



Earth Trust
Financial Statements
Year Ended 31st March 2021

Contents

Charity Reference and Administration Details	2
Trustees' Annual Report (Including Directors' Report and Strategic Report)	3
Independent Auditor's Report to the Trustees of Earth Trust	14
Statement of Financial Activities	17
Balance Sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20

Charity Reference and Administration Details

Charity registration number	1095057
Company registration number	04381522
Trustees	Mary Barkham (to February 2021) Ian Davidson David Gilbert (to May 2021) John Harwood Chris Phillips Julian Sayers Nusrat Shah Robin Tucker (from March 2021) Jemma Davey (from March 2021) Stephen Dance (from March 2021) Elizabeth Buckle (from March 2021)
Chief Executive Officer	Jayne Manley
Registered office	Earth Trust Centre Little Wittenham Oxfordshire OX14 4QZ
Auditor	Wenn Townsend 30 St Giles OXFORD OX1 3LE
Solicitor	Blake Morgan Seacourt Tower West Way OXFORD OX2 0FB
Bankers	National Westminster Bank plc 11 Market Place ABINGDON Oxfordshire OX14 3HH
Investment managers	Smith and Williamson 25 Moorgate LONDON EC2R 6AY
Website	www.earthtrust.org.uk

Earth Trust
Financial Statements
Year Ended 31st March 2021
Trustees' Annual Report (Including Directors' Report and Strategic Report)

Vision:

To be a champion for accessible green spaces where the living world thrives and where people develop a deep understanding of their environment and their role in caring for it.

Mission:

To give people access to and experience of the environment through natural green spaces and together understand what we can do to care for the planet.

Earth Trust's location, mission and strategic priorities will enable us to become very relevant, highly visible and able to play an important role in generating excitement and interest in natural green spaces, natural capital and ecosystems and environmental science. Whilst Earth Trust is located in South Oxfordshire, the centre of significant building and commercial development, both our vision and mission are applicable across the South East and resonate UK-wide.

Strategic Aims and achievements in 2020/21

A renewed purpose:

Earth Trust exists for the benefit of the public to:

- **Engage** the public in the environment through access to local natural green spaces as a means to advance their understanding of ecosystems that sustain life on Earth and their role in looking after the planet.
- **Demonstrate** and communicate sustainable management to the public about the public benefits of the land through farming for the production of food and other products, forestry and the production of timber and wood products, and the management of water and the ecosystems on which clean water depends.
- **Care** for, improve and interpret green spaces, their biodiversity, ecosystems, and heritage features for the public, through learning, education and knowledge.

To deliver this purpose the charity needs to:

Be **financially sustainable** and demonstrate the financial sustainability of our land enterprises.

A year in context

By 1st April 2020, the United Kingdom had already entered the first full-scale national lockdown as a result of Covid-19. An unprecedented set of circumstances faced the Trust, combining economic uncertainty as a result of cancelled activities, an operational hiatus, and a need for a recalibration of our objectives, services and systems but with a lack of insight into the extent of the impacts on the year ahead.

The national radical requirement shift towards, people staying at home, business and schools closure and working from home and the favourable weather meant that Earth Trust's core service of providing and promoting accessible natural green spaces for all rapidly became a focal point.

In addition, significant social inequalities were highlighted by the impacts of Covid; for the Earth Trust, this became particularly relevant with the exposure of unequal human access to green spaces, especially for low income households, urban populations and the clinically vulnerable. Mental health and wellbeing alongside physical health were also spotlighted throughout the pandemic, with green spaces now recognised as providing an important role in supporting people during turmoil, change and at times of crisis.

In the May of 2020, racial equality became an equally prominent focus across the Western world, leading to a wide ranging political and social movement that shone a spotlight on racial inequity. This became increasingly important for all UK organisations to tackle, with the need for greater efforts to tackle racial equity, inclusion and community support. The natural world very quickly became a frequently named aid to tackling these issues, with an enormous reliance from the British public on green spaces.

Despite the justified shift in attention on the pandemic and health crisis, the global environmental crises of previous years had not been diminished. International agreement on the urgent race to meet 'net zero' carbon targets, as well as a global and national priority to restore nature and improve biodiversity continued apace. The political dawn of Brexit, COP26, the Environment Bill and the Agriculture Bill set the tone for a combined increased relevance for the Earth Trust and our challenges in the year ahead.

Annual Review

The initial national lockdown in spring 2020 resulted in immediate closure of the Trust's offices and all staff being required to work from home for the foreseeable future. As the longer-term impacts of the pandemic began to emerge, it became apparent that the lockdown was not a short-lived situation and that the Trust needed to plan for uncertainty and a significant shift to operations and organisational objectives.

One of the immediate emergency actions taken was to establish a 'Covid Response Team' (CRT), as a temporary replacement for existing management structures, to provide senior leadership for strategic decision-making, interpretation of the shifting national context and organisational stability. By the end of spring/early summer, the CRT created three main tools: sixteen week rolling cash flow, resourcing plan and Business Critical Management Plan and a set of three organisational objectives to reflect this point in time and help the staff re-calibrate and focus on the major strategic challenges for the year ahead.

Strategic Objectives for 2020/21

The Trust's CRT, supported by Trustees, put in place three strategic objectives in order to reflect the exceptional circumstances facing the Trust; the fourth objective was added in summer. This provided the framework to direct priorities, plan workloads for those staff not furloughed and report against for Trustees and others. By the end of April, a new in-year financial plan with re-aligned targets and outputs had been agreed, in line with known shortfalls in income, staff changes and other major influencing factors.

In addition, an organisation-wide 'horizon scanning' process was initiated in April. The purpose of this process was to collate information, views and trends from multiple internal and external sources to inform the Trust's decision-making and forward planning. The horizon scanning looked at a wide range of factors affecting the Trust, in light of the world view, under the headings of political, economic, social, technological, legal and environmental. It presented these impacts based on a combination of evidence and opinion, with a likelihood and severity rating to guide decisions and actions. Each organisational department/function applied the relevant factors against their workstreams and teams and a regular review system was put in place to reflect changing circumstances and intelligence.

Objective 1: To Raise Funds for Financial Stability

In order to remain financially stable, this objective was created to prioritise the raising of funds.

Immediate Covid impacts on the Trust included the closure of all schools, cessation of social activities, events at all scales and mixing outside of households. There was the banning of all public events and ceremonies, such as festivals, weddings, parties and group meetings. This resulted in an immediate financial loss of significant core income from seasonal festivals such as Lambing weekend, venue hire, events and activities and environmental education. This objective instigated a focus and new way of working towards core fundraising and re-framing the impacts and deliverables of the Trust, without being able to directly work face to face with beneficiaries. With increasing numbers of people visiting green spaces for their physical health and mental wellbeing, and latterly in light of renewed focus, the year's fundraising income target was increased by almost 25%, to help close the forecast deficit; the original unrestricted target was £136,500, which was raised to £169,000.

During the year we balanced the needs of the business with the utilisation of the furlough scheme. At the peak in summer 2020 we had almost 30 staff furloughed, which accounted for nearly 80% of the workforce. As the scheme unwound we continued to utilise flexi furlough wherever possible, making sure that as the restrictions changed we capitalised on the opportunities to provide our services, particularly environmental education but kept our staff cost exposure to a minimum.

The Government also provided a variety of Grants for businesses impacted by Covid. These included business rates grants, restart grants and other grants particularly aimed at the hospitality sector, which we also utilised.

Whilst concentrating on the short term impact of Covid on the Trust the team also looked at the medium term and restructured the assets base by crystallising a long term asset to create more short term reserves so that once the pandemic was over, or at least contained, we would be in a position to rapidly progress our development plans.

Earth Trust
Financial Statements
Year Ended 31st March 2021
Trustees' Annual Report (Including Directors' Report and Strategic Report)

A significant shift saw additional staff directed towards raising funds, as a temporary measure during Quarters 1 and 2. A mixed approach was taken to maximising the available and applicable Government funds, presenting a 'Covid-19 Case for Support' to our core valued supporters, targeted applications to Trusts for urgent relevant project funding and a timely unrestricted grant from the Thames Water emergency relief fund.

In addition, we launched a summer campaign, bringing together our communications, influencing and fundraising strategies with the need to care for and manage green spaces. To maximise the national focus on the importance of green space access during the pandemic and the challenges of supporting people visiting green spaces we asked visitors to 'Love It, Look After It'. This appeal, alongside other campaigns and our existing Friends and supporters' offers combined to produce a year-end fundraised income result above the reviewed increased target.

Objective 2: Engaging Supporters

One of our core objectives, and a central tenet of our strategy is to engage people through their interactions with green spaces and the natural environment. We aim to do this, in large part, through providing access to green spaces and engagement in the environment, as well as by actively offering and delivering opportunities for festivals and events for the general public, volunteering, and environmental education. At the onset of the pandemic, this facilitated engagement was stripped away, prompting us to rapidly move our engagement strategy online. This required new ways of working for the staff team, new ways of describing our purpose and impacts to supporters and also presented a new opportunity for us to reach new audiences.

Our messaging about the vital role of access to the natural environment and green spaces for people's emotional and mental health and wellbeing took on a new urgency. We were able to respond to a mix of regional and national media, including a feature on BBC's Countryfile, to convey key messages and raise the Trust's profile. Our 'Love It, Look After It' campaign became the umbrella call to action for engaging both existing and new supporters, tapping into the social rhetoric of the time.

Later in the year, having continued with the archaeological investigations at the Earth Trust Centre and as we had developed a growth in online audiences and digital engagement methods, we held a series of online archaeology events. The digital platform provided an engagement footprint that reached over 1,700 viewers in 18 countries and resulted in over 300 new subscribers to the Trust's newsletter.

Objective 3: Delivery of Core Charitable Business Critical Activities

In order to stand the greatest chance of the Trust's survival and ability to prosper throughout the uncertainty, we focussed resources, effort and investment into our core charitable delivery and assets. This included delivering all statutory activities, governance and maintaining fixed assets. We prudently took full advantage of the Government's Coronavirus Job Retention Scheme throughout the year, in order to retain as many staff as possible on furloughed leave. This proved to be a key decision both financially and from an HR investment. As the pandemic and restrictions continued and with the need to control the Trust's biggest expenditure (staff costs), three roles were made redundant in line with changes to the Trust's core delivery model at the end of 2020; these roles related to venue hire, events and ad hoc ecological survey work.

Aware of the health and wellbeing benefits of access to green spaces, we made the decision to try to ensure we kept open all green spaces in our care (including community reserves); we were able to do so safely, within guidelines and to provide a freely accessible public service throughout the pandemic crisis.

In addition, we retained staffing levels in order to manage and maintain all locations, despite a reduced staff capacity and heavily restricted volunteer resource. We are grateful to individual volunteers who worked hard to clean up after large numbers of people using our spaces.

We were able to support the Government roadmap relating to delivery for schools and education; we provided critical activities for Special Educational Needs groups during all viable periods and supported a mix of home schooling, community groups and local charities through the summer of 2020 and online for other periods.

Earth Trust
Financial Statements
Year Ended 31st March 2021
Trustees' Annual Report (Including Directors' Report and Strategic Report)

The construction of Phase One of the Earth Trust's Gateway continued throughout, with minor interruptions and delays to the conversion of our Innovation Hub and construction of Earth Lab. Full risk assessments were made throughout the year, weighed against the potential impacts of delaying or ceasing construction. The impacts of delaying would have been significant both financially, in the short-term, and then the ability for the Trust to 'recover'. Construction was permitted to continue under government regulations throughout the pandemic and our excellent working relationship with Beard Construction, and the professional services team amongst others, ensured we were able to deliver with only a minor delay. The investment and completion of these assets are critical to the Trust's future delivery model and ensured we were able to deliver contractual obligations to funders and supporters.

The Trust took the decision in early 2021 to review the second development phase of the Gateway: this was, in part, informed by the organisational horizon scanning and continued uncertainty presented by the pandemic impacts. As the country entered a third full-scale lockdown in January, for a predicted extended period, the Trust took the decision to budget for the forthcoming financial year as a 'circuit breaker' budget; this would enable the Trust to strategically plan for the year ahead, instigate new working practices in readiness for returning to 'normal' and recover our staff levels, outward delivery programmes and events.

Objective 4: Business Recovery

Delivery of business critical activities, our core mission and the organisational horizon scanning helped focus the areas of business recovery for the Trust. We were led by the Government Roadmap, funding opportunities and strategic decision-making to conduct a phased return of our business activities.

We took the decision in spring 2020 to delay the start date of the River of Life II wetland creation project, in order to alleviate financial pressure, manage uncertainty and protect staff, contractors and partners. The project management continued to be led by the Head of Land Management, in order to secure the additional required funding created by the delay, manage relationships with all partners and continue to prepare the locations for commencement in 2021. The project commenced in Quarter 4, approximately 10 months after the original planned date, with full funding in place and a plan for measuring greater impacts.

A major funding income from the Swire Charitable Trust of £25,000 enabled us to retain and deliver support for our volunteer network, including digital engagement (during periods where delivery was not possible) and recruiting a waiting list of almost 100 new volunteers in preparation for the end of Covid restrictions. Additional funding from the Heritage Lottery Fund of £50,000 also supported core costs to manage our finance, strategy, communications and administration functions.

We were able to continue to plan and fit-out the delivery spaces within Earth Lab and Innovation Hub, making them ready to function as potential income-generating assets in the 2021/22 financial year. Close working partnership with District Councils also advanced, to enable dialogue and funding potential for investment in the future infrastructure of the Trust's Centre.

In Quarter 3, we were successful in completing the sale of a major asset, in line with plans to release capital for future infrastructure investment. The sale of North Farm farmhouse, which was authorised by Trustees, released funds to be designated for investment in 2021.

Two new partnerships were taking shape in the final quarter of 2020/21. One with the Environment Agency, to enter a collaborative agreement as the environmental partner for the Oxford Flood Alleviation Scheme. The other with South Oxfordshire the Vale of White Horse District Councils to align thinking and strategy around their jointly declared climate and ecological emergencies.

Statement of Public Benefit:

People-driven environmental regeneration

The Earth Trust focus is on people. People benefit regardless of their age, background and ability; those that benefit most are disadvantaged or disconnected either socially or physically. The experiences we offer have a profound effect on people's lives improving their quality of life significantly. The impact of the public benefit we provide goes beyond that experienced by individuals themselves or the boundaries of the local community greenspaces. Our impact is local and regional and, such is the significance of our projects, we have a national resonance as well.

A renewed relevance for health, wellbeing and equality

The societal changes noted in the 'year in context' and horizon scanning have reinforced the relevance of Earth Trust's provision of public benefits in 2020/21 and the greater need for activities and action ensuring equality of access and engagement in the environment. The national spotlight on inequalities relating to physical health, emotional and mental wellbeing, racial inequity, diversity and the overall inequality gaps in the UK prompts the Trust to review what part we are able to play in helping address these issues. The multiple lockdown periods made it increasingly difficult to deliver physical solutions, but by keeping our green spaces open, free to access and accessible we continued to provide opportunities for people minded to and able to benefit from these inspirational locations. The Trust took steps to review our communications and opportunities to reach out digitally to wider audiences. We recognise that we could do more and sought, and continue to seek funding opportunities that specifically attempt to address equality, including applications to the Green Recovery Challenge Fund, Mend the Gap and Oxfordshire Community Fund.

We provided education delivery throughout to some of the most vulnerable young people within south Oxfordshire, including activities for community groups that support children with autism and their families and for those referred from statutory authorities and mental health services.

The Trust continues to seek partnerships, opportunities and practical outreach projects to enable us to address equality and health and wellbeing into 2021; new relationships have been established with the County Council public health team, a small network of local Non-Governmental Organisations' focussed on equality issues and funders that can help the Trust support the much needed changes we want to see. In addition, we continue to review our operations, recruitment, communications and engagement strategies to support this agenda as a more central way of working.

The Earth Trust's public and economic impacts are, like its vision and activities, wide-ranging and multi-faceted. The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties. Our public benefit can be summarised as:

1. Positive impact on the local economy

Direct employment equates to 25 Full Time Equivalent (FTE) jobs; a further 5.7 FTE jobs are supported by expenditure in local businesses and a further 7.2 FTE jobs in the local economy. In total, it is estimated that the Earth Trust supports 37.9 FTE jobs.

The Earth Trust's contribution to Gross Value Added (GVA) in the local economy, based on expenditure on staff, other purchases and indirect and induced effects, is in the region of £1,020,000. A further £117,000 GVA, at least, is provided through the Earth Trust Farm.

2. The Earth Trust sites deliver a wide range of ecosystem services which benefit people

The Earth Trust's main holding at Little Wittenham comprises arable, horticulture, grassland and woodland and is home to a variety of land-based enterprises and activities, including crop production, cattle and sheep production, whole farm Environmental Stewardship, woodland management, rural businesses forming part of the Farm Step incubator project, and an innovative wetland creation projects, named River of Life.

The five Community Reserves comprise grassland, ponds/lakes, reed bed and woodland and support extensive livestock grazing together with a variety of recreational activities.

Together these assets deliver a range of ecosystem services including: food and fibre; timber and wood fuel; genetic diversity; climate regulation; regulating water flow; regulating soil quality; pollination; sense of place; tranquillity; outdoor recreation; and biodiversity. These services help to underpin economic activities, reduce cost to society, enhance the wellbeing of people and communities and maintain a liveable environment. It is not possible to value all these services, however, the natural capital value provided by the Earth Trust's sites is estimated to be in the region of £10-15 million, based on transfer values for similar sites elsewhere.

3. Benefit to public health and quality of life

Having access to attractive, diverse, well managed and freely accessible countryside and green space contributes to the region's high quality of life and is a significant draw for people and businesses considering locating to the area. While it is not possible to produce a specific figure with the data available, it is reasonable to conclude that there is a sizeable amenity value associated with the Earth Trust sites, including their management and open access.

Earth Trust has attracted 200,000 visits a year prior to this year. As the Covid pandemic took hold the numbers of people visiting our green spaces for their daily exercise and health and wellbeing saw significant shifts in peak footfall, in line with limitations on public mobility. Records show that the average increase in car numbers on peak days at the Wittenham Clumps car park was up by 246%, in comparison to the same peak days in 2012 (latest available data sets).

4. The Earth Trust's skills and training activities contribute to a well-educated society and a skilled workforce

The Earth Trust Centre, which provides the venue for all training activities and events, was closed due to the pandemic before the start of the financial year. The public venue spaces (indoors) remained closed throughout the year, partly in line with our planned construction impacts, but principally due to the ongoing effects of Covid and social distancing. We were able to resume environmental education activities, within the government guidelines, during the very limited periods when schools were open and permitted to offer 'off site' education.

Mainstream schools remained predominantly unable to make use of any outdoor education facilities, due to transport, social distancing and other restrictive measures, but 75% of our Countryside Skills groups, representing some of the more physically and mentally vulnerable children in the local area, were able to return to the Trust in September. As a result, despite a critical loss of income, some staffing and available business, we delivered education sessions to 270 individual children, including two groups from local social support charities and multiple weekly sessions to four mainstream and three special educational needs groups.

The economic value of these skills and training activities is difficult to quantify, however a recent study estimated that learning in the natural environment makes a vital and necessary contribution to environmental knowledge, valued at £2.1 billion in England in 2010 (£1.6 billion for GCSE subjects and £0.5 billion for A-Level), based on enhanced lifetime earnings. The Earth Trust's work plays a part in delivering this value.

5. The Earth Trust supports the public and local visitor economy by providing free access to its sites

There were an estimated 23,360 day visits to the Little Wittenham site when surveyed in 2012, involving visitors from outside the local area. These visits are estimated to bring additional expenditure of around £629,000 to the local economy, including direct expenditure on food and drink, shopping, fuel etc. and multiplier effects. This visitor-related expenditure supports a further 7.2 FTE jobs in the local economy. The balance of visits to the Earth Trust's sites are from local people and do not generate additional expenditure and employment within the local area.

Recent conversations in development with Executive members of South Oxfordshire District Council are progressing the recognition of this value to residents across the District and the role Earth Trust spaces play in supporting a healthy, resilient community.

Our footfall continues to rise year on year and the demand for greenspace access has taken on a new sense of purpose; particularly in the pandemic lockdown, where we have seen unprecedented numbers; this includes over 36,000 visitors to the Clumps alone in under four months (June to September 2020). The impacts from the ongoing pandemic in 2020 demonstrate the strong anticipated future trend of footfall, which in turn gives us the confidence regarding decisions for our future.

6. The Earth Trust's community engagement activities contribute to a happy and healthy society and support people directly

Whether it be through visits, events and activities or volunteering, the Earth Trust provides a range of opportunities for people to engage with the natural world and contribute to its care and management –

Earth Trust
Financial Statements
Year Ended 31st March 2021
Trustees' Annual Report (Including Directors' Report and Strategic Report)

around 200,000 people do so each year. This contributes to a healthy and happy society, underpinning people's health and wellbeing.

Applying the findings of a study on access to green space and healthier lifestyles indicates that the savings to the national health service associated with visitors to the Earth Trust's sites, based on the number of visitors engaged in walking, volunteering and similar activities, could be in the order of £1.75 million per year. This figure needs to be caveated however given differing local circumstances compared to England as a whole and is subject to demonstrating the additionality associated with the Earth Trust's management and activities.

7. The Earth Trust undertakes research which contributes to viable, more resilient businesses in the land-based sector and enhances the natural environment

The Earth Trust explores new approaches to sustainability through its research and seeks to capture the learning and share this evidence with others. In addition to its own primary research, a broad spectrum of research assets is provided for working in partnership with other organisations and for hosting research trials.

By contributing to more sustainable farming and forestry, better managed wetlands, and ways of life with a lower environmental footprint, the Earth Trust makes a national and international contribution to more viable farming, food and forestry businesses and associated employment; a higher quality and more resilient environment; and a better quality of life.

Structure, Governance and Management

The Earth Trust is registered in England and Wales as a charity, number 1095057, and as a company limited by guarantee, number 04381522. The liability of the Trustees, as members, is limited to £10.

The Earth Trust is governed by its Memorandum and Articles of Association. The directors of Earth Trust are its Trustees for the purposes of charity law and are ultimately responsible for the management of the organisation (non-executive directors). The terms of the charity's Memorandum and Articles of Association exclude the power to raise funds by the means of taxable trading, where such trading falls outside its charitable objects.

On 31 March 2021, the Earth Trust Board, chaired by Ian Davidson, consisted of ten Trustees with diverse skills and experience of relevance to the Trust and its activities. The full Board meets quarterly, with the ability to call additional meetings when necessary. The Board has the power to set up sub-committees, and has a long-established Finance & Risk Committee, chaired by David Rossington (until July 2020), Julian Sayers to September 2020 and Nusrat Shah from September 2020 and a Safety Committee, chaired by Chris Philips. Time-limited, theme-focused Working Groups operate that develop important work areas. These involve Trustees, staff and external advisers/experts.

The Trustees delegate the day to day administration of the company to the Chief Executive who works with a team of senior managers who operate within an agreed framework of authority limits. The Trustees retain control over all decisions relating to capital expenditure, investments and financial payments exceeding pre-agreed limits. We are most grateful to all the Trustees for volunteering their time and wisdom generously to the governance and guidance of the Trust and to helping the achievement of its objects.

Earth Trust
Financial Statements
Year Ended 31st March 2021
Trustees' Annual Report (Including Directors' Report and Strategic Report)

Trustee Board: Appointment, recruitment and training

New Trustee appointments have an induction process spent at the offices of the organisation that covers:

- the history and development of Earth Trust;
- its vision, aims and strategic objectives;
- the major challenges and opportunities facing the organisation;
- financial management and fundraising;
- its governance and operations;
- its structure and staff.

New trustees appointed in 2020/21 were Robin Tucker, Jemma Davey, Stephen Dance and Elizabeth Buckle. Thanks were given to outgoing trustees during the year: Mary Barkham and David Gilbert.

The Trustees continue to refresh the Board, when gaps in skills are identified or as terms come to an end and seeking to make new appointments to strengthen the skills needed to guide the organisation. All new Trustees are issued with copies of governing documents, guides to the responsibilities of charitable trustees, recent accounts, budgets and business plans and minutes of previous meetings. Trustees are invited to all events and activities to meet staff and further understand the detailed workings of the charity.

All Trustees are volunteers and therefore have unpaid roles. We have the ability to pay legitimate expenses.

Leadership and management

The Board of Trustees delegates' day to day leadership and running of Earth Trust to the Chief Executive. The Chief Executive, with a Senior Management Team, manages the Trust, supported by staff and volunteers.

The Senior Management Team changed during 2020/21. At 31 March 2021, the Senior Management Team consisted of:

Dr Jayne Manley, Chief Executive
Stephen Huggett, Director of Business Capability
Ian Nutt, Director of Programmes and Partnerships,
Rob Thomas, Head of Finance and Administration
Naomi Douglas, Head of Communications (ceased 1st April 2021)
Jenny Creese, Head of Engagement
Chris Parker, Head of Land Management
Lee Ann Norris, Head of Fundraising
Adam Godwin, Gateway Programme Manager (ceased 23rd April 2021)
Abi Morris, Visitor Experience and Interpretation Manager

During 2020-21 the total cost of the senior team was £409,848 (2020: £365,409). Pay is set by Trustees alongside the budget for the following year.

During 2020-21 the Trust employed 39 (2020: 40) staff; this equates to 25 (2020: 23) full time equivalent staff.

The Earth Trust would not be able to meet its charitable objectives without the time and energy of volunteers. This year 2,390 hours were donated by 69 core volunteers. Whilst this represents a significant decrease on the hours contributed in previous years, it demonstrates the dedication and significance of the Trust's volunteer network throughout the pandemic. The year saw multiple national lockdown restrictions, which meant many volunteering activities were not able to take place, or were significantly restricted to 'lone working'. Conversely, we retained and supported the remaining volunteer network remotely and digitally, and recruited an additional waiting list of almost 100 new volunteers.

Volunteers undertake practical conservation, improve access arrangements, help run events and learning activities, collect, input and analyse data, fundraise, and help with office reception and administration roles. In particular this year, our volunteers helped to keep our greenspaces and community reserves open for the visiting public, especially during times of significant footfall and impacts. We would like to thank the staff and volunteers for all they have contributed this year.

Review of major risks

The Trust has a range of risk assessments that govern different functional areas of work which are reviewed regularly. During 2017/18 the Trust set up a comprehensive Risk Register which details all potential, identified risks measuring likelihood and impact and allowing for the implementation of any potential mitigation. The Risk Register is reviewed at quarterly Trustee meetings and the Senior Management Team act as required to ensure that necessary risks are minimised and managed as appropriate.

The Risk Register was one of the critical tools during the pandemic, it enabled Trustee and senior staff considerations of the risks and mitigations needed throughout. Learning from this year we will be reviewing its structure and content for the future.

Partners

The Trusts works in partnership with a significant number of organisations reflecting the different strands of our work and the communities we are working with. Partners can be grouped into: statutory bodies, Government, local government, businesses, communities, special needs support organisations, community organisations, schools and education providers.

Financial review (including reserves policy)

Our Reserves

The charity has a significant capital base to enable it to carry out its charitable activities. This large capital base means the charity's overall reserves stand at £15.0 million (2020: £12.5 million) but of this, only £340k (2020: £282k) is considered to be free reserves.

By far the most significant asset value in the remaining £14.66 million not considered to be free reserves is the value of the green space land and buildings from which we operate, most recently enhanced by the buildings referred as Earth Lab and the Innovation Hub. In addition to these functional properties, the charity owns four investment properties. These investment properties are held along with the charity's investment portfolio, which includes treasury bills and listed investments, in order to generate income for the charity to use in furtherance of its objectives. They are all considered to form an essential part of the charity's long-term financial stability.

In the event of a need to increase free reserves, the charity could sell either:

- its Treasury Bills (of which £1.55 million are designated for investment purposes, £250k are part of free reserves and £200k are part of restricted funds); or
- its investment portfolio of £1.46 million (which is an expendable endowment fund and which is invested for the long-term development and security of the Trust per the accounting note page 33); or
- its investment properties

It is not the intention of Trustees to convert medium term development reserves and resources to alleviate any short term funding issues especially when such conversion will be detrimental to the Trust medium term financial sustainability.

Excluding those assets represented by an endowment fund (Land and buildings of £1.8 million and investments of £1.46 million), whenever any fixed assets are purchased, these are allocated to the designated capital reserve. This includes when restricted funds have been spent on capital items, except to the extent that it is likely that conditions related to any grant monies may not be met and that the grant may therefore fall repayable in the future.

To provide further clarity to the charity's reserves, the Trustees have elected to show designated funds separately from unrestricted (free) reserves on the face of the SOFA and have included a net asset by fund analysis to clearly demonstrate how the charity's assets have been applied to funds.

Earth Trust
Financial Statements
Year Ended 31st March 2021
Trustees' Annual Report (Including Directors' Report and Strategic Report)

Policy on Reserves

During the year the Trustees have reconsidered the Reserves Policy. The Policy is to maintain total liquid reserves equal to at least six months of operating expenditure. This level of liquid reserves has been designed to:

- Ensure maintenance of essential services for the Trust's obligations;
- Reflects the risks of unplanned closure such that spending commitments, potential liabilities and staff, volunteer and Trust obligations would be covered.

At the 31st March the Trust had £340k of Unrestricted reserves compared to six months operating expenditure of £500-600k. The Trustees are cognisant of the fact that should the Trust not be able to fund raise to cover the shortfall, there are Expendable Endowment investments that, whilst invested for the long term development of the Trust could be crystallised in extreme circumstances.

Overview of financial performance

Progress was made during 2020/21 which will enable the Earth Trust to invest in long-term environmental and financial sustainability. Total revenue was £3.43 million, compared with prior year income of £1.92million, whilst total expenditures reduced to £1.42million from £1.63million in 2019/20. This resulted in a surplus, after investment gains and property revaluation, of £2.50million, compared with a surplus of £0.42million in 2019/20. Of this surplus, £1.99million (2020: £355k) is in respect of funds raised for the Gateway Project and either has or will be spent on capital costs.

Unrestricted funds produced a deficit of £71k compared with a deficit of £54k in 2019/20, based on a decrease in unrestricted income: £0.97m compared with £1.08m in 2019/20, and a decrease in unrestricted expenditure: £1.044m compared with £1.135m in 2019/20. Transfers from designated funds resulted in an increase in unrestricted reserves to £340k (from £282k). The Trust will continue its strong focus on fundraising in support of core costs, engagement activity and to manage land for public benefit. Resources will be needed to develop and raise funds for the Gateway project, strengthening impact and sustainability.

Investment and property disposal gains during the year totalled £498k compared with a £124k gain in 2019/20, reflecting an increase in equity markets and other asset classes during the period of £329k (2019/20: £166k reduction), and a gain on sale of investment property of £169k (2019/20: £290k revaluation gain).

Major income sources

The Trust's principal major recurring sources of annual funding are:

1. grants and donations;
2. earned income; and
3. investment income.

Earned income includes:

- The 'pop-up' Poem Tree café (open for major events such as the Lambing Festival in 2019);
- Income from the Earth Trust Farm and its products; and
- Hire of our room and buildings: particularly the hire of Fison Barn for wedding parties.
- Investment income includes rent from our residential properties on the farm as well as dividends on listed investments and bank interest.

Investment powers and policy

The investment policy is reviewed annually by the Chair of the Finance and Risk Committee following a discussion with the investment managers and is approved by the full Trustee Board. The Trust's investment portfolio is managed by Smith & Williamson Investment Management. Reports are produced quarterly and discussed at meetings of the Trust's Finance and Risk Committee. The Trust has an ethical investment policy, which excludes investments in armaments, tobacco and pornography.

The listed investments are held in two portfolios governed by a mandate for each:

- Strategic Fund invested for a total return, balanced portfolio with the emphasis on capital growth. This is to be conducted in the context of a medium risk background; and
- Operational Fund invested for liquidity.

Earth Trust
Financial Statements
Year Ended 31st March 2021
Trustees' Annual Report (Including Directors' Report and Strategic Report)

Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102)
- 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.

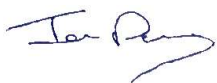
Disclosure of information to the auditors

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

Signed:



Ian Davidson, Chair

Date: 14th July 2021

Earth Trust
Independent Auditor's Report to the Trustees of Earth Trust
Year Ended 31st March 2021

Opinion

We have audited the financial statements of Earth Trust for the year ended 31st March 2021 which comprise Statement of Financial Activities, the Summary Income and Expenditure account, the Balance Sheet, the Cash Flow Statement and the related notes including a summary of 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 31st March 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 trustees are responsible for the 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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Earth Trust
Independent Auditor's Report to the Trustees of Earth Trust
Year Ended 31st March 2021

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- 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.

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.

**Earth Trust
Independent Auditor's Report to the Trustees of Earth Trust
Year Ended 31st March 2021**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Wenn Townsend

**Wenn Townsend
Chartered Accountants and Statutory Auditor
30 St Giles, Oxford, OX1 3LE**

14th July 2021

Wenn Townsend is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Earth Trust
Financial Statements
Year Ended 31st March 2021

Consolidated Statement of Financial Activities (Including Income and Expenditure Account)

	Note	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total 2021	Unrestricted funds	Designated funds	Restricted funds	Endowment funds	Total 2020
		£	£	£	£	£	£	£	£	£	£
Income and Endowments from:											
Donations and legacies	2	597,453	-	2,458,153	-	3,055,606	544,648	1,500	840,457	-	1,386,605
Charitable activities	3	283,885	-	-	-	283,885	342,064	-	-	-	342,064
Other trading activities	4	18,948	-	-	-	18,948	67,271	-	-	-	67,271
Investments	5	73,436	-	-	-	73,436	127,395	-	-	-	127,395
Total income and endowments		973,722	-	2,458,153	-	3,431,875	1,081,378	1,500	840,457	-	1,923,335
Expenditure on:											
Raising funds	6	144,514	-	-	-	144,514	77,714	-	-	-	77,714
Charitable activities	7	881,045	50,581	306,824	21,745	1,260,195	1,040,743	54,463	415,585	22,544	1,533,335
Other	8	19,331	-	-	-	19,331	16,650	-	-	-	16,650
Total expenditure		1,044,890	50,581	306,824	21,745	1,424,040	1,135,107	54,463	415,585	22,544	1,627,699
Net gains/(losses) on revaluation of											
- Investments		-	-	-	328,849	328,849	-	-	-	(165,909)	(165,909)
- Investment property		-	168,602	-	-	168,602	-	290,000	-	-	290,000
Net income/(expenditure)		(71,168)	118,021	2,151,329	307,104	2,505,286	(53,729)	237,037	424,872	(188,453)	419,727
Transfers between funds		129,612	1,781,948	(1,909,970)	(1,590)	-	182,475	(196,716)	31,101	(16,860)	-
Net movement in funds	22	58,444	1,899,969	241,359	305,514	2,505,286	128,746	40,321	455,973	(205,313)	419,727
Reconciliation of funds:											
Total funds brought forward	22	281,791	8,530,797	733,360	2,956,292	12,502,240	153,045	8,490,476	277,387	3,161,605	12,082,513
Total funds carried forward	22	340,235	10,430,766	974,719	3,261,806	15,007,526	281,791	8,530,797	733,360	2,956,292	12,502,240
Analysis of net assets between funds											
Fixed assets – Earth Trust		-	5,378,363	-	1,802,151	7,180,514	-	5,423,552	-	1,814,312	7,237,864
Fixed assets – Earth Innovation		13,460	1,945,557	-	-	1,959,017	13,460	-	355,022	-	368,482
Investment properties		-	1,540,000	-	-	1,540,000	-	3,090,000	-	-	3,090,000
Investments		250,000	1,549,600	200,000	1,459,655	3,459,255	-	-	-	1,141,980	1,141,980
Cash and current investments		45,649	17,245	774,719	-	837,613	145,786	17,245	378,338	-	541,369
Other current assets / liabilities		31,126	1	-	-	31,127	122,545	-	-	-	122,545
		340,235	10,430,766	974,719	3,261,806	15,007,526	281,791	8,530,797	733,360	2,956,292	12,502,240

**Earth Trust
Financial Statements
Year Ended 31st March 2021**

Balance Sheet

	Note	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Fixed assets					
Tangible assets	15	9,139,531	7,180,514	7,606,346	7,237,864
Investments	16	4,999,255	4,999,256	4,231,980	4,231,981
		<u>14,138,786</u>	<u>12,179,770</u>	<u>11,838,326</u>	<u>11,469,845</u>
Current assets					
Stocks	17	57,607	57,607	60,938	60,938
Debtors	18	141,987	2,095,881	442,507	891,056
Cash at bank and in hand		837,613	769,989	541,369	450,281
		<u>1,037,207</u>	<u>2,923,477</u>	<u>1,044,814</u>	<u>1,402,275</u>
Creditors: amounts falling due within one year	19	(168,467)	(113,461)	(380,900)	(377,215)
Net current assets		<u>868,740</u>	<u>2,810,016</u>	<u>663,914</u>	<u>1,025,060</u>
Total assets less current liabilities		<u>15,007,526</u>	<u>14,989,786</u>	<u>12,502,240</u>	<u>12,494,905</u>
Net assets		<u>15,007,526</u>	<u>14,989,786</u>	<u>12,502,240</u>	<u>12,494,905</u>
Charity Funds					
Unrestricted funds - Operational	22	322,495	322,495	274,456	274,456
Unrestricted funds - Trading co	22	17,740	-	7,335	-
Designated funds	22	10,430,766	10,430,766	8,530,797	8,530,797
Restricted funds	22	974,719	974,719	733,360	733,360
Permanent endowment	22	1,384,253	1,384,253	1,384,253	1,384,253
Expendable endowment	22	1,877,553	1,877,553	1,572,039	1,572,039
Total charity funds	22	<u>15,007,526</u>	<u>14,989,786</u>	<u>12,502,240</u>	<u>12,494,905</u>

The financial statements were approved and authorised for issue by the Board on 14th July 2021

Signed on behalf of the board of trustees



.....
Nusrat Shah
Chair of the Finance and Risk Committee

Company registration number: 04381522

The notes on pages 20 to 36 form part of these financial statements.

Consolidated Statement of Cash Flows

	Note	2021 £	2020 £
Cash flow from operating activities	23	2,099,692	27,670
Net cash flow from operating activities		2,099,692	27,670
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(1,595,927)	(306,647)
Payments to acquire new investments		(2,000,000)	-
Receipts from disposal of investments		1,719,043	41,939
Interest received		-	7,149
Dividends received		23,289	24,622
Rents received from investment properties		50,147	95,624
Net cash flow from investing activities		(1,803,448)	(137,313)
Movement in cash and cash equivalents		296,244	(109,643)
Net increase/ (decrease) in cash and cash equivalents		296,244	(109,643)
Cash and cash equivalents at 1st April 2020		541,369	651,012
Cash and cash equivalents at 31st March 2021		837,613	541,369
Cash and cash equivalents consists of:			
Cash at bank and in hand		837,613	541,369
Cash and cash equivalents at 31st March 2021		837,613	541,369

Notes to the Financial Statements

1 Summary of significant accounting policies

(a) General information and basis of preparation

Earth Trust is a Company Limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are outlined in the Trustees Report.

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 prepared in sterling which is the functional currency of the charity.

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.

(b) 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Where restricted funds are received in respect of capital projects, associated costs are capitalised as fixed assets and a fund transfer is shown in the accounts to the designated capital reserve as it is deemed that the restriction has been met at the point of spending this money.

Endowment funds represent those assets which must be held permanently by the charity, principally land and buildings. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

(c) Income recognition

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

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

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity, i.e. the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(c) Income recognition (continued)

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.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating, the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies, will be notified to the charity where it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in respect of farming activities. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met, then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Other income includes the conversion of endowment funds into income which arises when capital funds are released to an income fund from expendable endowments or when a charity has authority to adopt a total return approach to its permanent endowment fund. It also includes other income such as gains on disposals of tangible fixed assets.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(d) 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:

- Costs of raising funds includes fundraising and development costs;
- Expenditure on charitable activities includes costs in furtherance of the charity's stated objectives and activities; and
- Other expenditure represents those items not falling into the categories above.

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

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

(e) 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 and payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Overheads have been allocated on a percentage of overall expenditure basis.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 9.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	0%
Freehold buildings	2% Straight Line Basis
Plant, machinery and motor vehicles	20% Straight Line Basis
Fixtures and fittings	20% Straight Line Basis

(g) Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in 'net gains / (losses) on investments' in the SoFA.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(h) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

(i) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate. Donated stocks are included at fair value as described in (c) above.

(j) Cash

Cash balances include £1,094 (2020: £863) of funds held with our investment managers Smith and Williamson, £832,430 (2020: £536,410) held in our NatWest bank accounts and small balances held elsewhere.

(k) 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.

(l) Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

(m) Employee benefits

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

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

(n) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(o) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held, including the expendable endowment investment fund which is available to be liquidated at short notice, and the expected level of income and expenditure for 12 months from authorising these financial statements, including a revision of expectations for the potential impact of COVID-19 on the charity. They have carried out a stress test using a number of possible outcomes and have concluded that the budgeted income and expenditure is sufficient with the level of reserves held for the charity to be able to continue as a going concern.

Notes to the Financial Statements

2 Income from donations and legacies

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Gifts	1,385,592	1,385,592	209,102	209,102
Grants	1,670,014	1,670,014	1,177,503	1,177,503
	<u>3,055,606</u>	<u>3,055,606</u>	<u>1,386,605</u>	<u>1,386,605</u>

3 Income from charitable activities

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Sale of crops and grazing licences	121,655	121,655	137,116	137,116
School visits and community work	(352)	(352)	64,078	64,078
Service income	59,345	59,345	53,563	53,563
Other income	46,933	46,933	50,176	50,176
Earth Innovation activities	46,154	-	7,335	-
Gift Aid	10,150	10,150	29,796	29,796
	<u>283,885</u>	<u>237,731</u>	<u>342,064</u>	<u>334,729</u>

4 Income from other trading activities

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Earth Trust Centre Hire	18,948	18,948	67,271	67,271
	<u>18,948</u>	<u>18,948</u>	<u>67,271</u>	<u>67,271</u>

5 Income from investments

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Dividends – equities	23,289	23,289	24,622	24,622
Interest - deposits	-	-	7,149	7,149
Rental income	50,147	50,147	95,624	95,624
	<u>73,436</u>	<u>73,436</u>	<u>127,395</u>	<u>127,395</u>

6 Expenditure on raising funds

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Fundraising	115,880	115,880	63,913	63,913
Support costs (note 9)	28,634	28,634	13,801	13,801
	<u>144,514</u>	<u>144,514</u>	<u>77,714</u>	<u>77,714</u>

Notes to the Financial Statements

7 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs Note 9 £	Total 2021 £	Total 2020 £
Land Management	411,993	517,223	929,216	1,126,375
Communication and Engagement	126,985	168,245	295,230	406,960
Earth Innovation	35,749	-	35,749	-
	<u>574,727</u>	<u>685,468</u>	<u>1,260,195</u>	<u>1,533,335</u>

8 Other Expenditure

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Investment manager fees	9,584	9,584	10,383	10,383
Governance Costs (note 10)	9,747	9,747	6,267	6,267
	<u>19,331</u>	<u>19,331</u>	<u>16,650</u>	<u>16,650</u>

9 Allocation of support costs

Support costs - 2021

	Basis of allocation	Earth Trust Centre and Investments £	Land Management £	Engagement £	Total £
Management	Support	24,863	449,124	146,093	620,080
Materials	costs x %	(11)	(199)	(65)	(275)
Information technology	of activity	832	15,022	4,887	20,741
Depreciation	/ overall	2,517	45,444	14,782	62,743
Establishment	cost	2,804	50,659	16,479	69,942
Management charge		(2,371)	(42,827)	(13,931)	(59,129)
Total		<u>28,634</u>	<u>517,223</u>	<u>168,245</u>	<u>714,102</u>

Support costs - 2020

	Basis of allocation	Earth Trust Centre and Investments £	Land Management £	Engagement £	Total £
Management	Support	13,136	409,813	150,962	573,911
Materials	costs x %	552	17,216	6,342	24,110
Information technology	of activity	938	29,273	10,783	40,994
Depreciation	/ overall	1,299	40,511	14,923	56,733
Establishment	cost	1,549	48,313	17,797	67,659
Management charge		(3,673)	(114,591)	(42,211)	(160,475)
Total		<u>13,801</u>	<u>430,535</u>	<u>158,596</u>	<u>602,932</u>

Notes to the Financial Statements

10 Governance costs

		2021 £	2020 £
Auditor's remuneration (including expenses and benefits in kind)	12	9,747	6,267
Trustee remuneration	13	-	-
Trustee expenses	13	-	-
		<hr/> 9,747	<hr/> 6,267

11 Net income / (expenditure) for the year

Net income / (expenditure) is stated after charging / (crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	62,742	61,480
	<hr/>	<hr/>

12 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £9,747 (2020: £6,267), and other services totalling £780 (2020: £1,056).

13 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration or expenses during the year (2020: £nil).

The total amount of employee benefits received by key management personnel is £409,848 (2020: £365,409). The Trust considers its key employed management personnel comprise

Dr Jayne Manley, Chief Executive
 Stephen Huggett, Director of Business Capability
 Ian Nutt, Director of Programmes and Partnerships
 Rob Thomas, Head of Finance and Administration
 Naomi Douglas, Head of Communications (ceased 1st April 2021)
 Jenny Creese, Head of Engagement
 Chris Parker, Head of Land Management
 Lee Ann Norris, Head of Fundraising
 Adam Godwin, Gateway Programme Manager (ceased 23rd April 2021)
 Abi Morris, Visitor Experience and Interpretation Manager

14 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year/period was as follows:

	2021 Number	2021 FTE	2020 Number	2020 FTE
Raising funds	6	4	5	3
Charitable activities	25	15	29	15
Support Services	8	6	6	5
	<hr/> 39	<hr/> 25	<hr/> 40	<hr/> 23

Notes to the Financial Statements

14 Staff costs and employee benefits (continued)

The total staff costs and employees' benefits was as follows:

	2021	2020
	£	£
Wages and salaries	779,299	697,310
Social security	69,321	58,297
Defined contribution pension costs	49,304	39,031
Other employee benefits	-	13,040
	<u>897,924</u>	<u>807,678</u>

One employee received total employee benefits (excluding pension costs) of £60,000 - £70,000 (2020: one)

15 Tangible fixed assets (Group)

Current year

	Land & Buildings	Fixtures & Fittings	Plant & Machinery	Total
Cost				
At 1 April 2020	8,285,613	83,180	199,748	8,568,541
Additions	1,590,535	5,392	-	1,595,927
Disposals	-	-	-	-
At 31 March 2021	<u>9,876,148</u>	<u>88,572</u>	<u>199,748</u>	<u>10,164,468</u>
Depreciation				
At 1 April 2020	707,806	71,222	183,167	962,195
Charge for the year	52,754	9,331	657	62,742
At 31 March 2021	<u>760,560</u>	<u>80,553</u>	<u>183,824</u>	<u>1,024,937</u>
Net Book Value				
At 31 March 2020	<u>7,577,807</u>	<u>11,958</u>	<u>16,581</u>	<u>7,606,346</u>
At 31 March 2021	<u>9,115,588</u>	<u>8,019</u>	<u>15,924</u>	<u>9,139,531</u>

Comparative year

	Land & Buildings	Fixtures & Fittings	Plant & Machinery	Total
Cost				
At 1 April 2019	7,995,711	83,180	183,003	8,261,894
Additions	289,902	-	16,745	306,647
Disposals	-	-	-	-
At 31 March 2020	<u>8,285,613</u>	<u>83,180</u>	<u>199,748</u>	<u>8,568,541</u>
Depreciation				
At 1 April 2019	655,052	62,660	183,003	900,715
Charge for the year	52,754	8,562	164	61,480
At 31 March 2020	<u>707,806</u>	<u>71,222</u>	<u>183,167</u>	<u>962,195</u>
Net Book Value				
At 31 March 2019	<u>7,340,659</u>	<u>20,520</u>	<u>-</u>	<u>7,361,179</u>
At 31 March 2020	<u>7,577,807</u>	<u>11,958</u>	<u>16,581</u>	<u>7,606,346</u>

Notes to the Financial Statements

15 Tangible fixed assets (Charity)

Current year

	Land & Buildings	Fixtures & Fittings	Plant & Machinery	Total
Cost				
At 1 April 2020	7,930,592	83,180	186,287	8,200,059
Additions	-	5,392	-	5,392
Disposals	-	-	-	-
At 31 March 2021	7,930,592	88,572	186,287	8,205,451
Depreciation				
At 1 April 2020	707,806	71,222	183,167	962,195
Charge for the year	52,754	9,331	657	62,742
At 31 March 2021	760,560	80,553	183,824	1,024,937
Net Book Value				
At 31 March 2020	7,222,786	11,958	3,120	7,237,864
At 31 March 2021	7,170,032	8,019	2,463	7,180,514

Comparative year

	Land & Buildings	Fixtures & Fittings	Plant & Machinery	Total
Cost				
At 1 April 2019	7,995,711	83,180	183,003	8,261,894
Additions	-	-	3,284	3,284
Disposals	(65,119)	-	-	(65,119)
At 31 March 2020	7,930,592	83,180	186,287	8,200,059
Depreciation				
At 1 April 2019	655,052	62,660	183,003	900,715
Charge for the year	52,754	8,562	164	61,480
At 31 March 2020	707,806	71,222	183,167	962,195
Net Book Value				
At 31 March 2019	7,340,659	20,520	-	7,361,179
At 31 March 2020	7,222,786	11,958	3,120	7,237,864

Notes to the Financial Statements

16 Fixed asset investments (Group)

	Cash held by investment manager	Listed Investments	Investment Property	Total
Cost/market value				
At 1 April 2020	50,343	1,091,637	3,090,000	4,231,980
Reclassification	(41)	41	-	-
Purchases	(408,523)	408,523	-	-
Disposals	389,458	(389,458)	(1,719,042)	(1,719,042)
Net transfers from cash	-	2,000,000	-	2,000,000
Net investment gains/(losses)	-	328,409	-	328,409
Net investment property revaluation gains	-	-	169,042	169,042
Investment management fees	(11,133)	-	-	(11,133)
At 31 March 2021	20,104	3,439,152	1,540,000	4,999,256

Fixed asset investments (Charity)

	Investment in subsidiary company (see note 25)	Cash held by investment manager	Listed Investments	Investment Property	Total
Cost/market value					
At 1 April 2020	1	50,343	1,091,637	3,090,000	4,231,981
Reclassification	-	(41)	41	-	-
Purchases	-	(408,523)	408,523	-	-
Disposals	-	389,458	(389,458)	(1,719,042)	(1,719,042)
Net transfers to cash	-	-	2,000,000	-	2,000,000
Net investment gains/(losses)	-	-	328,409	-	328,409
Net investment property revaluation gains	-	-	-	169,042	169,042
Investment management fees	-	(11,133)	-	-	(11,133)
At 31 March 2021	1	20,104	3,439,152	1,540,000	4,999,257

17 Stocks

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Raw materials (crops)	57,607	57,607	60,938	60,938
	57,607	57,607	60,938	60,938

All stock held are crops for sale from our Arable Farming.

Notes to the Financial Statements

18 Debtors

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Trade debtors	25,294	21,255	96,294	93,601
Other debtors	73,787	-	97,427	-
Amounts due from subsidiary	-	2,033,061	-	548,669
Prepayments and accrued income	42,906	41,565	248,786	248,786
	<u>141,987</u>	<u>2,095,881</u>	<u>442,507</u>	<u>891,056</u>

During the year ended 31st March 2020, the Charity established a trading subsidiary, Earth Innovation Limited. The Charity has raised funds to support its Gateway project which is being carried out by Earth Innovation Limited. These funds have been loaned to the trading subsidiary and will continue to be spent on this project. The amount due from the subsidiary company will begin to be repaid when the Earth Lab is fully operational which is expected to be after more than one year. As such, the amount due from subsidiary shown on the Charity balance sheet is considered to be due after more than one year.

19 Creditors: amounts falling due within one year

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Trade creditors	74,216	22,210	172,362	168,677
Other taxes and social security	6,624	6,624	76,614	76,614
Other creditors	475	475	2,500	2,500
Accruals and deferred income	87,152	84,152	129,424	129,424
	<u>168,467</u>	<u>113,461</u>	<u>380,900</u>	<u>377,215</u>

20 Leases

There are no minimum lease payments in either the charity or the group.

21 Deferred income

	Under 1 year £	Over 1 year £	Total 2021 £	Total 2020 £
At 1st April 2020	95,200	-	95,200	227,562
Additions during the year	3,800	-	3,800	95,200
Amounts released to income	(95,200)	-	(95,200)	(227,562)
At 31st March 2021	<u>3,800</u>	<u>-</u>	<u>3,800</u>	<u>95,200</u>

Income has been deferred due to timing differences between the monies being received and the activities taking place.

Notes to the Financial Statements

22 Fund reconciliations – 2021 Group Endowment Funds

	01-Apr-20	Income	Expenditure	Investment gains	Transfer	31-Mar-21
Permanent						
Permanent Endowment	1,384,253	-	-	-	-	1,384,253
Expendable						
Property	430,059	-	(12,161)	-	-	417,898
Investments	1,141,980	-	(9,584)	328,849	(1,590)	1,459,655
	2,956,292	-	(21,745)	328,849	(1,590)	3,261,806

Restricted Funds

	01-Apr-20	Income	Expenditure	Investment gains	Transfer	31-Mar-21
Gateway Development - Capital	355,022	1,554,948	-	-	(1,909,970)	-
Gateway - Capital not yet spent	217,500	430,873	-	-	-	648,373
Volunteer	-	43,000	(13,650)	-	-	29,350
Skills Bursary Fund	32,960	-	-	-	-	32,960
Visitor Experience Development	19,000	-	(19,000)	-	-	-
Clifton Meadow Fields	15,345	-	-	-	-	15,345
Thomas' Meadow	30,000	-	(30,000)	-	-	-
Countryside Skills	15,312	29,814	(30,724)	-	-	14,402
COVID-19 Response	4,490	-	(4,490)	-	-	-
Land Management Apprentice	10,000	-	(3,958)	-	-	6,042
Paradise Wood	33,731	2,793	(5,861)	-	-	30,663
River of Life 2	-	96,725	(85,865)	-	-	10,860
Director of partnerships	-	250,000	(63,276)	-	-	186,724
HEF	-	50,000	(50,000)	-	-	-
	733,360	2,458,153	(306,824)	-	(1,909,970)	974,719

Unrestricted Funds

	01-Apr-20	Income	Expenditure	Investment gains	Transfer	31-Mar-21
Unrestricted Funds						
Operational Reserve	274,456	927,568	(1,009,141)	-	129,612	322,495
Earth Innovation Limited	7,335	46,154	(35,749)	-	-	17,740
	281,791	973,722	(1,044,890)	-	129,612	340,235

Designated Funds

Capital Reserve	8,513,552	-	(50,581)	169,042	(1,713,650)	6,918,363
Capital Reserve – EI	-	-	-	-	1,945,557	1,945,557
Living Ash	17,245	-	-	-	-	17,245
Treasury investments	-	-	-	(440)	1,550,041	1,549,601
	8,530,797	-	(50,581)	168,602	1,781,948	10,430,766

Total unrestricted & designated	8,812,588	973,722	(1,095,471)	168,602	1,911,560	10,771,001
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Notes to the Financial Statements

22 Fund reconciliations – 2020 Group Endowment Funds

	01-Apr-19	Income	Expenditure	Investment gains	Transfer	31-Mar-20
Permanent						
Permanent Endowment	1,384,253	-	-	-	-	1,384,253
Expendable						
Property	442,220	-	(12,161)	-	-	430,059
Investments	1,335,132	-	(10,383)	(165,909)	(16,860)	1,141,980
	3,161,605	-	(22,544)	(165,909)	(16,860)	2,956,292

Restricted Funds

	01-Apr-19	Income	Expenditure	Investment gains	Transfer	31-Mar-20
Forestry Research Fund	3,227	-	(3,227)	-	-	-
Bushey Bank	36	2,126	(2,162)	-	-	-
Skills Bursary Fund	32,960	-	-	-	-	32,960
Gateway Development - Revenue	97,984	-	-	-	(97,984)	-
Gateway Development - Capital	65,119	-	-	-	289,903	355,022
Archaeology	-	140,595	-	-	(140,595)	-
OXLEP - Gateway Development	-	260,503	-	-	(260,503)	-
Patsy Wood Earth Lab	-	-	-	-	217,500	217,500
Visitor Experience Development	-	85,000	(66,000)	-	-	19,000
Clifton Meadow Fields	15,345	-	-	-	-	15,345
Thomas' Meadow	60,000	-	(30,000)	-	-	30,000
Countryside Skills	2,716	29,768	(35,462)	-	18,290	15,312
COVID-19 Response	-	-	-	-	4,490	4,490
Land Management Apprentice	-	10,000	-	-	-	10,000
Paradise Wood	-	52,860	(19,129)	-	-	33,731
River of Life 2	-	259,605	(259,605)	-	-	-
	277,387	840,457	(415,585)	-	31,101	733,360

Unrestricted Funds

	01-Apr-19	Income	Expenditure	Investment gains	Transfer	31-Mar-20
Unrestricted Funds						
Operational Reserve	153,045	1,074,043	(1,135,107)	-	182,475	274,456
Earth Innovation Limited	-	7,335	-	-	-	7,335
	153,045	1,081,378	(1,135,107)	-	182,475	281,791
Designated Funds						
Capital Reserve	8,269,587	-	(49,319)	290,000	3,284	8,513,552
Living Ash	20,889	1,500	(5,144)	-	-	17,245
Organisational Development	200,000	-	-	-	(200,000)	-
	8,490,476	1,500	(54,463)	290,000	(196,716)	8,530,797
Total unrestricted & designated	8,643,521	1,082,878	(1,189,570)	290,000	(14,241)	8,812,588

Notes to the Financial Statements

22 Fund reconciliations (continued)

Fund descriptions

a) Unrestricted funds

Operational

The Operational Fund was set up in 2009 to fund the operational deficits expected in future years and is available to cover any unexpected operating deficits in future years. The Trust's available liquid funds are limited as the total of investments and cash balances must also cover the future expenditure incurred in respect of the restricted funds.

Designated

The Capital Reserve represents the value of fixed assets, included in note 15. This includes those fixed assets that have been funded from restricted funds. In particular, the designated capital reserve includes £1.49million of capital improvements that were funded by way of grants that would become repayable in the event that the charity ceased to operate the property before 2036.

Living Ash and Development Fund are specific projects where income and its related expenditure has been designated to fulfil the project's purposes only. The Development Fund has been released back to operational reserves during the year.

b) Restricted funds

The Earth Trust has secured funding to enable it to undertake a large number of projects in the furtherance of its charitable objects. These funds are grouped together for reporting purposes as shown above. Some of the funds are short-term in nature, and others fund projects that will last for a number of years.

Research: The Earth Trust has a strong research component to its work; the activities in this category include substantial work in forestry, and other areas that are associated with woodland management.

Learning & Engagement: The Earth Trust has learning as a key element in the work it undertakes; the activities in this category include developing centres at our sites to engage people.

Managing the Land: The Earth Trust promotes good practice in managing the land for conservation, food production and community engagement.

Gateway: The Trust has embarked on a transformational capital project to both further the aims of the Charity and support it financially. Where capital costs are incurred, they are transferred to the designated capital fund. The funds carried forward at the end of the year will be used for the next phase of the Gateway Project, including paying for the capital commitments disclosed in note 25.

Development: The Trust has sought funding for specific posts linked to the long-term development of the Charity.

c) Endowment funds

The permanent endowment fund was established in 1997 and comprises the main land holdings of the Trust. The land is used in the Trust's Nature Reserve and Conservation Farming Projects.

The expendable endowment fund comprises mainly the Trust's investment portfolio and some peripheral land holdings. This fund is invested to generate income and to support the long-term development of the Trust.

Notes to the Financial Statements

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

	2021 £	2020 £
Net income / (expenditure) for the year	2,505,286	419,727
Dividends received	(23,289)	(24,622)
Rents received from investment properties	(50,147)	(95,624)
Interest receivable	-	(7,149)
Depreciation and impairment of tangible fixed assets	62,742	61,480
(Gains)/losses on investments	(328,409)	165,909
(Gains)/losses on investment property revaluation	(169,042)	(290,000)
Investment management fees	9,584	10,383
VAT recovery on investment management fees	1,549	-
Decrease in stock	3,331	16,333
Decrease / (increase) in debtors	300,520	(239,644)
Increase / (decrease) in creditors	(212,433)	10,877
Net cash flow from operating activities	<u>2,099,692</u>	<u>27,670</u>

24 Pensions and other post-retirement benefits

Defined contribution pension plans

The Charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £49,304 (2020: £39,031).

The defined contribution liability is allocated to unrestricted funds.

25 Financial commitments

Contractual commitments for the acquisition of tangible fixed assets contracted for but not provided in the financial statements amounted to £280,654. These costs and further capital costs not committed as at 31st March 2021 will be funded from the restricted Gateway fund.

Notes to the Financial Statements

26 Related party transactions

(i) For the year ended 31st March 2021 the subsidiary company showed the following results:

	Earth Innovation Limited
Turnover	46,154
Cost of sales	(15,981)
	<hr/>
Gross profit	30,173
Administrative expenses	(19,768)
	<hr/>
Operating profit	10,405
Interest receivable	-
	<hr/>
Net profit	10,405
Distribution to Charity	-
	<hr/>
Profit for the year retained	10,405
	<hr/> <hr/>
The balance sheets of this subsidiary at 31st March 2021 was:-	
	£
Fixed assets:	
Tangible fixed assets	1,959,017
Current assets:	
Debtors	79,167
Cash at bank and in hand	67,624
Current liabilities:	
Other creditors	2,088,067
	<hr/>
Net assets	17,741
	<hr/> <hr/>
Represented by:	
Share capital	1
Reserves	17,740
	<hr/>
	17,741
	<hr/> <hr/>

Earth Trust holds 100% of the share capital of Earth Trust innovation (company number 11881235).

Notes to the Financial Statements

27 Charity Statement of Financial Activities

The Charity's own results are summarised below:

	2021	2020
	£	£
Donations and legacies	3,055,606	1,386,605
Charitable activities	237,731	334,729
Other trading activities	18,948	67,271
Investment income	73,436	127,395
	<hr/>	<hr/>
Total income	3,385,721	1,916,000
Cost of charitable activities	(1,231,469)	(1,525,525)
Cost of raising funds	(115,880)	(85,524)
Other	(40,942)	(16,650)
	<hr/>	<hr/>
Total expenditure	(1,388,291)	(1,627,699)
	<hr/>	<hr/>
Net income before gains/(losses) on investments	1,997,430	288,301
Gains/(losses) on investment assets	328,849	(165,909)
Gains/(losses) on investment property revaluation	168,602	290,000
	<hr/>	<hr/>
Net income/(expenditure)	2,494,881	412,392
	<hr/>	<hr/>