

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 2021

EARTHBALANCE 2000

LEGAL AND ADMINISTRATIVE INFORMATION

| | | |
|-----------------------------|---|---------------------------|
| Trustees | Mr D P Wilkinson FCA Mr T Fraser Mr G Kemp Mr D Ledger Mrs J M Nixon | (Appointed 1 August 2020) |
| 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 | |

EARTHBALANCE 2000

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EARTHBALANCE 2000

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and the unaudited accounts of the charity for the year ended 31 March 2021.

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 relief 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 during lockdown.

Over the last year, the Trustees have supported the tenants and the local community through a very difficult period where the COVID pandemic spread throughout the world. This had a profound impact on the site and the tenants, however, thanks to a lot of hard work and communication, all of our tenants have survived the crisis, are still on site, and are supporting the local communities they serve.

The Trustees worked hard during this period to deliver the charitable objects and carry out activities. This included continuing discussions about the future of the site with Northumberland County Council, the local Parish Council Disabled Group, some hard to reach sections of the local community, local businesses, the incoming British Volt development nearby 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 with all these stakeholders 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 around the Health and Wellbeing Village and housing by engaging positively with the local planning consultation and review. This resulted in the charity defraying expenditure as part of a formal planning 'Pre App' process with Northumberland County Council which helped to highlight our future aspirations for the site with the planning team. The Health and Wellbeing Village will feature in the centre of the site, complementing the 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 2021

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, the proposed "Northumberland Line" within ten minutes of Bedlington Station. 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 and the Northumberland Shore Site of Special Scientific Interest is located 2km south-east of the site. The site plays an important part of the ecology of the local area and our response to the pre-app demonstrated a number of unique and important site features.

The site has maintained its 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 protection and enhancement.

The site features habitats that are created to support specific wildlife needs, wetland habitats that support a startling array of water birds. The site has also maintained one of the highest rated Soil Association aquaculture system for breeding of Organic Brown and Rainbow Trout, an area of the site which has been maintained to a high standard once again over the year.

The charity's wholly owned trading subsidiary 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 for the site's development. 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 made a small profit during the year but continued to make significant progress in developing out the site in accordance with the main charitable object of sustainable development. The charity works closely with professional advisors to ensure that activities are carried out in accordance with charity law.

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.
- Provision on site of one of only three proton therapy cancer centres in England, providing new and cutting edge treatment to cancer patients, bringing over £30M of capital investment to the site, adding significant and unique value to the region's healthcare offer.
- Information provided in response to enquiries from the general public for information advice and guidance about the site.
- Approximately 20,000 bags of organic vegetables and fruit were produced and delivered from the site to the general public.
- 20 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 and funded by the charity.
- 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.
- 500 young people and adults attended dance and fitness sessions on the site, improving their health and fitness.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The existing buildings and curtilage continue to be improved and the site is gradually seeing a larger number of public visitors being attracted to utilise the open public spaces, visit on site tenants and be welcomed into the community. Works have been ongoing to maintain and tidy up the site, reinstate existing landscaped areas, roads, paths and bridleways, and to progress new works to enhance the site, albeit this slowed down over the COVID lockdown period due to difficulties in the availability of trades able to work on the site.

The Men's Shed group continues to become an increasingly important part of the centre site, with the members carrying out works to support other tenants and the local community. They are independent of the Earth Balance 2000 charity but continue to be encouraged in their work on the site and in the local community and have worked closely with the national Men's Shed organisation to grow and improve their offer. We currently provide some safe, indoor space for the group to work from.

A significant achievement during the year, was the continued work with an external stakeholder on the future sustainable development of the site. We have worked as a team with the trading company and our legal advisors to ensure that the agreement reflects the best way forward for the local community and for the charity.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Financial review

The Charity continues to manage its finances on a stable basis, and has maintained a level of cash during the year. The COVID crisis had a significant impact on tenants from revising hours of operation, closing down completely through to claiming government support and modifying properties to accommodate a new way of working. Some tenants have emerged from the COVID pandemic stronger and some have struggled both in terms of retaining old customers and attracting new. The Earth Balance Charity and subsidiary Trading Company did not access any government COVID grants during the period. A grant in support of developing the charity over the next period was received during the year and has already had an impact on our ability to sustainably deliver the site for the future, especially during and after the COVID pandemic.

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 minimal cost and long-term liability to the charity.

The financial position for the period shows a deficit of income over expenditure of £9,536 (an improvement on £19,269 in 2020). During the year, we had predicted support towards the cost of conducting a pre-app planning exercise at circa £10,000 which would have meant a break-even position at the year end. This results in a balance of £176,425 on restricted funds (£178,322 in 2020), and a net deficit in respect of unrestricted funds of £175,783 (£168,144 in 2020). The cash position of £18,741 (£6,665 in 2020) has increased thanks to a small CBILS loan of £13,688 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 continue to cut costs, increase income and redress this position and at the same time maintain and improve the site and buildings. There have been a number of improvements made to the site which has reduced the cash position, these have been necessary to the upkeep of the site. This includes updating certifications for water, electricity, fire safety and certification and general site improvements to common areas, paths and shared area.

The financial statements show a large creditor, which includes an interest-free, 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. 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 any external funding.

The trustees recognise that at the year end the unrestricted reserves are deficient and 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.

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

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 six 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 in future periods, and so we envisage financial support to the charity will follow in 2021/22, particularly with respect to reducing the outstanding liability.

The trustees have assessed the major risks to which the charity and its subsidiary trading 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.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Our main objective for future periods is to optimise the potential sustainable development on our site for the benefit of the local community and the protection and enhancement of the site. This work will continue into the next financial year with a new tenant joining us in the kitchen buildings and to complete the work to find and engage with an external stakeholder to carry forward the full site development. Any future development will have to carefully consider the national changes brought about by COVID.

A significant announcement was made shortly after the year end that a gigaplant was to be built within 2km of the site. This will greatly affect the potential future of the site and something which the trustees and trading company will work hard to integrate with throughout 2021 and into 2022 as they began construction of this site. To give a sense of perspective, there will be 3,000 jobs delivered by the site as well as an estimated further 5,000 in the area. This, along with the improved and reinvigorated trainline, means that the site has huge potential to positively influence housing, health and future economic impact of the local community for the better.

The trustees will continue to engage with the local Wildlife Trust, who are seeking a northern pilot for a national scheme called 'Building With Nature' which will ensure that any development work on site will meet rigorous standards and, in time we hope, accreditation.

In any future potential partnership, we would aim to bring energy generation to the fore of the next stage of the site development and in researching and delivering new and innovative ways to produce energy. There are partners who have significant experience with the zero carbon agenda and so we look forward to future developments meeting zero carbon standards and playing our part in driving environmental innovation.

Work over the winter saw further maintenance and development of the pond system as well as winter maintenance of shared areas and working together with Northumberland County Council and their partners Aecom to provide access and support for the investigation works on the railway line.

The trustees will continue to work with wider partners, including Northumberland County Council, Northumbria NHS Trust, the local Parish councils, the local councillors and the local community nearby, to consider how the site can best deliver sustainable development for the area. The opportunity is now timely and significant for the site, with the creation of 300 high quality jobs, investment of over £50 million and a number of other benefits to follow. The trustees and trading company continue to be focussed in the coming year on this development work and in bringing sustainable development of the site to fruition.

EARTHBALANCE 2000

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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 meet at least quarterly to review finances and operational matters.

The directors of the charitable company, also act as trustees of the charitable 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 of delivering sustainable development for the Earth Balance site.

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 D P Wilkinson FCA

Mr T Fraser

Dr D R Kell (Resigned 1 August 2020)

Mr G Kemp

Mr D Ledger

Mrs J M Nixon (Appointed 1 August 2020)

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

.....
Mr D P Wilkinson FCA

Trustee

Dated:

.....
Mr D Ledger

Trustee

Dated:.....

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 2021.

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

I have completed my examination. I confirm that no 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 have no concerns and have come across 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:

EARTHBALANCE 2000

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | Unrestricted funds £ | Restricted funds £ | Total 2021 £ | Total 2020 £ |
|--|-------|----------------------------|--------------------------|--------------------|----------------------|
| <u>Income from:</u> | | | | | |
| Donations and legacies | 3 | 5,000 | - | 5,000 | 1,543 |
| Charitable activities | 4 | 34,668 | - | 34,668 | 29,522 |
| Total income | | <u>39,668</u> | <u>-</u> | <u>39,668</u> | <u>31,065</u> |
| <u>Expenditure on:</u> | | | | | |
| Charitable activities | 5 | <u>47,307</u> | <u>1,897</u> | <u>49,204</u> | <u>50,334</u> |
| Net expenditure for the year/ Net movement in funds | | <u>(7,639)</u> | <u>(1,897)</u> | <u>(9,536)</u> | <u>(19,269)</u> |
| Fund balances at 1 April 2020 | | <u>(168,144)</u> | <u>178,322</u> | <u>10,178</u> | <u>29,447</u> |
| Fund balances at 31 March 2021 | | <u><u>(175,783)</u></u> | <u><u>176,425</u></u> | <u><u>642</u></u> | <u><u>10,178</u></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 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|----------------|----------------|----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | 569,552 | | 575,676 | |
| Investments | 9 | 1 | | 1 | |
| | | <u>569,553</u> | | <u>575,677</u> | |
| Current assets | | | | | |
| Debtors | 10 | 32,247 | | 32,635 | |
| Cash at bank and in hand | | 18,741 | | 6,665 | |
| | | <u>50,988</u> | | <u>39,300</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(7,351)</u> | | <u>(4,799)</u> | |
| Net current assets | | | 43,637 | | 34,501 |
| Total assets less current liabilities | | | <u>613,190</u> | | <u>610,178</u> |
| Creditors: amounts falling due after more than one year | 13 | | (612,548) | | (600,000) |
| Net assets | | | <u>642</u> | | <u>10,178</u> |
| Income funds | | | | | |
| Restricted funds | 14 | 176,425 | | 178,322 | |
| Unrestricted funds | | (175,783) | | (168,144) | |
| | | <u>642</u> | | <u>10,178</u> | |

EARTHBALANCE 2000

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2021

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 2021.

The directors 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.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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 by the Trustees on

.....
Mr D P Wilkinson FCA
Trustee

.....
Mr D Ledger
Trustee

Company Registration No. 04088392

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

ORCA Steel DMCC have confirmed that any 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 2021

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.

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.

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 2021

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 2021

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 Donations and legacies

| | Unrestricted funds | Total |
|-----------------------------|-----------------------|-----------|
| | 2021 £ | 2020 £ |
| Donations and gifts | 5,000 | 1,543 |
| Donations and gifts | | |
| NHS Winter Resilience Grant | 5,000 | - |
| Gift aid from Subsidiary | - | 1,543 |
| | 5,000 | 1,543 |

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

| | Rent receivable 2021 £ | Rent receivable 2020 £ |
|------------------------------------|---------------------------------|---------------------------------|
| Sales within charitable activities | 34,668 | 29,522 |

5 Charitable activities

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Depreciation and impairment | 6,124 | 6,828 |
| Running costs of Earthbalance site | 36,482 | 39,593 |
| | <u>42,606</u> | <u>46,421</u> |
| Support costs | 4,348 | 1,270 |
| Governance costs | 2,250 | 2,643 |
| | <u>49,204</u> | <u>50,334</u> |
| Analysis by fund | | |
| Unrestricted funds | 47,307 | |
| Restricted funds | 1,897 | |
| | <u>49,204</u> | |
| For the year ended 31 March 2020 | | |
| Unrestricted funds | | 48,437 |
| Restricted funds | | 1,897 |
| | | <u>50,334</u> |

6 Trustees

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

In the accounts of the subsidiary, Earth Balance 2000 Trading Company Limited, payments of £12,000 were made to directors of the subsidiary, who are also Trustees of the Charity, in respect of self employed consultancy services.

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7 Employees

There were no employees during the year.

8 Tangible fixed assets

| | Leasehold property | Fixtures, fittings & equipment | Total |
|------------------------------------|-----------------------|--------------------------------------|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2020 | 670,629 | 3,521 | 674,150 |
| At 31 March 2021 | 670,629 | 3,521 | 674,150 |
| Depreciation and impairment | | | |
| At 1 April 2020 | 94,954 | 3,520 | 98,474 |
| Depreciation charged in the year | 6,124 | - | 6,124 |
| At 31 March 2021 | 101,078 | 3,520 | 104,598 |
| Carrying amount | | | |
| At 31 March 2021 | 569,551 | 1 | 569,552 |
| At 31 March 2020 | 575,675 | 1 | 575,676 |

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Fixed asset investments

| | | Other investments |
|---------------------------------|--|----------------------|
| Cost or valuation | | |
| At 1 April 2019 & 31 March 2020 | | 1 |
| | | <u> </u> |
| Carrying amount | | |
| At 31 March 2021 | | 1 |
| | | <u> </u> |
| At 31 March 2020 | | 1 |
| | | <u> </u> |

| | Notes | 2021 £ | 2020 £ |
|-----------------------------|-------|-------------------|-------------------|
| Other investments comprise: | | | |
| Investments in subsidiaries | 19 | 1 | 1 |
| | | <u> </u> | <u> </u> |

10 Debtors

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 22,940 | 20,838 |
| Amounts owed by subsidiary undertakings | - | 2,490 |
| Other debtors | 9,307 | 9,307 |
| | <u>32,247</u> | <u>32,635</u> |

11 Loans and overdrafts

| | 2021 £ | 2020 £ |
|------------------------------------|-------------------|-------------------|
| Bank loans | 13,688 | - |
| Loans from subsidiary undertakings | 3,510 | - |
| | <u>17,198</u> | <u> </u> |
| Payable within one year | 4,650 | - |
| Payable after one year | 12,548 | - |
| | <u> </u> | <u> </u> |

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Creditors: amounts falling due within one year

| | Notes | 2021 £ | 2020 £ |
|------------------------------------|-------|--------------|--------------|
| Bank loans | 11 | 1,140 | - |
| Other borrowings | | 3,510 | - |
| Other taxation and social security | | 501 | 194 |
| Accruals and deferred income | | 2,200 | 4,605 |
| | | <u>7,351</u> | <u>4,799</u> |

13 Creditors: amounts falling due after more than one year

| | Notes | 2021 £ | 2020 £ |
|-----------------|-------|----------------|----------------|
| Bank loans | 11 | 12,548 | - |
| Other creditors | | 600,000 | 600,000 |
| | | <u>612,548</u> | <u>600,000</u> |

14 Restricted funds

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

| | Balance at 1 April 2019 £ | Resources expended £ | Balance at 1 April 2020 £ | Resources expended 31 March 2021 £ | Balance at 31 March 2021 £ |
|----------------|---------------------------------|----------------------------|---------------------------------|--|----------------------------------|
| Visitor centre | 180,219 | (1,897) | 178,322 | (1,897) | 176,425 |

15 Analysis of net assets between funds

| | Unrestricted 2021 £ | Restricted 2021 £ | Total 2021 £ | Unrestricted 2020 £ | Restricted 2020 £ | Total 2020 £ |
|--|---------------------------|-------------------------|--------------------|---------------------------|-------------------------|--------------------|
| Fund balances at 31 March 2021 are represented by: | | | | | | |
| Tangible assets | 393,127 | 176,425 | 569,552 | 397,354 | 178,322 | 575,676 |
| Investments | 1 | - | 1 | 1 | - | 1 |
| Current assets/ (liabilities) | 43,637 | - | 43,637 | 34,501 | - | 34,501 |
| Long term liabilities | (612,548) | - | (612,548) | (600,000) | - | (600,000) |
| | <u>(175,783)</u> | <u>176,425</u> | <u>642</u> | <u>(168,144)</u> | <u>178,322</u> | <u>10,178</u> |

EARTHBALANCE 2000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 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. Through negotiations for the site improvement work previously mentioned in last years accounts the uplift has been agreed and has taken the liability provided in these accounts to £600,000. There are further ongoing discussions regarding the value of any additional site improvement works but the trustees do not believe these amounts are significant.

17 Capital commitments

The charitable company had not contracted for any capital commitments as at 31 March 2020 (2019 - None).

18 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).

19 Subsidiaries

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

Details of the charity's subsidiaries at 31 March 2021 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 | 2,227 | 2,287 |