited Lancashire Wildlife Trust

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2021

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their report and the audited financial statements of the charity for the year ended 31 December 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 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 published in October 2019.

Structure, governance and management

Lancashire Environmental Fund Limited (hereafter referred to as "the charitable company") is a charitable company limited by guarantee, incorporated on 13 March 1998 and registered as a charity on 1 April 1999. The charitable company is governed by its memorandum and articles of association. The power of appointing and removing trustees is vested in the members by way of an instrument in writing signed by each member, each member having the power to appoint one trustee.

The criteria used by Lancashire Environmental Fund Limited to determine the pay and remuneration of key management personnel are the same as those used by Lancashire Wildlife Trust from whom staff are seconded. Lancashire Wildlife Trust use comparisons to external charities for similar roles as a basis for determining the pay and remuneration of key management personnel.

Trustees of the charity

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end are set out on page 1. Trustees are appointed by the Board. The Board's Legal Officer will update the Trustees on changes to the law affecting the scheme. The Fund Manager will provide induction for new members.

The trustees delegate the assessment of applications to an assessment group, which is chaired by the fund manager. The fund manager is assisted by a small team and co-ordinates the daily operation of the charity. The trustees meet quarterly to approve or refuse grants based on the recommendations of the assessment group.

Risk review

The board has conducted its own review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Significant external risks are mitigated by Professional Indemnity Insurance. Internal risks are minimised by segregation of duties and checking procedures.

The major risks to which the charity is exposed due to its management and administration being provided by LWT have been reviewed by the trustees of LWT. Internal risks relevant to the charity are being minimised by the implementation of procedures for authorisation of all transactions. Risk management priorities of LWT, impacting on the management and administration of the charity, are quality systems, succession planning for key staff and the regular review of systems.

Future legislative changes to the Landfill Communities Fund could result in Suez Recycling & Recovery UK Limited, the landfill operator, deciding to withdraw from the scheme. If this happens, the Lancashire Environmental Fund Limited will have to wind up after running down the existing general unrestricted fund balance.

The Fund could also face further challenges as a result of possible legislation to cap administration fees at 7.5% of project expenditure. This represents an extremely challenging target for such a relatively small fund which does not enjoy the benefits of economies of scale which other larger Landfill Communities Fund distributors have.

However, the Trustees have made and will continue to make significant efforts to reduce administration fees wherever possible.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2021

The Lancashire Environmental Fund primarily distributes monies raised from the Landfill Tax paid by Lancashire County Council. In the longer term, the amount of waste sent to landfill will reduce, as intended by the introduction of the Landfill Tax, and this trend is expected to continue over the coming years. As a result, the amount of Landfill Tax income that the fund is likely to receive is also expected to reduce in future. There may come a time when the administration costs of running the Fund would not be justified by the amount of income received for distribution.

The Fund relies on the continued support of Lancashire County Council who pay many of the third party contributions required to enable the Landfill Tax income to be released.

The Fund has remained operational throughout the COVID pandemic and it is anticipated that it will continue to do so throughout the crisis however long it lasts. That being said, the Fund has not remained unaffected by the impact.

The number of claims submitted in this period and therefore grants paid out has been significantly reduced from the levels expected as many projects have either been delayed or suspended during the crisis. The number of applications for new grants, whilst similar to those awarded in 2020, has reduced since the onset of the pandemic no doubt due to the difficulty organisations are experiencing in meeting to organise, plan and submit grant applications for projects, exaggerated by the uncertainty about demand and whether facilities will prove to be sustainable after COVID has run its course.

Connected Charities and Organisations

Lancashire Wildlife Trust Limited

The trustees consider Lancashire Wildlife Trust Limited ("LWT") to be a connected charity as it is a member of the charitable company with the power to appoint one trustee to the board. J Drury was a trustee of LWT until October 2019 and remains a trustee of Lancashire Environmental Fund. In addition, LWT provides management, organisational, administrative and supervision services to the charitable company under an agreement and both parties operate from Cuerden Valley Park near Bamber Bridge. The charitable company has no employees of its own, but subcontracts one full time and two part time employees from Lancashire Wildlife Trust who work exclusively on the charitable company's affairs.

During the year, a total of £65,509 (2020: £63,710) was payable for these services and other management, organisational, administrative and supervision services.

LWT is established to promote the conservation of nature for the purpose of study and research and to educate the public in the understanding and appreciation of nature, the awareness of its value and the need for its conservation. During the year the charitable company awarded grants totalling £49,200 (2019: £47,300) to LWT in connection with those objectives.

Lancashire County Council

The trustees consider Lancashire County Council to be a connected organisation as it is a member of the charitable company with the power to appoint one trustee to the board. S Turner is both a trustee of the charitable company and Deputy Leader of Lancashire County Council.

One of the current functions of Lancashire County Council is to provide and maintain public open spaces including country parks, greenway bridle paths, footpaths etc for the pleasure and enjoyment of the people of Lancashire. During the year the charitable company awarded grants totalling £30,000 (2020: £Nil) to Lancashire County Council in connection with this objective.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2021

Community Futures

The trustees consider Community Futures to be a connected charity as it is a member of the charitable company with the power to appoint one trustee to the board. F McGinty is the Community Futures appointee and a Trustee of the charitable company. The aim of Community Futures is to promote and develop social and community activity in Lancashire, working through voluntary groups and in partnership with public authorities.

Suez Recycling & Recovery UK Limited

The trustees consider Suez Recycling & Recovery UK Limited to be a connected organisation as it is a member of the charitable company with the power to appoint one trustee to the board. A J Hughes is the Suez Recycling & Recovery UK Limited appointee and a Trustee of the charitable company. Suez Recycling & Recovery UK Limited are the waste management company contracted by Lancashire County Council to dispose of the waste in the county which goes to landfill.

Objectives, activities and public benefit

The principal activity of the charitable company is the support for environmental projects via an Entrust registered environmental body which receives landfill tax credits and awards grants to environmental projects which meet the criteria specified by the Landfill Tax Regulations 1996 (As Amended):

- Providing and maintaining public amenities and parks, within 10 miles of a landfill site, when the work benefits the natural social or built environment;
- The provision, conservation, restoration or enhancement of a natural habitat, maintenance or recovery of a species within 10 miles of a landfill site;
- Restoring and repairing buildings which are for religious worship, or architectural or historical interest within 10 miles of a landfill site.

The trustees have had due regard to guidance published by the Charity Commission on public benefit.

Grant making policy

The charity invites applications for funding of environmental projects across the Lancashire area. Institutional applicants are invited to submit a summary of their proposals in a specified format. The applications are reviewed against specific criteria by the fund manager. Projects may be funded over varying periods of time, therefore cost and progress is monitored on a continuous basis.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the year.

Achievements and performance

During the year, the charitable company awarded a total of £1,166,271 (2020: £1,099,243 to 60 projects (2020: 57 projects) while maintaining sufficient resources to enable charitable activities going forward.

The Fund distributes grants on a quarterly cycle on a demand led basis. This makes it difficult to set specific targets for the number and type of project applications received and supported. To ensure the number of applications is maximised, the Fund Manager regularly attends funding events in Lancashire to promote access to the fund.

Financial review

All of the £1,287,961 (2020: £1,170,152) landfill tax income was received from Suez Recycling & Recovery UK Limited in the year. The trustees anticipate the charitable company will continue to be dependent on this income source.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2021

The expectation going forward is that the amount of waste going to landfill and therefore the landfill tax income paid to the Fund will start to reduce as alternative contracts for disposal of waste are entered into by LCC.

In addition to the grants awarded of £1,166,271 (2020: £1,099,243), previously awarded balances totalling £125,624 (2020: £89,657) were written off and this resulted in a net grant cost for the year of £1,040,647 (2020: £1,009,586).

At the year end, grant balances totalling £1,558,240 (2020: £1,525,761) remained unpaid.

Further to the costs of grant awards, governance and support costs of £106,992 (2020: £98,801) were incurred and the excess of income over expenditure for the year was £149,160 (2020: £75,339 excess of expenditure over income).

At the year end, Lancashire Environmental Fund was also holding a sum of £82,357 (2020: £26,930) as an agent for Lancashire County Council, these funds to be used to provide third party contribution payments to draw monies to cover grants awarded for all the grant schemes other than the Green Grant scheme.

At the year end, Lancashire Environmental Fund was holding a balance of £107,218 (2020: £54,645) as an agent for Lancashire County Council. This amount is being used to cover the third party contribution payments required to draw down funds to enable payments of grants awarded under all the Grant schemes including the Green Grant scheme. During the year an amount of £13 (2020: £34) interest on these monies held was received. Amounts totalling £868 (2020: £821) were disbursed to Suez Recycling & Recovery UK Limited to facilitate the drawdown of funds for the Green Grant scheme totalling £8,680 (2020: £8,210). Nothing was paid to secure funding under the other grant schemes during the year.

Investment policy

Surplus funds are held on deposit with Nationwide Building Society and The Royal Bank of Scotland, to ensure a competitive interest rate as well as security and fund accessibility.

Interest earned is reviewed regularly by the Finance Officer. The trustees consider the returns achieved to be satisfactory in the current investment climate.

Reserves policy

The general unrestricted fund balance of £1,117,260 (2020: £968,100) which remains unallocated will be applied to future awards.

The level of general unrestricted funds is reviewed before grant commitments are made to ensure that the balance of these funds is always sufficient to cover current and proposed grant commitments and ongoing administration costs. The trustees are concerned to maximise the benefit to the community of their grant making policy. The trustees, however, have to work within the statutory framework set out in the Landfill Tax regulations and the compliance control of Entrust, the regulator of the Landfill Tax Credit Scheme.

£150,000 of unrestricted funds have previously been set aside in a designated reserve to provide for transitional costs, in the event of landfill operations ceasing as a result of statutory changes to the Scheme or a decision of the landfill operator. The reserve was calculated on the basis of an 18 month wind-up at an annual cost of £100,000 to provide support for existing grant-funded projects. The trustees have reviewed the level of the designated reserve and have decided to keep it as this level, subject to continuous review in the future.

The total fund balances at 31 December 2021 were £1,267,260 (2020: £1,118,100).

The required level of free reserves is currently £nil as the designated fund has sufficient resources to provide for foreseeable transitional costs. The actual level of free reserves at 31 December 2021 amounted to £1,117,260. Reserves were built up in the early years due to uncertainty over the continued funding from Landfill operations. At that time it was the Trustees intention to hold sufficient funds to provide for five years of grant and administrative expenses following cessation of funding.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

REPORT OF THE TRUSTEES

YEAR ENDED 31 DECEMBER 2021

It is the intention of the Trust to continue to reduce reserves through the issuing of grants. The rate at which reserves are distributed is limited by the number and value of applications received, and by the number of those applications that meet the requirements as set out in the Objectives and in the Landfill Tax Regulations. The Trust actively encourages applications through advertising and promotion of the scheme.

Future plans

The Trust will continue to offer grants in line with the objects subject to the potential impact of the factors highlighted in the risk review.

Auditor

MHA Moore and Smalley are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Trustees' responsibilities

The trustees (who are also directors of Lancashire Environmental Fund Limited for the purposes of company law) are responsible for preparing the Trustees' 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 resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 2019 (FRS102);
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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.

In preparing this report the Trustees have taken advantage of the small companies exemption provided by the Companies Act 2006.

The report was approved by the board on 16th March 2022 and signed on its behalf by

S Turner
Trustee

L Sales
Secretary

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

FOR YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Lancashire Environmental Fund Limited (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

FOR YEAR ENDED 31 DECEMBER 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on those laws and regulations that have had a direct effect on the financial statements. The key laws and regulations we considered in this context include Charities Act and Entrust regulations. In addition, we consider compliance with employee legislation, as fundamental to the Charity's operations;

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

FOR YEAR ENDED 31 DECEMBER 2021

- Discussions with management, including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Mason (Senior Statutory Auditor)

For and on behalf of MHA Moore and Smalley, Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP

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LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2021

	Note	Designated funds 2021 £	General funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	2	-	1,287,961	1,287,961	1,170,152
Investments	3	-	8,838	8,838	13,574
Total income		-	1,296,799	1,296,799	1,183,726
Expenditure on:					
Charitable activities	4	-	1,147,639	1,147,639	1,108,387
Total expenditure		-	1,147,639	1,147,639	1,108,387
Net movement in funds		-	149,160	149,160	75,339
Fund balance b/f at 1 January 2021		150,000	968,100	1,118,100	1,042,761
Fund balance c/f at 31 December 2021		150,000	1,117,260	1,267,260	1,118,100

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	2021 £	£	2020 £	£
Current assets:					
Debtors	9	7,205		7,546	
Cash at bank and in hand		<u>2,945,275</u>		<u>2,698,234</u>	
Total current assets		2,952,480		2,705,780	
Liabilities:					
Creditors: amount falling due within one year	10	<u>(1,685,220)</u>		<u>(1,587,680)</u>	
Net current assets			<u>1,267,260</u>		<u>1,118,100</u>
Net assets less current liabilities			<u>1,267,260</u>		<u>1,118,100</u>
The funds of the charity:					
11					
Unrestricted:					
General			1,117,260		968,100
Designated			<u>150,000</u>		<u>150,000</u>
Total funds			<u>1,267,260</u>		<u>1,118,100</u>

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

The financial statements were approved and authorised for issue by the Board on 16th March 2022 and signed on its behalf by:

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S Turner – Trustee
Company Registration Number: 03527370

The notes on pages 13 to page 22 form part of these financial statements.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Note	£	2021 £	£	2020 £
Cash inflows from operating activities:					
<i>Net cash provided by/(used in) operating activities</i>	12		<u>238,203</u>		<u>98,296</u>
Cash flows from investing activities:					
Interest receivable		8,838		13,574	
		<u>8,838</u>		<u>13,574</u>	
<i>Net cash provided by/(used in) investing activities</i>			<u>8,838</u>		<u>13,574</u>
Change in cash and cash equivalents in the year			247,041		111,870
Cash and cash equivalents at 1 January 2021			<u>2,698,234</u>		<u>2,586,364</u>
Cash and cash equivalents at 31 December 2021			<u><u>2,945,275</u></u>		<u><u>2,698,234</u></u>

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS

YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

General information and basis of preparation

Lancashire Environmental Fund Limited is a company limited by guarantee and does not have a share capital. The liability of the members is limited and is not to exceed £1 per member. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are detailed in the Trustees Report on pages 2 to 6.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Income recognition

Income arising from the Landfill Tax Credit Scheme is 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.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes interest received from interest bearing deposit accounts. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. 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. It is categorised under the following headings:

- Expenditure on charitable activities includes grants awarded.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (continued)

Expenditure recognition (continued)

Grants payable to third parties are within the charitable objectives. Grants are due for payment when the grantee makes an approved claim. Previously grant liabilities were treated as falling due within one year unless the terms of the grant offer anticipated payment after one year from the balance sheet date and by reviewing the current status of the project at the year end and when it was anticipated to be completed.

Grants are released to the income and expenditure account when:

- projects are cancelled by the grant applicants;
- the original grant application exceeds the final amount claimed on project completion.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity.

The analysis of these costs is included in note 5.

Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

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. Staff costs are recharged to the charity by Lancashire Wildlife Trust.

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. Whilst the coronavirus pandemic has been ongoing during the year and since the year end, this has had minimal impact on the levels of income being received by the charity. The trustees have considered this when making assessment of the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Judgements and key sources of estimation uncertainty

There have been no significant judgements (apart from those involving estimates) made in the process of preparing the financial statements.

There have been no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

2 Donations and legacies

	2021 £	2020 £
Landfill tax income	<u>1,287,961</u>	<u>1,170,152</u>
	<u>1,287,961</u>	<u>1,170,152</u>

All of the income from donations and legacies in the current and previous year was unrestricted.

3 Investments

	2021 £	2020 £
Interest receivable from interest bearing deposit accounts	<u>8,838</u>	<u>13,574</u>

All of the income from investments in the current and previous year was unrestricted.

4 Charitable activities

	2021 £	2020 £
Grants (note 8)	1,040,647	1,009,586
Governance and support costs (note 5)	<u>106,992</u>	<u>98,801</u>
	<u>1,147,639</u>	<u>1,108,387</u>

All of the expenditure on charitable activities in the current and previous year was unrestricted.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

5 Governance and administration of the charitable company

2021	Basis of apportionment	Governance £	Support costs £	2021 £
Entrust levy	Income	-	35,553	35,553
Staff costs	Staff time	-	58,086	58,086
Publicity	Usage	-	(235)	(235)
Audit fee	Usage	4,350	-	4,350
Stationery	Staff time	9	82	91
Senior mgt charge	Staff time	2,834	2,834	5,668
Office Expenditure	Staff time	332	2,990	3,322
Other	Staff time	157	-	157
		<u>7,682</u>	<u>99,310</u>	<u>106,992</u>
2020	Basis of apportionment	Governance £	Support costs £	2020 £
Entrust levy	Income	-	27,881	27,881
Staff costs	Staff time	-	56,331	56,331
Publicity	Usage	-	1,590	1,590
Audit fee	Usage	3,960	-	3,960
Stationery	Staff time	3	23	26
Senior mgt charge	Staff time	2,834	2,834	5,668
Office Expenditure	Staff time	319	2,873	3,192
Other	Staff time	153	-	153
		<u>7,269</u>	<u>91,532</u>	<u>98,801</u>

The 2021 and 2020 costs were all charged to unrestricted general funds.

During the year the charitable company, which has no employees of its own, subcontracted one (2020: one) full-time and two (2020: two) part-time employees from Lancashire Wildlife Trust to work exclusively on the charitable company's affairs. All these employees undertook work relating to the provision of grants.

The aggregate payroll costs of three persons were as follows:

	2021 £	2020 £
Gross salaries	52,575	50,981
Social security costs	3,734	3,629
Pension contributions	<u>1,776</u>	<u>1,721</u>
	<u>58,085</u>	<u>56,331</u>

No employee received emoluments of more than £60,000.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

6 Auditor's remuneration

	2021 £	2020 £
Auditor's remuneration (net of VAT): For audit services	3,625	3,300

7 Trustee and key management personnel remuneration and expenses

The directors, who are also trustees, of the charitable company are non-executive, are not remunerated and as such are not regarded as employees. None of the trustees received any reimbursement of any expenses. Indemnity insurance of £910 (2020: £893) was purchased during the year, to protect the charity and its trustees from any loss arising from the actions of the trustees.

The key management personnel of the charity comprise only the fund manager. The total cost of key management personnel of the charity (including employer's pension and National Insurance contributions) was therefore £39,826 (2020: £38,980).

8 Grants

	2021 £	2020 £
Balance payable brought forward	1,525,761	1,509,370
Previously awarded grants released	(125,624)	(89,657)
New grants awarded in the year	1,166,271	1,099,243
Net grant cost in year (note 4)	1,040,647	1,009,586
	2,566,408	2,518,956
Grants paid in the year	(1,010,609)	(993,195)
Grants previously paid in advance returned	2,441	-
Balance payable carried forward	1,558,240	1,525,761
Being:		
Due within one year (note 10)	1,558,240	1,525,761

During the year the charitable company awarded 60 grants (2020:57 grants). All grants in the year were awarded to institutions and all were amenity related.

An analysis of new commitments (grants awarded) in the year is shown below.

Previously awarded grants released relate to grants where the intended recipient no longer meets the criteria for grant award or does not require the full grant award any longer.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

8 Grants (continued)

	Grant Awarded £
Community Facility Improvements	
Woodplumpton & District Community Club, Disabled Toilet	£15,000
Streetwise Youth Community Centre Refurbishment, Warton	£30,000
New Kitchen Facilities, Healthier Heroes Burnley	£20,000
Downham Village Hall Reopening Project	£30,000
Goosnargh Village Hall Trust, Double Glazing	£12,022
Mission Heritage Centre Trust Sunderland Point, Centre Conversion	£30,000
Carnforth Free Methodist Church Community Facility Improvements	£25,600
Kelbrook & Sough Village Hall Patio Refurbishments	£3,370
Crossgate Church Preston, Community Youth & Conference Space	£30,000
Dunsop Bridge Village Hall Roof Replacement and Solar Panels	£13,240
ABD Centre, Bacup, Keeping Warmer	£7,630
Building for the Future, Hope Church, Lancaster	£26,630
Clitheroe United Reformed Church, Window Replacement	£14,100
Rufford Village Hall Energy Efficiency Upgrade	£16,490
Hyndburn Leisure Trust, Clayton Civic Health & Wellbeing Hub	£30,000
TASTE Pay What You Can Café, St Laurence's Church, Chorley	£30,000
Re-Roofing Borwick & Priest Hutton War Memorial Hall	£30,000
Carnforth Community Swimming Pool Upgrade	£9,250
Wheatley Lane Methodist Church, Boiler replacement & Heating System Upgrade	£6,000
Ribblesdale Wanderers Cricket & Bowling Club Energy Efficiency Phase 3	£21,910
Accrington Cricket and Tennis Club, Community Clubhouse renovation	£14,000
Damp Prevention Independent Methodist Church Barnoldswick	£8,000
Total	£423,242
	£
Habitat Creation and Management	
Wyre Rivers Trust, Royles Brook Restoration, Thornton Cleveleys	£30,000
Total	£30,000
Parks, Gardens and Open Spaces	
Transforming Newton Community Park, Newton with Scales	£30,000
Lancashire Wildlife Trust Grange Community Garden Development, Preston	£19,200
Total	£49,200

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2020

8 Grants (continued)

	Grant Awarded £
General Environmental Improvements	
New Footpath, Friends of Conway Park	£20,190
Boardwalk for All, Friends of Highgate Wood, Fulwood	£15,000
Withnell Angling Club, Farington Lodges Dipping Platform	£30,000
HAPPA Access Improvements, Briercliffe	£10,340
Lancashire Wildlife Trust, Making an Entrance Mere Sands Wood Rufford	£30,000
Access for All at Carr Lake, Jigsaw, Mawdesley Equine & Peoples Trust	£23,250
Drainage& Environmental Improvements to Barley Village Green	£12,500
Lancashire County Council, Pennine Bridleway Upgrade at Holme Chapel	£30,000
Rivington Heritage Trust, Royton Lane Bridleway Access Upgrade	£23,040
Martin Mere Wetland Centre, Mere Tun Longhouse Project	£15,000
Total	£209,320
Play Areas and Recreational Facilities	
Playground Improvements, Friends of Bent Lane, Leyland	£30,000
New play Area, Forton Recreation Ground	£30,000
Farri Park Outdoor Community Space	£35,000
Chatburn Parish Council Playground	£30,000
Applecass, Young People Having Fun	£15,000
Guiding Light, Read & Simonstone Community Tennis Club	£30,000
Hyndburn Green Spaces Forum, Lowerfold Park MUGA	£30,000
Cycle Development Pendle, Developments to the Stephen Burke Sports Hub	£30,000
Park Enhancement, Friends of Crag Bank Park	£30,000
Regeneration of Torrisholme Play park Morecambe	£20,000
Nether Kellett Village Play Area	£30,000
Friends of Memorial Park, Wheeled Sports Play Area	£30,000
Scotch Quarry Community Garden Playground Refurbishment	£30,000
Rosendale Rays Special Needs Sports Club, Athletics Track Resurfacing	£24,000
Edenfield Village Residents Association Pump Track	£30,000
Eco-Chic Old Laund Booth Play Area, Old Laund Booth Parish Council	£22,100
Total	£446,100
Green Grants	
Whitworth Community Orchard	£1,000
Access Improvements to Barley Cop Community Woods, Lancaster	£1,000
Cuerden Valley Park Trust Outdoor Classroom	£1,000
Malt Kiln Conservation Noticeboard	£780
Conserving Dobcroft Nature reserve, Ingol INTACT	£705
Wilpshire Parish Council, Kissing Gate on Lancashire Way	£1,000
Waterside Millenium Green Trust Painting and Planting	£1,000
Longton VM Sports & Social Club Tree Planting	£996
Croston Together Central Focus Tree Planting	£928
Total	£8,409
Overall Total	£1,166,271

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

9 Debtors

	2021 £	2020 £
Accrued income	7,205	7,546

All accrued income related to unrestricted general funds.

10 Creditors: amounts falling due within one year

	2021 £	2020 £
Grants awarded (note 8)	1,558,240	1,525,761
Other creditors	122,619	57,949
Accruals	4,361	3,970
	1,685,220	1,587,680

During the year ended 31 December 2021 Lancashire County Council paid £nil (2020: £nil) to the fund to cover the cost of third party contributions necessary to draw landfill tax income to finance the Green Grant Scheme going forward. In the event of the Green Grant Scheme ceasing to exist, the monies are to be used specifically to pay third party contributions to draw landfill tax income to be allocated to Lancashire Environmental Fund's other remaining grant schemes. At the year end an amount of £24,861 (2020: £25,716) was held within other creditors.

During the year ended 31 December 2021 Lancashire County Council paid £160,000 (2020: £28,930) to the fund to cover the cost of third party contributions necessary to draw landfill tax income to finance the Main Grant and Small Grant Schemes going forward. At the year end an amount of £82,357 (2020: £28,930) was held within other creditors.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

11 Summary of funds

	General fund £	Designated Fund £	Total unrestricted fund £
Fund balances at 31 December 2021			
Represented by:			
Current assets	2,802,480	150,000	2,952,480
Current liabilities	(1,685,220)	-	(1,685,220)
	1,117,260	150,000	1,267,260
Movements in funds			
Balance brought forward	968,100	150,000	1,118,100
Net incoming funds	149,160	-	149,160
Balance carried forward	1,117,260	150,000	1,267,260
	General fund £	Designated Fund £	Total unrestricted fund £
Fund balances at 31 December 2020			
Represented by:			
Current assets	2,555,780	150,000	2,705,780
Current liabilities	(1,587,680)	-	(1,587,680)
	968,100	150,000	1,118,100
Movements in funds			
Balance brought forward	892,761	150,000	1,042,761
Net outgoing funds	75,339	-	75,339
Balance carried forward	968,100	150,000	1,118,100

The general fund relates to surplus funds from landfill tax credit receipts not yet paid out as grants.

A designated fund of £150,000 has been set up by the Trustees to provide for future transitional expenses in the event that landfill operations cease.

LANCASHIRE ENVIRONMENTAL FUND LIMITED (BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2021

12 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the year	149,160	75,339
Interest receivable	(8,838)	(13,574)
(Increase)/decrease in debtors	341	12,809
Increase/(decrease) in creditors	97,540	23,722
	238,203	98,296

13 Related party transactions

SUEZ Recycling & Recovery UK Limited ('SUEZ') is a member of the charitable company with the power to appoint one trustee to the board. A J Hughes is a Director of Suez and a trustee of the charitable company. During the year landfill tax monies payable to the charitable company from SUEZ amounted to £1,287,961 (2020: £1,170,152).

Lancashire Wildlife Trust ('LWT') is a member of the charitable company with the power to appoint one trustee to the board. J Drury was a trustee of LWT until October 2019 and remains a trustee of LEF. During the year LWT provided management, organisational, administrative and supervision services to the charitable company for which £65,509 (2020: £63,710) was charged in the income and expenditure account. A balance of £119,430 (2020: £139,162) was due to LWT at 31 December 2021. This comprised outstanding grants of £119,430 (2020: £139,162) and service charges of £nil (2020:£nil). Grants totalling £49,200 (2020:£47,330) were awarded to LWT during the year. Grants of £2,893 (2020: £3,084) previously awarded to LWT have been written back during the year.

Lancashire County Council ('LCC') is a member of the charitable company with the power to appoint one trustee to the board. S Turner was the Chairman of the charitable company and a member of LCC. A balance of £30,000 (2020: £30,000) was due to LCC as at 31st December 2021. This comprised outstanding grants of £30,000 (2020: £30,000). Grants totalling £30,000 (2020: Nil) were awarded to LCC during the year.

It is the company policy that trustees must inform the board of their interests in grant applications at the start of board meetings. The interested trustee will not participate during the consideration of these applications. In the case of the Chairman having an interest in an application, the chair is taken by the Vice-Chairman.

14 Post Balance sheet event

Following the year end, grants totalling £60,000 included in year end creditors, have been written back following a decision by the respective charities not to progress the projects. The projects have been withdrawn and will be included in grants released in the year ended 31 December 2022.