

Registered number: NI032946
Charity number: XR23015

MOURNE HERITAGE TRUST LIMITED

**DIRECTORS REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2011

MOURNE HERITAGE TRUST LIMITED
(A company limited by guarantee)

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MOURNE HERITAGE TRUST LIMITED

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2011

Directors

Mr William Burns
Mrs Rosemary Chestnutt, Treasurer
Mr Seamus Doyle
Mr Sean Fitzpatrick
Ms Isabel Hood, Secretary
Mrs Elizabeth Ingram
Ms Maureen Killen
Mr David Maginn
Mr William John Martin
Mr Sean McCarthy
Mr Francis McDowell
Mr Martin McMullan
Dr Arthur Mitchell, Vice Chairman
Mr Ciaran Mussen
Mrs Carmel O'Boyle
Mr Desmond Patterson, Chairman
Mr Jim Saunders
Mr David Thompson
Mr Ian Watts
Mrs Jo Whatmough

Company registered number

NI032946

Charity registered number

XR23015

Registered office

Newcastle Centre, Donard Room
10-14 Central Promenade
Newcastle
Down
BT33 0AA

Company secretary

Ms Isabel Hood

Auditors

Purdy Quinn
Chartered Accountants & Registered Auditors
42 Greencastle Street
Kilkeel
Down
BT34 4BH

MOURNE HERITAGE TRUST LIMITED

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2011

Advisers (continued)

Bankers

Bank of Ireland Ltd
19 Greencastle Street
Kilkeel
Down
BT34 4BH

Solicitors

McBurney & Co
5 Church Square
Banbridge
Down
BT32 4AS

MOURNE HERITAGE TRUST LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The Trustees (who are also the directors of the charity for the purposes of the Companies Act 2006) present their annual report with the audited financial statements of Mourne Heritage Trust Limited (the company) for the year ended 31 March 2011. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

- **Constitution**

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 17 September 1997.

The company is recognised as a registered charity, number XR 23015

Results

The results for the year are set out on page 12.

The principal activity of the company continued to be that of the conservation and enhancement of the natural and cultural heritage of the Mourne Area of Outstanding Natural Beauty, for the benefit of the general public.

- **Policies adopted for the induction and training of Directors**

Trustees receive a thorough induction, including receipt of various key documents relating to the operation of the Trust and a briefing with the Chairman and Chief Executive.

- **Organisational structure and decision making**

Day to day management of the charity is delegated to the Chief Executive Officer, Mr Martin Carey.

Trustees of Mourne Heritage Trust were originally appointed by The Department of Agriculture and Rural Development, Environment and Heritage Service of the Department of Environment, Banbridge, Down and Newry and Mourne District Council and the Northern Ireland Tourist Board. In addition a number of other Mourne interests were appointed by the nominated Trustees after expressions of interest and nominations were sought by public advertisement and a selection procedure was carried out.

One third of the Board of Trustees retires from office each year at the Trust's AGM. The retiring Trustees are eligible for re-election. The Trust then fills the vacated office by electing a person thereto and in default the retiring Trustee, shall if offering himself for re-election, be deemed to have been elected.

Persons other than a retiring Trustee can be eligible for election if recommended by the Board of Trustees or by nomination submitted in writing 21 days before AGM by a member qualified to attend and vote at the meeting.

Voting if necessary is carried out by a membership panel, composed of accredited bodies and other Mourne Interests.

The Organisation Structure of the Mourne Heritage Trust is shown in the diagram contained in the Annual Report.

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

- **Risk management**

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

Objectives and Activities

- **Policies and objectives**

The Mourne Heritage Trust is the management body for the Mourne Area of Outstanding Natural Beauty, established in 1997, the Trust is a partnership of local and central government, local communities and key stakeholders. The aim of the Mourne Heritage Trust is as follows:

'To sustain and enhance the environment, rural regeneration, cultural heritage and visitor opportunities of the Mourne Area of Outstanding Natural Beauty and contribute to the well-being of Mourne's communities.'

The following are the strategic aims:

- **Strategies for achieving objectives**

Performance Area 1:

Natural Environment Enhancement and Protection

'Safeguard, enhance and promote appreciation of the quality and diversity of the landscapes and biodiversity of the Mourne and Slieve Croob Area of Outstanding Natural Beauty and to manage and influence change appropriately'.

Performance Area 2:

Visitor Management and Visitor Services

'To provide and maintain opportunities for public enjoyment, education and recreation within the Mourne and Slieve Croob AONB in ways which safeguard the environment and protect land management and community interests'

Performance Area 3:

Built and Cultural Heritage

'To identify, promote, safeguard and enhance the built and cultural heritage of the Mourne and Slieve Croob AONB'

Performance Area 4:

Sustainable Tourism

'To promote regeneration through the development and facilitation of appropriate sustainable tourism initiatives in the Mourne and Slieve Croob AONB'

Performance Area 5:

Creating Awareness and Promoting Understanding

'To create awareness and promote greater understanding of the Mourne and Slieve Croob AONB as a unique and special area to local regional national and international audiences.'

Each key performance area is made up of core operations and priority projects. Core operations are provided from the Trusts on-going core funding, and largely reflect the Trust service level contracts with its core funders. Priority projects are complementary additional activities, which the Trust develops and seeks specific project funding for.

Key Core activities include Countryside Management in which the Trust maintains car parks, public rights of way, stiles, cycle routes, interpretative panels and undertakes weekly litter runs at visitor amenities. A Mourne

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

Ranger Service is provided to monitor countryside access and promote positive links and understanding between landowners, local communities, visitors, business sectors and volunteers. Also important in core activity are visitor servicing through, among other things, publications and the MourneLive website, an information service run from the Trust's Newcastle headquarters, and the development of sustainable tourism initiatives with local communities and tourism businesses.

Key Priority Projects include:

Mourne Signature Project Tourism Development Action Plan – research and consultation has identified a plan of action for enhancement of tourism infrastructure and services in the area in line with sustainable principles and the Northern Ireland Tourist Board's Strategic Framework for Action. The Trust has been working with partners to implement priority actions including a Mourne Coastal Route, Mourne Public Art and Upland Path Project. All of these saw substantial capital investment in 2010/11

Biodiversity Programme - production of a Biodiversity Strategy and action plan for the Mourne area to protect the wildlife it contains. Implementation of various actions through a Natural Heritage Programme with a range of actions and activities to engage members of the community on natural heritage related issues and deliver practical community based projects and a range of interpretive publications and best practice manuals. This work is steered by a Natural Heritage Sub Group.

Active Lifestyles Programme - provision of a programme of volunteer activity with an initial emphasis on youth and vulnerable adults. This programme has been extended to engage other marginalised groups.

AONB Management Plan Programme - production of a management plan as a framework for protection and enhancement of the special qualities of the Mourne AONB and oversight of implementation in conjunction with a multi agency steering group.

Mourne-Cooley-Gullion Geo-Tourism Programme - development of proposals for cross-border collaboration to enhance access to and interpretation of the shared geological heritage of Mourne, the Cooley Mountains (County Louth) and the Ring of Gullion AONB (County Armagh).

Landscape Partnership Programme – Design of a coherent programme of actions to enhance the special qualities of the Mourne Uplands – notably Heather Heathland and Juniper - and tell the story of Mourne Granite and Mourne Water.

Key Objectives and detailed activities and targets in pursuit of these areas are set out in the Mourne AONB Management Plan and Action Plan 2010-2015.

Mourne Heritage Trust makes significant use of volunteers in the course of undertaking a wide range of activities. These include the Mourne Conservation Volunteers which offers people the chance to make a practical and worthwhile contribution to the conservation of the environment. There are quarterly programmes issued to the volunteers and advertised in our office and website. This is complemented by Volunteer Rangers, key volunteers who are committed to working at least 10 days per year. A range of groups with special needs are engaged in volunteer activity through the Active Lifestyles programme. A number of 3rd level students have worked for the Trust in a voluntary capacity as part of research/placement programmes.

Achievements and performance

- **Review of activities**

The Trust's main achievements in 2010 -2011 are set out in detail in the accompanying Annual Report. Highlights include the following:

- Weekly maintenance of 19 car parks throughout the Mourne AONB.
- Maintenance of 47 public Rights of Way, Green Lanes and Paths, 7 Way-Marked Cycle Routes, 67 stiles within the High Mournes and inspection of 60+ interpretative panels.

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

- Ongoing inspection and maintenance of 26 electronic pedestrian and vehicle counters at strategic locations throughout the AONB.
- Further development of the Silent Valley Tree Nursery and development of a new nursery site and garden at Dunnywater.
- Active Lifestyles Programme and Conservation Volunteers providing 1,761 work days for all volunteers (including people with special needs). This equates to a contribution of approximately £85,000 value of labour
- Summer Youth Ranger programme providing for 13 young people and including wildfire surveys and coastal work.
- Safer Mournes Partnership developing agreed approaches to wildfire management and anti-social behaviour
- Further development of Trees for Mourne project to encourage planting by landowners of native woodland using stock grown from seeds of ancient Oak woodland in Rostrevor.
- Continued monitoring and removal of invasive species involving volunteers and partner agencies.
- In conjunction with SportNI, convening a Mourne Outdoor Recreation Forum bringing together user groups (walking clubs, mountain runners etc), activity providers, outdoor education groups, NGOs and others to provide a two way means of communication
- Further Development and promotion of Mourne/Gullion/Cooley Geotourism concept & liaison with potential funders
- Dissemination of best practice advice and guidelines for mass participation events
- Implementation of expansion of Active Lifestyles Programme to cater for a greater range of disadvantaged groups and develop additional volunteer sites
- Mourne Access Ranger complementing the Mourne Area Ranger to develop greater awareness of access issues and delivering practical solutions.
- Agreement for and upgrading of the Bloody Bridge quarry track
- Major path repair work on Slieve Binnian and the Carricklittle Track piloting sustainable trail design bespoke to the Mournes.
- Visitor site enhancements at Windy Gap, Bloody Bridge, and Trassey Track along.
- Erection of approximately 1500m of stock proof fencing with gates and stiles to help define access corridors and mitigate impacts of use
- Biannual maintenance on 7 tourist cycle trails and 2 long distance accredited walking trails (Mourne Way and Newcastle Way)
- Development of the Destination Management Forum for the Mournes in conjunction with local authorities
- Development of a Mourne Brand and Identifier in conjunction with local authorities and Destination Forum
- Co-ordination of the Mourne Coastal Route - Amenity Site Development and Signage
- Management of the Mourne Public Art Programme - Gateway Phase and securing match funding and commissioned 3 further pieces of Public Art at Finnis, Dundrum and Silent Valley (total of 7 pieces)
- Development work and funding applications for a Mourne Sustainable Tourism Business Project
- Mourne Heritage Trust/AONB Related Articles in local and regional press.
- Launch and monitoring of an AONB Management Plan
- Biodiversity Research Programme including vegetation survey of the Eastern Mournes SAC, invasive species monitoring, wildfire monitoring, review of erosion hot spots in the High Mournes.

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

• Pension fund

Consistent with many other charities and not for profit organisations, Mourne Heritage Trust Limited ("MHT") partakes in a multi employer defined benefit pension scheme operated by NILGOSC. An actuarial valuation is an assessment, by an Actuary, of the scheme's surplus or deficit at any one point in time. The last formal actuarial valuation of the NILGOSC scheme was carried out as at 31st March 2010, and showed a funding shortfall - a deficit.

The pension contribution rates payable by MHT and its employees are set annually by NILGOSC on advice from the Actuary. The changes in rates of contribution reflect the movement in the overall pension funds surplus or deficit. If a deficit increases, then the pension fund contributions payable by MHT will be increased by the Actuary on an annual basis. This is evident, for example, in comparing the pension contributions to NILGOSC during the last four years: 2011 - £33,789, 2010 - £37,921, 2009 - £33,459 and 2008 - £23,941. The decline in 2011 is due to a decrease in wages expenditure for the year.

MHT are currently meeting the increased annual pension contributions set by the Actuary. This represents the organisation's real-time liability with regard to pensions. MHT are meeting their pension fund liabilities as they fall due.

It is possible, on payment of an annual fee to NILGOSC, to obtain the relevant figures for disclosure to enable MHT to comply with Financial Reporting Statement No. 17 Retirement Benefits (FRS 17). This would establish exactly how much of the multi employer scheme deficit related specifically to MHT, solely at the balance sheet date. As the actuarial valuation would change daily because of the range of assumptions it is based on, the Board of MHT considered that the cost of providing this information would outweigh any benefit that might accrue from obtaining it. As the Board chose not to obtain the information Purdy Quinn, as auditors, will have no option but to qualify the audit report with respect to non disclosure of this matter.

The pension fund deficit required to be disclosed by FRS 17 is a volatile long term liability/asset of an organisation. It is not a real time liability and is not required to be settled in full in the short or medium term. As noted above MHT are currently meeting their pension fund liabilities as they fall due by paying their pension contributions, as calculated by the Scheme's Actuary, on a timely basis. If the Board had been able to determine the pension fund deficit the amount would have been disclosed in a separate long term liability account on the Balance Sheet. Non disclosure of the pension deficit has no impact on short and medium term cash flows or the operating activities of the organisation.

The Board believe that the non disclosure of a pension fund deficit has no impact on the ability of MHT to continue as a going concern in the short to medium term.

Financial review

• Principal funding

The results for the year are set out on page 12.

The Core funders of the Mourne Heritage Trust are detailed below and the amounts they contributed for the year 2010/11: Update

- Banbridge District Council	£ 22,000
- Down District Council	£ 45,520
- Northern Ireland Environment Agency	£152,746
- Newry and Mourne Council	£ 25,000
- Northern Ireland Tourism Board	£ 59,000

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

Project Funders for the year 2010/11 are as follows:

Projects

Mourne Public Art

Arts Council for Northern Ireland
Northern Ireland Tourist Board (NITB)

Active Lifestyles Programme

Big Lottery
Baily Thomas

AONB Management Plan

Northern Ireland Environment Agency (NIEA)

Mourne Pilot Access Ranger

NIEA

Upland Path Project

NITB
NIEA

Mourne Coastal Route (in conjunction with site owners)

Loughs Agency
NITB
Rural Development Programme

Attical Environmental Enhancements

Landfill Communities Fund through Ulster Wildlife Trust

Plans for the future

- **Future developments**

In 2009/2010 MHT developed a Mourne AONB Management Plan for 2010 - 2015. Copies of this document are available from www.Mournelive.com.

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DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2011

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company, ensuring that the assets are properly applied in accordance with charity law and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

There is no relevant audit information of which the auditors are unaware.

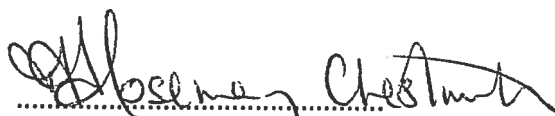
The directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

A resolution proposing that Purdy Quinn be reappointed as auditors of the company will be put to the Annual General Meeting.

Small Company Exemptions

The report of the directors has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

This report was approved by the Directors and authorised for issue on 23/9/11.....
and signed on their behalf, by:



Mrs Rosemary Chestnutt
Treasurer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOURNE HERITAGE TRUST LIMITED

We have audited the financial statements of Mourne Heritage Trust Limited for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein 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 Sections 495 and 496 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditors

As described in the statement of directors responsibilities on pages 8-9 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out in note 18 to the financial statements.

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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Qualified opinion arising from limitation in scope and from the failure to implement the requirements of FRS 17 'Retirement Benefits'

As disclosed in note 15, the Company has not adopted Financial Reporting Standard 17 Retirement Benefits (FRS 17). Accordingly these financial statements include neither a provision for the relevant deficits in the defined benefit pension schemes as at 31 March 2010 and 2011 nor the necessary entries in the Fund Accounts for both years and in the Net Asset Statements as at 31 March 2010 and 2011. In our opinion, such provisions and related disclosures should have been made in these financial statements.

Except for the financial effects of the failure to comply with the requirements of FRS 17 referred to above, in

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOURNE HERITAGE TRUST LIMITED

our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the charitable company's state of affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure in the year then ended, and have been properly prepared in accordance with the Companies Act 2006.

In respect solely of the limitation on our work relating to the non compliance with FRS 17 we have not obtained all the information and explanations that we considered necessary for the purposes of our audit.

In our opinion the information given in the directors' report is consistent with the financial statements

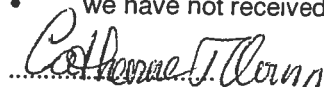
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


.....
Catherine J Quinn
(Senior Statutory Auditor)

For and on behalf of

Purdy Quinn

Chartered Accountants & Registered Auditors

Date: 23 Feb 11

MOURNE HERITAGE TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2011

	Note	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income		-	160,231	160,231	181,044
Investment income	2	-	18	18	4
Incoming resources from charitable activities		492,577	154,654	647,231	315,170
Other incoming resources		-	378	378	586
Total incoming resources		492,577	315,281	807,858	496,804
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income	3	-	3,969	3,969	7,325
Charitable activities	5,6	494,966	243,532	738,498	428,371
Governance costs	4	-	44,710	44,710	44,100
Total resources expended		494,966	292,211	787,177	479,796
Net income / (Expenditure) before transfers		(2,389)	23,070	20,681	17,008
Transfers between Funds	13	96,971	(96,971)	-	-
Net movement in funds for the year		94,582	(73,901)	20,681	17,008
Total funds at 1 April 2010		77,301	134,856	212,157	195,149
Total funds at 31 March 2011		171,883	60,955	232,838	212,157

The notes on pages 15 to 24 form part of these financial statements.

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SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Total income		492,577	315,281	807,858	496,804
Less: Total expenditure		494,966	292,211	787,177	479,796
Net (expenditure)/income for the year before transfers		(2,389)	23,070	20,681	17,008
Transfers between funds	13	96,971	(96,971)	-	-
Income less expenditure for the year		94,582	(73,901)	20,681	17,008
Net income / (expenditure) for the year	13	94,582	(73,901)	20,681	17,008

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income and expenditure account.

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REGISTERED NUMBER: NI032946

BALANCE SHEET AS AT 31 MARCH 2011

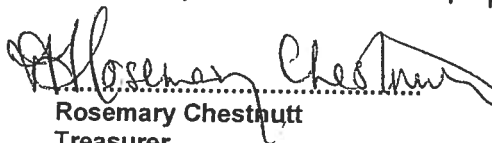
	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	9		65,097		59,976
Current assets					
Stocks	10	1,412		3,861	
Debtors	11	299,793		112,236	
Cash at bank		89,017		84,094	
		<u>390,222</u>		<u>200,191</u>	
Creditors: amounts falling due within one year	12	<u>(222,481)</u>		<u>(48,010)</u>	
Net current assets			167,741		152,181
Total assets less current liabilities			<u>232,838</u>		<u>212,157</u>
Charity Funds					
Restricted funds	13		171,883		77,301
Unrestricted funds	13		60,955		134,856
			<u>232,838</u>		<u>212,157</u>

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

The financial statements were approved and authorised for issue by the board on the 23/9/11... and are signed on its behalf by:



Desmond Patterson
Chairman



Rosemary Chestnutt
Treasurer

The notes on pages 15 to 24 form part of these financial statements.

MOURNE HERITAGE TRUST LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice (Revised 2005)", the Companies Act 2006 and with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Incoming resources

Turnover represents grants and donations from the government and other bodies, and sundry income from certain activities undertaken by the company.

Interest receivable is recognised when the company is entitled to it.

1.3 Resources expended and apportionment

The statement of Financial Activities provides an analysis of the resources expended by the charity which are necessary in order to provide its ongoing activities. All expenditure is accounted for on an accruals basis and had been classified under headings that aggregate all costs related to charitable activities, except for the following:

- 1) Advertising and Publication costs are allocated to costs of Fundraising Trading, and
- 2) Governance costs which include:
 - costs associated with constitutional and statutory requirements
 - cost of legal advice

Charitable costs contain both direct charitable costs and support costs. Direct charitable costs include expenses such as specific project costs and associated staff costs, while support costs include administrative and the general running and upkeep costs of the company.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	5% per annum on a straight line basis
Plant & machinery	-	15% per annum on a reducing balance basis
Motor vehicles	-	15% per annum on a reducing balance basis
Fixtures & fittings	-	25% per annum on a reducing balance basis

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. Accounting policies (continued)

1.7 Mourne Homesteads

In order to preserve Built Heritage, the company runs a non-profit making programme call 'Mourne Homesteads' which restores abandoned traditional dwelling on beautifully-sited parts of the Mourne Area of Outstanding Natural Beauty, thereby providing affordable and attractive homes for local people, while maintaining valuable historical resources and the character of the Mourne landscape. The buildings are selected according to a strict procedure with pre-determined selection criteria.

The available grant-funding required to restore the buildings can only be accessed through this programme and is not directly available to the private owner. Therefore the company enters into an agreement with the owner, by which the company buys the property for a nominal value of £1 and restores the property with assistance from the available grant-funding. The company then sells the property back to the owner for an amount equivalent to the difference between the cost of restoration and the grant-funding received.

The company therefore acts as an intermediary, indirectly providing grant-funding for the restoration of suitable privately-owned properties which would not otherwise be available. In spite of legal title passing to the company, the economic substance of such a transaction is that the company has not acquired any assets. The income from grants and from payments made by the property owners and the costs of restoration are therefore accounted for through the Statement of Financial Activities and the Income and Expenditure Account as incurred. This treatment is in accordance with Financial Reporting Standard 5, "Reporting the substance of transactions".

1.8 Accumulated funds

Unrestricted funds are funds that are expendable in furtherance of the objectives of the charity.

Restricted funds are subject to specific conditions by the donors as to how they may be used.

Designated funds comprise funds which have been set aside at the discretion of the directors for specific purposes.

2. Investment income

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Bank interest received	-	18	18	4

3. Costs of generating voluntary income

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Advertising & publications	-	3,969	3,969	7,325

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

4. Governance costs

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Accounting and audit fees	-	5,343	5,343	2,133
Office rentals and cost	-	1,739	1,739	2,148
Cost of meetings	-	1,109	1,109	613
Office supplies and printing	-	1,991	1,991	1,661
Trustees expenses reimbursed	-	381	381	-
Wages and salaries	-	27,468	27,468	30,224
Social security costs	-	2,009	2,009	2,215
Pension costs	-	4,670	4,670	5,106
	-	44,710	44,710	44,100

5. Direct costs

	Basis of Allocation	Protect and conserve £	Total 2011 £	Total 2010 £
Friends of Mourne	Actual	2,450	2,450	2,331
Ranger	Actual	10,607	10,607	9,688
Mourne Homesteads	Actual	1,345	1,345	2,842
Silent Valley Nature Trail	Actual	120	120	-
Bloody Bridge	Actual	-	-	1,097
Mourne Coastal Route	Actual	-	-	125
AONB Management Plan	Actual	874	874	7,132
Volunteer Co-ordinator	Actual	-	-	2,782
Mourne Gateway Public Art	Actual	145,174	145,174	7,553
Mourne Pilot Ranger	Actual	35,827	35,827	13,780
Causeway Coast & Glens landscape partnership	Actual	-	-	132
Natural Heritage Outreach programme	Actual	3,812	3,812	-
Land Fill Tax	Actual	5,770	5,770	21,564
Mourne Mountains upland paths	Actual	952	952	-
Active Lifestyles	Actual	200,612	200,612	-
Wages and salaries	Actual	15,152	15,152	-
National insurance	Actual	90,432	90,432	108,600
Pension cost	Actual	9,262	9,262	11,065
		14,230	14,230	16,938
		536,619	536,619	205,629

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

6. Support costs

	Basis of Allocation	Protect and conserve £	Total 2011 £	Total 2010 £
Other Support Costs	Actual	43,178	43,178	60,981
Depreciation	Actual	9,583	9,583	9,398
Wages and salaries	Actual	128,660	128,660	131,642
National insurance	Actual	5,569	5,569	5,637
Pension cost	Actual	14,889	14,889	15,084
		<u>201,879</u>	<u>201,879</u>	<u>222,742</u>

7. Income

This is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets: - owned by the charity	<u>9,583</u>	<u>9,397</u>

The major source of core operating income is grants received from Northern Ireland Environment Agency. Other sources of core operating income include support grants from Banbridge District Council, Down District Council, Newry and Mourne District Council and the Northern Ireland Tourist Board. Project funding is received from the Northern Ireland Environment Agency, Big Lottery Fund, Heritage Lottery Fund, Sport NI, The Arts Council, Baily Thomas and Lloyds TSB.

8. Staff costs

Staff costs were as follows:

	2011 £	2010 £
Wages and salaries	246,560	270,466
Social security costs	16,839	18,917
Other pension costs	33,789	37,128
	<u>297,188</u>	<u>326,511</u>

The average monthly number of employees during the year was as follows:

	2011 No.	2010 No.
Staff	<u>13</u>	<u>12</u>

No employee received remuneration amounting to more than £60,000 in either year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

9. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Total £
Cost					
At 1 April 2010	24,357	57,590	14,688	63,577	160,212
Additions	-	2,715	-	11,989	14,704
At 31 March 2011	24,357	60,305	14,688	75,566	174,916
Depreciation					
At 1 April 2010	12,225	31,400	13,839	42,772	100,236
Charge for the year	1,219	4,132	212	4,020	9,583
At 31 March 2011	13,444	35,532	14,051	46,792	109,819
Net book value					
At 31 March 2011	10,913	24,773	637	28,774	65,097
At 31 March 2010	12,132	26,190	849	20,805	59,976

10. Stocks

	2011 £	2010 £
Finished goods and goods for resale	1,412	3,861

11. Debtors

	2011 £	2010 £
Trade debtors	291,014	102,635
Other debtors	1,878	780
Prepayments and accrued income	6,901	8,821
	299,793	112,236

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

12. Creditors: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	56,420	4
Trade creditors	103,371	6,504
Other creditors	-	516
Accruals and deferred income	62,690	40,986
	<u>222,481</u>	<u>48,010</u>

13. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General Funds - all funds	134,856	315,281	(292,211)	(96,971)	60,955
Restricted funds					
Restricted Funds - all funds	77,301	492,577	(494,966)	96,971	171,883
Total of funds	<u>212,157</u>	<u>807,858</u>	<u>(787,177)</u>	<u>-</u>	<u>232,838</u>

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	134,856	315,281	(292,211)	(96,971)	60,955
Restricted funds	77,301	492,577	(494,966)	96,971	171,883
	<u>212,157</u>	<u>807,858</u>	<u>(787,177)</u>	<u>-</u>	<u>232,838</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

14. Analysis of net assets between funds

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Tangible fixed assets	39,882	25,215	65,097	59,975
Current assets	291,325	98,895	390,220	200,192
Creditors due within one year	(159,324)	(63,155)	(222,479)	(48,010)
	<u>171,883</u>	<u>60,955</u>	<u>232,838</u>	<u>212,157</u>

15. Pension commitments

The company partakes in a multi employer defined benefit pension scheme operated by NILGOSC.

The pension cost charge represents contributions payable by the company to the NILGOSC fund and amounted to £33,789 (2010 - £37,921).

The rates of contribution for the year to 31 March 2011 are as follows:

- Employees 5.25 – 7.2%
- Mourne Heritage Trust Limited 17%

These accounts do not reflect the disclosure requirement of the Financial Reporting Statement No. 17 Retirement Benefits (FRS 17). The Board considered that the cost of providing this information would outweigh any benefit that might accrue. The last actuarial valuation of the NILGOSC scheme was carried out as at 31st March 2010, and showed a funding shortfall.

Had FRS 17 been adopted in full the financial statements on the basis of the advice of the Actuary, the additional disclosures required to be made in the financial statement would have been:

- Main financial assumptions used at the balance sheet date (with comparatives at the beginning and end of the comparative period);
 - rate of increase in salaries
 - rate of increase for pensions in payment and deferred pensions; and
 - rate used to discount scheme liabilities.
- Fair value of the schemes' assets at the balance sheet date (with comparatives at the beginning and end of the comparative period), analysed into the following classes and disclosed together with the expected rate of return assumed for each class for the previous, current and subsequent years:
 - equities;
 - bonds; and
 - other.
- An analysis of the following amounts which would have been included within the statement of financial activities under FRS 17, with comparatives:
 - the current service cost;
 - any past service costs;
 - any previously unrecognised surplus deducted from past service costs;
 - gains and losses on any settlements or curtailments; and

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

15. Pension commitments (continued)

- any previous unrecognised surplus deducted from the settlement or curtailment losses.
- Any gains and losses on settlements or curtailments which would have been included as a separate item within the statement of financial activities, with comparatives.
- Any analysis of the following amounts which would have been included as other finance costs, with comparatives:
 - the interest cost; and
 - the expected return on assets in the schemes.
- An analysis of the following amounts which would have been included in the statement of financial activities, with comparatives;
 - the difference between the expected and actual return on assets;
 - experience gains and losses arising on the scheme liabilities; and
 - the effects of changes in the demographic and financial assumptions underlying the present value of the schemes' liabilities.
- For the current and previous periods, disclosure is also required of the following:
 - the difference between the expected and actual return on the schemes' assets, expressed both as an amount and as a percentage of the schemes' assets at the balance sheet date;
 - experience gains and losses arising on the schemes' liabilities expressed both as an amount and as a percentage of the present value of the schemes' liabilities at the balance sheet date; and
 - the total actuarial gain or loss expressed both as an amount and as a percentage of the present value of the schemes' liabilities at the balance sheet date.
- The amount of the fair value of the schemes' assets, the present value of the schemes' liabilities and the resulting surplus or deficit at the balance sheet date, with comparatives.
- An analysis of the movements during the period in the surplus or deficit in the schemes, with comparatives.
- An analysis of the net assets of the Charity and an analysis of its reserves distinguishing the amount relating to the defined benefit asset or liability, with comparatives.

16. Operating lease commitments

At 31 March 2011 the company was committed to making the following payments under non-cancelable operating leases in the year to 31 March 2010:

	Land and buildings		2011	Other 2010
	2011	2010		
	£	£	£	£
Expiry date:				
Between 2 and 5 years	-	10,734	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

17. Contingent Liabilities

The company has a liability to refund grant monies received by it, should it fail to comply with the relevant conditions as set out in the letter of offer.

18. Related party transactions

Under the Built Heritage/Mourne Homesteads scheme described in Accounting Policy Note 1.7, the company had previously selected a property owned by one of the directors, Mr William John Martin. Mr Martin had no part in the selection process, and his property was selected according to the programmes' normal criteria. The projected costs for the restoration of this property were £160,360 (2010 - £160,360) with projected grant funding of £115,861 (2010 - £115,861), leaving an owners contribution of £44,499 (2010 - £44,499) to be paid by Mr Martin. During the year to 31 March 2011 no deductions were made to the owners contribution. At 31 March 2011, the restoration costs were complete, all grant funding was up to date and Mr Martin owed £4,787 (2010 - £4,787).

19. Controlling party

The directors are the ultimate controlling party of the company.

20. Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

21. Going Concern Review

The Charity's operating activities, together with the factors likely to affect its future development and position are set out in the Strategic Operational Plan for 2010 - 2015 referred to in the Directors' Report on pages 5 and 8. The financial position of the charity is detailed in the Financial Statements on page 12.

The Charity is reliant on its Core Funding from a number of third party organisations. The Charity also meets its day to day working capital requirements through an overdraft facility of £20,000 which is due for renewal on 30 June 2012. The current economic conditions create some uncertainty particularly over the ability of the charity to secure core funding and the availability of bank finance in the foreseeable future.

The Charity has already secured the majority of its Core Funding requirement for the financial year ended 31 March 2012. It has commenced the process of submitting requests to core funders for the year ended 31 March 2013. At this stage the Charity has not sought any written commitment that funding for this period will be granted. There are no indications of any problems in obtaining similar funding and service level agreements to those historically negotiated.

The Charity's forecast and projections, taking account of reasonably possible changes in its operating performance, show that the Charity should be able to operate within the level of its current facility. The Charity has historically availed of temporary increases in its overdraft facilities on an ad hoc basis. The Charity will open facility renewal negotiations with the bank in due course and has at this stage not sought any written commitment that they will be renewed. However, the Charity has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that a renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the Charity will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.