



Keep Britain Tidy

A Company Limited by Guarantee

Company Registration Number: 3496361

Annual Report & Financial Statements for the Year Ended 31st March 2014

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KEEP BRITAIN TIDYTRUSTEES' REPORTFOR THE YEAR ENDED 31st MARCH 2014**TRUSTEES' REPORT**

The Board of Trustees present their annual report incorporating a strategic report together with the audited financial statements for the year ended 31st March 2014.

REFERENCE AND ADMINISTRATIVE DETAILS

Keep Britain Tidy ("the Company") is incorporated as a Private Company Limited by Guarantee (Registration Number: 3496361) and is a Registered Charity (Charity Number: 1071737). The present Trustees, and any past Trustees who served during the year together with the Chief Executive and the names of the senior executive staff are given on page 4 & 5 and the external advisors are also set out on page 5.

The Company is governed by Articles of Association which were last adopted at the Annual General Meeting on 6th December 2012.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Board of Trustees**

The Board of Trustees is responsible for the overall governance of Keep Britain Tidy. The Board of Trustees currently has thirteen members; the Articles of Association require there to be not less than four or more than fourteen and the Board may increase or reduce the number within that limit as they consider appropriate. Trustees are normally appointed for 3 years through a transparent and open recruitment process. They may then be appointed for a further two terms of up to three years and they retire in rotation to ensure that the Board has the full range of skills and experience needed to determine and monitor the charity's strategic direction. A current Chair was appointed in December 2012. Four new Trustees were appointed during the year and one resigned.

The Board of Trustees meets at least four times each year. At these meetings they set the organisation's business strategy, plans and budgets and review its operational, health & safety and financial performance. In doing so they work closely with key staff and they need to have an understanding of all aspects of the Company's work. There is a comprehensive induction programme for new Trustees and all Trustees are encouraged to attend appropriate training events where these will help them with their role and responsibilities. In addition Trustees are kept fully up to date with the organisation's operations through presentations at Board meetings, regular reports and invitations to participate in external events.

All Trustees give their time freely but are entitled to reimbursement of expenses incurred in attending Board and other meetings or performing other duties as a Trustee of the charity. Trustees are required to disclose all relevant interests and formally register them at Board meetings. Details of Trustee expenses and related party transactions are disclosed in notes 24 and 29 to the accounts.

Audit and Finance Committee

The Committee comprises a number of Trustees who in the opinion of the Board are most appropriately qualified to exercise independent judgement on the matters relevant to the Committee. The Committee's role is to oversee risk management, the scope and findings of any internal audit work commissioned and the Company's policies and practices in respect of accounting, anti-fraud and whistleblowing. In addition, it reviews the external audit arrangements and the financial position and reports of the Company including financial forecasts and budgets. The Committee reviews and advises the Board on the Reserves Policy and the Company's position in respect of its liability to meet any deficit on the defined benefit pension scheme.

Remuneration Committee

The Committee comprises a number of Trustees who in the opinion of the Board are most appropriately qualified to exercise independent judgement on the matters relevant to the Committee. The Committee's role is to review and recommend HR policies and procedures, and to advise the Board on matters relating to the awarding of general pay increases and the remuneration of the Executive Team.

Management and Staffing

A Chief Executive is appointed by the Trustees to manage the day to day operations of the Company. To facilitate effective operations, the Trustees have approved a detailed scheme of financial delegation for the Chief Executive and certain senior staff. The Chief Executive is responsible for ensuring that the Company delivers the business plan and services specified

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and that key performance indicators are met.

Statement of Trustees' Responsibilities and Corporate Governance

The Trustees, who are also directors of Keep Britain Tidy for the purposes of company law, are responsible for preparing the Trustees' Annual Report, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these statements, the Trustees are required to;

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Keep Britain Tidy website.

Statement as to disclosure of information to auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Corporate Governance

Internal controls over all forms of commitment and expenditure continue to be reviewed to improve their effectiveness. Processes are in place to ensure that performance is monitored and the appropriate management information is prepared and reviewed monthly by executive management and regularly by the Audit and Finance Committee and the Board of Trustees. The systems of internal control are designed to provide reasonable but not absolute assurances against material misstatement or loss. They include:

- a strategic plan and annual budget approved by the Trustees;
- regular consideration by the Trustees of financial results, variances from budget, non-financial performance indicators and benchmarking reviews;
- delegation of day to day management authority and segregation of duties;
- identification and management of risks.

MEMBERS OF THE BOARD

The following Directors (who are also Trustees of the Charity) held office during the year:

Dinah Nichols	Chair (appointed Chair 8 December 2012)
Alastair Singleton †	
Daniel Ratchford †	
Mathew Prosser	
Matthew Bennett *	
Paul Bettison	
Peter Kent * †	
Peter Styche * †	

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Sohail Husain	Resigned 5 December 2013
Sylvia Levi *	
Stephen Gee	Appointed 1 April 2013
James Millar	Appointed 1 April 2013
Angela Smith-Morgan	Appointed 1 April 2013
Alfred Hill *	Appointed 21 January 2014

* Member of the Audit and Finance Committee

† Member of the Remuneration Committee

The Directors have cover for third party indemnity insurance.

None of the Directors had any material interest in any contracts or arrangements with the Company during the year.

Senior Executive Staff:

Philip Barton	Chief Executive
Simone Spray	Business Development Director (resigned 18 July 2014)
Andrew Walker	Communications Director (appointed 29 April 2013)
Richard McIlwain	Operations Director (appointed 30 April 2013)
Nicola Josling	Fundraising Director (resigned 4 April 2014)
Andrew Tabron	Finance Director (appointed 1 August 2013)

PROFESSIONAL ADVISORS

Registered Auditor:	Baker Tilly UK Audit LLP 3 Hardman Street Manchester M3 3HF
Solicitors:	Trowers Hamblins LLP 3 Burnhill Row London ECY1 8YZ
Bankers:	HSBC Bank Plc 21 The Grand Arcade Wigan WN1 1BH
Insurance Brokers	Griffiths & Armour Insurance 58 Spring Gardens Manchester M2 1EW
Pensions: Money Purchase	Carpenter Rees Limited Southmoor House, Southmoor Road Manchester M23 9XD
Pensions: Defined Benefit	First Actuarial Furness Quay Salford Lancashire M50 3XZ

ACKNOWLEDGEMENTS

The Board of Trustees gratefully acknowledge the valuable support we receive from many organisations for our campaigns and activities at both a national and local level during the year. We would mention specifically:

- Department of Environment, Food and Rural Affairs(Defra) for core and development funding and for LEQSE;
- Department of Communities and Local Government (DCLG), for the Green Flag Programme;

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- Environment Agency, United Utilities, South West Water, Anglian Water and Canal & River Trust for support to the 'care' programmes;
- McDonalds, Coca-Cola, Shine, and Proctor & Gamble for supporting the Love Where You Live campaign, and;
- Lincolnshire County Council and EDF Energy for support of Eco Schools.

FIXED ASSETS

The movements in fixed assets during the year are set out in note 12 to the financial statements.

AUDITOR

The Company's Auditor, Baker Tilly UK Audit LLP, has indicated a willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting to re-appoint them.

REGISTERED OFFICE

Elizabeth House
 The Pier
 Wigan
 WN3 4EX

STRATEGIC REPORT

OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE COMPANY

In accordance with the Articles of Association, which were revised in December 2012 following the merger of Waste Watch with Keep Britain Tidy, the objects for which the Company is established are:

- 1) To educate the public concerning the preservation, protection and enhancement of the environment, the use of sustainable waste management practices and the impact of individuals' own actions on the environment.
- 2) To protect, preserve and enhance the environments of town and country in the United Kingdom for the general benefit of the nation at large.
- 3) To preserve and protect the physical and natural environment for the public benefit through the promotion of waste reduction, re-use, reclamation and recycling of waste materials and the benefits of sustainable consumption and production.

Our vision is a country where people love and respect the places where they live and adopt lifestyles which sustain our planet. Our purpose to realise this vision is to inspire and help people and organisations to live more sustainably and to actively care for where they live. This can be summed up in the strapline: Litter free – Waste less – Live more.

ACHIEVEMENTS AND PERFORMANCE THAT HAVE DELIVERED PUBLIC BENEFIT IN THE YEAR

Trustees give careful consideration to the Charity Commission's general guidance on public benefit when reviewing the objects of the Company and how planned activities will contribute to the aims and objectives they have set. The Trustees confirm that Keep Britain Tidy has complied with Charity Commission guidelines in relation to Public Benefit.

Eliminating Litter

In June we launched 'Which Side of the Fence?' (WSOTF) a major campaign designed to alert the public to the costs of litter and littering. In September Camden Council left one side of Camden High Street uncleansed over a weekend to show how much litter was dropped. In October BBC's Panorama on littering picked up the Camden demonstration as a major theme. In November the WSOTF experiment was repeated at 21 sites across England. The experiment received widespread media coverage, including BBC Breakfast and the Sun, LBC and extensive regional radio and print. Results were monitored at a number of sites, showing that public perception of litter as a problem rose from 81% to 91%.

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July's 'The Big Scoop' campaign was organised in partnership with the Dogs Trust. Over 1,800 campaign packs were sent out, 40 high-profile media interviews given and national print coverage reached millions of people. As a result a social experiment related to dog fouling was conducted in the second half of the year. This achieved reductions averaging 46% at monitored sites. The lessons learned will be incorporated into a dog fouling campaign roll out in 2014/15.

More than 500 volunteers took part in England's Great Litter Count. They counted more than 37,000 pieces of litter on the street, in parks, on beaches and beside rivers and canals. The data sample was nearly ten times larger than litter counts in previous years and continues to develop our knowledge of littered brands and litter types.

2013's Chewing Gum Action Group campaign saw the best-ever media coverage. The campaign unites the manufacturers, Government and Keep Britain Tidy to encourage people to enjoy chewing gum, but to dispose of it responsibly. It ran in ten council areas and two BIDs in England, resulting in average reductions of 47%. For the first time we conducted follow up monitoring for three months after the campaign at three locations with improvement of 59% being sustained.

A very significant development was Government's commitment to implement a 5p charge on single-use carrier bags from 2015. This is a victory for Keep Britain Tidy and the Break the Bag Habit coalition - Marine Conservation Society, CPRE, Surfers Against Sewage and Keep Britain Tidy.

In November we published the 12th annual Local Environmental Quality Survey of England (LEQSE), showing that all headline indicators related to street cleanliness either improved or stayed the same. However, it did show that some types of litter were on the increase, including fast food litter, confectionery and snack packaging. During 2013/14 we adopted a new sampling methodology created in conjunction with Defra. This data will allow more meaningful analysis overlaying with other data sets, such as crime and health. The report for this data will be released in November 2014.

We worked for a wide range of clients on projects including independent monitoring of local environmental quality, behaviours and service delivery for contractors, large surveys for local authorities across London and in Cheshire West and Chester, for housing associations and, a new development building on WSOTF, behaviour change strategies for local authorities, work that will continue into 2014/15.

We delivered 51 courses in a wide range of areas relevant to our work to 600 delegates and feedback results indicated that 96% of learners rated the training as excellent, 95% reported that they had transferred what they had learnt into the workplace, and 93% reported that they had shared their knowledge with others.

In March 2014 we launched the Keep Britain Tidy Enforcement Academy, a 5 day training course aimed at land managers with the powers to issue Fixed Penalty Notices for litter and fly tipping/waste. The course is accredited by WAMITAB. Bookings into 2014/15 are strong and delegate feedback from our first pilot in London speaks well for the future:-

"The Trainer's ability to bring the team together and help build a strong bond within the team members was an important factor in making the course a major success. The trainer demonstrated a high level of training ability with her abundance of knowledge and vast experience" London Borough of Camden

"The mock trial session was brilliant; this is a fantastic learning tool. A real case with real issues and situations within enforcement." LB Islington

The Keep Britain Tidy Network continued to develop with membership climbing in the second half of the year, reversing a trend since 2011. Highlights included the WSOTF Conference in October, new work on anti-graffiti, on sentencing guidelines and on scrap metal dealing.

Improving Local Places

The 'Love Parks Week' campaign took a huge step forward, with 1,100 events and 1.4 million people participating in August. Keep Britain Tidy acquired the campaign during the year following GreenSpace going into administration. We will be expanding it from autumn 2014 with Big Lottery Fund support.

1,515 applications for a Green Flag Award, which recognises and rewards the best managed green spaces in the country, and 1,451 winners represent an all-time high. 184 were sites managed by community groups. An additional 41 sites hold the award in The Netherlands, Germany and, for the first time, New Zealand and Australia. The management of the scheme is sub licensed to Keep Wales Tidy, Keep Scotland Beautiful and Keep Northern Ireland Beautiful for delivery in their

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respective countries. The 'People's Choice' Award winner was Margam Park in Neath Port Talbot. The scheme is currently being piloted for use in the social housing sector, and we will increase the number of Universities that hold the award.

We awarded 55 Blue Flags, the international quality mark for beaches, and 113 Seaside Awards for beaches in 33 coastal local authority areas. This represented a decrease of 24 Blue Flags compared to 2012/13, due mainly to sites now having to achieve the "excellent" standard set out in the revised EU bathing water directive. However the number of Seaside Awards increased by 14.

Rivercare, which aims to ensure our waterways are vibrant, attractive, accessible places for all, has expanded its network of volunteers and is now supporting 44 projects around the Anglian region. Following the introduction of the water quality testing kits, 50% of groups are now carrying out regular tests. In addition, Freshwater Invertebrate training has been provided to support groups to carry out kick surveys (an additional measure of water quality). 94% of participants would recommend the programme to others and 89% reported an increased awareness of the importance of caring for their local waterways.

BeachCare, which encourages people to get involved in the management of their local beach, operates in two regions. In the South West it works across 36 beaches in Cornwall and Devon. Last year 110 clean up events took place and since 2010 groups have recorded 50,000 pieces of litter through beach survey activity.

Fylde BeachCare (part of LOVEmyBEACH) in the North West supports 8 groups along the Fylde Coast to care for their beach. It has engaged with the business community through the development of a 'business pack' which has been distributed to over 100 businesses.

Ending Waste

Keep Britain Tidy sets out to engage with people at local level to realise the value of resources and to encourage recycling in a number of ways. In September over 340 events, took place in "Waste less Live more week" raising awareness that environmental and social issues are interlinked and are best tackled together in communities.

Recycle for Your Community Barking & Dagenham, Havering, Newham and Redbridge ran themed campaigns focussing on different waste prevention and recycling methods and spoke directly with over 24,000 residents.

"Our Common Place", a programme which seeks to improve recycling and reduce waste in communities, was delivered in the City Of London as a standalone project and in the London Borough of Barking & Dagenham as part of the Recycle for Your Community campaign. We focused on a number of issues including increased recycling, decreasing contamination of waste, local environmental quality and community cohesion. We developed training for Estates Managers and other Housing professionals in using a community development approach to encouraging pro-environmental behaviours.

UK Sustainability Network for Standardisation (UK SNS), a part of a Europe wide project to increase standardisation across a range of environmental processes hosted by Keep Britain Tidy, worked on standard setting for water footprinting, sustainable development in communities, end-of-life recyclability calculation for electrical and electronic equipment and on electric vehicles.

The Top10 Energy Efficiency Guide, a consumer-facing website designed to showcase the most energy-efficient domestic appliances on the UK market was launched in September 2013 and has continued to develop including the addition of new product categories such as energy efficient light bulbs. We secured a Google in kind advertising grant worth over \$110,000 per year to encourage visits to the site.

We ran 36 projects for local authorities, waste disposal authorities, waste collection contractors and including housing associations through our Waste Watch Services team.

The majority of our projects were in London with significant projects also in Liverpool, Wakefield and the South West and we plan to extend our geographical coverage in 2014/15. The activities were to encourage better recycling rates and less contamination, monitoring for recycling participation and contamination. In London we knocked on a quarter of a million doors and had conversations with over 85,000 people.

We delivered a number of projects focussed on finding solutions to locally difficult problems such as the communications message for flats and fly tipping. This was conducted with WRAP (Waste Resources Action Programme) in Westminster and Islington and also in Hackney.

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Our Waste Reduction Volunteer Programmes in Cheshire and Surrey continued to go from strength to strength. We organised a programme of high footfall public food waste events and swishing (swapping of unwanted goods) sessions for the North London Waste Authority.

Educating the Next Generation

Despite changes in Government policy, the Eco-Schools programme remains popular. 1,548 schools have successfully achieved green flag status, 5,821 silver status, 5,087 bronze with 4,950 registered and working towards their first award. 101,053 unique visitors used the website during the year. A 33% reduction in carbon was achieved by schools working towards the DECC Energy Award - equivalent to a saving of approximately £5 million under the CRC Energy Efficiency scheme price of £12 per tonne.

Our waste education programme on behalf of Cory Environmental in Southend-on-Sea delivered assemblies, workshops and training sessions to school staff and workshops to 17 classes in 4 schools. In Wakefield, we delivered our first full year of waste and recycling education on behalf of Shanks Waste Management with 120 assemblies and workshops delivered to Primary and Secondary schools.

The Recycle for Your Community education work continued in the London boroughs of Barking & Dagenham, Havering, Newham and Redbridge. We worked with 33 schools, reaching 3,782 students and staff and three schools received more in depth support. We also created a Love Lunch Hate Waste resource, ran a summer reading club attended by more than 100 children, actively promoted the Food Growing Schools project and continued to work with schools to improve the infrastructure for cardboard recycling.

We continued to work with Lincolnshire County Council, delivering to 101 schools and training 350 pupils as Lincolnshire Carbon Ambassadors whose work resulted in average savings of 12.09%, equivalent to over 77 tonnes of CO₂.

The Recycler and Gordon Le Rotter - interactive education shows designed to raise awareness and knowledge on waste - were delivered to 97 schools across 18 Local Authority partners.

The One Planet Packaging, a teaching resource that encourages young student designers to put sustainability at the forefront of their designs, was piloted in two schools with students' knowledge of waste and packaging issues increased by 40.6% on average.

VOLUNTEERS

We are grateful to the many volunteers who give up their time to help deliver our charitable objectives. During 2013/14 we received active support from our volunteers through the giving of:

- 2,340 Blue Flag and Green Flag Award judging and assessing days
- 500 Eco-Schools assessor days
- Almost 4,840 volunteer days across our RiverCare, WatersideCare and BeachCare programmes
- Over 2,150 Big Tidy Up events were registered
- 118 events and 244 waste reduction volunteer days in Cheshire

Keep Britain Tidy held its first-ever series of regional supporter roadshows in ten venues across the country. The feedback from the events has been fed into our business planning and campaign development work. In addition, to help better inform the charity's approach and campaigning around the issue of litter, we held The Big Litter Inquiry, a series of citizen jury-style events.

A new Keep Britain Tidy website has been launched and our new supporter engagement platform, the Love Where You Live Supporters' Network, was launched in Beta format in October. Our social media profile continues to grow with 28,000 twitter followers.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Statement of Financial Activities on page 15 reflects all incoming resources receivable in the year and shows how resources were expended in the furtherance of the Company's objectives.

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Total income resources for the year amounted to £5.470m (2013: £7.792m) of which £2.070m (2013: £3.500m) is the main grant from the Department for Environment, Food and Rural Affairs (Defra). The accounts show an overall decrease in incoming resources of £2.322m (2013 decreased by £2.222m), which reflects the reduction in the Government Grant and effects of the increasingly difficult economic climate and the impact that has on many of our traditional income sources.

Total resources expended were £5.099m (2013: £6.579m), a reduction of £1.480m when compared to the prior year. The organisation continues to adjust and manage expenditure to maximise delivery of its programmes and activities within the boundaries of the funding it is able to secure. There was a net positive movement in funds of £0.371m (2013: £1.213m) before adjustments relating to the pension liability.

Total fund balances, before recognising the FRS17 pension liability, amounted to £2.522m (2013: £2.394m) including the balance of the unrestricted general fund at the end of the year of £2.341m (2013 - £1.377m).

Reserves Policy

The Trustees believe that the Company should hold financial reserves because:

1. It has no endowment funding
2. It requires protection against and the ability to continue operating despite unforeseen setbacks.
3. It requires the ability to be able to take advantage of change and opportunities to further its objectives.

The Trustees have reviewed the reserves policy and reassessed the amount needed to ensure the Company can run efficiently and has a sufficient amount to mitigate risks of events outside their control. The Trustees believe that the minimum level of unrestricted reserves should be the equivalent of 6 months' core operating costs and that reserves should be built up to the desired level in stages consistent with the Company's overall financial position and its needs to maintain and develop its charitable activities.

The level of Free Unrestricted Reserves stands at £2.341m, excluding the deficit on the Pension Scheme which is classed as a longer term liability. Details of the Company's funds are shown in Notes 18 and 25. An analysis of the Company's net assets between the funds is given in Note 19. The Trustees consider that sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restriction imposed.

Employees

Following the merger with Waste Watch in 2011 and the restructuring that took place in early 2012 we are now progressing forward with a dedicated workforce which is both enthusiastic and positive about the work of Keep Britain Tidy. Waste Watch and Keep Britain Tidy had different terms and conditions of employment, and since the merger these have been reviewed and aligned.

There is a strong desire to retain a degree of flexible working and a selection of employee benefits. There is a continued commitment to forging an organisation where staff feel supported and included. Employees are kept informed via "The Weekly News" as well as through meetings, emails, and intranet and through communications from the Chief Executive. The Company supports equality of opportunity and is committed to the training and development of its employees. An individual's development is assessed by means of annual appraisals and training and development programmes are provided to meet the on-going needs of the Company, with the aim of developing employees for both their current and future roles.

Pensions

In addition to the current money purchase scheme the Company operated a defined benefit pension scheme until 2008. A triennial review of the defined benefit scheme was last undertaken at 31 March 2013. The notional surplus or deficit on the funding of the scheme is recalculated annually and the deficit at 31 March 2014 is shown in Note 23 to the accounts. The current accumulated deficit in the scheme is deducted from Unrestricted Reserves under FRS 17. The Trustees are aware of the volatile nature of the deficit calculated according to FRS 17 and that this deficit will vary greatly depending on the assumptions made at valuation dates. The most recent recalculation resulted in a recognised loss of £0.568m being recorded in the company's Statement of Financial Activities as a result of these changing actuarial assumptions. The deficit under FRS 17 increased by £0.325m at March 2014 when calculated net of contributions made to the scheme during the year.

Risk Management

The company maintains a corporate risk register covering both strategic and operational risks. Both the executive and a sub-group of Trustees nominated by the Board review the risk register monthly. The principal risks identified relate to the planned reduction in Government grant and the ability to generate funding from other sources in the current economic climate; a failure to adapt as we develop into a commercial social enterprise; the need to meet the liability of the deficit in the defined benefit pension scheme; and limited staff capacity to deliver the current programmes.

The Trustees, through the Audit and Finance Committee, have examined the risk management system and the risk register

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with particular attention to the major risks identified. They are satisfied that a proper system is in place, and that appropriate measures are being taken where necessary to mitigate the potential impact. The Trustees are aware of the financial risk to the organisation posed by the projected deficit in the defined benefit pension scheme, the effect of which on the accounts varies greatly depending on the actuarial assumptions made. A repayment plan is currently in place.

Going Concern

In August 2013 the Trustees commissioned an independent financial review of Keep Britain Tidy. The purpose of the review was to examine the current and projected future performance of the organisation and to assist the Trustees in meeting their obligation to consider the going concern status of the organisation. Particular regard was placed on the organisation's ability to meet its obligations in respect of the deficit on the defined benefit pension scheme. The Trustees have considered the findings of this review and the revised forecasts prepared by management for the period to March 2016. They have considered the organisation's ability to fund its activities now that the Defra grant funding has substantially reduced and recognise the need for the Charity to find new sources of income and funding. Defra grant funding was £2.07m in 2013/14 and will be £0.5m in 2014/15. The Trustees have concluded that the forecasts that have been prepared are appropriate and that the organisation can reasonably expect to continue to fund its programmes and activities. They also believe that the charity can meet its financial obligations in respect of contributions towards the deficit on the defined benefit pension scheme as agreed with the pension scheme trustees. The organisation's progress with meeting its forecasts will be monitored and mitigating actions taken if necessary. The Trustees have concluded that it is appropriate to consider the organisation a going concern.

FUTURE DEVELOPMENTS FOR 2014/15

During 2013 Keep Britain Tidy developed a new narrative to describe our activities in a world where we will be operating without Government grant, as follows:

Where we live matters - cleaner streets, beaches and parks provide the backbone for strong communities.

How we live matters - by preserving scarce resources, wasting less, and recycling more, we create a healthier society, and a healthier planet, too.

Keep Britain Tidy campaigns to improve environmental and social equality. We are an independent charity, which fights for people's right to live and work in a place they can be proud of. A single truth underpins our success – caring for the environment is the first step to a better society. 60 years ago, we started with litter. Today we do much more. We work at the heart of business, government and the community to help people understand that what's good for the environment is also good for us.

But our future depends entirely on your support. If you care about the wellbeing of your family, and you care about the world your grandchildren will inherit, join us in taking greater responsibility. Respect for the planet begins with respect for the neighbourhood. Love where you live. Keep Britain Tidy.

In February 2014 we built on this narrative and have set ourselves five long term aims. By 2030 we will have made real progress in:

- Eliminating Litter - Society will have all but eliminated littering and litter
- Improving Local Places - All public space will be well managed to agreed standards, enjoying high levels of quality, community engagement and recognised public value and benefits
- Ending Waste - Reduction and re-use of resources will be the norm for individuals and businesses, with benefits for wellbeing, skills and local economies and environment widely recognised
- Inspiring and Educating the Next Generation – All young people will participate in meaningful education for sustainability and be supported to take action for the challenges ahead

In addition we have a high level, long term organisational aim:

- An effective, respected charity driving these aims through the strength of our;
 - commitment to sustainability, systematic change, innovation and effective interventions,
 - research, knowledge & thought leadership in support of our aims,

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- support for action and learning in neighbourhoods and beyond, building a movement for change,
- impact and the value we add for those we work with which in turn underpins our financing.

We will continue to develop our flagship programmes – Coastal, Green Flag Awards, Eco-Schools, water Care and Our Common Place - and our business solutions and services – Keep Britain Tidy Network, Training, Environmental Management Solutions and Waste Watch Services.

Alongside this we will develop our campaigns and communications, as far as resources allow, including the 'Which side of the fence are you on?' anti-litter campaign, our Diamond Jubilee of the June 1954 National Federation of Women's Institutes resolution which paved the way for a campaign to keep Britain tidy, Waste Less: Live More week in September and the Love Parks campaign. We will carefully monitor the impact of the Lobbying Act 2014 on our public facing campaigning activities.

In our first operating year without government grant (we will receive £500,000 from Defra towards conduct of the Local Environmental Quality Survey of England and a programme of social experiments on littering) we will continue to diversify our funding base through corporate and commercial partnerships and selected fundraising activities. We will continue to carefully monitor our financial position and seek to maintain our obligations to our creditors, principally the Trustees of the defined benefit pension scheme.

ON BEHALF OF THE BOARD



Dinah Nichols CB
CHAIR AND TRUSTEE

Date.. 28 AUGUST 2014

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REPORT OF THE AUDITOR TO
THE MEMBERS OF KEEP BRITAIN TIDY

We have audited the financial statements of Keep Britain Tidy for the year ended 31 March 2014 on pages 14 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company'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 Statement of Trustees' responsibilities set out on pages 3 and 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report and incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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:

- the charitable company has not kept adequate accounting records, 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.

Dale Thorpe

Dale Thorpe FCA BSc (Senior Statutory Auditor)
 For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
 Chartered Accountants
 3 Hardman Street
 Manchester M3 3HF

Date... 3 September 2014

KEEP BRITAIN TIDY

Company Number 3496361

STATEMENTS OF FINANCIAL ACTIVITIESFOR THE YEAR ENDED 31ST MARCH 2014

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
INCOMING RESOURCES					
Incoming Resources from Generated Funds :					
Voluntary Income	2	366,760	2,070,000	2,436,760	3,711,000
Activities for Generating Funds	3	23,606	-	23,606	31,327
Income from Charitable Activities :					
Other Grants and Contributions	4	2,247,023	762,671	3,009,694	4,049,773
Total Incoming Resources		<u>2,637,389</u>	<u>2,832,671</u>	<u>5,470,060</u>	<u>7,792,100</u>
RESOURCES EXPENDED					
Costs of Generating Funds	6	-	297,687	297,687	63,177
Charitable Activities	7	1,429,998	3,188,557	4,618,555	6,309,752
Governance Costs	8b	-	182,335	182,335	206,163
Total Resources Expended		<u>1,429,998</u>	<u>3,668,579</u>	<u>5,098,577</u>	<u>6,579,092</u>
Net incoming/(outgoing) resources before other recognised gains and losses		1,207,391	(835,908)	371,483	1,213,008
OTHER RECOGNISED GAINS & LOSSES					
Actuarial (losses)/gains on defined benefit Pension Scheme	23	(568,000)	-	(568,000)	1,320,000
NET MOVEMENT IN FUNDS		<u>639,391</u>	<u>(835,908)</u>	<u>(196,517)</u>	<u>2,533,008</u>

All activities reported above are continuing activities. All recognised gains and losses are reflected through the Statement of Financial Activities and therefore no separate Statement of Total Recognised Gains and Losses or Income and Expenditure Account is presented.

KEEP BRITAIN TIDY

Company Number 3496361

BALANCE SHEET**AS AT 31ST MARCH 2014**

		2014		2013	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible Fixed assets	12		37,500		-
Tangible Fixed Assets	12		33,099		56,915
Investments	13		-		-
			<hr/>		<hr/>
			70,599		56,915
CURRENT ASSETS					
Debtors and Prepayments	14	930,199		1,122,894	
Cash at Bank and In Hand	15	3,222,460		3,079,451	
		<hr/>		<hr/>	
		4,152,659		4,202,345	
CURRENT LIABILITIES					
Creditors amounts falling due within one year	16	(1,644,879)		(1,663,353)	
NET CURRENT ASSETS			2,507,780		2,538,992
			<hr/>		<hr/>
NET ASSETS			2,578,379		2,595,907
PROVISIONS FOR LIABILITIES AND CHARGES	17		(56,000)		(202,011)
PENSION SCHEME LIABILITY	23		(3,390,000)		(3,065,000)
NET LIABILITIES			(867,621)		(671,104)
			<hr/>		<hr/>
FUNDS:					
RESTRICTED FUNDS					
Capital Fund	18	-		226	
Defra Grant	18	9,137		815,205	
Project Funds	18	171,743		201,357	
		<hr/>		<hr/>	
			180,880		1,016,788
UNRESTRICTED FUNDS					
Pension Reserve	25	(3,390,000)		(3,065,000)	
Unrestricted Funds	25	2,341,499		1,377,108	
			<hr/>		<hr/>
			(1,048,501)		(1,687,892)
			<hr/>		<hr/>
			(867,621)		(671,104)
			<hr/>		<hr/>

These financial statements were approved by the directors and authorised for issue on the 28 AUGUST 2014 and signed on their behalf by:



Dinah Nichols - DIRECTOR



Alfred Hill - DIRECTOR

KEEP BRITAIN TIDY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2014

		2014	2013
		£	£
	Notes		
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	<u>168,142</u>	<u>987,034</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	3	<u>20,357</u>	27,463
		<u>20,357</u>	<u>27,463</u>
CAPITAL EXPENDITURE			
Purchase of Intangible Fixed Assets	12	(37,500)	-
Purchase of Tangible Fixed Assets	12	(7,990)	(71,588)
		<u>(45,490)</u>	<u>(71,588)</u>
ACQUISITIONS AND DISPOSALS			
Disposal of investments		-	1
		<u>-</u>	<u>1</u>
INCREASE IN CASH		<u>143,009</u>	<u>942,910</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in the year		143,009	942,910
Net funds at 1st April 2013		<u>3,079,451</u>	2,136,541
Net funds at 31st March 2014	15	<u>3,222,460</u>	<u>3,079,451</u>

KEEP BRITAIN TIDY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

1. ACCOUNTING POLICIES

The following is a summary of the significant accounting policies which have been adopted in the preparation of these financial statements.

(a) *Accounting Convention:*

The financial statements, which have been prepared under the historical cost convention, are in accordance with applicable accounting standards, the provisions of the Statement of Recommended Practice, 'Accounting and Reporting by Charities' issued by the Charity Commission in March 2005 and the applicable UK accounting standards.

(b) *Fund Accounting :*

Unrestricted Funds are expendable at the discretion of the Trustees in furtherance of the objects of the charity; the fund comprises the accumulated surpluses and deficits of unrestricted income and expenditure. Restricted Funds are those where the donor has imposed restrictions on the use of the funds which are binding. Income arising on restricted funds and expenditure incurred in respect of these funds are reflected through the Statement of Financial Activities.

(c) *Fixed Assets, Depreciation and Impairment:*

Fixed Assets are stated at cost less accumulated depreciation/amortisation. Individual items costing in excess of £1,000 are capitalised as fixed assets. Depreciation/amortisation is provided to write-off the cost of Fixed Assets over their anticipated useful lives. A full year's depreciation is applied to tangible fixed assets in the first year of acquisition and is provided at the following rates:

Office and Computer Equipment	- 33 1/3% per annum
Office Furniture, Fixtures and Fittings	- 20% per annum
Motor Vehicles	- 20% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The amortisation of intangible fixed assets is calculated on an individual basis on the useful life of the asset and, where appropriate, the revenue streams directly associated with the asset.

(d) *Income and Donations*

Income received for specific purposes is reflected in its entirety in the Statement of Financial Activities unless specific conditions exist which have not been fulfilled at the accounting reference date. Income receivable is reviewed on an entitlement, certainty and measurement basis. Income not meeting this criterion is treated as deferred income. The Company receives a grant from DEFRA. The other main types of income include the Keep Britain Tidy Network which relates to network membership. The membership entitles the subscriber to services and benefits. Income is therefore recognised evenly over the period of membership. Environmental Surveys, Programmes, Awards Schemes, Training and Education relate to income earned from providing services. Income is recognised to the extent that those services have been provided by the end of the financial year. Waste Watch income streams relate to the supply of goods or services and is included in the statement of financial activities in the period in which the supply is made.

(e) *Benefits in Kind*

Benefits in Kind represent the value of donated services and facilities provided to the Charity. These values are based on reasonable estimates of volunteer time, and on information provided to us by suppliers. The total value is presented in the Financial Statements as an Incoming Resource. An equivalent amount is included as expenditure under the appropriate heading in Statement of Financial Activities.

(f) *Expenditure:*

Expenditure is accounted for on an accruals basis. Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds. Charitable activities include expenditure associated with campaigns, projects and programmes and include both the direct costs and support costs relating to those activities. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. Support costs include central functions and have been allocated to activity cost categories mainly on the basis of their direct costs. The Company is registered for VAT. Under the partial exemption rules, where applicable, costs and expenditure incurred are inclusive of VAT.

(g) *Liabilities:*

Liabilities are reflected in the Statement of Financial Activities as resources expended as soon as there is a legal or constructive obligation committing the Company to the expenditure. Expenditure includes legal or constructive obligations arising in relation to provisions and grant payments.

(h) *Operating Leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against surpluses on a straight line basis over the period of the lease.

(i) *Consolidation*

Encams Enterprises Ltd was a subsidiary of Keep Britain Tidy during the period. The accounts present information about the company as an individual undertaking and not about its group as the company has taken advantage of the exemption provided by section 19.1(a) of the Charities (Accounts and Reports) Regulations 2008 and section 405 of the Companies Act 2006 not to prepare consolidated financial statements as the directors consider that all the company's subsidiaries should be excluded from consolidation as they are immaterial for the purpose of true and fair view.

(j) *Government Grants*

The main grant received is from the Department for Environment, Food and Rural Affairs and is reported gross in the Statement of Financial Activities.

KEEP BRITAIN TIDY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2014

(k) Pension Costs

The Company operates a defined benefit pension scheme and a defined contribution scheme.

Defined benefit scheme

The scheme was closed to further accrual from 31st July 2008. The pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other resources expenditure/income. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses. See Note 23 for further disclosures.

Defined contribution scheme

This was operated from 1st August 2008. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged as expenditure to the Statement of Financial Activities.

(l) Grant Payments

In prior years the Company has made a small amount of grant payments each financial year. The majority of these payments were made to schools in support of the Eco Schools programme. There were no such payments in the current year.

(m) Provision

The provision covers remedial works for the Head Office and provides what we consider a best estimate for potential work for the re-instatement of internal fixtures and fittings.

(n) Going Concern

The Trustees have considered the expected availability of funding, grants and contributions and the expected level of resources to be expended for at least 12 months following the approval of these financial statements. Based on this assessment, they have concluded that the preparation of these financial statements on the going concern basis is appropriate (see the Going Concern section of the report of the Trustees on page 11 of these accounts).

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Main Government Grant	-	2,070,000	2,070,000	3,500,000
Benefits in Kind: Donated Services	366,760	-	366,760	211,000
	<u>366,760</u>	<u>2,070,000</u>	<u>2,436,760</u>	<u>3,711,000</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Subsidiary Company charges	-	-	-	3,000
Gift Aid Receivable from individual donations	32	-	32	-
Gift Aid Receivable from a subsidiary undertaking	3,217	-	3,217	864
Bank Deposit Interest	20,357	-	20,357	27,463
	<u>23,606</u>	<u>-</u>	<u>23,606</u>	<u>31,327</u>

KEEP BRITAIN TIDY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2014

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Keep Britain Tidy Network				
Local Authorities	228,438	-	228,438	306,193
Other	42,043	-	42,043	122,933
	<u>270,481</u>	<u>-</u>	<u>270,481</u>	<u>429,126</u>
Environmental Mgmt Surveys				
Government/ Govt. Agencies	-	-	-	-
Local Authorities	258,747	-	258,747	241,329
Other	41,082	-	41,082	33,469
	<u>299,829</u>	<u>-</u>	<u>299,829</u>	<u>274,798</u>
Education				
Local Authorities	22,899	61,567	84,466	116,075
Other	159,922	86,753	246,675	423,188
	<u>182,821</u>	<u>148,320</u>	<u>331,141</u>	<u>539,263</u>
Water Care Programmes				
Government/ Govt. Agencies	-	145,333	145,333	111,718
Other	1,288	209,400	210,688	250,605
	<u>1,288</u>	<u>354,733</u>	<u>356,021</u>	<u>362,323</u>
Coastal Awards				
Local Authorities	84,500	-	84,500	-
Other	343	5,000	5,343	(660)
	<u>84,843</u>	<u>5,000</u>	<u>89,843</u>	<u>(660)</u>
Green Flag Awards				
Government/ Govt. Agencies	20,189	4,500	24,689	564,444
Local Authorities	371,667	-	371,667	-
Other	10,158	1,667	11,825	66,132
	<u>402,014</u>	<u>6,167</u>	<u>408,181</u>	<u>630,576</u>
Campaigns and Marketing				
Government/ Govt. Agencies	-	118,800	118,800	-
Local Authorities	-	-	-	28,988
Other	19,984	82,344	102,328	309,906
	<u>19,984</u>	<u>201,144</u>	<u>221,128</u>	<u>338,894</u>
Sustainable Living Programmes				
Government/ Govt. Agencies	19,532	-	19,532	-
Local Authorities	4,453	-	4,453	-
Other	265,715	47,307	313,022	346,167
	<u>289,700</u>	<u>47,307</u>	<u>337,007</u>	<u>346,167</u>
Waste Watch Services				
Government/ Govt. Agencies	4,599	-	4,599	79,046
Local Authorities	278,659	-	278,659	532,015
Other	386,432	-	386,432	483,924
	<u>669,690</u>	<u>-</u>	<u>669,690</u>	<u>1,094,985</u>
Other				
Other	26,373	-	26,373	34,301
	<u>26,373</u>	<u>-</u>	<u>26,373</u>	<u>34,301</u>
TOTAL	<u>2,247,023</u>	<u>762,671</u>	<u>3,009,694</u>	<u>4,049,773</u>

In 2013/14 the organisation was restructured and the income by Charitable Activity above reflects this new analysis of activities. The new format has also been applied to the analysis of costs in notes 7 and 8 below. Where appropriate prior year data have been restated.

5. DEFERRED INCOME

Income in advance brought forward	560,128	205,614	765,742	791,537
Income in advance carried forward	(633,969)	(117,786)	(751,755)	(765,742)
Movement in Deferred Income	<u>(73,841)</u>	<u>87,828</u>	<u>13,987</u>	<u>25,795</u>

Income receivable is reviewed on an entitlement, certainty and measurement basis. Income not meeting this criterion is treated as deferred income.

KEEP BRITAIN TIDY**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2014**

	Direct Costs £	Support Costs £	Total 2014 £	Total 2013 £
6. COSTS OF GENERATING FUNDS				
Fundraising costs	297,687	-	297,687	63,177
7. COSTS OF ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTIVES				
Keep Britain Tidy Network	236,839	68,980	305,819	467,842
Environmental Management Surveys	330,771	96,339	427,110	604,065
Education	426,998	124,366	551,364	1,065,714
Water Care Programmes	571,463	166,440	737,903	516,300
Coastal Awards	64,567	18,805	83,372	119,762
Green Flag Awards	328,786	95,761	424,547	728,052
Campaigns and marketing	859,682	250,385	1,110,067	1,129,690
Sustainable Living Programmes	262,732	76,521	339,253	360,885
Waste Watch	494,961	144,159	639,120	1,317,442
	3,576,799	1,041,756	4,618,555	6,309,752

In 2013/14 there were no grant payments (2012/13 £2,550) paid to schools in support of the Eco Schools programme in the prior year these costs were included in Education above.

	Direct Costs £	Support Costs £	Total 2014 £	Total 2013 £
8. ANALYSIS OF COSTS				
(a) GOVERNANCE COSTS	55,249	127,086	182,335	206,163
(b) ANALYSIS OF GOVERNANCE COSTS				
External audit fees			27,198	38,295
Internal audit fees			-	-
Other professional fees expenses			20,326	684
Trustees' meetings, expenses and insurance			7,725	14,635
Apportionment of support costs			127,086	152,549
			182,335	206,163

(c) ANALYSIS OF SUPPORT COSTS	Chief Executive £	Establish- ment £	Finance & Admin £	ICT £	HR £	2014 Total £	2013 Total £
<u>Cost of Generating Funds</u>							
Fundraising	-	-	-	-	-	-	-
<u>Charitable Activities</u>							
Keep Britain Tidy Network	4,684	6,739	41,523	13,462	2,572	68,980	135,676
Environmental Management Surveys	6,542	9,411	57,991	18,802	3,593	96,339	175,184
Education	8,445	12,149	74,862	24,271	4,639	124,366	309,068
Water Care Programmes	11,302	16,259	100,189	32,483	6,207	166,440	149,731
Coastal Awards	1,277	1,837	11,320	3,670	701	18,805	34,732
Green Flag Awards	6,503	9,354	57,643	18,689	3,572	95,761	211,141
Campaigns and marketing	17,003	24,459	150,719	48,866	9,338	250,385	327,621
Sustainable Living Programmes	5,196	7,475	46,062	14,934	2,854	76,521	104,660
Waste Watch	9,789	14,082	86,777	28,134	5,377	144,159	382,071
	70,741	101,765	627,086	203,311	38,853	1,041,756	1,829,884
<u>Governance Costs</u>							
Governance	95,923	-	31,163	-	-	127,086	152,549
	166,664	101,765	658,249	203,311	38,853	1,168,842	1,982,433

Support costs have been apportioned to costs of activities on the basis of total direct costs wherever possible.

KEEP BRITAIN TIDY**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2014**

	2014 £	2013 £
9. NET MOVEMENT IN FUNDS		
The net movement in funds for the year is stated after charging:		
Depreciation of fixed assets		
- owned by the company	31,806	29,545
Auditor's remuneration		
- audit fee current year	27,198	21,100
- audit fee underaccrued from prior year	-	17,195
- non audit services	-	-
Operating lease rentals : Land & Buildings	82,881	95,784
Other	17,900	18,133

10. TAXATION

As a charity the company is exempt from tax on income and gains falling within chapter 3 part II Corporation Tax Act 2010 in S256 of the Taxation and Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

11. STAFF COSTS

Total Emoluments, including National Insurance contributions, pension contributions and benefits in kind amounted to :-

	2014 £	2013 £
Staff Costs	2,405,473	2,801,798
National Insurance Contributions	241,320	276,976
Pension Contributions (Group Personal Plan)	96,173	111,523
Agency	58,527	129,103
	2,801,493	3,319,400
Benefits	21,241	31,243
	2,822,734	3,350,643

The average number of employees for the year allocated across the activities :-

	2014	2013
Environmental surveys and reports	40	50
Training and education	20	17
Coastal programmes	9	9
Green Flag Programme	5	2
Campaigns and marketing	8	5
Waste Watch	22	38
Other	1	1
	104	122

47 (2013 - 45) employees were accruing benefits under the Group Personal Pension Plan

The average number of employees earning over £60,000 including salary, and benefits but excluding pension and national insurance contributions :-

	2014	2013
£60,001 - £70,000	-	1
£70,001 - £80,000	1	2
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1

The total pension contributions in the year for these higher paid staff were £14,122 (2013 - £21,572)

3 (2013 - 4) higher paid staff are accruing benefits under the Group Personal Pension Plan and no (2013 - 1) higher paid staff are accruing benefits under the Defined Benefit Scheme.

KEEP BRITAIN TIDY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2014

12. FIXED ASSETS

INTANGIBLE FIXED ASSETS

	IPR £	Total £
Cost at 1st April 2013	-	-
Additions during the year	37,500	37,500
Disposals during year	-	-
Cost at 31st March 2014	<u>37,500</u>	<u>37,500</u>
Accumulated Amortisation at 1st April 2013	-	-
Charge for the year	-	-
Disposals during year	-	-
Amortisation at 31st March 2014	<u>-</u>	<u>-</u>
Net Book Value at 31st March 2014	<u>37,500</u>	<u>37,500</u>
Net Book Value at 31st March 2013	<u>-</u>	<u>-</u>

Intellectual property rights and trademarks (IPR) were acquired from the administrators of Greenspace Forum Ltd. and Greenspace Forum (Trading) Ltd. in June 2013. They will be used to support a funded project starting in Sept 2014 and will be amortised over the project life.

TANGIBLE FIXED ASSETS

	Office And Computer Equipment £	Office Furniture Fixtures And Fittings £	Motor Vehicles £	Total £
Cost at 1st April 2013	567,440	64,829	2,995	635,264
Additions during the year	7,990	-	-	7,990
Disposals during year	-	-	-	-
Cost at 31st March 2014	<u>575,430</u>	<u>64,829</u>	<u>2,995</u>	<u>643,254</u>
Accumulated Depreciation at 1st April 2013	521,711	56,039	599	578,349
Charge for the year	25,527	3,883	2,396	31,806
Disposals during year	-	-	-	-
Depreciation at 31st March 2014	<u>547,238</u>	<u>59,922</u>	<u>2,995</u>	<u>610,155</u>
Net Book Value at 31st March 2014	<u>28,192</u>	<u>4,907</u>	<u>-</u>	<u>33,099</u>
Net Book Value at 31st March 2013	<u>45,729</u>	<u>8,790</u>	<u>2,396</u>	<u>56,915</u>

KEEP BRITAIN TIDYNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH 2014

	2014 £	2013 £
13. INVESTMENTS		
At 1st April 2013	-	1
Written off in the year		(1)
At 31st March 2014	<u>-</u>	<u>-</u>

The cost of investments in subsidiary undertakings represented 100% of the ordinary share capital of Waste Watch Services Limited acquired through the merger with Waste Watch. The company was dissolved in April 2013.

	2014 £	2013 £
14. DEBTORS AND PREPAYMENTS		
Trade Debtors	774,787	942,780
Subsidiary Company	116,229	133,696
Prepayments	39,183	46,418
	<u>930,199</u>	<u>1,122,894</u>

	2014 £	2013 £
15. CASH AT BANK AND IN HAND		
Cash at Bank	3,221,983	3,078,703
Cash in Hand	477	748
	<u>3,222,460</u>	<u>3,079,451</u>

	2014 £	2013 £
16. CREDITORS - Amounts falling due within one year		
Deferred Income (Note 5)	751,755	765,742
Trade Creditors	99,663	320,614
Social Security and Other Taxes	492,142	292,722
Accruals	301,319	284,275
	<u>1,644,879</u>	<u>1,663,353</u>

	2014 Dilapidations £	2014 Onerous Lease £	Total £
17. PROVISIONS FOR LIABILITIES AND CHARGES			
Balance Brought forward at 1st April 2013	178,500	23,511	202,011
Amount released in the year	(28,161)	-	(28,161)
Utilised during the year	(94,339)	(23,511)	(117,850)
Balance carried forward at 31st March 2014	<u>56,000</u>	<u>-</u>	<u>56,000</u>

Keep Britain Tidy's main premises were occupied under a Full Repairing Lease until we exercised a break clause in 2013. The lease was renegotiated at that time and part of the building vacated. A provision was made for specifically for the repair and maintenance of the roof and windows in earlier years. Work on those parts of the building that have been vacated was completed by the end of 2013.

An amount of £94,339 was utilised in the year (2013: nil) in respect of the costs of the repairs and maintenance.

An amount of £23,511 was utilised in the year (2013: £55,239) in respect of the costs of the onerous lease up to the break clause in July 2013.

The provision retained is to cover those costs expected to be incurred if vacating the remaining parts of the building.

KEEP BRITAIN TIDYNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH 2014

The plan ceased all future service benefit accrual with effect from 31st July 2008 so that all members' benefits are now paid up. The pension charge for the year to 31st March 2014 was £Nil (2013 - £Nil) as detailed in Note 11.

A formal actuarial valuation was carried out at 31 March 2014. The pension deficit as at 31st March 2014 is £3.390m. Future contributions to the scheme are being negotiated with the Trustees of the scheme. The Company is the principal employer and paid approximately £190,000 to reduce the deficit this year. Keep Britain Tidy will continue to make contributions in line with terms agreed at the last triennial review until the new scheme of payments has been agreed.

The major assumptions used by the actuary were as follows:

Mortality assumptions:

Average future life expectancy from age of 65 for current pensioners:

Men 21.0 years (2013 – 21.0 years)

Women 24.0 years (2013 – 24.0 years)

Average future life expectancy from age of 65 for future pensioners:

Men 23.0 years (2013 – 23.0 years)

Women 26.0 years (2013 - 26.0 years)

	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Rate of increase in pensions in payment	2.00% post April 2005, 2.35% April 2004 to March 2005, 3.30% for other service	1.85% post April 2005, 2.35% April 2004 to March 2005, 3.30% for other service	2.00% post April 2005, 2.50% April 2004 to March 2005, 3.40% for other service	2.00% post April 2005, 2.90% April 2004 to March 2005, 3.65% for other service	2.45% post April 2005, 3.60% April 2004 to March 2005, 3.75% for other service
Rate of increase in inflation linked deferred pensions	2.35%	2.40%	2.60%	3.00%	3.65%
Discount rate	4.50%	4.70%	4.60%	5.50%	5.50%
Inflation assumptions (CPI)	2.35%	2.40%	2.60%	3.00%	3.65%

The assets in the scheme and the expected long term rate of return were:

	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Value	£	£	£	£	£
Equities	6,565,000	5,962,000	5,038,000	5,132,000	4,693,000
Bonds	2,308,000	2,418,000	2,669,000	2,725,000	2,794,000
Cash	193,000	314,000	60,000	63,000	34,000
Total Market value of assets	9,066,000	8,694,000	7,767,000	7,920,000	7,521,000
Present value of scheme liabilities	12,456,000	11,769,000	12,263,000	10,445,000	11,310,000
Surplus / (Deficit) in the Scheme	(3,390,000)	(3,065,000)	(4,496,000)	(2,525,000)	(3,789,000)
Long term expected rate of return					
Equities	6.15%	6.55%	6.85%	7.10%	7.30%
Bonds	3.70%	3.69%	3.30%	5.00%	5.00%
Cash	0.50%	0.50%	0.50%	0.50%	0.50%

The Scheme's assets are currently invested in a mixture of cash, equities or bonds. The overall expected return assumption

KEEP BRITAIN TIDYNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH 2014

is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes. The individual return assumptions are based on investment market conditions in the UK, specifically with regard to yields on UK Government gilts, high quality AA rated corporate bonds, and interest rates set by the Bank of England. Equity returns in well-established global markets are generally expected to outperform the return on gilts by 3% pa or more in the long term, and such anticipated outperformance has been taken into account in deriving the expected return from equity type investments.

The weightings used for the overall expected return are in line with the proportions invested in each of the major asset classes, and a deduction to allow for investment expenses has been made.

	2014 £	2013 £
Analysis of the amount charged to Net Outgoing resources		
Current service cost	-	-
Settlements and Curtailments	-	-
Past service cost	-	-
Total operating charge	-	-

Analysis of the amount credited / (charged) to the statement of financial activities (SOFA)

Expected return on pension scheme assets	481,000	432,000
Interest on pension scheme liabilities	(545,000)	(557,000)
Net (Interest)/return	(64,000)	(125,000)

Analysis of amount recognised in statement of financial activities (SOFA)

Actual return less expected return on pension scheme assets	(85,000)	557,000
Experience gains and losses arising on the scheme liabilities	(36,000)	(185,000)
Changes in assumptions underlying the present value of scheme liabilities	(447,000)	948,000
Actuarial (loss)/ gain recognised in the SOFA	(568,000)	1,320,000

Movement in surplus/(deficit) during the year

(Deficit) in scheme at beginning of the year	(3,065,000)	(4,496,000)
Movement in the year:		
Current service cost	-	-
Contributions	307,000	236,000
Past service costs	-	-
Settlements and Curtailments	-	-
Net finance income	(64,000)	(125,000)
Actuarial gain/(loss)	(568,000)	1,320,000
(Deficit) in scheme at end of the year	(3,390,000)	(3,065,000)

From 1st August 2008 when the final benefit scheme was closed to further accrual all members were entitled to inflation linked deferred pensions and the link to salary was lost.

	31-Mar-14 £	31-Mar-13 £	31-Mar-12 £	31-Mar-11 £	31-Mar-10 £
Difference between the expected and actual return on scheme assets	(85,000)	557,000	(309,000)	114,000	1,392,000
Experience of gains and (losses) on scheme liabilities	(36,000)	(185,000)	(100,000)	144,000	184,000
Total amount recognised in SOFA	(568,000)	1,320,000	(2,091,000)	1,225,000	(1,546,000)

KEEP BRITAIN TIDY
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FOR THE YEAR ENDED 31st MARCH 2014

24. TRUSTEES' REMUNERATION AND EXPENSES

The directors of the company are the trustees under Charity Law and received no remuneration

Reimbursement for travel and other costs in attending meetings was paid to 9 trustees and amounted to £6,553 (2013 - £11,701).

25. UNRESTRICTED FUNDS

	2014 £	2013 £
Balance of general fund at 1 April 2013	(1,687,892)	(3,531,730)
Retained unrestricted surplus for the financial year	1,207,391	523,838
Actuarial Gain/(Loss) on pension liability	(568,000)	1,320,000
Balance of general fund at 31 March	<u>(1,048,501)</u>	<u>(1,687,892)</u>

26. OTHER COMMITMENTS - Operating Leases

Operating Leases

Commitments under operating leases to pay rentals during the year following the period of these financial statements are given in the table below, analysed according to the period in which each lease expires.

	2014 £	2013 £
Land and Buildings:		
Within one year	54,728	48,476
Two to five years	-	56,453
More than five years	-	-
	<u>54,728</u>	<u>104,929</u>
Other:		
Within one year	1,591	-
Two to five years	2,780	11,230
	<u>4,371</u>	<u>11,230</u>

KEEP BRITAIN TIDYNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH 2014**27. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Net incoming resources before other recognised gains and losses	371,483	1,213,008
Bank interest receivable	(20,357)	(27,463)
Depreciation Charges	31,806	29,545
(Increase) / Decrease in Debtors	192,695	192,639
(Decrease) / Increase in Creditors	(18,474)	(254,456)
Defined benefit pension contributions paid less net finance income	(243,000)	(111,000)
(Decrease) / Increase in Provisions	(146,011)	(55,239)
Net Cash Inflow / (Outflow) from Operating Activities	<u>168,142</u>	<u>987,034</u>

28. SUBSIDIARY COMPANIES

Waste Watch Services Limited was a subsidiary company of the company which ceased trading following the merger of Waste Watch and Keep Britain Tidy in 2011. An application to voluntarily strike off Waste Watch Services Limited was made in January 2013 and the company was formally dissolved on 30 April 2013.

ENCAMS Enterprises Limited is a continuing trading subsidiary of the Company. The Memorandum of Association of ENCAMS Enterprises Limited authorises the Company to appoint or remove any directors from office.

ENCAMS Enterprises Limited traded during the year and sold space at events, managed commercial sponsorship packages and collected commission on commercial agreements. The Company provided staff on secondment to enable ENCAMS Enterprises Limited to carry out its activities. ENCAMS Enterprises transferred by Gift Aid all profits from its activities to Keep Britain tidy. The payment receivable under Gift Aid is included in Activities for Generating Funds (Note 3).

The results of ENCAMS Enterprises Limited have not been consolidated as the Trustees do not consider it to be material to the Group.

The results of ENCAMS Enterprises Limited for the year ended 31st March 2014 were as follows:-

KEEP BRITAIN TIDYNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH 2014

	2014 £	2013 £
TURNOVER	142,174	114,826
COST OF SALES	(57,804)	(55,066)
GROSS PROFIT	84,370	59,760
ADMINISTRATIVE EXPENSES	(81,153)	(58,896)
OPERATING PROFIT /(LOSS)	3,217	864
INTEREST RECEIVABLE	-	-
PROFIT BEFORE TAX	3,217	864
TAXATION	-	-
PROFIT AFTER TAX	3,217	864
BALANCE BROUGHT FORWARD	-	-
GIFT AID	(3,217)	(864)
BALANCE CARRIED FORWARD	-	-
CURRENT ASSETS	130,679	142,725
CURRENT LIABILITIES	(130,679)	(142,725)
NET ASSETS AT 31ST MARCH	-	-

29. RELATED PARTY TRANSACTIONS

During the year the Charity entered into transactions with Encams Enterprises Limited as follows:

	2014 £	2013 £
Staff and other costs charged	115,512	132,832
Gift Aid receivable	717	864
Due from ENCAMS Enterprises Limited (Note 14)	116,229	133,696