

Registered number: 04729800
Charity number: 1158871

**NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL
BEAUTY**

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL BEAUTY
(A company limited by guarantee)

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NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL BEAUTY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022**

Trustees	P Hygate, Chairman C Woodley Stewart, Vice Chairman L Barron J B Dixon D Hewlett N Holliday (resigned 18 November 2021) A Khatwa G Perry K Taylor P Walton (resigned 18 November 2021)
Company registered number	04729800
Charity registered number	1158871
Registered office	Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG
Company secretary	G Perry
Chief Executive Officer	Howard Davies (to 30 June 2021) John Watkins (from 1 July 2021)
National Policy and Development Manager	Richard Clarke (to 30 June 2021)

NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL BEAUTY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the financial statements of the Charitable Company for the year from 1 April 2021 to 31 March 2022. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Charitable Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

- to promote the conservation and enhancement of natural beauty,
- to advance the education, understanding and appreciation of the public in relation to the conservation and enhancement of natural beauty
- to promote the efficiency and effectiveness of those organisations promoting or representing Areas of Outstanding Natural Beauty, other Protected Areas and those areas for which such designation might be pursued.

The main activities undertaken in relation to those purposes are

- Working with governments, their associated agencies, and non-governmental bodies to inform policy development to conserve and enhance natural beauty
- Raising the profile of the AONB designation and the work of the AONB partnerships/conservation boards to stakeholders including the wider public
- Demonstrating the value and relevance of the AONB designation and the work of the AONB partnerships/conservation boards to stakeholders including the wider public.
- Driving better delivery through the support, encouragement, and modelling of collaboration across the AONB network and with external partners
- Supporting the management of organisational change through leadership and AONB staff collaboration programmes
- Raising resources to support the work of the NAAONB and the AONB Family

b. Activities undertaken to achieve objectives

The Trustees confirm that they have given due consideration to general guidance published by the charity commission relating to public benefit and in particular to its supplementary public benefit guidance when setting and reviewing the National Association's aims and objectives and in planning future activities.

Areas of Outstanding Natural Beauty, whilst predominantly comprised of land in private ownership, are generally accessible to the public through the rights of way network or open access provisions as defined in the Countryside and Rights of Way Act 2000. In addition, the public goods and services that flow from the appropriate management of these areas are significant. The activity of the National Association for AONBs is centred on ensuring these designated landscapes, through support for the conservation and enhancement of natural beauty, optimise their provision of goods and services, many of which are public; that the purpose and benefit of these areas are understood, and that their management bodies operate as efficiently and effectively as possible.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Objectives and activities (continued)

c. Main activities undertaken to further the Charitable Company's purposes for the public benefit

The activity of the National Association has focussed on securing the best possible outcome from the government's long awaited response to the Landscapes Review. This has the potential for a significant step-change in the purposes, powers and resources of AONB and related protected areas, with the associated boost to public benefit this could bring.

A key focus of effort is working with governments, their associated agencies, and nongovernmental bodies to **promote the conservation and enhancement of natural beauty**.

In England, this work has focused on active engagement with the NAAONB membership, Defra and other stakeholders to continue to support the roll out of the Glover Review recommendations in an informed way. Considerable time, energy, and expertise has been directed towards supporting Defra in this area. The NAAONB has also concluded the co-ordination of the delivery, reporting, and resourcing of the programme of Tests and Trials to inform the emerging ELM scheme, with a final report and recommendations submitted in the summer. The NAAONB programme of well attended webinars for AONB and National Park staff and farmers introducing ELMs and what it seeks to achieve continued for the first half of the year.

In Wales, the responsibility for environment and with it landscape policy and legislation is devolved. Negotiation with the Welsh Government secured a three-year agreement to support the Association to work alongside the AONBs in Wales to boost their collective ambition and to amplify their impact. The recruitment of a new Wales Officer was completed, providing the Association with the opportunity to engage fully in emerging priorities and plans in Wales, including a place on Tirweddau Cymru, the Wales landscape partnership.

The Association contributed to a review and proposed establishment of a Northern Ireland Protected Area Network, which offers the potential for improved coordination and a stronger collective voice for AONB.

Work has continued on the Colchester Declaration – a plan for nature recovery across AONBs in England. The NAAONB continues to work closely with its membership and stakeholders, especially Natural England and the National Park Authorities, to ensure a joined-up approach to nature recovery in AONBs. We have strengthened our relationship with Natural England and National Parks England through a joint delivery agreement that reaffirms our intention to work together to conserve and enhance natural beauty.

Working in collaboration with Natural England the NAAONB has secured a continuation of the funding to employ a Nature Recovery Officer who is now leading on this area of work, in particularly the development of a Local Nature Recovery Plans in each AONB, and support for a set of pilot projects.

The NAAONB has maintained links with the Europarc Federation.

Much work has also taken place to help better **to advance the education, understanding and appreciation of the public in relation to the conservation and enhancement of natural beauty**. The NAAONB held its annual conference online, providing an opportunity to explore the implications of the climate crisis on the landscapes and communities of AONBs. This theme was explored further in the Chairman's Conference, leading to a Chair's Statement on Climate Change. We now have an established alternative to face-to-face events and workshops, can support the membership in their efforts to cut carbon emissions through reducing the need for travel, and can provide a wider offer to a broader and more diverse audience. This will form part of the approach to events in the future. Planning for a face to face conference later in 2022 was started, building in suitable contingency to manage the financial risk of such an event.

The National Communications Manager is now leading on all aspects of communication across the network. Additional funding was received by Defra to explore the implications of a Glover Review recommendation to rename AONBs as National Landscapes. This work involved consultation with underrepresented groups,

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Objectives and activities (continued)

existing stakeholders and AONB teams to examine the values and vision that should underpin the work of AONBs in the future and how a renaming as part of a deeper rebranding could support this. A survey was also undertaken on behalf of NAAONB by Ipsos in February 2022 which demonstrated that awareness of the AONB name is relatively low in the general public, and even lower in younger age groups, but that the majority of the public believe that AONB teams should receive government funding to carry out their work.

The NAAONB has produced regular newsletters and bulletins and helped drive forward a programme of work around embedding the arts in the work of AONB partnerships.

The NAAONB has continued to grow its ability to celebrate AONBs and natural beauty. We have maintained our relationship with The Poetry School, co-ordinating the energy and enthusiasm across the AONB Family to support The Laurel and Ginkgo prizes helping us develop new ways of bringing landscape to a new audience. The NAAONB and AONB Family has been a significant supporter of both competitions and this work represents an important element of taking forward the Art in the Landscape Strategy. The NAAONB developed the relationship between the national cultural festival Unboxed, to bring their Green Space Dark Skies events to AONBs in England, Wales and Northern Ireland. The events will take place during 2022. Talks with The Arts Council England have continued with the aim of a national Memorandum of Understanding being agreed to extend and deepen the relationship between the arts and landscape.

Advocacy on behalf of AONB partnerships and the landscapes they conserve and enhance has been focused almost entirely on the Glover Review. The NAAONB has worked continuously with key eNGOs to advance their understanding of the work of AONBs. This has resulted positive shift in support of the NAAONB, with a broad and powerful coalition calling for reform of purposes and powers and a much greater investment in the local delivery teams. Much energy has been focused on helping UK Government to better understand the value of AONBs and the relationship between the data and evidence provided to the Review team and emerging public policy.

Central to the NAAONB's ability to advance the education, understanding and appreciation of the public in relation to the conservation and enhancement of natural beauty is data and evidence. The NAAONB has therefore used the set of metrics, devised by and agreed across the AONB network, to report what the AONB designation delivers for the nation against the 25 Year Environment Plan objectives. This data forms the basis of the Landscapes for Life Annual Report.

Work undertaken **to promote the efficiency and effectiveness of those organisations promoting or representing Areas of Outstanding Natural Beauty** has centred on taking forward areas of collective work through collaboration. This builds on the personal development programme, 'Taking the Lead', funded through HLF's Resilience Fund. The NAAONB has continued to foster a culture of deep collaboration across its membership and has secured additional financial commitment from its members to support a new programme of collaboration, based around action to deliver on climate change.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Achievements and performance

a. Main achievements of the Charitable Company

We are a small charity with significant impact. During the year the charity completed the recruitment of a new Chief Executive. The planned departure of the Chief Executive allowed for continuity during recruitment and three month hand over period, mitigating the risk of a change during a period when a significant review by government of the operating landscape of the charity was still live.

Our engagement with Defra around the delivery of Glover Review recommendations has been resource intensive. We have been consistently on hand to provide technical information, data, evidence, background understanding, and experience to support Defra's landscape team. We have ensured that our members are fully apprised of government thinking and have worked to ensure Defra understands the needs of our membership.

Our work around nature recovery, and the advocacy carried out by the NAAONB for the AONB designation, has ensured that AONBs are recognised as having an important role in helping to protect and restore wildlife and better connect people to nature. This is a major achievement, not just for the AONB designation, but the landscape approach in general. Specifically, the leadership we provided around the Colchester Declaration remains an important contributor to the perception of AONBs as places central to nature recovery. This has been vital in positioning AONB partnerships to deliver in this area.

This report represents a partial snapshot of some of the activities taking place to deliver across the charity's objectives.

b. Fundraising

Funds are generally raised through membership contribution and grants. The Trust does not employ a professional fundraiser.

c. Investment policy

The Trust adopts a low risk policy, balancing security and access to funds with income generation.

Financial review

a. Going concern

After making appropriate enquiries, although the impact of Covid-19 has led to a drop in unrestricted income due to the Charity not being able to run any events, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

b. Reserves policy

At the 31st March 2022 there were funds of £233,250 this compares to £546,663 at 31st March 2021. Free reserves at the year end were a surplus of £136,549 (2021: £116,398).

Charity law requires any income received by a charity to be spent within a reasonable time of its receipt. The Trustees therefore have to be able to justify the holding of income as reserves. A reserves policy is also important in that it explains to existing and potential funders, donors and other stakeholders why a charity is holding a particular amount of reserves, thereby giving confidence that that charity's finances are being managed properly into the future.

The National Association for AONBs agrees a reserves policy annually which addresses these aspects in accord with Charity Commission guidance.

The NAAONB aims to ensure that there are sufficient reserves to service its cash flow requirement, to tide it over periods when new fund raising is required, or to allow (if necessary) the NAAONB to be dissolved while meeting its obligations to staff and creditors.

The NAAONB aims to run annually a balanced budget, funding reserves from unrestricted income. Identifying funding for future purchases and activities should be normal matters for the reserves.

The budgeted period is normally three years from the end of the spending year. This year, however, we have only been able to present a budget for one year in line with the length of the funding agreement we have with Defra. Where there are uncertainties, appropriate levels of contingency funding will be applied. The three-year level of reserves is to be calculated by the Honorary Treasurer and the CEO at the same time as the annual budget is prepared. That level of reserves is then incorporated into the budget process as a whole. The level of reserves is monitored as one part of the periodic reporting of Management Accounts to the Board. This policy will be reviewed annually during the budget setting process, and when there are significant changes in staff and/or project activity.

The current level of required reserves for this financial year is estimated at circa £120k.

c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that, insofar as mitigation is possible, systems and procedures are in place to manage the exposure to those risks.

The principal risks associated with the Charity are as follows:

- Public sector environmental funding declines
- Major partners withdraw from use of NAAONB services (e.g. Defra)
- Free reserves fall below target

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management

a. Constitution

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum and Articles of Association.

The company is constituted under a Memorandum and Articles of Association and is a registered charity number 1158871.

The Directors of the charitable company are its Trustees for the purpose of charity law and throughout the report are collectively referred to as trustees. The governing body of the National Association for AONBs is its Board.

The Board is composed of all trustees who are volunteers and is authorised to appoint new members to fill vacancies arising through resignation or death of an existing member. The trustees, when complete, consist of at least five and not more than nine individuals. The Articles of Association of the National Association for AONBs govern the appointment of trustees and are available on request. The Board agrees the National Association for AONBs' annual budget and strategic plan, while the day-to-day management of the National Association for AONBs is delegated to its Chief Executive (Howard Davies to 30 June 2021, John Watkins from 01 July 2021). The charity constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

On appointment, Trustees are provided with a membership pack and are issued with a copy of the Charity Commission's guidance on becoming a trustee and guidance on campaigning and political activity.

b. Methods of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum and Articles of Association.

New Trustees are inducted into the workings of the Charity, including policies and procedures, and provided with appropriate supporting information.

Plans for future periods

The Charity's current strategic objectives are set out in its strategic plan 2021-2023. Its strategic objectives have been agreed by its membership:

- Support policies for conserving and enhancing the natural beauty of AONBs.
- Maintain an understanding of AONBs and the issues they face.
- Advocate for AONB partnerships and their teams.
- Sustain a collaborative culture across the AONB Family.

The strategic direction of the charity is currently under review as greater clarity from the UK government's extended period of review of AONB emerges.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charitable Company 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 Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and 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.

Approved by order of the members of the board of Trustees and signed on their behalf by:



.....
P Hygate
(Chair of Trustees)

Date: 17/11/2022

NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL BEAUTY
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INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Independent Examiner's Report to the Trustees of National Association for Areas of Outstanding Natural Beauty ('the Charitable Company')

I report to the charity Trustees on my examination of the accounts of the Charitable Company for the year ended 31 March 2022.

Responsibilities and Basis of Report

As the Trustees of the Charitable Company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Charitable Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Charitable Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

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INDEPENDENT EXAMINER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Independent Examiner's Statement


Since the Charitable Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Charitable Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

This report is made solely to the Charitable Company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the Charitable Company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's Trustees as a body, for my work or for this report.

Signed: 

Dated: 29 November 2022

S J Tweedie BSc FCA DChA

WR Partners
Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL BEAUTY
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STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	3	176,398	284,785	461,183	1,132,490
Charitable activities	4	-	12,862	12,862	14,412
Total income		176,398	297,647	474,045	1,146,902
Expenditure on:					
Charitable activities	5	509,791	277,667	787,458	1,010,356
Total expenditure		509,791	277,667	787,458	1,010,356
Net (expenditure)/income		(333,393)	19,980	(313,413)	136,546
Transfers between funds	13	(631)	631	-	-
Net movement in funds		(334,024)	20,611	(313,413)	136,546
Reconciliation of funds:					
Total funds brought forward		426,749	119,914	546,663	410,117
Net movement in funds		(334,024)	20,611	(313,413)	136,546
Total funds carried forward		92,725	140,525	233,250	546,663

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 15 to 28 form part of these financial statements.

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REGISTERED NUMBER: 04729800

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	3,976	3,516
		<u>3,976</u>	<u>3,516</u>
Current assets			
Debtors	11	44,520	120,500
Cash at bank and in hand		273,091	467,563
		<u>317,611</u>	<u>588,063</u>
Creditors: amounts falling due within one year	12	(88,337)	(44,916)
Net current assets		229,274	543,147
Total assets less current liabilities		233,250	546,663
Total net assets		233,250	546,663

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REGISTERED NUMBER: 04729800

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Charity funds			
Restricted funds	13	92,725	426,749
Unrestricted funds	13	140,525	119,914
Total funds		233,250	546,663

The Charitable Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



.....
P Hygate
(Chair of Trustees)

Date: 17/11/2022

The notes on pages 15 to 28 form part of these financial statements.

NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL BEAUTY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Cash flows from operating activities		
Net cash (used in)/generated by operating activities	(193,132)	34,621
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,340)	(3,520)
Net cash used in investing activities	(1,340)	(3,520)
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	(194,472)	31,101
Cash and cash equivalents at the beginning of the year	467,563	436,462
Cash and cash equivalents at the end of the year	273,091	467,563

The notes on pages 15 to 28 form part of these financial statements

NATIONAL ASSOCIATION FOR AREAS OF OUTSTANDING NATURAL BEAUTY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General information

The National Association for Areas of Outstanding Natural Beauty is a private limited company, limited by guarantee, with its registered office at Belmont House, Shrewsbury Business Park, Shrewsbury, Shropshire SY2 6LG. It is incorporated in England and Wales.

The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

National Association for Areas of Outstanding Natural Beauty 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.

2.2 Income

All income is recognised once the Charitable Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charitable Company's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Government grants

Government grants are included in the Statement of Financial Activity on receipt and entitlement to the funds. The government grant income is allocated to the appropriate fund on receipt.

2.5 Tangible fixed assets and depreciation

Tangible fixed assets costing £250 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Office equipment	- 25% reducing balance
Computer equipment	- 25% straight line

2.6 Debtors

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

2.7 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.

2.8 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charitable Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.9 Financial instruments

The Charitable Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.10 Pensions

The Charitable Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charitable Company to the fund in respect of the year. The Charitable Company contributes to personal pension plans at a rate of 30% of the employees' salary.

2.11 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

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3. Income from donations and legacies

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Membership contributions	20,372	110,172	130,544	121,505
Government grants	156,026	169,613	325,639	1,010,985
Sponsorship	-	5,000	5,000	-
	<u>176,398</u>	<u>284,785</u>	<u>461,183</u>	<u>1,132,490</u>
<i>Total 2021</i>	<u><u>888,972</u></u>	<u><u>243,518</u></u>	<u><u>1,132,490</u></u>	

Government grants include grants from DEFRA, the Environment Agency, Natural England and the Welsh Government.

4. Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Charitable activities	1,000	1,000	14,412
Sales	11,862	11,862	-
	<u>12,862</u>	<u>12,862</u>	<u>14,412</u>
<i>Total 2021</i>	<u><u>14,412</u></u>	<u><u>14,412</u></u>	

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5. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
All activities	509,791	277,667	787,458	1,010,356
<i>Total 2021</i>	-	1,010,356	1,010,356	

6. Analysis of expenditure by activities

	Support costs 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
All activities	787,458	787,458	1,010,356
<i>Total 2021</i>	1,010,356	1,010,356	

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6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2022 £	Total funds 2022 £	<i>Total</i> <i>funds</i> <i>2021</i> £
Staff costs	258,710	258,710	205,403
Depreciation	880	880	193
Charitable activities	3,817	3,817	4,976
Finance	734	734	623
IT costs	9,830	9,830	39,109
Sundries	11,884	11,884	3,558
Subscriptions	356	356	442
Consultant's fees	477,456	477,456	577,154
Management fees	1,000	1,000	14,412
Contractor costs	14,040	14,040	72,168
Grants paid	-	-	88,000
Governance costs	8,751	8,751	4,318
	<u>787,458</u>	<u>787,458</u>	<u>1,010,356</u>
<i>Total 2021</i>	<u>1,010,356</u>	<u>1,010,356</u>	

7. Independent examiner's remuneration

	2022 £	<i>2021</i> £
Fees payable to the Charitable Company's independent examiner for the independent examination of the Charitable Company's annual accounts	2,650	-
Fees payable to the Charitable Company's auditor in respect of: Audit fee	-	6,500
	<u> </u>	<u> </u>

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8. Staff costs

	2022	<i>2021</i>
	£	£
Wages and salaries	187,439	148,145
Social security costs	14,995	12,800
Contribution to defined contribution pension schemes	56,276	44,458
	258,710	205,403

The average number of persons employed by the Charitable Company during the year was as follows:

	2022	<i>2021</i>
	No.	No.
Employees	6	5

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	<i>2021</i>
	No.	No.
In the band £60,001 - £70,000	-	1

The salaries paid to key management personnel including pension contributions amounted to £111,158. This included two employees due to a change in Chief Executive Officer during the year.

9. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (*2021 - £NIL*).

During the year ended 31 March 2022, expenses totalling £447 were reimbursed or paid directly to 1 Trustee (*2021 - £NIL*). This amount related to the reimbursement of mileage expenses incurred by P Hygate.

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10. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2021	591	4,583	5,174
Additions	-	1,340	1,340
At 31 March 2022	<u>591</u>	<u>5,923</u>	<u>6,514</u>
Depreciation			
At 1 April 2021	458	1,200	1,658
Charge for the year	34	846	880
At 31 March 2022	<u>492</u>	<u>2,046</u>	<u>2,538</u>
Net book value			
At 31 March 2022	<u>99</u>	<u>3,877</u>	<u>3,976</u>
<i>At 31 March 2021</i>	<u>133</u>	<u>3,383</u>	<u>3,516</u>

11. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	44,347	119,961
Other debtors	-	380
Prepayments and accrued income	173	159
	<u>44,520</u>	<u>120,500</u>

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12. Creditors: Amounts falling due within one year

	2022	<i>2021</i>
	£	£
Payments received on account	28,862	-
Trade creditors	40,112	2,000
Other taxation and social security	150	18,540
Other creditors	924	307
Accruals	18,289	24,069
	88,337	44,916

The payments received on account figure relates to membership fees and delegate income for the 2022/23 year.

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13. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2022 £
Unrestricted funds					
General Funds - all funds	119,914	297,647	(277,667)	631	140,525
Restricted funds					
Resilient Heritage Fund	831	-	-	(831)	-
Wales Development Manager	22,160	50,000	(34,381)	-	37,779
Tests and Trials	360,540	-	(349,732)	-	10,808
ELMS Advocacy	11,862	-	(6,094)	-	5,768
Laurel Prize	2,900	4,872	(2,975)	-	4,797
Nature Recovery Coordinator	23,156	40,799	(55,031)	-	8,924
WEIF	5,500	40,228	(45,728)	-	-
Rebrand	(200)	-	-	200	-
Climate Change Programme	-	40,499	(15,850)	-	24,649
	<u>426,749</u>	<u>176,398</u>	<u>(509,791)</u>	<u>(631)</u>	<u>92,725</u>
Total of funds	<u><u>546,663</u></u>	<u><u>474,045</u></u>	<u><u>(787,458)</u></u>	<u><u>-</u></u>	<u><u>233,250</u></u>

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13. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Balance at 31 March 2021</i>
	£	£	£	£	£
Unrestricted funds					
General Funds - all funds	125,256	257,930	(257,191)	(6,081)	119,914
Restricted funds					
Resilient Heritage Fund	831	-	-	-	831
Wales Development Manager	70,076	-	(50,577)	2,661	22,160
Art in Landscape	3,010	1,490	(7,920)	3,420	-
Capacity to Continue Collaborative Work	7,000	9,000	(16,000)	-	-
Tests and Trials	203,944	588,227	(431,631)	-	360,540
ELMS Advocacy	-	171,093	(159,231)	-	11,862
Laurel Prize	-	3,600	(700)	-	2,900
Nature Recovery Coordinator	-	36,907	(13,751)	-	23,156
WEIF	-	78,655	(73,155)	-	5,500
Rebrand	-	-	(200)	-	(200)
	<u>284,861</u>	<u>888,972</u>	<u>(753,165)</u>	<u>6,081</u>	<u>426,749</u>
Total of funds	<u><u>410,117</u></u>	<u><u>1,146,902</u></u>	<u><u>(1,010,356)</u></u>	<u><u>-</u></u>	<u><u>546,663</u></u>

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13. Statement of funds (continued)

The restricted funds comprise:

Wales Development Manager – a Welsh government funded post to help co-ordinate and enhance the actions of the AONBs in Wales

Tests and Trials – a large Defra funded project run by 12 different AONBs looking at positive changes to farming systems post BREXIT

ELMS Advocacy – a Defra funded project to promote the Farming in Protected Landscapes programme of grants for environmentally friendly projects in protected landscapes

Laurel Prize – a collaboration with the Poetry Society to run the Laurel and Ginkgo poetry prizes for poems on the theme of nature to highlight the climate and ecological crisis and to raise awareness of potential solutions

Nature Recovery Co-ordinator – work to highlight the need for nature recovery across the AONB network and to support AONB teams in the production of Nature Recovery Plans

WEIF – Environment Agency funded projects to support work to improve natural solutions to problems affecting water courses in a number of specific AONBs

Climate Change Programme - a collaborative approach across the AONB network to pioneer new approaches to climate change adaptation and mitigation

14. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	3,976	3,976
Current assets	92,725	224,886	317,611
Creditors due within one year	-	(88,337)	(88,337)
Total	92,725	140,525	233,250

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14. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Restricted funds 2021 £</i>	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	-	3,516	3,516
Current assets	426,749	161,314	588,063
Creditors due within one year	-	(44,916)	(44,916)
Total	<u>426,749</u>	<u>119,914</u>	<u>546,663</u>

15. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(313,413)	136,546
Adjustments for:		
Depreciation charges	880	193
Decrease/(increase) in debtors	75,980	(110,180)
Increase in creditors	43,421	8,062
Net cash (used in)/provided by operating activities	(193,132)	34,621

16. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	273,091	467,563
Total cash and cash equivalents	273,091	467,563

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17. Analysis of changes in net debt

	At 1 April 2021	Cash flows	At 31 March 2022
	£	£	£
Cash at bank and in hand	467,563	(194,472)	273,091
	<u>467,563</u>	<u>(194,472)</u>	<u>273,091</u>

18. Pension commitments

The Charity makes contributions to personal pension plans of its employees at a rate of 30% of the employees' salary. The pension cost charge represents contributions payable by the group to the fund and amounted to £56,276 (2021 - £44,458). £15,968 was payable to the fund at the balance sheet date and is included in creditors.

19. Related party transactions

There were related party transactions between the National Association of Areas of Outstanding Natural Beauty and two Areas of Outstanding Beauty that trustees are involved with. (2021 one transaction of £600 expenditure).

C Woodley Stewart is a director of North Pennines AONB Partnership which received £34,045 in funding for the Tests and Trials project, and paid £5,691 in delegate fees, donations and membership fees to the NAAONB.

L Barron is a manager at Arnsdale & Silvedale AONB which paid £9,490 in delegate fees, donations and membership fees to the NAAONB.

There were no outstanding amounts at the end of the accounting year.