

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2017

Financial Review

The year ended 31 March 2017 has been a year where the Trust has continued to stabilise on a number of fronts.

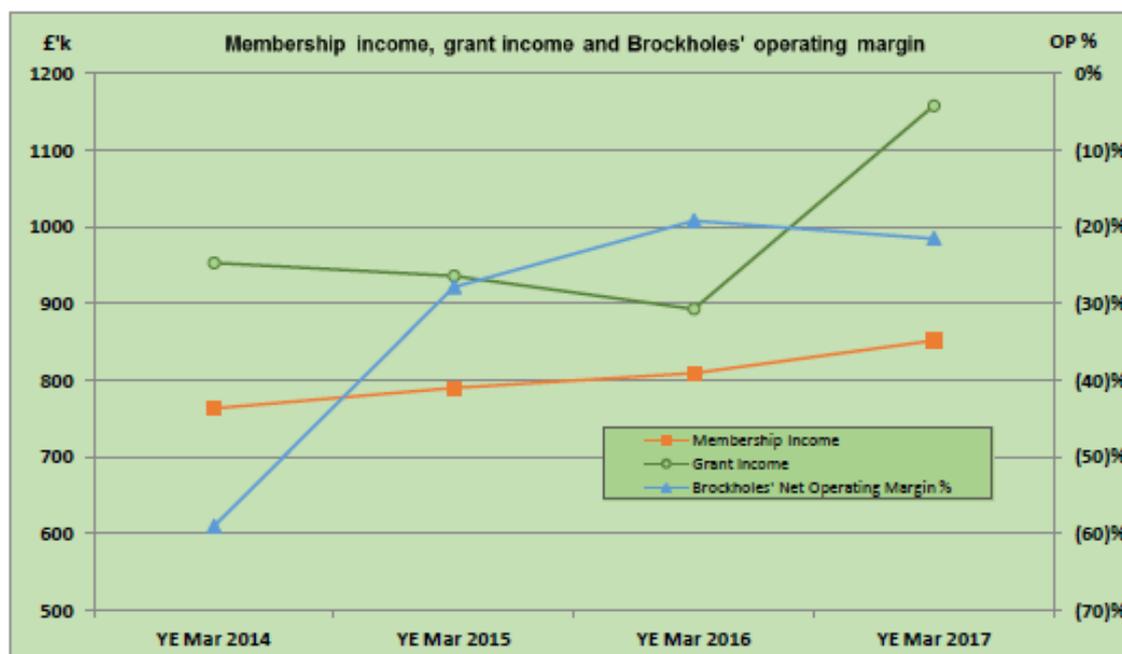


Figure 1. Membership income, grant income and Brockholes' performance trends over the last 4 years.

Financial activities

As has been mentioned earlier in this report, the Trust's membership income rose by 6.2% to £852k (2016: £809k) during the year owing to the continued work by our development department (see figure 1 above).

In addition, overall incoming resources and resources expended improved with net outgoings of £467k (2016: £696k), which includes depreciation of £554k (2016: £635k). This decrease in net outgoings reflected an increase in both grant (27%) and membership income combined with the lower depreciation charge. However, the operational financial performance of Brockholes remained similar to last year, mainly due to higher visitor numbers being offset by a lower spend per head and the use of agency staff to cover key staff changes.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31st MARCH 2017**

Balance Sheet

The level of fixed asset expenditure increased slightly in the year due to the need for new catering equipment at Brockholes. Other than at times of reserve acquisitions or the development of visitor centres, the Trust does not have a requirement for major capital expenditure. The overall value of fixed assets fell by approximately £457k as a result of depreciation on the existing assets. Our investments grew by over 10% in the year to £221k due to overseas investments performing well.

Cash Flow

Cash decreased by £34k in the year. The decrease resulted from net outgoing of resources (including Brockholes, Mere Sands Wood and the Contracts team), and purchases of a pickup truck and various catering equipment at Brockholes.

Future Outlook

The Trust has prepared a new business plan and KPI framework. Much of the future outlook work for the organisation has been undertaken using business analysis techniques, such as SWOT, PESTLE analysis. This has been undertaken with Trustees and all staff. Key issues emerging from this analysis are income loss from public sector austerity. Equally there is less environmental expertise within the public sector throwing a greater pressure on environmental NGOs to fill the gap. There is also strength in being able to share intelligence on such things with 47 Wildlife Trusts and refine our understanding of future influences. This is done at conferences with CEOs, Chairman and senior staff.

Diverting time and effort into improving core income are clear outcomes from this work. Brockholes is getting closer to a break even position and the possibility of a commercial development with a commercial investor would move the operation to viability.

The success with the Big Lottery, Our Environment Our Future programme, which aims to reconnect young people to the environment and support mental health wellbeing is a major programme over the next several years. Associating the health agenda with the benefits gained from the natural environment is continuing to grow, with further work planned in Lancashire and Greater Manchester.

Opportunities with the European Programme are being considered. There are also discussions ongoing with local authorities about countryside and land portfolios which they wish to transfer to sympathetic owners for future public benefit and enjoyment.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31st MARCH 2017

	Notes	Unrestricted	Restricted	Endowment	2017	2016
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and legacies	2	1,003	144	-	1,147	986
Charitable activities	3	883	1,296	-	2,179	2,006
Other trading activities	4	977	-	-	977	967
Investments	5	1	-	4	5	7
Total		2,864	1,440	4	4,308	3,966
Expenditure on:						
Raising funds	6	1,620	18	4	1,642	1,580
Charitable activities	7	1,310	1,770	29	3,109	3,031
Other	8	45	-	-	45	44
Total	9	2,975	1,788	33	4,796	4,655
Net (losses)/gains on investments		-	-	21	21	(7)
Net expenditure		(111)	(348)	(8)	(467)	(696)
Transfers between funds		-	-	-	-	-
Net movement in funds		(111)	(348)	(8)	(467)	(696)
Reconciliation of funds						
Total funds brought forward	21	929	10,692	765	12,386	13,082
Total funds carried forward		818	10,344	758	11,919	12,386

CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31st MARCH 2017

	Notes	Group		Charity	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
Fixed assets:					
Tangible fixed assets	13	8,045	8,502	7,982	8,462
Heritage assets	14	2,778	2,778	2,778	2,778
Investments	15	221	200	221	200
Total fixed assets		11,044	11,480	10,981	11,440
Current assets:					
Stocks	17	22	27	4	4
Debtors	18	862	949	898	915
Cash at bank and in hand		1,018	1,052	947	989
Total current assets		1,902	2,028	1,849	1,908
Liabilities:					
Creditors: falling due within one year	19	(802)	(872)	(686)	(712)
Net current assets		1,100	1,156	1,163	1,196
Creditors: falling due after more than one year	20	(225)	(250)	(225)	(250)
Total net assets		11,919	12,386	11,919	12,386
The funds of the charity:					
Endowment funds	21	758	765	758	765
Restricted funds	21	10,343	10,692	10,343	10,692
Unrestricted funds	21	818	929	818	929
		11,919	12,386	11,919	12,386

These accounts were approved by the Board on 6th July 2017.



Chairman



Treasurer

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31st MARCH 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities	28		56		(45)
Cash flows from investing activities:					
Dividends, interest and rents from investments		6		7	
Proceeds from the sale of property, plant and equipment		-		7	
Purchase of property, plant and equipment		(96)		(44)	
Proceeds from sale of assets held for resale		-		-	
Net cash (used in) / provided by investing activities			(90)		(30)
Change in cash and cash equivalents in the reporting period			(34)		(75)
Cash and cash equivalents at the beginning of the reporting period			1,052		1,127
Cash and cash equivalents at the end of the reporting period			1,018		1,052

2. Donations and legacies

	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Membership	852	-	-	852	809
Donations	57	59	-	116	70
Legacies	48	85	-	133	35
Donated goods and services	4	-	-	4	8
Other	42	-	-	42	64
	1,003	144	-	1,147	986

Rass wood (6.91HA) was left in a legacy but has not yet been valued.

3. Charitable activities

	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Grants	185	1,296	-	1,481	1,315
Primary purpose trading	698	-	-	698	691
	883	1,296	-	2,179	2,006

The following grants and related expenditure are included in the restricted funds in the consolidated of financial activities and as a funding requirement are highlighted below:

- Big Lottery Fund (Our Bright Future) – My Place - £157,656.
- Esmee Fairbairn Foundation – Our Irish Sea - £28,435.
- Esmee Fairbairn Foundation – Bring Back The Bog - £45,535.
- Esmee Fairbairn Foundation – Urban Wildlife Network - £15,000.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

4. Other trading activities

	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Brockholes visitor centre	858	-	-	858	858
Visitor centre shops	22	-	-	22	26
Rent and room hire	56	-	-	56	53
Other	41	-	-	41	30
	977	-	-	977	967

5. Investment income

	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Interest	1	-	-	1	2
Dividends	-	-	4	4	5
	1	-	4	5	7

6. Expenditure on raising funds

	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Brockholes visitor centre	1,040	-	-	1,040	1,050
Membership recruitment	314	3	2	319	279
Marketing and advertising	223	15	2	240	218
Other	43	-	-	43	33
	1,620	18	4	1,642	1,580

7. Expenditure on charitable activities

	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Operations and people engagement	481	1,171	10	1,662	1,861
Conservation	586	325	13	924	890
Education	243	274	6	523	280
	1,310	1,770	29	3,109	3,031

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

	Direct Costs	Support	2017	2016
	£'000	£'000	£'000	£'000
Operations and people engagement	1,538	124	1,662	1,861
Conservation	817	107	924	890
Education	448	75	523	280
	2,803	306	3,109	3,031

8. Other expenditure

	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
RSWT levy	40	-	-	40	39
Loan interest	5	-	-	5	5
	45	-	-	45	44

9. Total expenditure

	Staff Costs	Other direct costs	Support	Governance	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Raising funds	812	798	19	13	1,642	1,580
Operations and people engagement	905	720	31	9	1,665	1,861
Conservation	637	249	27	8	921	890
Education	310	189	19	5	523	280
Other	-	45	-	-	45	44
	2,664	2,001	96	35	4,796	4,655

Total resources expended are stated after charging / (crediting):

	2017	2016
	£'000	£'000
Auditors remuneration	- audit	12
	- taxation services	1
Depreciation		554
Amounts payable under operating leases		20
		635
		32

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017 (continued)

10. Analysis of support costs

	Raising funds £'000	Operations and people engagement £'000	Conservation £'000	Education £'000	Total £'000	Basis
Finance	15	39	34	23	111	(1)
Human Resources	19	13	11	8	51	(2)
Management	31	21	18	13	83	(2)
Governance	13	9	8	5	35	(2)
Premises	12	30	26	18	86	(1)
IT	4	9	8	6	27	(1)
Other	1	3	2	2	8	(1)
	95	124	107	75	401	

(1) % of Charity only employee numbers

(2) % of total group employees

11. Staff costs

	2017 £'000	2016 £'000
The movement in the year is after charging:		
Salaries and wages	2,420	2,176
Redundancy payments	-	4
Social security costs	186	172
Other pension costs	58	80
	2,664	2,432

The average number of employees, analysed by function was:

	2017	2016
Operations and people engagement	23	34
Conservation	20	21
Education	14	6
Fundraising	9	10
Brockholes visitor centre	25	22
Management and administration	12	9
	103	102

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

13. Tangible fixed assets

Group

	Freehold Buildings £'000	Motor Vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 st April 2016	10,973	175	1,173	12,321
Additions	15	22	59	96
Disposals	-	(3)	-	(3)
At 31st March 2017	10,988	194	1,232	12,414
Depreciation				
At 1 st April 2016	2,681	171	966	3,819
Charge for year	455	5	94	554
Disposals	-	(3)	-	(3)
At 31st March 2017	3,136	173	1,060	4,369
Net book value				
At 31st March 2017	7,852	21	172	8,045
At 31 st March 2016	8,292	4	206	8,502

Charity

	Freehold Buildings £'000	Motor Vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 st April 2016	10,973	175	1,083	12,231
Additions	15	22	16	53
Disposals	-	(3)	-	(3)
At 31st March 2017	10,988	194	1,099	12,281
Depreciation				
At 1 st April 2016	2,681	171	916	3,769
Charge for year	455	5	74	534
Disposals	-	(3)	-	(3)
At 31st March 2017	3,136	173	990	4,299
Net book value				
At 31st March 2017	7,852	21	109	7,982
At 31 st March 2016	8,292	4	166	8,462

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

14. Heritage assets – Group and charity

The Trust's nature reserves are held to advance the conservation objectives of the charity and therefore are recognised as Heritage assets. Such assets are central to the achievements of the Trust. Purchased heritage assets are included in the balance sheet at cost.

Five-year summary of heritage asset transactions.

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Cost brought forward	2,778	2,774	2,774	2,774	1,450
Purchases in year	-	4	-	-	1,324
Cost carried forward	2,778	2,778	2,774	2,774	2,774

It is not practical to separately identify the amount spent on maintaining these assets as it is so integral to the general work of the Trust.

15. Investments

Group and charity

The Trust has one externally managed mixed fund whose purpose is to generate income to support the maintenance of its reserve at Freemans Pool. The movement in that fund during the year was:

	£'000
Market value at 1 st April 2016	200
Movement in valuation from investment management	21
Market value at 31 st March 2017	221

Analysis of investments by category of holding:

	2017 £'000	2016 £'000
Collective investment funds	213	188
Cash held as part of the portfolio awaiting re-investment	8	12
	221	200

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

15. Investments (continued)

Analysis of investment by location:

	2017	2016
	£'000	£'000
Funds invested in UK	117	118
Funds invested outside UK	104	82
	<u>221</u>	<u>200</u>

16. Trading company

The charity is the sole member of a company limited by guarantee, Brockholes Enterprises Limited, and has control of all of the voting rights of that company. The company's principal activity is the operation and day to day management of the Brockholes visitor attraction centre. It is registered in England and Wales.

A summary of its financial affairs is as follows:

	2017	2016
	£'000	£'000
Turnover	881	883
Other income	46	64
Total income	<u>927</u>	<u>947</u>
Overheads	(1,058)	(1,053)
Loss before interest	<u>(131)</u>	<u>(106)</u>
Interest payable	(15)	(6)
Loss for the year	<u>(146)</u>	<u>(112)</u>
Operating Loss (excluding Other income)	<u>(192)</u>	<u>(176)</u>
	£'000	£'000
Total net liabilities	<u>(955)</u>	<u>(809)</u>

17. Stocks

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Visitor centre retail and food stocks	<u>22</u>	<u>27</u>	<u>4</u>	<u>4</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

18. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	293	254	292	224
Prepayments and accrued income	564	592	492	546
VAT	-	96	-	94
Other debtors	5	7	5	6
Amounts due from subsidiary undertaking	-	-	109	45
	862	949	898	915

19. Creditors: Amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	229	408	125	287
Social security and other taxes	49	46	49	46
Accruals and deferred income	160	216	134	172
VAT	53	-	61	-
Other creditors	311	202	311	201
Amounts owed to subsidiary undertaking	-	-	6	6
	802	872	686	712

20. Creditors: Amounts falling due after more than one year

Group and Charity

	2017	2016
	£'000	£'000
Loan due to RSWT	225	250

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

20. Creditors: Amounts falling due after more than one year (continued)

The loan is repayable as follows:

	2017	2016
	£'000	£'000
Amounts falling due within 1-2 years	50	25
Amounts falling due within 2-5 years	175	225
Amounts falling due after 5 years	-	-
	<u>225</u>	<u>250</u>

Interest rates payable on the loan are as follows:

1st April 2017 – 31st March 2019 Bank of England base rate + 1.0%
Thereafter Bank of England base rate + 7.0%

The loan is secured on a piece of land at Cut acre with comparable value.

21. Statement of funds

Group	Balance at 1 st April 2016	Total income	Total expenditure	Net losses on investments	Transfers	Balance at 31 st March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted						
General funds	929	2,864	(2,975)	-	-	818
Restricted						
Raising funds	27	82	(12)	-	-	97
Operations and people engagement	10,386	750	(1,169)	-	-	9,967
Conservation	232	277	(331)	-	-	178
Education	47	331	(276)	-	-	102
	<u>10,692</u>	<u>1,440</u>	<u>(1,788)</u>	<u>-</u>	<u>-</u>	<u>10,344</u>
Endowment						
Permanent endowment funds	211	-	-	-	-	211
Expendable endowment funds	554	4	(33)	21	-	547
	<u>765</u>	<u>4</u>	<u>(33)</u>	<u>21</u>	<u>-</u>	<u>757</u>
Total funds	12,386	4,308	(4,796)	21	-	11,919

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

21. Statement of funds (continued)

Charity						
	Balance at 1 st April 2016	Total income	Total expenditure	Net losses on investments	Transfers	Balance at 31 st March 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted						
General funds	929	2,561	(2,672)	-	-	818
Restricted						
Raising funds	27	82	(12)	-	-	97
Operations and people engagement	10,386	730	(1,169)	-	-	9,967
Conservation	232	277	(331)	-	-	178
Education	47	331	(276)	-	-	102
	<u>10,692</u>	<u>1,440</u>	<u>(1,788)</u>	<u>-</u>	<u>-</u>	<u>10,344</u>
Endowment						
Permanent endowment funds	211	-	-	-	-	211
Expendable endowment funds	554	4	(33)	21	-	547
	<u>765</u>	<u>4</u>	<u>(33)</u>	<u>21</u>	<u>-</u>	<u>758</u>
Total funds	12,386	4,005	(4,493)	21	-	11,919

Endowment Funds

The permanent endowment fund is represented by certain nature reserves of the Charity. The expendable endowment fund is represented by the construction of "The Barn" resources centre and an endowment that has been invested to generate income to cover the maintenance costs at Freeman's Pool.

Restricted Funds

The balances on the restricted funds comprise:

- The balance of restricted income yet to be expended in the delivery of the projects specified in the funding application; and
- The net book value of fixed assets funded by restricted income

Due to their number it is not practical to provide information for all projects. The balance at 31st March 2017 includes:

- Net book value of Brookholes Visitor Centre £ 6,818,000
- Mosslands Nature Reserves £ 954,000
- Net book value of Bolton Environmental Resource Centre £ 711,000

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

22. Analysis of net funds between funds

Group	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	143	7,578	324	8,045	8,502
Heritage assets	370	2,196	212	2,778	2,778
Investments	-	-	221	221	200
Net current assets	530	570	-	1,100	1,156
Long term liabilities	(225)	-	-	(225)	(250)
	818	10,344	757	11,919	12,386

Charity	Unrestricted	Restricted	Endowment	2017	2016
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	80	7,578	324	7,982	8,462
Heritage assets	370	2,196	212	2,778	2,778
Investments	-	-	221	221	200
Net current assets	593	570	-	1,163	1,196
Long term liabilities	(225)	-	-	(225)	(250)
	818	10,344	757	11,919	12,386

23. Members guarantee

The liability of each member is limited to £1.

25. Landfill tax credits

Certain projects were partly funded by landfill credits. The total amounts received and expended under this scheme was as follows:

	Balance at 1 st April 2016	Incomings	Outgoings	Balance at 31 st March 2017
	£'000	£'000	£'000	£'000
All projects	63	268	(305)	25

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

26. Commitments under operating leases

At 31st March 2017 the Group and Charity had total commitments under non-cancellable operating leases as follows:

	2017	2016
	£'000	£'000
Equipment		
Within 1 year	6	13
Between 1 and 2 years	1	6
Between 2 and 3 years	1	-
	8	19
Property		
Expiring between 2 and 3 years	8	8

27. Capital commitments

At the 31st March 2017 the group had £0 (2016: £3,000) of contracted future capital expenditure not provided for in these financial statements.

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

	2017	2016
	£'000	£'000
Net expenditure for the year (as per statement of financial activities)	(467)	(596)
Depreciation	554	635
Losses/(gains) on investments	(21)	7
Dividends from investments	(5)	(7)
Decrease/(increase) in stocks	5	3
(Increase)/decrease in debtors	87	(67)
Increase/(decrease) in creditors	(97)	80
Net cash (outflow)/inflow from operating activity	56	(45)

29. Analysis of cash and cash equivalents

	2017	2016
	£'000	£'000
Cash in hand and at bank	1,018	1,052

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2017 (continued)

30. Related parties

The Lancashire Wildlife Trust Limited is a member of Lancashire Environmental Fund Limited ("LEF") with the power to appoint one trustee to the board. R Hardman was a trustee of the charity and LEF for part of the year and upon his resignation J Drury, a trustee of the charity, was appointed to the LEF board. During the year the charity provided management, organisational, administrative and supervision services to LEF for which £88,319 (2016: £93,335) was received in the statement of financial activities.

A balance of £11,334 (2016: £35,950) was due from LEF at 31st March 2017. This comprised outstanding grants of £4,362 (2016: £16,178) and service charges of £6,972 (2016: £19,772). Grants totalling £50,119 (2016: £57,122) have been awarded from LEF during the year.

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

31. Comparative information

	Notes	Unrestricted	Restricted	Endowment	2016	2015
		£'000	£'000	£'000	£'000	(restated) £'000
Income and endowments from:						
Donations and legacies	2	938	48	-	986	1,013
Charitable activities	3	889	1,117	-	2,006	2,192
Other trading activities	4	967	-	-	967	727
Investments	5	2	-	5	7	6
Total		2,796	1,165	5	3,966	3,940
Expenditure on:						
Raising funds	6	1,571	5	4	1,580	1,351
Charitable activities	7	1,313	1,689	29	3,031	3,077
Other	8	44	-	-	44	38
Total	9	2,928	1,694	33	4,655	4,466
Net (losses)/gains on investments		-	-	(7)	(7)	10
Net expenditure		(132)	(529)	(35)	(696)	(516)
Transfers between funds		-	-	-	-	-
Net movement in funds		(132)	(529)	(35)	(696)	(516)
Reconciliation of funds						
Total funds brought forward	21	1,061	11,221	800	13,082	13,598
Total funds carried forward		929	10,692	765	12,386	13,082

The statement of financial activities contains all gains and losses for the year and all activities relate to continuing operations. The profit for the purposes of the Companies Act 2006 is the net incoming resources before unrealised losses/gains.