

COMPANY REGISTRATION NUMBER: 07424020
CHARITY REGISTRATION NUMBER: 1139328

**KIELDER WATER & FOREST PARK DEVELOPMENT
TRUST**

Company Limited by Guarantee

Financial Statements

31st March 2017

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST
COMPANY LIMITED BY GUARANTEE

Financial Statements

Year ended 31st March 2017

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COMPANY LIMITED BY GUARANTEE

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31st March 2017

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31st March 2017.

Reference and administrative details

Registered charity name	Kielder Water & Forest Park Development Trust
Charity registration number	1139328
Company registration number	07424020
Principal office and registered office	Northumbria House Abbey Road Pity Me Durham County Durham DH1 5FJ

The trustees

P. J. V. Cockerill	
C. M. Green	
D. Hall	
A. K. MacLennan	
H. Mottram	
D. J. Miller-Charlton	
N. A. Gates	(Appointed 7th September 2016)
J. R. Riddle	(Appointed 7th September 2016)
G. Fildes	(Appointed 7th March 2017)
J. I. Hutchinson	(Appointed 24th May 2017)
K. May	(Appointed 19th September 2016)
J. M. S. Simpson	(Resigned 19th September 2016)
R. Little	(Resigned 7th March 2017)
P. A. M. C. Dale	(Resigned 24th May 2017)

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2017

AFFILIATED ORGANISATIONS

To meet our aim of continuing our partnership ethos, we included in our Memorandum and Articles of Association a reference to 'Affiliated Organisations'. This group of organisations does not include all our stakeholders but they are those with which we have an on-going relationship and which do not have the responsibilities of Trust membership. They are or could be funders / investors and are organisations which would share with us in project developments and with which we share responsibilities or agendas. Part of our shared commitment is the recognition that greater benefit is generated for us all by meeting together periodically to share, discuss and debate common areas of interest.

Each Affiliated Organisation has identified a representative to lead on the relationship with us. We commit to communicating primarily through:

- two Affiliated Organisations meetings per annum; and
- regular stakeholder ebulletins.

The Affiliated Organisations as of 31st March 2017 were:

Active Northumberland

ADAPT

Arts Council England, North East

Byrness & Rochester Parish Council

Environment Agency

Falstone Parish Council

Kielder Ltd

Kielder Parish Council

Kielder Water Clubs

Kielder Water & Forest Park Business Forum

Natural England

NGI

North East RDPE Team

North Tyne & Redesdale Partnership

Northumberland National Park and County Joint Local Access Forum

Northumberland Sport

Northumberland Tourism

Northumberland Wildlife Trust

Northumberland Uplands Leader Action Group

Scout Association

Social Enterprise Northumberland

Tarset & Greystead Parish Council

Wark Parish Council

Key Management Personnel

The board consider that there are no Key Management Personnel aside from the trustees themselves.

Auditor

Tait Walker LLP

Chartered accountant & statutory auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

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Year ended 31st March 2017

Bankers

Natwest
16 Northumberland Street
Newcastle upon Tyne
Tyne and Wear
NE1 7EL

Structure, governance and management

Background Information

Kielder Water & Forest Park Development Trust ("the Charity") is a company limited by guarantee. It was incorporated on 29th October 2010 and registered as a charity with the Charity Commission on 15th December 2010. Its Articles of Association were last amended on 4th February 2013.

Governing Documents

The company is a charitable company limited by guarantee and does not have share capital. The company is governed by its Articles of Association.

Organisational Structure

The charitable company is administered by a board of trustees which meets quarterly.

Appointment of Trustees

In accordance with the Articles of Association, the trustees must be a minimum of three and a maximum of 20 individuals and all must be directors.

The first directors shall be the appointees of the founding members. Each member (including the founding members) shall be entitled to appoint two directors and to remove and replace such directors from time to time. A director must be a natural person aged 18 years or older.

The directors may from time to time by unanimous agreement co-opt as a director any person willing to act (for such term as the directors shall think fit). Co-opted directors may serve for up to one year, after which time they shall cease to hold office. Such directors may serve for further one-year terms by the unanimous agreement of the directors.

A director may not appoint an alternate director or anyone to act on his or her behalf at meetings of the directors.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2017

Objectives and activities

The Charity was established:

(1) To promote sustainable development for the benefit of the public by:

- (a) the preservation, conservation and the protection of the environment and the prudent use of natural resources in the area surrounding Kielder Water and Kielder Forest ("Kielder"); and
- (b) the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities at Kielder; and
- (c) the promotion of sustainable means of achieving economic growth and regeneration at Kielder;

(2) To provide or assist in the provision of facilities for public recreation and other leisure activities at Kielder in the interests of social welfare with the object of improving conditions of life of those using such facilities;

(3) To educate the public in all aspects of the natural environment at Kielder; and

(4) To advance the Arts by promoting the creation of works of art and presenting musical and dramatic performances.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2017

Achievements and performance

The charity has had a successful and productive sixth year of operation. There have been a number of highlights including strong partnership work on our natural heritage offer and our innovative work with Newcastle University through the Art & Architecture programme, which is engaging local communities and helping to develop skills and talent in young people.

We have had continued success in raising the area's profile, with regional and national media coverage and a number of awards recognising the quality of the experience offered.

The Northumberland International Dark Sky Park designation and Kielder Observatory have continued to attract media attention and public interest, which has helped to develop year-round visitor numbers. Going forward, the plans to expand and enhance the Observatory provide a tremendous opportunity to attract more people to explore and experience Kielder's natural environment, encourage education and learning about science and astronomy and to preserve one of the area's greatest natural assets.

Funding from a variety of sources has helped us to achieve our aims. This has included support from Arts Council England, Heritage Lottery Fund, Locality and Northumberland County Council's Community Chest fund for the delivery of specific projects and initiatives.

Membership of the Trust is growing, with the Northumberland National Park Authority the latest organisation to agree to join the Trust, recognising the benefits of working together in areas such as Dark Skies, cycling, walking and natural heritage.

The charity continued to work with its Affiliated Organisations and the wider community to achieve against each of our charitable objectives and the areas to highlight are:

Learning about the natural environment

Ospreys - 2016 was the most successful ever breeding season for ospreys since they first began nesting at Kielder Water & Forest Park in 2009, with 11 chicks fledging. Osprey Watch was once again very successful with excellent support from our volunteers. Osprey Watch 2016 operated on weekends from June until mid August with additional Wednesdays in July and August. Approximately 3,500 people visited Osprey Watch and the wildlife cruises operated by partners also proved popular, with additional cruises being organised to meet demand.

Living Wild at Kielder - In October 2016 the Trust secured a £336,300 grant from the Heritage Lottery Fund towards a £½million natural heritage project. The two year partnership project aims to animate Kielder Water & Forest Park's amazing wildlife for visitors and residents, helping them enjoy, learn, share and immerse themselves in nature, whilst also contributing to the long-term protection of the area's special plants and animals.

In the first six months of the project a project coordinator was appointed and a significant amount of development work undertaken, with contracts put in place to deliver a number of elements of the project. Designs were developed for a new wildlife themed exhibition at Tower Knowe visitor centre and new interpretation and signed planned for trails near Kielder Castle and in Bakethin Nature Reserve. Plans were also progressed for a year round activity programme, including the first ever 'Wild at Kielder' Festival in May 2017.

In partnership with Newcastle University School of Architecture, a new hide was created at Bakethin Nature Reserve. Bakethin Hide was designed and constructed by Master of Architecture students, providing them with practical experience along with valuable communication, negotiation and presentation skills. The hide comprises two, spacious, timber-built, hexagonal pods - the "lake view"

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Year ended 31st March 2017

which offers the more experienced birdwatcher a more elevated view of the osprey nesting pole and upper lake, and the "forest view" which gives full views of the lake and the lower forest view.

Although the two pods are on different levels, both are fully accessible and wheelchair users can enjoy exactly the same experience as other users, due to carefully designed space under window ledges. The hide responds to visitors' wishes to widen their wildlife experiences and have opportunities to observe birds and animals in the forest at close quarters.

Restoring Ratty - In September 2016 Trust partners, Northumberland Wildlife Trust, Forestry Commission and Tyne Rivers Trust, obtained £422K from the Heritage Lottery Fund for a project to reintroduce water voles to Kielder after an absence of over 30 years.

Arts - Arts Council England supported the delivery two phases of the Art & Architecture programme during 2016/17. The first was the completion of a series of projects to enable the Trust to build on Kielder's success as an award winning cultural destination and lay the foundations for the growth and development of arts activities which inspire and engage people.

Highlights included activities, realisation of temporary and permanent works and preparatory work for future projects:

- Artist Fiona Curran's temporary artwork 'The Grass seemed darker than ever', was launched in May; a result of the Forestry Commission's ambition to engage artists to respond to Kielder Castle and bring new audiences to the north end of the Park. This sculpture explores the enclosure of the English landscape in the C18th and the draconian Black Acts passed at the time to deter poachers from foraging on the newly sequestered lands.
- Launched at the same time was 'Kielder Onsite', an exhibition of 10 specially commissioned temporary works by Newcastle University Fine Art students. These were mostly situated along the Duchess Trail near Kielder Castle, thus opening up access to families or other visitors not wishing to walk too far.
- Artist Simon Watkinson produced designs for utility screening structures as part of Northumbrian Water's lodge development at Kielder Waterside, ensuring that high quality design/public realm remains core to partners' capital development plans.
- FleaFolly Architects completed designs for a new sculptural osprey perch, which now forms part of the HLF funded Living Wild at Kielder project.
- In order to engage the public, further curator-led art tours operated during the season. These popular tours enabled visitors to experience some of the more remote works in the company of experienced curator Peter Sharpe.
- Our collaborative work with Newcastle University's School of Architecture resulted in the launch, in August 2016, of a new facility developed with the community of Rochester in the Redesdale valley. Rochester Roundhouse features internal and external performance and workspaces, developed from discussions with community groups throughout the valley. This initiative has enabled students to work on a live project; gaining creative, practical and life skills and working alongside members of the local community with opportunities for team building and skills transfer. The community has been fully engaged with the project from the start and there is a lasting legacy in the form of a contemporary, purpose-built community facility.

In October the Trust secured £49,300 from Arts Council England to deliver a programme of activities to:

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Year ended 31st March 2017

- Explore new ways for audiences, partners and stakeholders to think about, experience and engage with high quality art and architecture in Kielder's unique environment,
- Build on Kielder Water & Forest Park's success as an award-winning cultural destination by enhancing existing assets and creating new artworks to inspire and delight audiences, and
- Provide practical opportunities for creative learning, skills development and engagement with children and young people.

During the winter period work has taken place on the planning and development of activities and commissions which will be realised in 2017/18.

In March the Trust and Newcastle University were shortlisted in the Best Arts and Business Partnership category in the Journal Culture Awards, for our joint work on the Art & Architecture programme.

Dark Skies - Northumberland's International Dark Sky Park status and its reputation as one of the best places in the UK to view dark skies has resulted in a sustained growth in the popularity of the Kielder Observatory. We are therefore continuing to work with the Kielder Observatory Astronomical Society (KOAS) to support plans to expand; building on its success to create a world leading centre of excellence for outreach in astronomy, which will inspire, enthuse and educate people of all ages to think about their place in the universe.

KOAS successfully raised over £200,000 for a new fully accessible observatory to supplement the existing facilities. This will include an automated telescope with retractable roof, presentation room, kitchen and toilet facilities. Planning permission was obtained during the year and the new observatory will be constructed in 2017/18. The development will add to both the capacity of the facility and the quality of the visitor experience.

Planning and development work for a larger, more ambitious expansion to include a planetarium, lecture and catering facilities continued with Trust partners providing support and advice.

The Trust director chairs a partnership group set up to promote, preserve and protect the dark skies within Northumberland International Dark Sky Park and to widen access enjoyment and learning about the night sky. This group has coordinated PR and social media activity about dark skies, with a particular focus on the third anniversary of the Dark Sky Park designation.

The group has encouraged tourism businesses to participate in a Dark Sky Friendly accreditation scheme and continues to encourage partners and businesses to install dark environmentally friendly lighting, to minimise light pollution. As part of Northumberland County Council's modernisation of the street lighting, new downward-facing LED lanterns were installed in the village of Kielder, whilst shielded external lighting was incorporated into the plans for the new lodges being developed by Northumbrian Water at Kielder Waterside.

This type of activity has meant that Northumberland still has the highest proportion of pristine dark skies in England at 72%, in the new maps of Great Britain's light pollution and dark skies published by the Campaign for the Protection of Rural England.

Sustainable Development - We continue to support partners and businesses in our work on our charitable objective of promoting a sustainable means of economic growth and regeneration. The visitor economy is key here and we were delighted that Kielder Water & Forest Park received more accolades demonstrating the quality of the visitor experience. Kielder Waterside won gold in the Best

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Holiday Park category in the 2016 North East Tourism Awards and was named the best Go Active Park in the UK by Wyndham Worldwide. One of Kielder Waterside's activities assistants was also awarded the title of Best New Instructor in the UK by Wyndham Worldwide. Rochester Roundhouse, part of Kielder's Art & Architecture programme, was one of two projects nationally to be awarded Highly Commended in the RIBA Journal's MacEwen Award, which is for 'Architecture for the Common Good'.

The Trust and its trading subsidiary, Lewisburn Ltd, has continued to look into options for the provision of a serviced accommodation facility in Kielder village, to meet the needs of visitors who wish stay overnight when coming to the Observatory and other events in the Park. This could assist the sustainability of local facilities within Kielder village and provide an income to help increase the resilience of the Trust. A viable scheme has not yet been identified, but work continues in this area.

Promotion - During the year the Trust worked with partners to deliver our communications and social media plan. Our social media presence is growing, with 30,000 people 'liking' our Facebook page at the end of March 2017 (a 14% increase on the previous year) and Twitter followers increasing by 18%. There were 406,000 visits to the VisitKielder website in 2016/17 a 15% increase on the previous year, due to targeted activities to increase traffic.

Partners play an active role in our marketing activities and we have worked alongside Northumberland Tourism to take advantage of county campaigns, including 'It's in our Nature' and 'The land that's just as good with the lights off'. The Trust also worked with partners to organise a promotional stand at the Blyth Tall Ships Regatta, an event which attracted an estimated 500,000 visitors.

Joint work with partners also helped to increase Kielder Water & Forest Park's profile in the media. The value of media coverage obtained over the year was approximately £8 million compared with £6.8 million in 2015/16. A variety of stories were covered including wildlife, art & architecture, the Kielder Observatory/dark skies, awards, and events such as the Kielder Marathon and Winter Wonderland.

Visitors - With the continued activity and promotion in the area, we are pleased to see that the Park remains an attractive destination for visitors. During this year there were in excess of 400,000 visitors to the Park, spending approximately £25 million in the local economy.

Friends Scheme - We have continued to promote our 'Friends of Kielder Water & Forest Park' scheme to encourage support for and inform and engage people about the wider work of the charity. Whilst the number of Friends remains small, this provides an opportunity to create a wider group of ambassadors and to contribute to the sustainability of the charity.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2017

Achievements and performance *(continued)*

Events and Activities - We have worked with local people and businesses to create a diverse array of events and activities at Kielder Water & Forest Park. The Park is a particularly good environment for challenging sports events such as open water swimming, long distance running and walking, mountain bike events for adults and children and the Kielder Marathon, which is sponsored by Northumberland County Council and Active Northumberland.

As well as testing sports challenges, the programme offers a variety of other experiences from family events such as Winter Wonderland and family bushcrafts, to wildlife watching in the forest, activity taster sessions or star gazing at Kielder Observatory. A vast array of events took place throughout the year providing relaxed and fun opportunities for educating the public in all aspects of Kielder Water & Forest Park's natural environment. However they also increase the social opportunities for local people in one of the remotest areas in England and by working with local providers, we are helping to create opportunities for local businesses thus promoting sustainable development. Once again the charity promoted the full programme throughout the year through the website, events leaflets and social media.

With the support of other partners, the Forestry Commission has created a new events car park to support the provision of existing events and enable the Park to attract a greater number of high profile, large scale events in the future.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2017

Financial review

The charity surplus for the year, as shown in the Statement of Financial Activities, totalled £5,709. This amount includes a deficit on restricted funds of £12,222.

Pay Policy for Key Management Personnel

The board, who give their time freely and trustees received no remuneration in the year. The board have considered who the Key Management Personnel (KMP) of the charitable company are and conclude that there are none aside from the trustees themselves.

The charity does not employ any staff directly and they are provided on a service level agreement between the members and the Trust. The rates of remuneration are set by these member organisations and recharged to the charity. The member organisations also provide core funding and as a result of these arrangements the charity is not responsible for review or benchmarking of the seconded staff.

Reserves policy and going concern

The calculation of free reserves is based on the definition included in the charity statement of recommended practice (SORP), which provides recommendations for accounting and reporting for charities. The trustees have examined the requirements of the charitable company/charity to hold free reserves - those reserves not invested in tangible fixed assets, excluding long term liabilities, or designated for a particular purpose. This exercise considered both the normal requirements for working capital and the loss of income of a hypothetical but reasonable reduction in the scale of operations. It also considered the need to retain capacity to deliver the current programme to which the Trust is committed. Resulting from this, the trustees considered it would be appropriate to hold the equivalent of four months' core expenditure, which would equate to holding approximately £45,000 in free reserves.

At the year end, free reserves were £29,610 (2016 - £11,679), an increase of £17,931 in the year. The trustees will continue to work with funders to budget for future surpluses in order to provide improved organisational sustainability.

The trustees have prepared a budget and cash flow forecast and have concluded that the charity continues to be a going concern for the foreseeable future. On that basis they have continued to adopt the going concern basis when preparing the financial statements.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2017

Plans for future periods

The charity will be progressing a number of initiatives and development areas during 2017/18 including:

Learning about the natural environment

Living Wild at Kielder - We will continue to deliver the Living Wild at Kielder project with the following activities planned:

- a) Enhancements will be made to trails, interpretation and signage and a new exhibition will be completed at Tower Knowe Visitor Centre. A launch event will celebrate the creation of the new Bakethin Hide. Additional wildlife themed geocaches will be installed on walking trails and an app will be developed to add to the interpretation for visitors whilst they are in the Park.
- b) Wildlife trails from Stonehaugh, Greenhaugh and Falstone will be created or enhanced with local community involvement.
- c) An events and activity programme will be delivered in conjunction with local businesses. This will include the first Wild at Kielder Festival. Osprey Watch will be extended and enhanced.
- d) Wildlife ambassadors will be recruited to help us reconnect people with nature. Businesses, front-line staff and members of local communities in and around Kielder Water & Forest Park will be offered training/briefings appropriate to their needs to enable them to promote KWFP's wildlife offer and signpost visitors to new experiences.
- e) Educational opportunities will be increased through the development of a young ecologists club, a travel subsidy to engage new schools and enhanced online resources.

Future priorities - We will work with a wide range of partners to review our priorities in relation to natural and cultural heritage, in order to enhance and celebrate our special landscape and further increase the public's understanding and enjoyment of our wildlife and heritage.

Arts

Explore and Create - We will continue to deliver the latest phase of the Kielder Art & Architecture programme, supported by Arts Council England, The Henry Moore Foundation and Northumberland County Council's Community Chest fund. This will include:

- a) The creation of new commissions:
 - Castles, Follies and Elephants: a series of eight inspiring installations by Newcastle artists and architects Oliver Perry, Claire Harper and James Perry, which seeks to highlight the influences that have shaped the landscape of the North Tyne Valley.
 - Plashetts Rising: a sculptural osprey perch designed by FleaFolly Architects, bringing creative design to the interpretation of the natural environment (linked to the Living Wild at Kielder project).
 - Shapling: Simon Watkinson's sculptural illuminated screen for utilities designed to enhance the public realm within the Kielder Waterside lodge development programme.
 - b) Strengthening the value and reputation of existing assets through enhancement to James Turrell's renowned Kielder Skyspace and also to Silvas Capitalis (the Forest Head).
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Year ended 31st March 2017

c) Continuing our partnership with Newcastle University to provide opportunities for children and young people to develop their creative skills. A visitor welcome point will be installed at Bakethin Nature Reserve to complement Bakethin Hide and a new pavilion area developed with Calvert Trust Kielder. In addition, we hope to expand our educational activities enabling greater engagement with schools across the region.

d) The development of the next phase of our trans-media storytelling project 'A Kielder Fairytale', which will enable us to explore how digital media can help us reach new audiences.

e) The provision and enhancement of the curator led art tours to widen access and broaden audiences.

f) Inviting proposals for a new permanent commission at Kielder Water & Forest Park, which meets partners' objectives.

Future plans - We will work with partners to develop future plans for advancing the arts, including feasibility work on Antoine Bertin's sound installation proposal 'Human Den' and identifying sources of external funding to assist delivery.

Sustainable Development

Dark Sky Park - We will support Kielder Observatory Astronomical Society in its plans to build on the success of the Kielder Observatory. This includes the creation of a new fully accessible observatory in 2017/18 and the longer term proposals to build a state of the art planetarium, lecture/classroom and catering facilities will enable us to inspire and educate more people, create additional employment and enhance business prospects in the area.

Accommodation development at Kielder - We will continue to look at options for the development of a serviced accommodation facility, in order to help the future sustainability of both the charity and the community facilities within Kielder village.

PUBLIC BENEFIT

The trustees have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities. The charitable objectives are also set in order to provide a clear and demonstrable public benefit.

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
 - make judgments and accounting estimates that are reasonable and prudent;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.
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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31st March 2017

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

A resolution to reappoint Tait Walker LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 22 November 2017 and signed on behalf of the board of trustees by:



H. Mottram
Trustee

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Independent Auditor's Report to the Members of Kielder Water & Forest Park Development Trust

Year ended 31st March 2017

We have audited the financial statements of Kielder Water & Forest Park Development Trust for the year ended 31st March 2017 which comprise the statement of financial activities (including income and expenditure account), statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2017 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.

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Independent Auditor's Report to the Members of Kielder Water & Forest Park Development Trust *(continued)*

Year ended 31st March 2017

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

 23.11.17

Simon Brown ACA (Senior Statutory Auditor)

For and on behalf of
Tait Walker LLP
Chartered accountant & statutory auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Statement of Financial Activities (including income and expenditure account)

31st March 2017

		Unrestricted funds £	2017 Restricted funds £	Total funds £	2016 Total funds £
	Note				
Income and endowments					
Donations and legacies	5	53,387	202,937	256,324	145,633
Charitable activities	6	122,226	47,628	169,854	132,648
Other trading activities	7	3,291	—	3,291	4,243
Total income		<u>178,904</u>	<u>250,565</u>	<u>429,469</u>	<u>282,524</u>
Expenditure					
Expenditure on raising funds:					
Costs of other trading activities	8	1,719	—	1,719	1,380
Expenditure on charitable activities	9,10	161,087	260,954	422,041	283,451
Total expenditure		<u>162,806</u>	<u>260,954</u>	<u>423,760</u>	<u>284,831</u>
Net income/(expenditure)		<u>16,098</u>	<u>(10,389)</u>	<u>5,709</u>	<u>(2,307)</u>
Transfers between funds		1,833	(1,833)	—	—
Net movement in funds		<u>17,931</u>	<u>(12,222)</u>	<u>5,709</u>	<u>(2,307)</u>
Reconciliation of funds					
Total funds brought forward		20,485	151,528	172,013	174,320
Total funds carried forward		<u>38,416</u>	<u>139,306</u>	<u>177,722</u>	<u>172,013</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 18 to 28 form part of these financial statements.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Statement of Financial Position

31st March 2017

		2017		2016
		£	£	£
Current assets				
Debtors	16	160,794		176,260
Cash at bank and in hand		<u>26,945</u>		<u>28,889</u>
		187,739		205,149
Creditors: amounts falling due within one year	17	<u>(10,017)</u>		<u>(33,136)</u>
Net current assets			<u>177,722</u>	<u>172,013</u>
Total assets less current liabilities			<u>177,722</u>	<u>172,013</u>
Net assets			<u>177,722</u>	<u>172,013</u>
Funds of the charity				
Unrestricted funds	18		38,416	20,485
Restricted funds	18		<u>139,306</u>	<u>151,528</u>
Total charity funds			<u>177,722</u>	<u>172,013</u>

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

These financial statements were approved by the board of trustees and authorised for issue on 22.11.2017, and are signed on behalf of the board by:



H. Mottram
Trustee

The notes on pages 18 to 28 form part of these financial statements.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements

Year ended 31st March 2017

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Northumbria House, Abbey Road, Pity Me, Durham, County Durham, DH1 5FJ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The charitable company meets the definition of a public benefit entity under FRS102. The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The trustees have prepared budgets and forecasts which give them adequate comfort that the charity is a going concern. Therefore the trustees are of the view that the charity has sufficient resources for at least the next 12 months (from the date of approving the financial statements). As a result, the charity's financial statements have been prepared on a going concern basis.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st April 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 22.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no key judgements or estimation uncertainties contained within the accounts.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future projects or commitments.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

Income includes amounts received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided).

Donations and grant income included is recognised where there is entitlement, the receipt is probable and the amount can be measured with sufficient reliability.

In the event that a donation or grant is subject to conditions that require a level of performance 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 those conditions will be fulfilled in the reporting period.

Income from subscriptions is recognised as income upon receipt and is then deferred where the amount received is in respect of a period beyond the year end. Gift Aid in respect of subscriptions is recognised when the subscriptions are paid.

Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities. Refer to the Support Costs note for further information on the basis for allocation.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Gifts in kind

Where a gift in kind is given to the charity and it can be reliably measured, the gift is shown in both voluntary income and charitable activities.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provision are normally recognised at their settlement amount after allowing for any trade discounts due.

Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

4. Limited by guarantee

The charity is a company limited by guarantee. The directors of the company are the trustees named on page 1.

In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per director of the charity.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Gifts			
Gift in kind	41,562	139,708	181,270
Grants			
Art & Architecture	–	3,000	3,000
Arts Council England	–	29,900	29,900
Big Picture	–	1,050	1,050
Living Wild	–	29,279	29,279
Calvert Trust Kielder	11,825	–	11,825
	<u>53,387</u>	<u>202,937</u>	<u>256,324</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Gifts			
Gift in kind	40,629	51,561	92,190
Grants			
Art & Architecture	–	2,000	2,000
Arts Council England	–	21,000	21,000
Big Picture	–	10,000	10,000
Living Wild	–	8,850	8,850
Calvert Trust Kielder	11,593	–	11,593
	<u>52,222</u>	<u>93,411</u>	<u>145,633</u>

Gifts in kind total £181,270 (2016: £92,190). The income is shown as voluntary income and the expenditure is included as costs within Charitable Activities expenditure. The increase in gifts in kind in 2016/17 is due to the time spent by Newcastle University students and staff on the design and construction of Bakethin Hide as part of the Living Wild at Kielder project.

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Service Level Agreements	118,029	–	118,029
Fundraising income	4,197	47,628	51,825
	<u>122,226</u>	<u>47,628</u>	<u>169,854</u>

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

6. Charitable activities *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Service Level Agreements	106,478	–	106,478
Fundraising income	1,719	24,451	26,170
	<u>108,197</u>	<u>24,451</u>	<u>132,648</u>

7. Other trading activities

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Friends of Kielder/Discovery Pass	448	448	588	588
Web advertising	2,563	2,563	2,647	2,647
Wholesale distribution	280	280	1,008	1,008
	<u>3,291</u>	<u>3,291</u>	<u>4,243</u>	<u>4,243</u>

8. Costs of other trading activities

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Wages	1,466	1,466	1,146	1,146
Other professional fees	30	30	26	26
Telephone/IT	66	66	54	54
Other office costs	120	120	125	125
Other establishment	37	37	29	29
	<u>1,719</u>	<u>1,719</u>	<u>1,380</u>	<u>1,380</u>

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Art & Architecture	–	40,819	40,819
Big Picture	–	8,969	8,969
Living Wild	–	211,166	211,166
General charitable activities	149,787	–	149,787
Support costs	11,300	–	11,300
	<u>161,087</u>	<u>260,954</u>	<u>422,041</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Art & Architecture	256	69,778	70,034
Big Picture	–	29,890	29,890
Living Wild	–	20,230	20,230
General charitable activities	153,370	–	153,370
Support costs	9,927	–	9,927
	<u>163,553</u>	<u>119,898</u>	<u>283,451</u>

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2017 £	Total fund 2016 £
Art & Architecture	40,819	–	40,819	70,034
Big Picture	8,969	–	8,969	29,890
Living Wild	211,166	–	211,166	20,230
General charitable activities	149,787	–	149,787	153,370
Governance costs	–	11,300	11,300	9,927
	<u>410,741</u>	<u>11,300</u>	<u>422,041</u>	<u>283,451</u>

11. Analysis of support costs

	Governance Costs £	Total 2017 £	Total 2016 £
Staff costs	7,206	7,206	5,618
Establishment costs	183	183	150
Audit fees	2,850	2,850	3,150
Other professional fees	144	144	130
Telephone and IT	917	917	879
	<u>11,300</u>	<u>11,300</u>	<u>9,927</u>

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

11. Analysis of support costs *(continued)*

Analysis of Governance & Support Costs

The charitable company allocates costs direct to activities as far as possible, then identifies the remaining costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken in the year. The basis for apportionment and the analysis of support and governance costs is set out as follows:

Direct to governance: Staff costs, establishment costs, audit fees, other professional fees, telephone and IT and administration costs. Other expenses have been allocated 100% to direct charitable activity costs.

12. Auditors remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>2,850</u>	<u>3,150</u>

13. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2017	2016
	£	£
Wages and salaries	<u>92,753</u>	<u>88,380</u>

The average head count of employees during the year was Nil (2016: Nil).

The charity does not directly employ any staff. Staff are provided on a service level agreement between members/partners and the Trust. The charity is invoiced for all wages and salaries costs. Salaries of staff provided under the service level agreement are not disclosed as the charity is not responsible for decisions on salary levels of the seconded staff. The total cost of employees provided to the charity is shown as "wages and salaries" costs without further analysis.

During 2016/17 there was a total of 4 staff seconded to the trust. An apprentice started in November (half of their salary was charged to the Trust within the staff cost above). Also, in October a part time project coordinator was seconded to the trust from NWT to deliver Living Wild. Her cost is in the Living Wild cost centre so is not included in the above figure.

As all personnel are provided under a service level agreement the trustees confirm that the charity has no Key Management Personnel which are remunerated directly by the Trust.

14. Trustee remuneration and expenses

None of the directors/trustees of the charitable company received any remuneration or expenses.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

15. Transfers between funds

The charity makes transfers between the projects to represent the project administration and management costs which have been incurred while the projects have been ongoing.

16. Debtors

	2017 £	2016 £
Trade debtors	1,931	240
Other debtors	158,863	176,020
	<u>160,794</u>	<u>176,260</u>

Other debtors includes amounts due from Northumberland County Council totalling £141,074 (2016: £161,363). This balance represents the bank balance held by Northumberland County Council on behalf of the charity.

17. Creditors: amounts falling due within one year

	2017 £	2016 £
Other creditors	<u>10,017</u>	<u>33,136</u>

18. Analysis of charitable funds

Unrestricted funds

	At 1st April 2016 £	Income £	Expenditure £	Transfers £	At 31st March 2017 £
General funds	11,679	178,904	(162,806)	1,833	29,610
Big Picture	8,806	—	—	—	8,806
	<u>20,485</u>	<u>178,904</u>	<u>(162,806)</u>	<u>1,833</u>	<u>38,416</u>

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the trustees, at their discretion, have created a fund for a specific purpose.

The basis for calculating 'free reserves' are after allowing for all designated funds, fixed assets and other non-current assets and liabilities.

General funds

General funds comprise those funds which the trustees are free to use for any purpose in furtherance of charitable objects.

Big Picture

The designated Big Picture funds relate to interpretation and signage at various locations.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

Restricted funds

	At 1st April 2016 £	Income £	Expenditure £	Transfers £	At 31st March 2017 £
Arts and Architecture	21,300	51,250	(40,818)	(1,833)	29,899
Big Picture	127,864	5,828	(8,969)	—	124,723
Living Wild	2,364	193,487	(211,167)	—	(15,316)
	<u>151,528</u>	<u>250,565</u>	<u>(260,954)</u>	<u>(1,833)</u>	<u>139,306</u>

Arts & Architecture

The funds held for Art & Architecture relate to income from the Arts Council England and Northumberland County Council to be used in delivering commissions, arts workshops, educational activity, community engagement and digital promotion.

Big Picture

Restricted Big Picture funds represent funds received for the Observatory project, Dark Skies, Forest Discovery, the Source of Tyne Project, Lakeside Way maintenance and the delivery of the Kielder Big Picture investment plan.

Living Wild

The Living Wild funds relate to income received from Heritage Lottery Fund and expended on a natural heritage project "Living Wild at Kielder".

19. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Current assets	48,433	139,306	187,739
Creditors less than 1 year	(10,017)	—	(10,017)
Net assets	<u>38,416</u>	<u>139,306</u>	<u>177,722</u>

20. Expenditure commitments

The charity has committed to spend in total £84,971 (2016: £17,287) after the year end which has not been included in these accounts. This includes commissioned work such as project consultancy support.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST

COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

21. Related parties

During the year there have been a number of transactions with the founding members of the charity:

Calvert Trust Kielder

The Calvert Trust Kielder has made contributions to incoming resources of £11,825 (2016: £11,593) in the year. The charity has incurred costs from the Calvert Trust Kielder of £3,664 (2016: £nil).

Kielder Observatory Astronomical Society

The Kielder Observatory Astronomical Society made contributions to incoming resources of £3,420 (2016: £6,000) in the year.

Forestry Commission

The Forestry Commission has made contributions to incoming resources of £37,100 (2016: £36,685) in the year.

The charity has incurred costs from the Forestry Commission of £635 (2016: £135) in the year.

The Forestry Commission provides the charity with PR support and does not charge the charity for the costs. This gift in kind has an estimated value of £2,500 (2016: £3,000) for the year which is included in income and expenditure within the Statement of Financial Activities.

Northumberland County Council

Northumberland County Council has made contributions to incoming resources of £33,257 (2016: £38,958) in the year. The charity has incurred costs from Northumberland County Council of £483 (2016: £nil).

Northumberland County Council host the finances of the charity and at the year end the balance held by Northumberland County Council on behalf of the charity was £141,074 (2016: £161,363), which is included in other debtors. As described within the debtors note, this amount represents cash held by Northumberland County Council on behalf of the charity (less amounts recognised by the charity as accruals). Northumberland County Council does not charge the charity for the costs of administering the finances. This gift in kind has an estimated value of £7,600 (2016: £9,600) for the year and is included in income and expenditure within the Statement of Financial Activities.

Northumbrian Water Limited

Northumbrian Water Limited has made contributions to incoming resources of £84,897 (2016: £48,896).

The charity has incurred costs from Northumbrian Water Limited of £101,019 (2016: £96,010). At the year end £531 (2016: £24,758) was outstanding and is included within creditors.

Northumbrian Water Limited allows the charity to use their office space and provide PR and marketing support and do not charge the charity for the costs. This gift in kind has an estimated value of £56,412 (2016: £56,600) for the year which is included in income and expenditure within the Statement of Financial Activities.

Northumberland National Park Authority

The Northumberland National Park Authority became members on the 7th September 2016 and has made contributions to incoming resources of £10,000 in the year.

KIELDER WATER & FOREST PARK DEVELOPMENT TRUST
COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

22. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The charity transitioned to FRS 102 on 1st April 2015.

No transitional adjustments were required in the retained funds or income or expenditure for the year.