

**Watchtree Nature Reserve
Limited**

(A company limited by guarantee)

**Annual Report and Financial
Statements**

31 March 2020

Company registration number: 05214585
Charity registration number: 1127029

dodd&co

Watchtree
NATURE RESERVE

Watchtree Nature Reserve Limited

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Watchtree Nature Reserve Limited
Reference and Administrative Details

Charity name	Watchtree Nature Reserve Limited
Charity registration number	1127029
Company registration number	05214585
Principal office	Watchtree Great Orton CARLISLE CA5 6NL
Registered office	Watchtree Great Orton CARLISLE CA5 6NL
Trustees	C M Tinker B Bowe R W Bushby W Little P MacDonald F J Mawby R W S Speirs R E Timmins N Mawby C Miles (Appointed 20 June 2019)
Bankers	The Co-Operative Bank PLC 1 Ballon Street MANCHESTER M60 4EP
Accountant	Dodd & Co Limited FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW

Watchtree Nature Reserve Limited
Trustees' Report for the Year Ended 31 March 2020

The financial statements have been prepared in accordance with the accounting policies set out in the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland.

Structure, governance and management

Governing document

The company was incorporated on 25 August 2004 as a company limited by guarantee and is governed by its Memorandum and Articles of Association. The company registered with the Charity Commission on 3 December 2008.

The Trustees are appointed by the members at the AGM. The Chair of the board is responsible for the induction of any new trustees.

Objectives and activities

The objectives of the charity are to:

- Maintain, improve or provide public amenities,
- Promote for the public benefit the Watchtree site in Cumbria and its environs, in particular by associating local community organisations in a common effort to advance education, to relieve poverty, need and hardship, to provide facilities for leisure time occupation in the interests of social welfare and to conserve and improve the environment.

The charity maintains Watchtree Nature Reserve for visitors, school parties and groups and continues to develop the wheelers facility providing cycles for use by disabled groups and individuals.

In setting the objects of the charity, the trustees have paid due regard to the Charity Commission guidance on public benefit.

Risk Management

The trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Reserves

The Trustees have established a policy to maintain reserves at a level that is sufficient to meet its expenditure and commitments for 12 months. Free reserves at the year end are £166,131 excluding fixed asset investments and £370,470 including investments. This is therefore sufficient to meet expenditure and commitments for 12 months.

Chairman's Report

On behalf of the Directors I am pleased to present our sixteenth annual report for Watchtree Nature Reserve Ltd. This report covers all areas of the reserve's varied work, including wildlife and habitat development, the Watchtree Wheelers, visitor numbers, membership, events and much more.

I hope the report makes for interesting reading and if you require any further information on any of the topics then please contact us directly and we will be happy to assist you.

On a personal note I must express my thanks to the many individuals who have made the Reserve such a success. Ryan, our Manager has in the past 12 months built an excellent team whose input is detailed in the Report. Without their dedication and enthusiasm, we would have struggled during the busiest times of the Season.

Watchtree Nature Reserve Limited
Trustees' Report for the Year Ended 31 March 2020

It goes without saying that we owe a huge debt of gratitude to the many volunteers who provide hundreds of hours of work in all areas of Watchtree's operations. Their keenness and resourcefulness are greatly valued by me and all Directors. Without such people Watchtree could not survive.

Richard Speirs

Chairman

Reserve Managers' Report - Prepared by Ryan Dobson with contributors from WNR Team Leaders

Introduction

At the time of writing, we are in the process of reopening during the Covid 19 pandemic. The potential spread of the virus and its implications worldwide led to our closure on the 18th of March 2020. As the closure occurred in the last month of the financial year, its implications have little impact on this report – we are now working to minimise the negative effects it has on the following year.

The focus of 2019/20 has been on expanding the staff team and implementing a structure which enables us to achieve our objectives more efficiently. Recruiting new staff is always a challenge, however, we are incredibly proud of the team we now have in place. The new team will be introduced throughout the report in their relevant work areas. The structure has given each part of the business a dedicated workforce, the benefits of this are evident in the achievements of 2019/20 and work planned for 2020/21.

The reserves popularity continues to grow as our visitor and membership statistics demonstrate.

Visitors - 55,479 (previous financial year – 51,441)

Members – 1,506 (previous financial year – 1,346)

As always, we are indebted to our dedicated team of volunteers who have amassed a staggering 7,473 hours this year!

Wildlife on the Reserve

Contribution by Frank Mawby (Watchtree Director)

Watchtree continues to attract new species and the highlights this year include two Cetti's Warblers, a Kingfisher, Banded Demoiselle Damselfly and our first breeding Lesser Whitethroats and Greylag Geese. The Kingfisher was a young bird moving around, Watchtree does not provide the right habitat for it to stay. Cetti's Warblers are steadily moving North and we look forward to the possibility that they might eventually become a Watchtree breeding bird. We have ten Red and ten Amber list breeding species at Watchtree to underline the importance of this multi-habitat nature reserve. The Ringing Group ringed 2209 birds of 46 species and completed 111 nest records for 31 species. Tree Sparrows and Great Tits using the nest boxes being the highest numbers, a Tree Creeper and Spotted Flycatcher were the surprises for our nest boxes. Breeding Curlew are now very scarce in Cumbria and there are concerns for their future thus the two or three pairs we have on and around the site are very special. They do have very limited breeding success though, predators being a significant problem for them. The migrant warblers had an excellent season at Watchtree especially Blackcaps, Garden Warblers, Chiffchaffs and Willow Warblers, which followed national trends. Our Sedge Warbler and Reed Warblers seemed to do quite well too. During the winter months, we host good numbers of water birds. Especially notable were Gadwall and often more than thirty present, along with Teal and Wigeon. We had a Starling roost for a few weeks, but the numbers soon flattened the reeds they roost in, whereupon predators such as foxes more easily reach them. Two Barn Owls frequently hunted the fields at dusk during the winter. Our hedges produced an abundance of berries and for a few weeks in the autumn several hundred Fieldfare and Redwing feasted on them. Notably in 2019 we had an impressive Swallow roost of over 500 birds in the wetlands.

Butterflies had a good year, most notable being the discovery by Liz Still of Purple Hairstreak on the Oaks in Pow Wood. The site also shared in the Nationwide Painted Lady bonanza. This butterfly is a migrant and 2019 was an exceptional year. Our Dingy Skipper colony remains healthy, but we must ensure that the areas of old concrete runway, where their food plant, Bird's-foot Trefoil grows, remains scrub free. This plant also attracts Common Blue and other butterflies. We were hopeful that the brood of Marsh Fritillary caterpillars we found in late summer 2018 would also produce butterflies but it was not to be. They are another rare and rather specialist species with a food plant, Devil's bit Scabious, which we are trying to establish. Wall and Small Copper did well as too did Speckled Wood, a recent coloniser. Over the wetlands the Emperor Dragonfly, another relative newcomer is thriving.

Watchtree Nature Reserve Limited
Trustees' Report for the Year Ended 31 March 2020

The Defra Surveys of Breeding Birds, Butterflies, Moths and Dragonflies by Dr Liz Still continue to show how well Watchtree is performing and her Moth surveys turned up even more species new to Cumbria including some nationally scarce species. Brown Tail and Southern Wainscot were the highlights being the second and third records for Cumbria. The total moths recorded up to 2019 is now 512 species.

There was a notable abundance of juvenile Great Crested Newts in Pond Wood pond, another species of considerable importance to Watchtree.

We have a good number of Mammals and the Roe Deer is the largest and most often seen by our visitors. On the other hand, our Brown Hares have become more secretive and are rarely seen during visitor hours. An Otter and a Badger occasionally visit us. During the winter a Stoat in full 'ermine' was seen again.

Habitat and Estates

In June 2019 we welcomed David Hall to the position of Habitat and Estates Team Leader. The primary purpose of David's role is to coordinate the fantastic group of volunteers who look after the reserve and its infrastructure. David has settled into the role quickly and the volunteer workforce benefit greatly from having pre planned activities which are suitably risk assessed when they arrive.

The habitat and estates volunteer team have achieved great things this year: highlights include the design and build of a new pram shelter outside the Visitors Centre; multiple successful charcoal burns; further woodland clearance as part of our 5 year woodland management plan and the construction of our new pond dipping platform in Pond Wood.

The main habitat work involved woodland thinning and scrub management. The light thinning helps the remaining trees to root better whilst letting light in to help the ground flora to develop. Scrub management maintains habitat diversity for the breeding warblers and insects, which we would lose if we allowed it to go to woodland.

The Habitat and Estates Team identified that they were lacking in trained personnel for operating the strimmer and brush-cutter. David completed a funding application with Cumbria Community Foundation and was awarded £1000 grant funding from Carrs Group which will allow us to train a further 6 volunteers.

We were approached by Cumbria Youth Offending Team who were looking for places to aid in the rehabilitation of young offenders through outdoor volunteering. Previously, we have not been able to accommodate these groups due to our own staffing constraints, however, David has coordinated the visits and County Council staff members oversee the work of the young people.

Watchtree Wheelers

Contribution from Watchtree Wheelers Team Leader: Matthew Wind

This year has been my first in this role. I have taken what was already a very sound base and tried to improve upon it. Wheelers has experienced increasing customer demand throughout this period, and this has presented great opportunity and challenge in equal measure. We have steadily increased the size, and quality, of our rental fleet. Fleet bike sales have enabled us to keep our fleet looking fresh and led to a better customer experience.

We have started to actively promote the cycle servicing side of the business. This is very useful for raising revenue on those rainy days when cycle hires are slow. We have witnessed an increasing demand and I expect this to be a growth area.

Cycle training has been a big growth area. Lorraine Durham, our volunteer cycle coach has been taking an ever-increasing number of bookings for 1:1 training session. She even changed her availability to be able to fit more bookings in.

Lorraine started offering a series of "absolute beginners" sessions for women who have never ridden or have been out of the saddle for years. We had some fantastic outcomes, even if the attendance was low. We hope to repeat this and build on our successes.

All our volunteers have been amazing and so dedicated to Wheelers and Watchtree as a whole.

Watchtree Nature Reserve Limited
Trustees' Report for the Year Ended 31 March 2020

We started the year with a staff of one, me. The intention was always to employ an assistant to work three days a week and provide additional support at weekends. Cathy Hooper filled this role. Cathy delivered a very successful collaboration with NHS Springboard. This was a series of sessions over the summer, delivered jointly with the NHS, to help young people with additional needs to learn to ride bikes. The outcomes were great with a minimal drop-out rate and great success from the remaining riders.

Unfortunately, the demands of Cathy's other, main, employer meant she had to curtail her hours with us and eventually left us in December.

Jordan Dickson joined us in October, mainly to fill in the hours that Cathy was unable to work. He decided in December that he was not suited to the role and left us.

Caleb Wind-Leonard (my son), joined us during the school holidays as a seasonal assistant. He did sterling work during this time and made himself immediately available to work Cathy and Jordan's shifts upon their departure until he returned to University.

Wendy Loveday came on board as Wheelers Assistant in February. This was her third attempt to land a role here (I narrowly pipped her to the post last time). She has a long history with Watchtree and working with users of our bike fleet and is a great addition to our team. She is currently working three days a week including the weekend.

We would very much like to improve our adaptive fleet. This does not have the "churn" of our regular fleet. This results in an older, less attractive and less reliable offering to our users. To this end we have been looking at funding options and preparing bids for this funding.

The extreme weather in February hit our bike hires very hard and training came to a standstill. We had a storm every weekend and bike hires were regularly in single figures. An increase in sales and servicing helped to mitigate this slightly.

Staff recruitment took up far too much of our time and effort this year. My belief is that is mainly the result of providing secondary employment. Hopefully, as our business develops, we will be able to offer more primary employment. I think we are in a better place now to enjoy some stability and team consolidation.

Visitors Centre and Café

Sarah Gibson is the Team Leader in the team in our visitors centre and café. Sarah was promoted from her previous position as General Assistant in February 2019. Assistant staff members in the Visitors Centre include Rebecca Stott, Susan Holliday and Rebecca Watson.

This was the Café's first year with a full kitchen and we started offering a full menu of cooked food from Easter following complete refurbishment of our kitchen. The introduction of home-made soup, sandwiches and specials has been incredibly popular. The café can now regularly serve up to seventy covers in a day and the product quality is better than ever. As all production is now completed in house, profit margins are higher and there is less waste.

Since Christmas, the café team have also been baking all their own cakes and traybakes. We are very grateful to our previous supplier 'Cumbria Tasty Bites', but it is more economical to bring this in house.

We have put a lot of work into reducing our waste and increasing our recycling. All our coffee cups, lids, straws, sandwich bags, takeaway soup bowls etc. are compostable and we have stopped using sauce and sugar sachets. We compost all our own kitchen waste and coffee grounds which we intend to use in the garden next year.

The menu has been kept simple but there is something to tempt almost everyone. Our focus in the café is to offer great service, great products using local produce, reduce waste, recycle as much as possible and offer a selection of products which reflect the needs of our customers including gluten free, dairy free and vegetarian options.

Sarah successfully applied for grant funding from The Cumberland Building Society through Cumbria Community Foundation. We received £10,000 which will be used to refurbish the main room of the Visitors Centre into a more welcoming space with a well finished food service counter.

Watchtree Nature Reserve Limited
Trustees' Report for the Year Ended 31 March 2020

Marketing and Events

This newly defined area of work has always existed. Previously, responsibility for marketing has been taken on mainly by the manager but also by general assistants and volunteers in various capacities.

The intention of segregating our marketing work is primarily to improve our public image and particularly the public's perception of our organisation. Despite our excellent reputation, Watchtree Nature Reserve is not the first name which springs to mind when people consider 'charitable causes' in our area. Given the strength and depth of our work in the community; including benefiting wildlife, disabled people, education etc., we feel it could and should be. The intention of increased focus on marketing is not to increase visitor numbers, as currently we are rapidly reaching full capacity.

The role of Marketing and Events Team Leader is fulfilled by Senga Grave. Senga has volunteered with Watchtree for 7 years before joining our paid staff team.

Social media is a major part of our business and Senga has improved the quality and quantity of our content using modern technology and innovative techniques. We continue to keep a personal feel to these platforms by providing both pre-planned, polished content and personal updates from a selection of staff, volunteers and directors.

Currently we are working on a full website overhaul to bring our online presence up to date. Within this work we are looking to incorporate new features such as an online sightings board, Watchtree history timeline archive and e-commerce features.

Events will become the majority funder of this position, we currently host a suite of events which complement our work, raise awareness of our objectives and raise vital funds for our cause. Events in our 2019/20 calendar included nature walks and talks, astronomy night, a 24-hour running challenge, special Easter, Halloween and Christmas events as well as our regular events, which include a Trail run, Ready Steady Mums walk, Watchtree Walkfit, Walking for Health Walk and a knitting group.

Our 2020 wildlife calendar was a great success. 35 local businesses sponsored the calendar which almost covers production cost. We printed 2000 calendars, which were offered to the general public in exchange for a donation. In total, the calendar raised £3,116.

Education

In May 2019 the National Lottery Communities Fund announced that 'Watchtree Wild Learning' had received the most public votes in ITV Borders regional Peoples Projects. We received a grant of £50,000 towards the project which would improve the opportunities for outdoor education at Watchtree.

The project included the appointment of a new Education Team Leader, forest schools and pediatric first aid training, refurbishment of the pond dipping platform in Pond Wood, purchase of a 'pop up' classroom tent and educational/forest school supplies.

Caroline Salkeld was the successful applicant for the role. Caroline's work so far has focused on planning and implementing our new education structure, this has included consultation in schools and with other community groups.

Work began on the pond dipping platform in January, the new structure which was built by our talented team of volunteer is now an impressive landmark on the reserve and will no doubt become a highlight for schools and general visitors alike. The design enables all users to get closer to the water while increasing the safety of children and young adults, particularly during group sessions.

Our educational program will be funded long term through the development of our commercial children's services including Kids Clubs and Birthday Parties. Kids Clubs are already well attended with most sessions selling out, we are due to introduce birthday party packages in September 2020.

The upcoming year will be the most important to our education program as the stage is now set for us to welcome schools to sessions led by Caroline, using our new facilities.

Watchtree Nature Reserve Limited
Trustees' Report for the Year Ended 31 March 2020

Looking forward

Despite the unknown effects of Covid-19 I am excited about the future of organisation. Reaching our current level of strategic operation and sustainability has been a huge challenge, but our capacity to achieve is now greater than ever. The team of staff and volunteers we have in place are passionate about our charitable objectives and driven to develop the reserve for the good of our community and our beneficiaries.

The agreement of a strategic plan, which considers the views of all our stakeholders is high on the agenda for 2020. We intend to consult with our local community, members, schools and other organisations to ensure we continue to exceed their expectations whilst providing a haven for native fauna and flora.

Immediate work will include the completion of our café developments, 'pop up' classrooms and education areas and finalising our new website. Further projects we expect to complete in 2020/21 include replacement of the adapted cycle fleet and implementation of new waymarking for history, nature and activity trails.

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 21 October 2020 and signed on its behalf by:

.....
C M Tinker
Trustee

.....
R W S Speirs
Trustee

Watchtree Nature Reserve Limited

Trustees' Responsibilities in relation to the Financial Statements

The trustees (who are also directors of Watchtree Nature Reserve Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and the Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Examiner's Report to the Trustees of
Watchtree Nature Reserve Limited**

I report on the accounts of the company for the year ended 31 March 2020, which are set out on pages 10 to 22.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of The Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145 (5) (b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

.....
Martin S Ward FCA
Dodd & Co Limited
Chartered Accountants

21 October 2020

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

Watchtree Nature Reserve Limited

Statement of Financial Activities (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) for the Year Ended 31 March 2020

	Unrestricted Funds	Restricted Funds	Total Funds 2020	Total Funds 2019	
Note	£	£	£	£	
Income and endowments from:					
Donations and legacies	2	12,465	86,310	98,775	35,309
Other trading activities	3	10,883	-	10,883	3,978
Investment income	4	5,332	-	5,332	5,269
Income from charitable activities	5	179,905	-	179,905	126,362
Total income and endowments		<u>208,585</u>	<u>86,310</u>	<u>294,895</u>	<u>170,918</u>
Expenditure on:					
Nature reserve activities		209,626	39,218	248,844	197,170
Total expenditure		<u>209,626</u>	<u>39,218</u>	<u>248,844</u>	<u>197,170</u>
Net income/(expenditure) before other recognised gains and losses		(1,041)	47,092	46,051	(26,252)
Other recognised gains/losses					
(Losses)/gains on investment assets		<u>(20,285)</u>	-	<u>(20,285)</u>	<u>10,754</u>
Net movements in funds		(21,326)	47,092	25,766	(15,498)
Reconciliation of funds					
Total funds brought forward		427,466	22,062	449,528	465,026
Total funds carried forward		<u>406,140</u>	<u>69,154</u>	<u>475,294</u>	<u>449,528</u>

All of the Charity's activities derive from continuing operations during the above periods.

The notes on pages 12 to 22 form an integral part of these financial statements.

Watchtree Nature Reserve Limited
Company registration number: 05214585
Balance Sheet as at 31 March 2020

		2020		2019	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		45,704		42,515
Investments	12		204,339		220,786
			250,043		263,301
Current assets					
Debtors	13	4,027		4,529	
Cash at bank and in hand		237,853		193,832	
		241,880		198,361	
Creditors: Amounts falling due within one year	14	(16,629)		(12,134)	
Net current assets			225,251		186,227
Net assets			475,294		449,528
The funds of the charity:					
Restricted funds			69,154		22,063
Unrestricted funds					
Unrestricted income funds			406,140		427,465
Total charity funds			475,294		449,528

For the financial year ended 31 March 2020, the charity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

Approved by the Board on 21 October 2020 and signed on its behalf by:

.....
R W S Speirs
Trustee

The notes on pages 12 to 22 form an integral part of these financial statements.

Watchtree Nature Reserve Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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 (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

These financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further details of each fund are disclosed in note 19.

Watchtree Nature Reserve Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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Income and endowments

Donations are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the Charity before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measured with a degree of reasonable accuracy and the title to the asset having been transferred to the Charity.

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

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

Cafe income and income derived from events is recognised as earned (that is, as the related goods or services are provided).

Investment income is recognised on a receivable basis.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

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

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fixed assets

Individual fixed assets costing £100 or more are initially recorded at cost.

Watchtree Nature Reserve Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	25% reducing balance basis
Fixtures and fittings	25% reducing balance basis
Computer equipment	25% reducing balance basis

Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of the financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

Trade Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Liabilities

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Pensions

The charity operates a defined contribution pension scheme. Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

Watchtree Nature Reserve Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

..... continued

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2 Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Donations and legacies				
Appeals and donations	7,328	5,869	13,197	22,825
Calendar donations and sponsorship	5,137	-	5,137	3,237
	12,465	5,869	18,334	26,062
Grants				
Cumbria Community Foundation	-	11,000	11,000	6,580
Cumbria Waste Environmental Trust	-	19,441	19,441	-
CFM	-	-	-	2,667
People's Project	-	50,000	50,000	-
	-	80,441	80,441	9,247
	12,465	86,310	98,775	35,309

Of the donations and legacies income in 2019, £13,415 related to unrestricted funds and £21,894 related to restricted funds.

Watchtree Nature Reserve Limited
Notes to the Financial Statements for the Year Ended 31 March 2020

..... continued

3 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Sale of bikes and parts	10,883	-	10,883	3,978

Of the other trading activities income in 2019, all related to unrestricted funds.

4 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Dividends and interest received	4,028	-	4,028	4,130
Bank interest	1,304	-	1,304	1,139
	<u>5,332</u>	<u>-</u>	<u>5,332</u>	<u>5,269</u>

Of the investment income in 2019, all related to unrestricted funds.

5 Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Membership	29,044	-	29,044	17,703
Cycle income	51,191	-	51,191	43,963
Cafe Sales	72,361	-	72,361	46,622
Grazing income	2,480	-	2,480	2,415
Education and events income	11,533	-	11,533	5,704
Other income	13,296	-	13,296	9,955
	<u>179,905</u>	<u>-</u>	<u>179,905</u>	<u>126,362</u>

Of the income from charitable activities in 2019, all related to unrestricted funds.

Watchtree Nature Reserve Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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6 Expenditure

	Nature reserve activities	Investment managem - ent	Total 2020	Total 2019
	£	£	£	£
Direct costs				
Purchases	43,952	-	43,952	32,116
Wages and salaries	100,196	-	100,196	61,913
Staff NIC (Employers)	8,611	-	8,611	5,167
Staff pensions	6,208	-	6,208	2,578
Land maintenance	459	-	459	1,780
Portfolio management costs	-	2,084	2,084	2,086
Trustee expenses and training	329	-	329	433
Insurance	2,843	-	2,843	2,638
Repairs and maintenance	40,522	-	40,522	64,977
Hire of plant and machinery	668	-	668	178
Depreciation of plant and machinery	10,817	-	10,817	5,078
(Profit)/loss on sale of tangible fixed assets held for charity's own use	8,511	-	8,511	-
	223,116	2,084	225,200	178,944
Support costs				
Staff training	2,487	-	2,487	500
Volunteer expenses	2,531	-	2,531	325
Telephone and fax	1,316	-	1,316	1,552
Computer software and maintenance costs	2,242	-	2,242	2,195
Printing, postage and stationery	858	-	858	486
Sundry expenses	996	-	996	1,473
Advertising	4,197	-	4,197	2,688
Accountancy fees	3,826	-	3,826	5,020
Independent examiner's fee	500	-	500	500
Legal and professional fees	2,624	-	2,624	2,379
Bank charges	2,067	-	2,067	1,108
	23,644	-	23,644	18,226
	246,760	2,084	248,844	197,170

Of the expenditure in 2019, £140,101 related to unrestricted funds and £57,069 related to restricted funds.

Watchtree Nature Reserve Limited
Notes to the Financial Statements for the Year Ended 31 March 2020

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7 Governance costs

	2020	2019
	£	£
Accountancy fees	3,826	5,020
Independent examiner's fee	500	500
Legal and professional fees	2,624	2,379
Portfolio management fees	2,084	2,086
	<u>9,034</u>	<u>9,985</u>

8 Trustees' remuneration and expenses

During the year a total of 1 trustee was reimbursed £150 in expenses (2019: £nil). No trustees received any remuneration during the year.

9 Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2020	2019
	£	£
Loss/(profit) on disposal of tangible fixed assets	8,511	-
Depreciation of tangible fixed assets	10,817	5,078
	<u>10,817</u>	<u>5,078</u>

10 Employees' remuneration

The monthly average number of persons (including senior management) employed by the charity during the year was as follows:

	2020	2019
	No.	No.
Charitable activities	8	5
	<u>8</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£	£
Wages and salaries	100,196	61,913
Social security	8,611	5,167
Other pension costs	6,208	2,578
	<u>115,015</u>	<u>69,658</u>

The key management personnel comprise of the Trustees. The total employee benefits of the key management personnel of the Charity were £nil (2019 - £nil).

Watchtree Nature Reserve Limited
Notes to the Financial Statements for the Year Ended 31 March 2020

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11 Tangible fixed assets

	Plant and machinery including motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost			
As at 1 April 2019	52,231	68,450	120,681
Additions	10,962	11,555	22,517
Disposals	(20,559)	-	(20,559)
As at 31 March 2020	<u>42,634</u>	<u>80,005</u>	<u>122,639</u>
Depreciation			
As at 1 April 2019	31,449	46,717	78,166
Eliminated on disposals	(12,048)	-	(12,048)
Charge for the year	4,467	6,350	10,817
As at 31 March 2020	<u>23,868</u>	<u>53,067</u>	<u>76,935</u>
Net book value			
As at 31 March 2020	<u>18,766</u>	<u>26,938</u>	<u>45,704</u>
As at 31 March 2019	<u>20,782</u>	<u>21,733</u>	<u>42,515</u>

12 Investments held as fixed assets

	Listed investments £
Market value	
As at 1 April 2019	220,786
Revaluation	(20,285)
Additions	3,838
As at 31 March 2020	<u>204,339</u>
Net book value	
As at 31 March 2020	<u>204,339</u>
As at 31 March 2019	<u>220,786</u>

All investment assets were held in the UK.

Watchtree Nature Reserve Limited
Notes to the Financial Statements for the Year Ended 31 March 2020

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13 Debtors

	2020	2019
	£	£
Trade debtors	4,027	1,901
Other debtors	-	2,628
	<u>4,027</u>	<u>4,529</u>

14 Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	-	302
Taxation and social security	2,962	-
Accruals and deferred income	13,667	11,832
	<u>16,629</u>	<u>12,134</u>

Creditors amounts falling due within one year includes deferred income:

	2020	2019
	£	£
As at 1 April 2019	10,332	-
Amount deferred in the year	1,335	10,332
As at 31 March 2020	<u>11,667</u>	<u>10,332</u>

15 Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

16 Pension scheme

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £6,208 (2019 - £2,578).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Watchtree Nature Reserve Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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17 Related parties

Controlling entity

The charity is controlled by the trustees who are all directors of the company.

18 Post Balance Sheet Events

In the first half of 2020, the COVID-19 virus spread worldwide. In common with many other countries, the UK government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. On 18 March 2020, Watchtree temporarily closed for business in line with country-wide lockdown measures. It has since re-opened.

As a result of closure, Watchtree has lost key income to its cafe and non-member income.

The charity took up the government's furlough scheme thus removing its largest expense to mitigate the impact of falling income.

No adjustments are deemed to be required to the accounts for the impact of the above events since the balance sheet date.

19 Analysis of funds

	At 1 April 2019	Incoming resources	Resources expended	Other recognised gains/losses	At 31 March 2020
	£	£	£	£	£
General Funds					
General unrestricted funds	427,466	208,585	(209,626)	(20,285)	406,140
Restricted Funds					
Trail Project	22,062	25,310	(26,123)	-	21,249
Education Peoples Project	-	50,000	(12,426)	-	37,574
Kitchen Refurbishment	-	10,000	(669)	-	9,331
Staff Training	-	1,000	-	-	1,000
	<u>22,062</u>	<u>86,310</u>	<u>(39,218)</u>	<u>-</u>	<u>69,154</u>
	<u>449,528</u>	<u>294,895</u>	<u>(248,844)</u>	<u>(20,285)</u>	<u>475,294</u>

Trail Project: The fund is being used to re-surface existing multi-use trails to improve the recreation Watchtree Nature Reserve offers to the community making it accessible to all.

The People's Project: A National Lottery fund used to create a wildlife pond dipping platform and further Watchtree's offer.

Kitchen Refurbishment: A fund to update the facilities in the reserve Cafe's kitchen to widen its appeal and increase its capabilities.

Staff training: A grant received to train some of the staff at Watchtree in the use of strimmers and bushcutters.

Watchtree Nature Reserve Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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Prior period

	At 1 April 2018	Incoming resources	Resources expanded	Other recognised gains/losses	At 31 March 2019
	£	£	£	£	£
General Funds					
General unrestricted funds	407,788	149,024	(140,101)	10,754	427,465
Restricted Funds					
Trail Project	57,184	21,894	(57,015)	-	22,063
Signage Project	54	-	(54)	-	-
	57,238	21,894	(57,069)	-	22,063
	465,026	170,918	(197,170)	10,754	449,528

20 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£
Tangible assets	35,670	10,034	45,704	42,515
Investments	204,339	-	204,339	220,786
Current assets	182,760	59,120	241,880	198,361
Creditors: Amounts falling due within one year	(16,629)	-	(16,629)	(12,134)
Net assets	406,140	69,154	475,294	449,528

Prior period

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Tangible assets	42,515	-	42,515	14,151
Investments	220,786	-	220,786	210,029
Current assets	176,298	22,063	198,361	242,746
Creditors: Amounts falling due within one year	(12,134)	-	(12,134)	(1,900)
Net assets	427,465	22,063	449,528	465,026