

Lantra (a company limited by guarantee)
Trustees' Annual Report and Consolidated Financial Statements
For the year ended 31 March 2014



Charity no 1022991
Scottish Charity no SC039039
Company no 2823181

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Chair's Report

I am delighted to introduce the Lantra 2014 Annual Report, which provides an overview of our activities to support workforce and skills development within the land-based and environmental sector over the last 12 months. All of this work has been employer led, and has evolved as a direct response to industry needs.

The changes I reported last year with regard to the dramatic reduction of funding from government for the work of Sector Skills Councils have come into effect from 1 April 2014. This provided Lantra with a stimulus to review its work to support our beneficiaries through more focussed activity in developing training and qualifications required by employers, promoting web based and online solutions meeting employers' and individuals' needs and identifying new streams of funding which can support individuals and learners gain skills and competences to improve their performance and outlook.

I am delighted to say that Lantra has made significant strides to reshape itself to meet the demands of the new environment and has successfully completed a restructure which will more effectively support the needs of employers and individuals building on the work we have achieved in 2013/14.

We have made significant progress in the development of our Professional Skills Solutions software which enables individuals and employers to capture their skills, identify any gaps and find training solutions which meet those needs with eight individual industry solutions available for employers.

Along with the development of our frameworks, Lantra has launched its new Careers website to provide insight to the sector for potential new entrants. The sector is not very well known to the wider public and this website hopes to break some of the myths and promote the sector as one full of exciting opportunities. Our research shows that the sector needs 595,000 new entrants by 2020.

We have also launched our new Business Centre website. This provides information and updates to help sector businesses understand the training and development needs facing their industry, with information and articles relevant to them. The website provides businesses with tools and solutions tailored to their specific needs including a powerful new CourseFinder. This brings together all sector providers in one place providing a definitive learning resource for sector businesses.

We have made good progress on focussing our work and the developments above help give us a strong foundation to develop and grow the business and increase the uptake of education and learning in the sector. However, we recognise that the next few years will be tough with a significant reduction in our funding; it means we rely even more heavily on the support from employers and other bodies interested in the development and growth of our sector businesses.

My thanks go to the Board for their wise counsel and guidance, and to all the staff who have worked tirelessly through this period of change, and who continue to give their dedicated support to this important sector.

Valerie Owen OBE

Chair

Trustees' Annual Report

The Trustees present their annual report, which incorporates the strategic report, with the audited financial statements for the year ended 31 March 2014.

Trustees and advisors

Details of Trustees and Advisors are included on pages 28 and 29.

Raising Skills, backing business

Lantra is a Charity, and the Sector Skills Council for the land-based and environmental sector.

Our objective is to work closely with and for our customers in land-based businesses to:

- Improve the skills of land-based and environmental businesses
- Enable businesses to improve efficiency and competitiveness through skills development
- Deliver skills solutions which enable employers to attract new entrants.

By backing business, supporting them with their needs we will raise skills in our sector.

Financial Review

The financial statements show Lantra recouping part of last year's deficit producing a surplus of £265,913. This has increased our reserves to £3,364,132.

The financial statements in this report have been prepared in accordance with the Companies Act and also reflect the Statement of Recommended Practice for Charities (SORP 2005). They show the results for the Group which is Lantra and its wholly owned subsidiaries, Lantra Awards Limited, Upskill UK Limited and Lantra Awards Ireland Limited.

Income

Lantra does not undertake any fundraising activity to generate funds from the general public. Lantra secures the majority of its income through grants and contracts (£3,438,501) which often have to be won in competition against other organisations bidding for specific Government funds. Lantra is developing its own income sources from providing education and learning services to employers (£3,202,509) and from activities to generate funds (£578,164).

During the course of the year, Group incoming resources of £7,236,557 (2013: £7,699,351) were secured through contracts with Government departments, agencies and from revenue from awarding and learner support. All of these funds have been allocated to support charitable activities and costs associated with awarding and learner support, and general administrative expenditure.

Lantra's biggest income source is from grants and government contracts £3,438,501 (2013: £4,212,720).

Expenditure and net income

Total expenditure is £6,970,644 (2013: £8,093,003).

The Group generated net incoming resources for the year of £265,913 (2013: net outgoing resources of £393,652). Upskill UK Limited made a loss of £1,216 (2013: profit £587). Neither Lantra Awards nor Lantra Awards Ireland traded in the 12 months to 31 March 2014.

Trustees' Annual Report

The Group has sufficient assets at the end of the year to meet its commitments and to support its future plans.

Reserves policy

The Trustees consider that the purpose of reserves are to:

- Preserve the viability of the Charity
- Underwrite existing services against periods of deficit
- Enable the Charity to meet its legal objectives
- Provide initial funding for the development of the Charity's services
- Provide confidence to those providing funding that the Charity is prudently controlled and
- Ensure that the reserves are at a level sufficient to discharge all the Charity's obligations should the Charity cease its operations.

During the year the Trustees reviewed the level of reserves which were required to be held, after considering the requirements on cessation and any potential shortfall on income which may arise and the subsequent reserves which would be required to maintain the key charitable objectives.

The recent ITB Pension Funds figures supplied to the Trustees indicate that Lantra has a buyout debt of £9.7 million. However, the Trustees consider that the likelihood of this being triggered is relatively small. They have set the reserves needed at a minimum of £2.1m but with a very long term view to work towards £11.1m as long as this does not unduly damage the charitable objectives. The level of unrestricted reserves held at 31 March 2014 for the Group was £3,349,324 (2013: £3,086,614) and for Lantra £3,349,953 (2013: £3,086,029) as shown in the balance sheets on page 15. There are no reserves which are in deficit at 31 March 2014.

Investment policy

Lantra does not hold any material investments beyond bank deposits and its investments in Lantra Awards Limited, Upskill UK Limited and Lantra Awards Ireland Limited.

The Trustees have given careful thought to their investment policy in the light of the overall strategic need of the Charity.

Surplus funds not required for immediate working purposes are invested. Since a call on those funds may be required within a short time period, the Trustees' investment policy seeks to ensure a reasonable income return by adopting a short term deposit based strategy. This ensures, so far as practicable, a maximisation of the use of those funds, whilst retaining overall liquidity.

The investment policy is reviewed annually by the Audit and Quality Committee as a delegated body of the Board of Trustees, to reassess the position based on the Charity's assets and future cash requirements.

Financial risk management

The Charity uses financial instruments comprising cash and debtors. The main purpose of these financial instruments is to finance the working capital cycle of the Charity and finance longer term capital needs. The policies for managing the risks open to the Charity are summarised below and remain unchanged from the previous year.

Trustees' Annual Report

Interest rate risk

The Charity considers movements in interest rates to be the main financial risk. The Charity has a policy of maximising the returns on cash held by investing in high interest bank accounts in institutions of reputable standing.

Outlook

The cessation of a key government contract means that the Trustees have given careful consideration to the long term financial position of Lantra. They have agreed a three year plan to refocus the activity of the business to best deliver on its charitable objectives, recognising that such a significant change in funding cannot be addressed in too short a time frame without risking delivering the long term objectives of the charity.

As such a deficit budget has been set for 2014/15, with the anticipation of reaching break even in 2015/16 and generating surpluses in 2016/17 which will enable a broader range of charitable activities to be undertaken.

Taxation status

As Charities, Lantra and the subsidiary, Lantra Awards Limited, are exempt from corporation tax on their charitable activities. Upskill UK Limited and Lantra Awards Ireland Limited will pay tax on profits generated in the future.

Third party indemnity provision for Trustees

Qualifying third party indemnity provision is in place for the benefit of all Trustees of the Charity.

Achievements and Performance

The work of the Charity has concentrated on providing increased access to qualifications and training, whilst at the same time utilising the funding available to build services which will enhance our future charitable activities, particularly those around providing business advice, support in finding learning solutions, identifying skills needs and advice on the sector as a career.

Supporting businesses undertake awarding and learning activities

Lantra continues to develop new training courses and qualifications; recruit, train and develop new instructors and to develop new providers to increase the access to training and learning opportunities. This year Lantra has recruited (or added skills) to 153 new instructors, recruited 69 new providers and developed a suite of new leadership and management and forestry and arboriculture products. This has led to an increase in overall training of 12%.

Driving up investment in skills and business development

Lantra has launched its new Business Centre website. This website contains new leadership and management training and qualification offers, benchmarking tools, risk management and health and safety modules and a new and improved CourseFinder with over 2,000 providers listed, as well as up to date articles on key issues businesses need to be thinking about in terms of up skilling their staff.

Trustees' Annual Report

Recognising the professionalism of the sector and promoting continuous professional development

Lantra has been working extensively over the last few years to develop competency frameworks based on standard job roles. We have worked with key stakeholders to establish 6 key industry frameworks and currently have in excess of 10,000 individuals registered on the tools. These tools help individuals and businesses record skills, identify gaps, focus training on where the best return on investment can be achieved and ensure they are compliant with key industry requirements.

Promoting the sector to new entrants

According to Lantra's research the sector will require 595,000 new entrants by 2020. Despite these opportunities, the sector still struggles to recruit quality candidates. This is why Lantra, with the support of funding from UKCES, has developed its Careers website and promotes the sector to new entrants. The sector has a significant number and variety of jobs, Lantra has updated 390 job profiles, produced 12 careers fact sheets, 5 case studies and has engaged 249 schools promoting the sector as a creative and worthwhile career choice.

Plans for future period

Lantra's plans for the future focus around its three key objectives – improve the skills of land-based and environmental businesses; enable businesses to improve efficiency and competitiveness through skills development; deliver skills solutions which enable employers to attract new entrants. To achieve this Lantra is investing significantly in new product development, improving the accessibility of its training and learning solutions, developing new online and e-solutions to meet the needs of employers and individuals in the sector and seeking new funding to support the sector achieve higher levels of skills.

Governance and management

Governing document

The Charity (Lantra) is a company, limited by guarantee, and has no share capital. It was incorporated on 2 June 1993. The governing document is its Memorandum and Articles of Association last updated 25 April 2012. The Charity has three wholly owned subsidiaries, which are each governed by their own Memorandum and Articles of Association. The first, Lantra Awards Limited, is also a charity whose business was transferred into Lantra on 1 July 2011 and is now dormant. The second subsidiary is Upskill UK Limited; a company incorporated in August 2007, to take forward the commercial opportunities. The third subsidiary is Lantra Awards Ireland Limited a dormant trading subsidiary. Where the term 'Group' appears in this document it refers to the combined activity of Lantra, Lantra Awards Limited, Lantra Awards Ireland Limited and Upskill UK Limited.

Appointment of Trustees

Trustees are appointed independently of any other organisation and based on the needs of the Charity. The Charity undertakes a review of the skills and knowledge of Trustees on a regular basis and the information is used when recruiting new Trustees. Recruitment is planned either to fill vacancies which arise as a result of Trustees retiring or to appoint new Trustees with particular skills and expertise. The Charity uses all options open to it to recruit new Trustees including advertising as well as by personal reference. The governing documents allow for a three year term, with the option to stand for further terms.

Trustees' Annual Report

Trustee induction and training

Once appointed, a Trustee has an induction to ensure they obtain a full understanding of the aims and strategic objectives of the Charity and its basic areas of operation. The induction process includes briefings on both company and charity law to the extent required by the individual Trustee. Trustee appointments are reviewed by the Chair on an on going basis with the help and support of the Board. Annually, Trustees are asked to review their knowledge and experience and a training and development programme can be devised for the relevant Trustees based on their particular needs. In addition, specific training has been provided to Trustees on the Audit and Quality Committee to assist them with their duties.

Organisational structure

The organisation structure consists of the main Board supported by the Audit and Quality Committee.

The Trustees, of whom there should not be more than twenty nor less than eleven, shall include up to two individuals representing trade unions, one representing education, eight being individuals who shall normally be employers or self-employed individuals working in the land-based and environmental sector and four having national remits:

Valerie Owen OBE (Chair)
Jonathan Swift (Deputy Chair resigned 23 April 2014)
Sonia Birch (resigned 2 January 2014)
Alison Blackburn OBE (resigned 24 April 2013)
Tim Brigstocke MBE
Richard Capewell
Bob Fiddaman MBE (resigned 2 January 2014)
John Gillan (resigned 16 July 2014)
Dr David Llewellyn
Richard Longthorp OBE
James Preston-Hood (resigned 15 January 2014)
John Sanders (resigned 29 May 2013)
Nigel Titchen
Campbell Tweed OBE
Stephen Vickers (appointed 12 February 2014)
Dr Lionel Walford

The Board of Trustees meets six times a year to ensure that the Charity is meeting its charitable objectives and remains financially sound. Trustees receive information from the various Committees and Groups they have established to help them in their decision making process and based on this they direct the Executive Team with regard to the strategic direction of the business. The day-to-day operations are carried out by the Executive Team who report back monthly to the Board against agreed operational targets.

Related parties

Lantra as a Sector Skills Council (SSC) is part of a wider network of Sector Skills Councils licensed by Government. All these organisations share common goals and objectives but are entirely independent of each other.

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Risk management and internal control

The Trustees, through the Audit and Quality Committee, undertake an annual comprehensive review of the risks to which the Charity is exposed. This forms part of the Trustees' strategy to review risks and identify systems and procedures, including specific preventative actions, which should mitigate any potential impact on the operations of the Charity. These actions are then implemented and the subsequent year's appraisal will review their effectiveness. In addition to the annual review, the Board and Audit and Quality Committee also consider any risks which may arise as a result of a new area of work being undertaken by the Charity and the Audit and Quality Committee undertakes quarterly reviews of the risk register.

Lantra acknowledges its responsibility for maintaining a sound system of internal control that supports the achievement of its charitable objectives, whilst safeguarding the funding received and resources for which it is responsible.

While any system of internal control is designed to manage, rather than eliminate the risk of failure, it can only provide reasonable and not absolute assurance of their effectiveness ensuring assets to be safeguarded and irregularities either prevented, or detected in a timely manner. Lantra's system of internal control is based on an on going process identifying the principal risks to the achievement of the charitable objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place throughout the 12 months ended 31 March 2014.

Key features of the system of internal control are:

- Procedures for identifying the organisation's objectives and key risks;
- The development of the internal control strategy and risk management policy;
- The allocation of risk ownership;
- The involvement and role of internal audit and the maintenance of systems compliant with ISO 9001:2008;
- Procedures for ensuring that aspects of risk management and internal control are regularly reviewed and reported on;
- Systems for ensuring compliance with specific regulations or procedures laid down by key external parties and;
- The Audit and Quality Committee reviews the systems and procedures in place against the risk schedule to provide guidance to the Executives.

The key risks facing the organisation have been grouped into five main areas:

- Sales – failure to understand our customers' needs and delivering good customer care;
- Product – lack of understanding of employers' needs and not quality assuring our product delivery;
- Market – lack of support from key stakeholders;
- Business Operations – poor internal and external communications;
- External – change in government's policies and reduced levels of core funding.

These risk areas are reviewed in detail by the Audit and Quality Committee every three months. They review any changes to these risks, any new risks emerging and they consider the actions which are being taken by the company to mitigate those risks.

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Health and safety

During the previous year Lantra undertook a detailed health and safety audit by external consultants to ensure that it maintains rigorous procedures for ensuring the health and safety of its staff. Actions identified have been implemented and supported by regular reviews by senior managers with a network of health and safety representatives across the organisation to maintain these standards.

Support of volunteers

The Charity is supported by the work of a significant number of volunteers who freely provide their time to attend to steering and advisory groups. With the change in Lantra's governance structure and more fluid support groups it is hard to pin point the exact number of volunteers. In addition, businesses make their time freely available to help provide research information and assist in the development of occupational standards and frameworks. It is difficult to put a value on this contribution, but to buy in this level of support would have cost Lantra a minimum of £500,000.

Grant making policy

Lantra does not make or offer grants to individuals or businesses from its own reserves. The majority of its income is generated for the purpose of skills development in land-based and environmental businesses as a whole. Lantra does seek funding from Government agencies on behalf of the sector for specific training and development outcomes. In this case Lantra acts as facilitator and passes on Government grants.

Scottish Activity

The establishment of the Office of Scottish Charity Regulator (OSCR) in recent years requires certain additional information to be provided with regard to Lantra's operation in Scotland, which is laid out in the paragraph below.

The aims and objectives of Lantra in Scotland are exactly the same as those in the rest of the UK. As a UK organisation Lantra operates across all four countries with key services being provided through staff operating from our head office. The staff in Scotland undertake work to engage employers and promote the benefits of training and developing their staff. They ran a very successful Land-based Learner of the Year competition. The promotion and development of new occupational standards, frameworks and research was implemented utilising the skills of head office based staff. Lantra received funding from Scottish institutions to support its work in Scotland of £423,000, it incurred costs in delivering these activities including all staff operating in Scotland of £379,000 this excludes all the support costs from non-Scotland based staff who provide extensive support for the delivery of the work in Scotland. This also excludes any costs in providing the core services around learning frameworks, NOS development and research which are applicable to Scotland but also funded separately from core funds.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Lantra for the purposes of company law) are responsible for preparing the Trustees' annual report, which incorporates the strategic report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The

Trustees' Annual Report

financial statements are required by law to give a true and fair view of the state of affairs of the Charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company and Group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charity's SORP
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable accounting standards 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 and the Group will continue in business.

The Trustees are responsible for keeping adequate and proper 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, and with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the Charitable Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- So far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditors are 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 auditors are aware of that information.

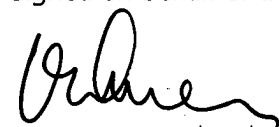
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aims and objectives and in planning future activities.

Auditors

Chantrey Vellacott DFK, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Charity receives notice under Section 488(1) of the Companies Act 2006.

Signed on behalf of the Board of Trustees



Valerie Owen OBE

Chair

Date: 10 September 2014

Company number: 2823181

Independent auditor's report to the members of Lantra

We have audited the financial statements of Lantra for the year ended 31 March 2014 which comprise the principal accounting policies, the group statement of financial activities, the group and company balance sheets and the group cash flow statement and related notes. 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Charity's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body and its Trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, 8 and 9, 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.

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent charitable company's affairs as at 31 March 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;

Independent auditor's report to the members of Lantra

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual 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:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit or
- is otherwise misleading.

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us or
- the parent charitable company's 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.

W. S. Devitt

William Devitt (Senior Statutory Auditor)
for and on behalf of
Chantrey Vellacott DFK LLP
Statutory Auditor
Chartered Accountants
BIRMINGHAM
17/9/2014

CHANTREY VELLACOTT DFK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (revised 2005), applicable accounting standards and the Companies Act 2006. They have been prepared under the historical cost convention except that certain investments are held at market value.

Basis of consolidation

The Group financial statements consolidate those of Lantra and its subsidiary undertakings. Subsidiaries are consolidated on a line by line basis.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income.

Income from grants and Government contracts

The Charity carries out work for Government bodies and undertakes European funded projects; income under these contracts is recognised once milestones attached to the income have been met.

Deferred income is recognised in the balance sheet when the Charity has received income in advance of milestones relating to that income being delivered.

Investment income is included when receivable.

Resources expended

All expenditure is accounted for on an accruals basis as a liability is incurred and has been classified under headings that aggregate all costs related to the category. Direct staff costs and overheads are allocated between charitable activities on the basis of estimated time spent on each project. Support costs are those incurred directly in support of expenditure on the objects of the Charity. Governance costs are those incurred in connection with administration of the Charity and compliance with statutory requirements.

Fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation. The cost of minor additions or those under £250 are not capitalised. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expended useful lives. The rates generally applicable are:

Long leasehold premises	4%
Training and office equipment and computers	20%
SIP equipment and computers	33%
Office furniture	20%
Software and website development	33%

Investments

Principal accounting policies

Investments held as fixed assets are held at market value. Where investments are unlisted companies and the market value cannot be readily obtained the Trustees have based the valuation on the net assets of the subsidiary at the balance sheet date.

Stocks and work in progress

Stocks of training aids and publications are expended in the year and no value is recognised at the period end.

Retirement benefits

Pension Scheme

The Charity participates in the ITB Pension Funds, a defined benefit scheme, which is externally funded. The fund is valued at least every 3 years by a professionally qualified independent actuary with the rates of contribution payable being determined by the Trustees on the advice of the actuary. The scheme operates as a pooled arrangement. As a consequence, no share of the underlying assets and liabilities can be directly attributed to the Charity.

Under the terms of FRS 17, in these circumstances contributions are accounted for as if the scheme was a defined contribution scheme based on actual contributions paid through the year with the amount charged to the Statements of Financial Activities in respect of pension costs and other post-retirement benefits being the contributions payable in the year.

Leased assets

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Operating leases are where the risks and rewards of ownership remain with the lessor.

Restricted funds

Lantra receives some restricted income which can only be used for specified purposes as stated by the funder. Each type of restricted fund is accounted for and separately identified in the accounts.

Unrestricted funds

Unrestricted funds are incoming resources received or generated for charitable purposes and are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

**Group statement of financial activities for the year ended 31 March 2014
(incorporating the income and expenditure account)**

		Unrestricted funds £	Restricted funds £	31 March 2014 £	31 March 2013 £
INCOMING RESOURCES	Note				
Incoming resources from generated funds					
Activities for generating funds	1	572,497	5,667	578,164	604,568
Investment income	2	15,679	2	15,681	27,943
Incoming resources from charitable activities					
Awarding and Learning		3,176,759	25,750	3,202,509	2,853,964
Grants and other Government contracts	3	3,438,501	-	3,438,501	4,212,720
Other services provided		1,702	-	1,702	156
Total group incoming resources		<u>7,205,138</u>	<u>31,419</u>	<u>7,236,557</u>	<u>7,699,351</u>
RESOURCES EXPENDED					
Costs of generating funds		298,215	2,066	300,281	710,492
Charitable activities		6,618,216	26,150	6,644,366	7,362,880
Governance costs		25,997	-	25,997	19,631
Total resources expended	4	<u>6,942,428</u>	<u>28,216</u>	<u>6,970,644</u>	<u>8,093,003</u>
Net incoming/(outgoing) resources and movement in funds for the year (including deficit of income over expenditure) and net movement in funds		262,710	3,203	265,913	(393,652)
Total funds brought forward		3,086,614	11,605	3,098,219	3,491,871
Total funds carried forward	11/12	<u><u>3,349,324</u></u>	<u><u>14,808</u></u>	<u><u>3,364,132</u></u>	<u><u>3,098,219</u></u>

All activities during the period are classed as continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

The charity has taken advantage of section 408 of the Companies Act 2006 to not publish its own Statement of Financial Activities.

Lantra (a company limited by guarantee)
Financial statements for the year ended 31 March 2014

Balance sheets at 31 March 2014

		Group		Company	
		31 March	31 March	31 March	31 March
	Note	2014	2013	2014	2013
		£	£	£	£
Fixed assets					
Tangible fixed assets	7	363,684	448,695	356,813	427,547
Investments	8	-	-	102	102
		363,684	448,695	356,915	427,649
Current assets					
Debtors	9	1,559,212	1,180,711	1,564,016	1,177,198
Cash at bank and in hand		2,524,526	2,058,965	2,522,422	2,057,720
		4,083,738	3,239,676	4,086,438	3,234,918
Creditors: amounts falling due within one year					
	10	(1,083,290)	(590,152)	(1,078,592)	(564,933)
Net current assets		3,000,448	2,649,524	3,007,846	2,669,985
Total assets less current liabilities	13	3,364,132	3,098,219	3,364,761	3,097,634
Income funds					
Unrestricted funds	11	3,349,324	3,086,614	3,349,953	3,086,029
Restricted funds	12	14,808	11,605	14,808	11,605
		3,364,132	3,098,219	3,364,761	3,097,634

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2014.

Signed on its behalf by:



Valerie Owen OBE
Chair

Company number: 2823181

The accompanying accounting policies and notes form an integral part of these financial statements.

Group cash flow statement for the 12 months ended 31 March 2014

		31 March	31 March
	Note	2014	2013
		£	£
Net cash inflow from operating activities	16	<u>469,451</u>	<u>73,620</u>
Returns on investments and servicing of finance			
Interest received	2	<u>15,681</u>	<u>27,943</u>
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	7	(19,721)	(112,713)
Proceeds from sale of fixed assets		150	-
		<u>(19,571)</u>	<u>(112,713)</u>
Net cash outflow from investing activities		<u>(19,571)</u>	<u>(112,713)</u>
Increase/(decrease) in cash in the year	17	<u>465,561</u>	<u>(11,150)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

1. Analysis of activities for generating funds

	31 March 2014 £	31 March 2013 £
Sale of Animal Care workbooks	24,759	16,020
MA certification	95,861	99,580
Room hire	71,760	57,470
Skills Manager sales	186,242	115,514
Investors in People	2,800	29,295
National Occupational based products	31,085	77,810
Consultancy	99,585	173,002
Other	66,072	35,877
	<u>578,164</u>	<u>604,568</u>

2. Investment income

	31 March 2014 £	31 March 2013 £
Interest receivable	<u>15,681</u>	<u>27,943</u>

3. Analysis of grants and other Government contracts

	31 March 2014 £	31 March 2013 £
Other Government contracts	1,685,164	1,923,724
Other UKCES contracts	1,543,707	2,144,710
Agency contracts	209,630	144,286
	<u>3,438,501</u>	<u>4,212,720</u>

Notes to the financial statements

4. Analysis of total resources expended

Group

	Direct costs £	Staff costs £	Operating costs £	31 March 2014 £	31 March 2013 £
Costs of generating funds	137,332	97,515	65,434	300,281	710,492
Charitable Activities:					
Awarding and Learning	629,704	1,350,738	245,944	2,226,386	2,837,287
Grants and Contracts	1,281,597	2,800,366	336,017	4,417,980	4,525,593
Governance	13,497	-	12,500	25,997	19,631
Total	<u>2,062,130</u>	<u>4,248,619</u>	<u>659,895</u>	<u>6,970,644</u>	<u>8,093,003</u>

- Costs have been allocated to activities based on the estimated time spent by staff members
- Costs have been allocated based on direct costs attributable to each activity.

Notes to the financial statements

5. Information regarding directors and employees

	31 March 2014 £	31 March 2013 £
Chair's emoluments	<u>25,000</u>	<u>25,000</u>

Chair's emoluments are paid in accordance with the provisions of the Charity's Articles of Association.

In addition the Charity paid four other Trustees for additional work they undertake in line with its Articles of Association. The total paid was £4,322 (2013: £19,717 was paid to five Trustees).

Expenses were reimbursed to twelve Trustees which amounted to £12,735 (2013: 12 Trustees £11,452).

Pension contributions worth £2,344 were made on behalf of the Chair (2013: £2,150).

Pension contributions worth £141 were made on behalf of one other Trustee (2013: £566).

The average number of persons (including executive directors) employed during the year was:

By activity	2014 Number	2013 Number
Government Contracts	42	49
Awarding and Learning	33	34
Central Services	16	19
Total	<u>91</u>	<u>102</u>

	31 March 2014 £	31 March 2013 £
Staff costs (for the above persons)		
Salaries and wages	2,889,412	3,263,223
Social security costs	249,293	281,635
Pension costs	537,250	524,698
Restructuring costs	168,477	-
	<u>3,844,432</u>	<u>4,069,556</u>
Travel/Subsistence and other staff related costs	404,187	503,543
Total per note 4	<u>4,248,619</u>	<u>4,573,099</u>

Notes to the financial statements

5. Information regarding directors and employees (continued)

The number of staff whose emoluments for the year (including taxable benefits) exceeded £60,000 were as follows:

	31 March 2014 Number	31 March 2013 Number
£60,000 – £69,999	2	2
£70,000 – £79,999	1	2
£80,000 – £89,999	1	-
£90,000 – £99,999	1	-
£100,000 – £109,999	1	1
£120,000 – £129,999	1	1

Pension contributions made on behalf of higher paid staff amounted to £127,657 (including a one off payment) for the year (2013: £64,161).

The number of higher paid staff to whom retirement benefits are accruing is 5 (2013: 6).

6. Net incoming resources for the year

Net incoming resources for the year is stated after charging:

	31 March 2014 £	31 March 2013 £
Depreciation – owned assets	104,262	116,220
Loss on sale of fixed assets	320	1,115
Auditor's remuneration for:		
– fees payable to auditor for audit of Lantra's annual accounts	10,500	10,500
– fee payable to auditor for audit of subsidiary accounts	2,000	2,750
– other services pursuant to legislation	1,850	900
Operating lease rentals		
– plant and machinery	205,905	214,524
– land and buildings	63,708	66,066

Notes to the financial statements

7. Tangible fixed assets

Group	Long leasehold premises £	Office equipment £	Software and website develop- ment £	Office furniture £	Total £
Cost					
At 1 April 2013	688,030	140,777	150,505	24,799	1,004,111
Additions	2,697	17,024	-	-	19,721
Disposals	-	33,160	-	8,970	42,130
At 31 March 2014	<u>690,727</u>	<u>124,641</u>	<u>150,505</u>	<u>15,829</u>	<u>981,702</u>
Depreciation					
At 1 April 2013	394,553	51,625	93,852	15,386	555,416
Charge for the year	27,584	34,658	37,836	4,184	104,262
Disposals	-	32,689	-	8,971	41,660
At 31 March 2014	<u>422,137</u>	<u>53,594</u>	<u>131,688</u>	<u>10,599</u>	<u>618,018</u>
Net book value					
At 31 March 2014	<u>268,590</u>	<u>71,047</u>	<u>18,817</u>	<u>5,230</u>	<u>363,684</u>
Net book value					
At 31 March 2013	<u>293,477</u>	<u>89,152</u>	<u>56,653</u>	<u>9,413</u>	<u>448,695</u>
Company	Long leasehold premises £	Office equipment £	Software £	Office Furniture £	Total £
Cost					
At 1 April 2013	688,030	140,777	77,073	24,799	930,679
Additions	2,697	17,024	-	-	19,721
Disposals	-	33,160	-	8,970	42,130
At 31 March 2014	<u>690,727</u>	<u>124,641</u>	<u>77,073</u>	<u>15,829</u>	<u>908,270</u>
Depreciation					
At 1 April 2013	394,553	51,625	41,568	15,386	503,132
Charge for the year	27,584	34,658	23,559	4,184	89,985
Disposals	-	32,689	-	8,971	41,660
At 31 March 2014	<u>422,137</u>	<u>53,594</u>	<u>65,127</u>	<u>10,599</u>	<u>551,457</u>
Net book value					
At 31 March 2014	<u>268,590</u>	<u>71,047</u>	<u>11,946</u>	<u>5,230</u>	<u>356,813</u>
Net book value					
At 31 March 2013	<u>293,477</u>	<u>89,152</u>	<u>35,505</u>	<u>9,413</u>	<u>427,547</u>

Notes to the financial statements

8. Fixed asset investments

Company	12 months to 31 March 2014 £	12 months to 31 March 2013 £
Value at 1 April 2013	102	(617)
Unrealised gain/loss on Lantra Awards Ireland Limited	-	719
Value at 31 March 2014	102	102

The principal activity of Upskill UK Limited is the development and supply of IT solutions based on individual and business competency. The shares are unlisted and represent 100% of Upskill UK Limited; the Company is registered in England and Wales.

Lantra Awards Limited historically provided awarding and accreditation services to land-based and environmental industries but has been dormant since 1 July 2011. Lantra hold 100% of the issued share capital of Lantra Awards Limited which is registered in England and Wales. The shares are unlisted.

Lantra Awards Ireland Limited was set up to facilitate the development of Lantra's activities in Ireland but has been dormant since registration. Lantra hold 100% of the issued share capital of Lantra Awards Ireland Limited which is registered in Ireland. The shares are unlisted. The Directors decided to strike off the company after the year end as it was dormant.

The aggregate amount of the subsidiary undertakings assets, liabilities and funds are as follows:

	Assets £	Liabilities £	Funds £
Upskill UK Limited	11,839	(198,911)	(187,072)
Lantra Awards Ireland Limited	-	-	-
Lantra Awards Limited	2	-	2

The incoming resources, resources expended and net incoming resources of the subsidiary undertakings are as follows:

	Incoming resources £	Resources expended £	Net incoming resources £
Upskill UK Limited	49,860	51,076	(1,216)
Lantra Awards Ireland Limited	719	-	719
Lantra Awards Limited	-	-	-

Notes to the financial statements

9. Debtors: amounts falling due within one year

	Group		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£	£	£	£
Trade debtors	1,475,918	1,012,648	1,473,054	998,416
Amounts owed by subsidiary undertakings	-	-	7,668	10,719
Other debtors	1,825	1,885	1,825	1,885
Prepayments	80,146	54,392	80,146	54,392
Accrued income	1,323	111,786	1,323	111,786
	<u>1,559,212</u>	<u>1,180,711</u>	<u>1,564,016</u>	<u>1,177,198</u>

10. Creditors: amounts falling due within one year

	Group		Company	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£	£	£	£
Trade creditors	725,717	415,899	720,857	391,475
Other creditors	684	684	846	789
Other taxation and social security	174,812	79,494	174,812	79,494
Accruals/other creditors	68,661	13,868	68,661	13,868
Deferred income	113,416	80,207	113,416	79,307
	<u>1,083,290</u>	<u>590,152</u>	<u>1,078,592</u>	<u>564,933</u>

Deferred income comprises contract income received in advance of contract outputs/milestones being delivered. This figure is calculated based on actual outputs at the year end compared to cash received and includes any provisions to allow for non-delivery by the conclusion of the project timetable.

Deferred income includes £nil (2013: 10,467) for Grow Careers: to fund web portal for careers information across the horticulture industry, £nil (2013: £16,966) for English Heritage: to support careers, training and education in the historic parks and gardens sector and £38,500 to fund the development of a pilot traineeship programme (2013: nil).

	Group £	Company £
Balance as at 31 March 2013	80,207	79,307
Amount released to incoming resources	(80,207)	(79,307)
Amount deferred in year	<u>113,416</u>	<u>113,416</u>
Balance as at 31 March 2014	<u>113,416</u>	<u>113,416</u>

Notes to the financial statements

11. Unrestricted funds

	Group		Company	
	31 March 2014 £	31 March 2013 £	31 March 2014 £	31 March 2013 £
General fund:				
Balance at the start of the year	3,086,614	3,205,302	3,086,029	3,482,703
Net incoming/(outgoing) resources for the year	262,710	(118,688)	263,924	(396,674)
Balance at the end of the year	3,349,324	3,086,614	3,349,953	3,086,029

12. Restricted funds

Group and Company	Opening balance £	Income £	Expenditure £	Closing balance £
Frank Parkinson Trust	4,400	-	400	4,000
Animal Care Lead Body	4,372	2	-	4,374
R2	2,833	5,667	2,066	6,434
Historic & Botanic Gardens Bursary Scheme	-	25,750	25,750	-
	11,605	31,419	28,216	14,808

The Frank Parkinson Trust contributed funds towards building costs.

Animal Care Lead Body funds provide support for the keeping of animals in educational establishments.

R2 provide funds to support the promotion of the arboriculture professional skill register to the industry.

Historic and Botanic Gardens Bursary Scheme funds supports graduates meet their training needs.

13. Analysis of net assets between funds

Group	Restricted Funds £	Unrestricted Funds £	2014 Total £	2013 Total £
Tangible fixed assets	4,000	359,684	363,684	448,695
Investments	-	-	-	-
Current assets	10,808	4,072,930	4,083,738	3,239,676
Current liabilities	-	(1,083,290)	(1,083,290)	(590,152)
Total net assets	14,808	3,349,324	3,364,132	3,098,219

Notes to the financial statements

13. Analysis of net assets between funds (continued)

Company	Restricted Funds £	Unrestricted funds £	2014 Total £	2013 Total £
Tangible fixed assets	4,000	352,813	356,813	427,547
Investments	-	102	102	102
Current assets	10,808	4,075,630	4,086,438	3,234,918
Current liabilities	-	(1,078,592)	(1,078,592)	(564,933)
Total net assets	14,808	3,349,953	3,364,761	3,097,634

14. Guarantee

Lantra is a Company limited by guarantee. The members of the Company have each agreed to contribute £1 to the assets of the Company in the event of it being wound up.

15. Pension obligations

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the ITB Pension Funds is a multi-employer pension scheme. Lantra is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, Lantra has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. Lantra has set out below the information available on the surplus in the scheme and the implications for Lantra in terms of anticipated contribution rates.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary using the prospective benefit valuation method. The objective of this method is to provide for benefits to be funded by contributions paid throughout a member's active service at a rate which would be sufficient to finance the cost of a typical new entrant to the scheme. The latest actuarial valuation of the scheme was as at 31 March 2010. The assumptions that have the most significant effect on the valuation are as follows:

Risk free real rate of return	-0.45%
Discount rate above the risk free rate – future service	2.2%
Discount rate above the risk free rate – technical provisions	1.25%
Rate of price inflation	3.40%
Rate of earnings increases	In line with RPI for the next 3 years then RPI plus 1.1%

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

Market value of assets at date of last valuation	£808.7 million
Deficit in scheme	£23.8 million

The contributions of Lantra and its employees were 13.6%, 19.1% or 25.7% up to January 2014 when these increased to 16.7%, 25.4% and 30.7%. After the year end following a consultation all staff moved to the section with contributions of 16.7%. The pension charge for the year was £225,250 (2013: £221,974). There were additional payments of £312,000 charged to the SOFA during the year relating to pension deficit contributions. The Employer contributions to eliminate the funding shortfall are £312,000 PA to 31 December 2018.

Notes to the financial statements

16. Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities

	2014 £	2013 £
Net incoming/(outgoing) resources for the period	265,913	(393,652)
Interest receivable	(15,681)	(27,943)
Depreciation charge	104,262	116,220
Loss on sale of fixed assets	320	1,115
(Increase) / Decrease in debtors	(378,501)	779,662
Increase / (Decrease) in creditors	493,138	(401,782)
Net cash inflow from operating activities	469,451	73,620

17. Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase/(decrease) in cash in the period	465,561	(11,150)
Net funds at 1 April 2013	2,058,965	2,070,115
Net funds at 31 March 2014	2,524,526	2,058,965

18. Financial commitments

At 31 March 2014 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	2014		2013	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	71,958	-	22,318
Between two and five years	17,974	47,232	9,756	166,050
Over 5 years	50,427	-	53,513	-
	68,401	119,190	63,269	188,368

Notes to the financial statements

19. Contingent liability

The Group has been in receipt of significant income from a variety of grant making bodies in recent years, and takes all reasonable steps to ensure it complies with the terms attaching to the receipt of all such income. However, the Trustees recognise that this is a complex area and there is always a risk that some funding could become repayable as a result of an inspection by those bodies.

It is not possible to estimate the value, if any, or timing of any such repayments.

20. Related party transactions

As Lantra Awards Limited, Lantra Awards Ireland Limited and Upskill UK Limited are wholly owned subsidiaries of Lantra, Lantra is exempt from the requirements of FRS 8 to disclose transactions with these companies.

21. Financial derivatives

The Charity had no financial derivatives at 31 March 2014 or 31 March 2013.

22. Post Balance Sheet Events

Since the end of the year the Trustees have decided that Lantra Awards Ireland Limited no longer makes a positive contribution to the Group's activities and is a drain on resources so have put steps in place to have the company struck off the register.

Trustees, Senior Staff and Professional Advisors

Company registration number: 2823181

Charity registration number: 1022991

Scottish Charity number: SC039039

Registered office: Lantra House
Stoneleigh Park
Coventry
Warwickshire
CV8 2LG

Trustees: Valerie Owen OBE (Chair)
Jonathan Swift (Deputy Chair, resigned 23 April 2014)
Sonia Birch (resigned 2 January 2014)
Alison Blackburn OBE (resigned 24 April 2013)
Tim Brigstocke MBE
Richard Capewell
Bob Fiddaman MBE (resigned 2 January 2014)
John Gillan (resigned 16 July 2014)
Dr David Llewellyn
Richard Longthorp OBE
James Preston-Hood (resigned 15 January 2014)
John Sanders (resigned 29 May 2013)
Nigel Titchen
Campbell Tweed OBE
Stephen Vickers (appointed 12 February 2014)
Dr Lionel Walford

Trustees, Senior Staff and Professional Advisors

Chief Executive and Senior Staff:

Peter Martin (Chief Executive, left 1 January 2014)
Marcus Potter (Chief Executive, joined 27 May 2014)
Robert Tabor (Chief Operating Officer)
Mike Smith (Director of Development and Evaluation)
Madge Moore (National Director – England)
William Fergusson (National Director – Scotland)
David Seffen (National Director – Northern Ireland, left 20 September 2013)
Kevin Thomas (National Director – Wales)
Simon Bristow (Director of Sales and Marketing, left 30 April 2014)

Company Secretary:

Robert Tabor

Bankers:

National Westminster Bank plc
16 Warwick Road
Kenilworth
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Solicitors:

Harbottle Associates
Spring Cottage
Florence Street
Nottage
Porthcawl
South Wales
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Mander Hadley and Co
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Auditor:

Chantrey Vellacott DFK LLP
Statutory Auditor
Chartered Accountants
35 Calthorpe Road
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