

The Wordsworth Trust

**Trustees' report and consolidated
financial statements**

Registered charity number 1066184

Registered company number 3442086

31 December 2000



Legal and administrative details

The Wordsworth Trust (hereafter referred to as "the charitable company") is a registered company and is registered with the Charity Commissioners. The charitable company is governed by its memorandum and articles of association. The charitable company was incorporated on 30 September 1997.

The trustees, who act as directors for the purposes of company law, present their report and financial statements for the year ended to 31 December 2000.

Charity registration number	1066184
Company registration number	3442086
Chairman	Professor Jonathan Wordsworth
Hon. Secretary	Dr Robert Woof, CBE
Hon. Treasurer	The Rt Hon Lord Parkinson, PC
Trustees	Mr Iain Bain Mr Geoffrey Bindman Sir John Boyd Lord Bragg The Rt Hon Sir Henry Brooke, PC The Rt Hon Peter Brooke, MP, PC Mr Richard Delbridge (appointed July 2000) Mr Stewart Douglas-Mann (appointed March 2000) The Rt Hon Michael Foot, PC Prof Stephen Gill Mr Ronnie V Gorlin Mr Laurence Harwood, OBE, FRICS Professor Alan G Hill Mr Peter Jubb Mr John Kerrigan Prof Grevel Lindop Dr David McKitterick Mr John Murdoch Lady Rupert Nevill Mr John Spedding, OBE, DL Mr Tim Sturgess (appointed October 2000) Mr Oliver Turnbull Mrs Pamela Woof

The trustees are the members of the charitable company. In the event of the charitable company being wound up, the guarantee of each member is limited to £1.

In accordance with the Articles of Association, the following trustees retire and may stand for re-appointment at the Annual General Meeting:

Sir John Boyd	Mr Stewart Douglas-Mann
Lord Bragg	The Rt Hon Michael Foot, PC
The Rt Hon Peter Brooke, MP, PC	Mr John Kerrigan
Mr Richard Delbridge	Lady Rupert Nevill

Legal and administrative details

Solicitors Bates, Wells & Braithwaite, London

Bankers Barclays Bank plc, Ambleside

Registered auditors KPMG, Preston

Registered address Dove Cottage
Grasmere
Cumbria
LA22 9SH

Auditors

KPMG have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Trustees' report

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Trustees' report (continued)

Review of the year 2000

1. Mission Statement

The Wordsworth Trust ('the Trust') exists to be a living memorial to the life and poetry of William Wordsworth and his contemporaries, serving, in the words of the first Trustees, 'lovers of English poetry from all over the world'. Its focus is Dove Cottage and the hamlet of Town End, Grasmere, a place and a landscape at the centre of the English Lake District where the poet lived, wrote and found inspiration. As Centre for British Romanticism, the Trust, (with its wealth of manuscripts, books, prints, drawings and paintings) provides the full context for understanding and celebrating a major cultural moment in history in which Britain played a profound role. Through scholarship and education it explores the great themes – the age of revolutions, the discovery of nature, the new emphasis upon the human mind and the creative imagination – and reinterprets them for the enrichment and enjoyment of present and future generations. Through its commitment to the work of artists of today, the Trust links the creativity of the past with that of the present. It does so within a community, many of them young, with a shared sense of enthusiasm and professional commitment.

2. Designation Challenge Fund

The Trust now enters into the third year of its award of over £300,000 over a three-year period to put 50,000 items of its collections onto the website. This will allow wider access on a world-wide basis to its manuscripts, rare books, prints, drawings and paintings. The continuing support of the Department of Culture, Media and Sport, the Museums and Galleries Commission and Cumbria County Council is gratefully acknowledged.

The Trust's concern is that there will be an on-going cost of at least £40,000 per annum to maintain this programme of work. It is a matter that the Trustees are addressing in its five-year strategic plan which is currently being prepared.

3. Exhibitions

a) *English Poetry, 850 – 1850: the First Thousand Years*

The exhibition was opened on 17 July 2000 by Mr Neville Mackay, the Chief Executive of *Re: Source*, the Council for Museums, Archives and Libraries.

The exhibition was a major gathering of treasures relating to the history of English poetry over a thousand years. It presented every major first edition of 35 poets and it was held together by a selection of works by the poet and artist William Blake. The exhibition catalogue contained 352 pages, 72 colour and 68 black and white illustrations. The exhibition of rare manuscripts, first editions, portraits and illustrations was gathered from over 30 sources and was described by the *Times Literary Supplement* as 'heritage beyond price – Britain's most enduring gift to the world'. All the great poets were celebrated: Chaucer, Spenser, Shakespeare, Donne, Milton, Pope, Gray, Wordsworth, Coleridge, Byron, Tennyson and many others. Throughout, Blake provided visual continuity, with his hand-coloured etching of the Canterbury Pilgrims from the Fitzwilliam Museum in Cambridge; the 'ideal heads' of Spenser and Dryden from Manchester City Art Gallery; the *Characters from the Faerie Queene* from Petworth House, and, as a grand climax, Sir Paul Getty's copy of *The Songs of Innocence and Experience*. The catalogue was nominated the Book of the Year by Paul Johnson in the *Daily Mail* and by Michael Glover in the *Financial Times*.

Trustees' report (continued)

b) *Treasures of the Wordsworth Trust*

The forthcoming exhibition for 2001 will present the major acquisitions made by the Trust over the past twenty years. It includes a major collection of portraits: Coleridge, Southey, Hazlitt, Wordsworth, Dorothy Wordsworth; the landscapes, in both oils and watercolours, include works by Thomas Gainsborough, Francis Towne, Thomas Hearne, Joseph Farington, Joseph Wright of Derby, John 'Warwick' Smith, Thomas Girtin, J.M.W. Turner, John Constable, R.R. Reinagle, William Havell, David Cox and many others; there are major manuscripts, including that of *Ecclesiastical Sketches* (bought at £100,000 last summer, with help from the National Heritage Lottery Fund and the Spooner Trust), the Wordsworth Love Letters, the manuscripts of William Hazlitt presented by the Rt Hon Michael Foot, De Quincey's *Confessions of an English Opium Eater* (acquired 1989), and the letters of Wordsworth to Sir George Beaumont in which he passionately defends his most popular poem, now known as 'The Daffodils' – 'I wandered lonely as a cloud'.

Also on exhibition are items from the collections of papers relating to families – such as the Spedding Papers (two centuries of private opinions from an articulate and cultured family whose great friendships included Tennyson and Wordsworth himself); the Arnold papers, including the Fox How notebooks with so many delicious drawings by that well-fostered family of Dr Arnold of Rugby. The Trust's gathering of papers and books relating to James Hatfield, whose bigamous marriage to Mary Robinson so deeply offended both Wordsworth and Coleridge (as is recorded in Coleridge's prose and in Wordsworth's *Prelude*); a portrait by James Gillray is one unexpectedly beautiful image. A recently acquired letter of Coleridge, where he describes the nightmare in which Hatfield was a part, adds another dimension to the sensational story. The Trust's recent acquisition of *James Hatfield and the Beauty of Buttermere*, three volumes, 1841, adds to the thrust of material. Unexpectedly, two letters of Hatfield have recently been given to the Trust: they show the condemned man, even the week before his execution, writing to Sir Francis Freeling, the Head of the Post Office, offering, should he survive as he hoped, to help reform the public service that the Post Office offered.

4. *Education and Conferences*

- a) The Trust once again received an award for its work in education, this time from the Heritage Education Trust who, for the third time gave a Sandford Award, highlighting in particular the work which drew upon the presence of a creative writer in the educational workshops which took place in Dove Cottage itself.

The Trust for the second year was able to carry out its new style of working with a resident poet, Matthew Clegg, to develop ideas of metaphor and simile, and to encourage the students' writing skills in imaginative ways. The introduction of special couriers to take school parties round the site – from the beginning to the end of their visit – continued and has proved extremely helpful.

- b) Once again, the Trust organised three conferences: a Weekend Book Festival in January (3 days); a Winter School in February (6 days); and an international Summer Conference in August (14 days). These unique events mingle scholarship and debate in a mixture of disciplines; they celebrate English Romanticism and reach out to a general public; and more than that, they contribute over 2,000 overnight stays; they boost the Grasmere economy; and they offer to the local community an intellectual excitement with over 100 lectures from scholars and writers every year.

Trustees' report (continued)

5. *Artists-in-Residence and Contemporary Arts*

- a) With the help of the Year of the Artist programme, the Trust was able to support two artists-in-residence. Paul Farley, whose first collection, *The Boy from the Chemist is Here to See You* (Picador 1998) won a Forward Prize and a Somerset Maugham Award. Last year he was the *Sunday Times* Young Writer of the Year and was awarded a special Arts Council bursary. Matthew Clegg won an Eric Gregory Award in 1997 and his work has been published in two Sheffield-based anthologies, both called *Five*. This last year he has published *Lost Between Stations* (Northern Lights).
- b) The plan to diversify the contemporary work of the Trust has been made possible by the development of the new gallery, 3°W @ Island View. The first exhibition, *Republic of Thorns*, was planned by Paul Farley, our poet-in-residence, and two local artists with an international reputation, Russell Mills and Ian Walton. Their exhibition, which previewed in January 2001, is an installation that involves sound (six loudspeakers playing randomly, whereby they create unexpected harmonies – all the sounds coming from the natural world – birdsong, wind, and sounds from beneath the surface of a lake; indeed, even 'silence' has been recorded, and proves to be not silent at all). The central image is a dominant staircase covered with earth-daubed books with shattered glass shining on the floor beneath; a series of large convex mirrors bring in the landscape from outside, and beneath them is the glass of broken mirrors, as if they had been shattered and then fallen like autumn leaves; whatever their meaning, they present ever-changing lights moving with the sun and cloud inside the room. One dominant wall has six layers of wallpaper, the layers having been distressed by the artists' teasing and tearing – and on the wall is the graphic presentation of the text of Paul Farley's poem, 'Thorns'. Altogether, it is an intricate and interdisciplinary work, at once visual, sonic and literary.

A new series of work by contemporary artists will follow in 2001. In early July Rob Kessler will present his specially created show, *Pollination*: it follows upon work he has done for the Ruskin Centenary at Brantwood and currently for a special exhibition in the entrance of the Victoria and Albert Museum. In October Julian Heaton Cooper's paintings will explore his experience of visiting the Himalayas and the exhibition will try to draw the audience to consider the art of painting mountains. In 2002, Donald Wilkinson will provide a series of aquatints to illustrate Wordsworth's life and will present a new work depicting a twenty-first century panorama; here Donald Wilkinson takes up the theme that, at the end of the eighteenth century, first challenged major artists such as Thomas Hearne and Thomas Girtin.

In all this work we are linking with artists who are working elsewhere in Cumbria and are also linking the art of the past with that of the present.

c) *The Summer Poetry Programme 2000*

The Summer poetry readings involved 24 readings every Tuesday night from 28 April until 10 October. This is the longest season ever attempted. 33 poets, among them the leading writers of today, took part; the average attendance was 50, which means over 1200 people have come to the readings. We hope to establish in the minds of visitors to the Lake District that 'Tuesday night is poetry night at Grasmere'. These poetry readings begin at 6.00pm and are followed by a supper at the Dove Cottage Restaurant at 8.00pm (at the cost of £12 including a glass of wine). These suppers following the reading have become popular.

Trustees' report (continued)

It has been a great pleasure to welcome the writers who led the readings; Anne Stevenson, Ruth Padel, Alan Jenkins, Robin Robertson, John Burnside, Michèle Roberts, Don Paterson, Ian McMillan, John Montague, Peter Reading, Tony Harrison and, finally, Les Murray, were among the poets. The list also included William Scammell, who gave what proved to be his final reading before he died so unexpectedly of cancer last November. He had been a significant supporter of all our work with contemporary poetry.

The programme for 2001 is already in place. Ian Duhig (the new Northern Arts Fellow), Sean O'Brien, Paul Muldoon (Oxford Professor of Poetry), Simon Armitage (the Poet of the Millennium programme), Hugo Williams, Anthony Thwaite, Douglas Dunn, Fleur Adcock, Michael Longley (the Hawthornden Prize and T.S. Eliot Prize, 2000), Lee Hall (nominated for an Oscar for his script for *Billy Elliot*), and two leading American poets, Anthony Hecht and Galway Kinnell are among the writers whom we shall welcome.

A new feature is that the readings will be taking place in the Grasmere Thistle Hotel (formerly the Prince of Wales Hotel), hopefully allowing a larger audience to attend each reading. The poetry readings are made possible by the genial co-operation of members of the Wordsworth Trust's staff.

6. Purchases 2000

- a) The W.W. Spooner Trust has not only supported us with a grant of £10,500 to enable us to complete the Heritage Lottery Fund's major grant of £89,000 towards the purchase of Wordsworth's manuscript of *Ecclesiastical Sketches*, but also has helped us with the purchase of several important landscape drawings, particularly watercolours, of the English Lake District: the sketchbook by Hubert Cornish; two magnificent drawings by John Laporte of Derwentwater and the Vale of St John's; and a large watercolour, 'The Leech-gatherer', by Robert Fowler, dated 1890. Further, the gifts of Lord Chorley and Christopher Brasher have enabled us to purchase the large oil of *Windermere from Orrest Head* by J.B. Pyne, 1849: their gifts completed the sums offered by the National Art Collections Fund (£5,000) and the Victoria and Albert Museum (£9,000). The Friends of the National Libraries and the Funds administered by the V&A for *Re: Source* allowed us to purchase the De Quincey papers for £13,000.

b) *New Purchases, New Challenges*

A series of new challenges faces the Trustees. For the past ten years the Trustees have been hoping to purchase the Greta Hall collection which we have conserved and had in our custody for almost twenty years. The estimated cost is about £28,000 and we hope to complete this purchase in the next few months.

We have also been given the opportunity to buy four good pictures by John 'Warwick' Smith, one of Ullswater, a second of North Wales, a third of Borrodale and, finally, one of classical buildings to the south of Rome (and the source of one of Smith's engravings of the late 1790s). The likely combined cost of the four drawings is about £21,000.

Trustees' report (*continued*)

Another important item offered to the Trust is the portrait of Thomas Wilkinson (1751 – 1836) by the Cumbrian artist, Matthew Ellis Nutter (1795 – 1862). Thomas Wilkinson, Quaker and poet, lived at The Grotto, a house adjoining Yanwath Hall, near Penrith. Wilkinson was a close friend of William and Dorothy Wordsworth. It was Wilkinson's manuscript *Tour to the British Mountains* that famously inspired Wordsworth's great poem, 'A Solitary Reaper', first published in 1807. Wilkinson's manuscript read: 'Passed by a female who was reaping alone: she sung in Erse as she bended over her sickle; the sweetest human Voice I ever heard: her strains were tenderly melancholy and felt delicious, long after they were heard no more'. Wordsworth copied this passage into his Commonplace Book about 1806.

Matthew Ellis Nutter was born in Carlisle, and became Secretary and Drawing-master at the Academy there. A diffident man, he refused offers to exhibit his work outside of his native city, but was widely admired for city-scapes and landscapes.

Both the artist and the subject are significant Cumbrian figures. But more, Wilkinson's friendships included Edmund Burke, Thomas Clarkson, Charles Lloyd, the Lonsdale family, Mary Dixon (the artist who was the daughter of Joseph Smeaton, who built the Eddison Lighthouse), and the Smith family whose house, Tent Lodge, Conistown, was the subject of a watercolour by Turner, and where Tennyson spent several months in 1850 on his honeymoon.

Matthew Ellis Nutter's paintings are rare; one sold four years ago for £12,500. This portrait of Wilkinson is an important image. The asking price is £16,500.

7. Gifts

- a) Josefina Banner, who ten years ago gave us a significant body of works by her late husband, Delmar Banner, as well as two sculptures by herself (a bust of Norman Nicholson and two boys wrestling in the Cumberland style), has now decided to give her papers, which include many photographs, letters and some drawings, to the Trust. The papers are rich both for the history of art and for local associations. They supplement our collection based upon artists working in Grasmere during the Second World War.
- b) Jean Sturgis, the wife of our fellow Trustee, Tim, inherited from her father, Stewart Nicoll (of Far Park, Staveley, Kendal) two works associated with Julius Caesar Ibbetson: first, *An Accidence, or Gamut, of Painting in Oil*, 2nd edition 1828, which includes, as a loose sheet, 'Colours used by J.C. Ibbetson to illustrate his book "An Accidence . . .", 1828'; and, second, a portfolio of etchings and drawings, containing 28 pieces by Ibbetson, including an interesting correspondence between Stewart Nicoll and Ibbetson's biographer, Rotha Mary Clay, 1949.

Trustees' report (*continued*)

The Ibbetson family was an important element in the life of the Wordsworths when they first came to Grasmere. Ibbetson's son, Julius, was to marry Dorothy's best friend amongst Grasmereans, Miss Elizabeth Simpson. The elder Ibbetson, by reason of his bad language, was not a favourite figure in the Wordsworths' social group. However, these connections explain why Thomas Jameson's drawings (of which the Trust holds 16) have such a professional edge to them while he was yet a teenager; and further, they perhaps suggest why some of his drawings of Yorkshire scenes are around the area of Masham. The point to make is that, clearly, before Thomas Jameson came under the influence of Havell (as he certainly did in 1806 or 1807), he would have had the opportunity of receiving encouragement and tutelage from Ibbetson himself. The gift of these items helps us make useful links: Thomas Jameson, the nephew of Elizabeth Simpson, after his father's death in 1800 went to live in Ambleside where, as a widow, his mother married a Mr Ross.

8. *The Boathouse*

The boathouse at the former Prince of Wales Hotel has been purchased from Thistle Hotels. With the generous help of Richard and Diana Delbridge, we were able to make the purchase (£42,000) and have in hand a sum of almost £20,000 towards its restoration. It is a building of exceptional qualities and will provide an excellent seminar room once it has been restored. Recently the boathouse has been scheduled as a Grade 2 Building by English Heritage; we hope to raise additional funds for its restoration through the Lake District National Park Authority. It is hoped to carry out this building work along with the building work required to turn the stables in the yard of 3 Lake Terrace into a room for the reception of school groups.

9. *Financial Results and position*

The financial statements for 2000 are prepared in accordance with the statement of recommended practice "accounting by charities" and the governing document. On 1 December 1997 the entire assets and liabilities of the Wordsworth Trust (1891) were transferred to a charitable company "The Wordsworth Trust" which was incorporated on 30 September 1997.

There have been a number of collection items donated in the year. These items have not been shown as income in the Statement of Financial Activities because of the difficulties in placing a value on such historic items.

The results of the Trust's subsidiary "Dove Cottage Promotions Limited" for the year are summarised in note 4 to the financial statements.

The consolidated financial results of the Trust and its trading subsidiary are set out on pages 15 to 29 of the Financial Statements and are summarised below.

Trustees' report *(continued)*

	2000 £000	1999 £000
Incoming resources	1,103	632
Resources expended	(808)	(646)
	<hr/> 295	<hr/> (14)
Revaluation Surplus on investment properties - unrealised	2,438	-
	<hr/> 2,733	<hr/> (14)
Net movement in funds	<hr/> 2,733	<hr/> (14)

Key features of the year ended 31 December 2000 were:

- a) A substantial increase in Incoming Resources (principally in grants, donations and legacies) from £632,000 to £1,103,000. An analysis is given in Note 2 to the Financial Statements (page 19).

Unrestricted Funds

There have been two major gifts in the last twelve months. Charles Warren's legacy included a sum of approximately £104,000. The Trustees felt that to reflect Charles's past generosity, this sum should be assigned to a Designated Fund to support the building of the collections and this has been reflected in the Financial Statements. Lady Jarvis, in memory of her husband, Sir Ronald Jarvis, presented £100,000 on behalf of the Joron Trust, which enabled the Trustees to carry out the development of the architects' plans for the new Collections Centre to Stage D, so that they could be submitted to the Heritage Lottery Board.

Restricted Funds

Restricted grants include £89,500 from the National Heritage Memorial Fund to help finance the acquisition of the *Ecclesiastical Sketches*; and a gift of £59,150 which has financed the acquisition of the Boathouse in 2001.

- b) Resources Expended has increased from £646,000 to £808,000 principally due to the purchase of *Ecclesiastical Sketches*: there has not been a significant increase in the cost base of the Trust.
- c) During the year the Trust has reviewed the nature and use of its properties and implemented Financial Reporting Standard 15 which deals with the accounting treatment of fixed assets, including properties.

The outcome of the review has resulted in the reclassification of certain properties as investment properties, with the remainder being depreciated. This is dealt with fully in Notes 1, 6 and 7 of the Financial Statements but in summary has resulted in an unrealised revaluation surplus of £2,438,000 in respect of investment properties and a depreciation charge of £9,000 per annum in respect of depreciable properties.

Trustees' report *(continued)*

10. *Securing the Financial Future*

a) Outlook for 2001

The impact of the foot and mouth epidemic has led to a reduction of 8.9% in our visitors in the first four months of 2001, serious enough, but less than we had initially feared. We must be cautious about the figures, as we are just entering our peak visitor period of May to October, which usually brings most of our overseas visitors. However, if our current experience does not worsen significantly, the financial impact on the income of the Trust should not exceed £40,000. We will continue to monitor the situation carefully and apply, as appropriate, for compensatory sums in the next few weeks. There have been, incidentally, many newspaper interviews and TV discussions about the problems tourism faces which, paradoxically, have produced extra publicity for the Wordsworth Trust and its programme of work. We welcome and strongly support the initiatives, both national and local, to support tourism in Cumbria.

b) Financial Challenge

The recent history of the Trust is one where the cost of its core activities and new developments in its programmes exceed its recurring revenue stream. The difference has been bridged by sustained and successful revenue fundraising on an annual basis. However, activity is also increasing – most recently with significant expansion in contemporary arts.

Against this background, the Trustees wished to bring greater certainty to the revenue funding of the Trust's core activities and, in May 2000, the Trustees decided on a three-pronged strategy involving:

a) *Stabilisation and Endowment*

The Trustees were invited to make a presentation to the Stabilisation Unit of the Arts Council about their funding requirements. A visit in August 2000 produced an excellent Stocktake written by David Pratley and Francis Runacres, which gave a positive account of the Trust's activities, recognising that the Trust was a mature heritage site, even though under funded. The Stocktake acknowledged many positive aspects about the management of the Trust: there was the need for succession planning for key office holders and, in certain respects, for the Trust's governance to be developed. Finally, the Trust's estimate that it would need an endowment of £6 million needed to be under-pinned by a five-year strategic plan.

In October 2000 the Arts Council proposed that Theresa Lloyd should be appointed as lead advisor to the Stabilisation process for the Trust: she produced a series of papers which analysed the Trust's relations with its stakeholders; she advised on fundraising strategies and proposals to streamline the governance of the Trust. To enable the five-year strategic plan to be constructed, AEA (Adrian Ellis Associates) were appointed, their team being led by Magnus von Wistinghausen and David Hall. Charles Waddington, formerly a partner of KPMG, was appointed as special advisor to the Trustees to facilitate the Trust's input into the strategic plan and the accompanying processes.

Trustees' report (continued)

The strategic plan is to be approved by the Trustees and submitted to the Heritage Lottery Fund and Arts Council of England in the middle of this year.

b) Revenue Funding

The endowment appeal will place a considerable burden on the resources of the Trust and in particular will re-direct some energy from the annual fundraising programme. In view of this, the Trust will seek revenue support for the next three years to cover the period of the endowment appeal, thereby supporting its core activities and allowing maximum energy to go into its capital fundraising strategy.

c) Funding the Collections Centre

The Trustees have recognised a priority has to be the funding of a new Collections Centre in order to house their books, manuscripts, paintings, watercolours and prints, a group of treasures which has now increased to over 50,000 items. The Trustees will have to raise additional sums to complete the funding if the Heritage Lottery Fund approves of our application and offers 75% of the total costs. We are enormously grateful to Alan Grieve, Director of the Jerwood Foundation, and to Roanne Dods, their Chief Executive, for their courtesy and for their clear declaration of support: £500,000 is pledged for the new Collections Centre which requires £2,500,000. We hope to have the decision of the National Heritage Lottery in September.

European funding agencies in the North West region will be approached to see if they can bridge any gap which remains in our funding for the new building.

Summary

There has been tremendous progress throughout 2000 in the strategic planning of the Trust. The Trust is determined to achieve a sound financial basis for its many-faceted activities so that it may reach out to a general public and continue to link the creativity of the past with that of the present day. In arts, heritage and education (which covers all age groups) the Trustees have had critical recognition at a national level. The whole has been operating on a shoestring and it is time that the shoestring was strengthened.

Dr Robert Woof, CBE
Hon Secretary

Robert Woof
12 May

12 May 2001

Approved by the board of trustees on

2001 and signed on its behalf by:

Professor Jonathan Wordsworth
Trustee

J Wordsworth

Statement of trustees' responsibilities

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the group at the end of the period and of its financial activities during the period then ended. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 business.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Charities Act 1993 and the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



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Report of the auditors to the members of The Wordsworth Trust

We have audited the financial statements on pages 15 to 29.

Respective responsibilities of trustees and auditors

The trustees, who are also the directors of The Wordsworth Trust for the purposes of company law, are responsible for preparing the trustees' report and, as described on page 13, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 December 2000 and of the group's 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 1985.

KPMG
Chartered Accountants
Registered Auditors

14 May 2001

Consolidated statement of financial activities

for the year ended 31 December 2000

	Notes	Unrestricted funds	Restricted funds	Year ended 31 December 2000	Year ended 31 December 1999
		£	£	£	£
Incoming resources					
Grants, donations and legacies	2	242,914	394,194	637,108	192,615
Admission fees		311,366	-	311,366	306,168
Conference income		6,659	-	6,659	3,344
Investment income	3	67,119	-	67,119	55,936
Sale of publications and catalogues		16,378	-	16,378	10,534
Other income		8,554	-	8,554	10,798
Net income of trading subsidiary	4	55,528	-	55,528	52,839
Total incoming resources		708,518	394,194	1,102,712	632,234
Resources expended					
Direct charitable expenditure		245,042	335,515	580,557	454,935
Other expenditure		206,071	20,723	226,794	191,523
Total resources expended	5	451,113	356,238	807,351	646,458
Net movements in funds before investment asset adjustments		257,405	37,956	295,361	(14,224)
Revaluation of investment property: Unrealised	7	2,437,745	-	2,437,745	-
Net movement in funds		2,695,150	37,956	2,733,106	(14,224)
Fund balances brought forward at 31 December 1999		624,299	71,273	695,572	709,796
Fund balances carried forward at 31 December 2000	16	3,319,449	109,229	3,428,678	695,572

There is no material difference between the reported results and the historical results of the charitable company.

Statement of total recognised gains and losses

For the year ended 31 December 2000

The surplus of £2,733,106 as shown in the Statement of financial activities is the only gain or loss recognised in these financial statements.

Balance sheets

as at 31 December 2000

	Notes	Group 2000 £	1999 £	Charitable company 2000 £	1999 £
Fixed assets					
Tangible assets	6	689,702	1,308,035	686,673	1,308,035
Investment property	7	3,120,000	-	3,120,000	-
Investments	8	-	-	10,000	10,000
		<u>3,809,702</u>	<u>1,308,035</u>	<u>3,816,673</u>	<u>1,318,035</u>
Current assets					
Stocks	9	23,702	23,143	-	-
Debtors	10	28,887	23,074	38,689	24,513
Investments	11	89,255	-	89,255	-
Cash at bank and in hand		44,469	9,346	41,378	8,207
		<u>186,313</u>	<u>55,563</u>	<u>169,322</u>	<u>32,720</u>
Creditors: amounts falling due within one year	12	(83,664)	(151,764)	(78,644)	(143,922)
Net current assets/(liabilities)		<u>102,649</u>	<u>(96,201)</u>	<u>90,678</u>	<u>(111,202)</u>
Total assets less current liabilities		<u>3,912,351</u>	<u>1,211,834</u>	<u>3,907,351</u>	<u>1,206,833</u>
Creditors: amounts falling due after more than one year	13	(483,673)	(516,262)	(483,673)	(516,262)
Net assets		<u>3,428,678</u>	<u>695,572</u>	<u>3,423,678</u>	<u>690,571</u>
Income funds					
Unrestricted funds - designated fund	14	103,917	-	103,917	-
- revaluation reserve	14	2,437,745	-	2,437,745	-
- un-designated funds	14	777,787	624,299	772,787	619,298
		<u>3,319,449</u>	<u>624,299</u>	<u>3,314,449</u>	<u>619,298</u>
Restricted funds	15,16	109,229	71,273	109,229	71,273
		<u>3,428,678</u>	<u>695,572</u>	<u>3,423,678</u>	<u>690,571</u>

Approved by the board of trustees on

12 May

2001 and signed on its behalf by:

Professor Jonathan Wordsworth
Trustee

JFW

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Charities" and applicable accounting standards. The Group is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cash flow statement as it qualifies as a small group.

The group financial statements include the results of Dove Cottage Promotions Limited for the year to 31 December 2000.

Basis of consolidation

The consolidated financial statements include the financial statements of the charitable company and its subsidiary undertaking for the year to 31 December 2000. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

Related party transactions

Transactions with those subsidiary undertakings with whose voting rights are 90% or more controlled within the Group are not disclosed, as provided for in FRS 8.

Grants, donations and legacies

Grants and donations are included in the statement of financial activities as they become due and are included in the relevant fund. Legacies are included in full as these become due. Income expended is accounted for in the statement of financial activities leaving unexpended income as a balance on the relevant fund.

Expenditure

Expenditure has been charged to the statement of financial activities on an accruals basis. Expenditure relating directly to the objectives of the charity is shown as direct charitable expenditure.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Inalienable assets

Due to the nature of collection items obtained by the charitable company, these are classed as inalienable, and are not treated as an asset in the financial statements. The cost of items purchased in the period is included in the statement of financial activities as direct charitable expenditure.

Notes *(continued)*

1 Accounting policies *(continued)*

Current asset investments

Current asset investments are included at the quoted mid-market price ruling at the balance sheet date. The movement on the valuation on investments is shown in the Statement as Financial Activities.

Investment property

Following a review of the property owned by the charitable company, and developments during the year, certain properties have been re-classified as investment property.

Investment property is re-valued regularly and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of investment property.

The failure to provide for depreciation on investment properties is a departure from the requirements of the Companies Act. The trustees consider this departure is necessary in order that the financial statements should give a true and fair view. In the trustees' opinion, it is not possible to quantify the effect of not providing for depreciation. In their view, it is not possible to identify an applicable depreciation rate in view of the fact that the policy itself is considered inappropriate.

Fixed assets and depreciation

Depreciation has been provided on fixed assets to write off their costs, less the estimated residual value, over their estimated useful lives as follows:

Property	-	fifty years
Fixtures, fittings and equipment	-	three to four years

Properties were not previously depreciated, however a review of property has been carried out and depreciation has been introduced in order to comply with Financial Reporting Standard 15: 'Tangible fixed assets'.

Taxation

The charge for taxation is based on the result for the year of the subsidiary and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in independently administered funds. The amount charged in the statement of financial activities represents the contributions payable to the scheme in respect of the accounting period.

Designated funds

Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects. Further notes regarding the nature and purpose of funds are given in the notes to the financial statements.

Notes (continued)

2 Grants, donations and legacies

	Unrestricted funds	Restricted funds	Year ended 31 December 2000	Year ended 31 December 1999
	£	£	£	£
Sir John Fisher Foundation	20,000	-	20,000	20,000
Museum and Galleries Commission	-	94,398	94,398	39,195
The D'Oyly Carte Charitable Trust	-	20,000	20,000	20,000
Cumbria County Council	-	36,000	36,000	19,000
North West Museums Service	-	1,315	1,315	8,992
Northern Arts	-	22,550	22,550	6,928
The Arts Council of England	-	4,500	4,500	2,700
North West Development Agency	-	4,792	4,792	4,118
Daily Mail and General Holdings Limited	-	-	-	5,000
Sun Life and Provincial Holdings plc	-	-	-	5,000
G Hodgson Charitable Trust	-	-	-	20,000
The Trusthouse Charitable Foundation	-	-	-	10,000
The Carnegie UK Trust	-	-	-	6,800
The Royal Oak Foundation	-	-	-	3,030
British Nuclear Fuels plc	-	-	-	2,500
Marks Trust	-	15,000	15,000	-
Radcliffe Trust	-	6,000	6,000	-
Monument Trust	-	5,000	5,000	-
South Lakeland District Council	-	3,000	3,000	-
R Delbridge	-	59,150	59,150	-
WW Spooner Charitable Trust	5,000	16,300	21,300	-
Dr CBM Warren	103,917	-	103,917	-
Joron Trust	100,000	-	100,000	-
H Brooke	2,500	-	2,500	-
Emberfern Limited	2,000	-	2,000	-
NHMF lottery	-	89,500	89,500	-
National Arts collection fund	-	8,250	8,250	-
Garnett Trust	-	3,500	3,500	-
Brasher Trust	-	3,000	3,000	-
Others (less than £2,000)	9,497	1,939	11,436	19,352
	<u>242,914</u>	<u>394,194</u>	<u>637,108</u>	<u>192,615</u>

3 Investment income

	2000 £	1999 £
Rents receivable	<u>67,119</u>	<u>55,936</u>

Notes (continued)

4 Net income from trading activities of subsidiaries

The charitable company has one trading subsidiary, Dove Cottage Promotions Limited, a company incorporated in England and Wales. The charitable company owns the entire share capital of this company being 10,000 £1 ordinary shares. Dove Cottage Promotions Limited operated a book and gift shop throughout the year.

A summary of the trading result of Dove Cottage Promotions Limited is shown below. Audited financial statements for the year ended 31 December 2000 are filed with the Registrar of Companies.

	Year ended 31 December 2000	Year ended 31 December 1999
	£	£
Turnover	181,078	163,728
Cost of sales	(92,519)	(75,394)
Gross profit	88,559	88,334
Administrative expenses	(37,350)	(41,173)
Operating profit	51,209	47,161
Interest payable and similar charges	-	(1,523)
Taxation	-	(2,002)
Profit on ordinary activities after taxation	51,209	43,636

The result for the year has been recognised in the consolidated statement of financial activities as follows:

	2000	1999
	£	£
Retained profit for the financial year	51,209	43,636
<i>Add back items cancelling on consolidation:</i>		
Interest on loan from The Wordsworth Trust	-	1,523
Rents paid to The Wordsworth Trust	4,319	7,680
Net income of trading subsidiary included in consolidated statement of financial activities	55,528	52,839

Notes (continued)

5 Analysis of total resources expended

Group	Additions to collection	Staff costs	Other costs	Establish- ment costs	Year ended 31 December 2000	Year ended 31 December 1999
	£	£	£	£	£	£
Direct charitable expenditure	153,444	230,574	92,948	103,591	580,557	454,935
Other expenditure						
Fundraising and publicity	-	-	62,898	-	62,898	44,278
Administrative expenses	-	33,594	84,307	-	117,901	104,851
Interest payable on bank loans and overdrafts	-	-	45,995	-	45,995	42,394
	-	33,594	193,200	-	226,794	191,523
Total resources expended	153,444	264,168	286,148	103,591	807,351	646,458

The cost of collection items expended in the period was £153,444. The aggregate amount of collection items written off in previous periods amounts to £853,620.

The following costs are included in the administrative expenses of The Wordsworth Trust and Dove Cottage Promotions Limited:

	2000 £	1999 £
Audit fees - Group	10,524	11,098
- Charitable company	8,520	8,507
Depreciation on owned fixed assets - Group	21,612	9,867
- Charitable company	20,602	9,867

Notes (continued)

5 Analysis of total resources expended (continued)

Staff numbers and costs

The average number of employees during the period (excluding directors who are trustees), analysed by function was as follows:

	2000 Number	1999 Number
Museum and Dove Cottage	15	15
Education and training	2	2
Fund-raising and publicity	2	2
Administration and management of the charitable company	5	5
Dove Cottage Promotions Limited	2	2
Group total	<u>26</u>	<u>26</u>

The total wages and salaries costs for the Group were as follows:

	2000 £	1999 £
Wages and salaries	214,533	219,455
Social security costs	16,556	17,737
Group total	<u>231,089</u>	<u>237,192</u>

The trustees received no remuneration during the period. The total of expenses reimbursed to trustees during the period was £3,389 (1999: £3,225).

Notes (continued)

6 Tangible fixed assets

Group	Freehold property	Collections centre	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At beginning of year	1,269,276	27,347	122,132	1,418,755
Additions	-	57,224	28,310	85,534
Re-classification	(682,255)	-	-	(682,255)
At end of year	587,021	84,571	150,442	822,034
Depreciation				
At beginning of year	-	-	110,720	110,720
Charge for year	9,000	-	12,612	21,612
At end of year	9,000	-	123,332	132,332
Net book value				
At 31 December 2000	578,021	84,571	27,110	689,702
At 31 December 1999	1,269,276	27,347	11,412	1,308,035

Following a review of the properties owned by the charitable company, some properties have been re-classified and transferred to investment property.

Depreciation on properties has been introduced in accordance with Financial Reporting Standard 15 : 'Fixed assets'.

The total of non depreciable assets included in freehold property at the year end was £117,367 (1999: £1,269,276).

The net book value of fixed assets for the charity's own use in direct charitable purposes is £571,879. The net book value of other fixed assets used by the charity is £117,823.

The collection centre costs shown for both group and charitable company consist of professional fees incurred to date relating to a future building project. These costs will not be depreciated until the project is complete and the building is in use.

Notes (continued)

6 Tangible fixed assets (continued)

<i>Charitable company</i>	Freehold property	Collections centre	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At beginning of year	1,269,276	27,347	121,895	1,418,518
Additions	-	57,224	24,271	81,495
Re-statement	(682,255)	-	-	(682,255)
At end of year	587,021	84,571	146,166	817,758
Depreciation				
At beginning of year	-	-	110,483	110,483
Charge for year	9,000	-	11,602	20,602
At end of year	9,000	-	122,085	131,085
Net book value				
At 31 December 2000	578,021	84,571	24,081	686,673
At 31 December 1999	1,269,276	27,347	11,412	1,308,035

7 Investment property

Group and charitable company

	£
Brought forward	-
Transferred from other fixed assets: Freehold property	682,255
Revaluation	2,437,745
Carried forward – at market value	3,120,000

Following a review of the properties owned, and developments during the year, certain properties of the group and charitable company have been classified as investment properties.

Investment properties were valued during the year by a trustee (Mr L Harwood, OBE, FRICS), a Chartered Surveyor, at £3,120,000 based on estimated open market value.

Notes (continued)

8 Fixed asset investments

	2000 £	1999 £
<i>Charitable company</i>		
Ordinary £1 shares in Dove Cottage Promotions Limited	10,000	10,000
	<hr/>	<hr/>

9 Stocks

	Group 2000 £	Group 1999 £
Goods held for resale	23,702	23,143
	<hr/>	<hr/>

10 Debtors

	Group 2000 £	Charitable company 2000 £	Group 1999 £	Charitable company 1999 £
<i>Due within one year:</i>				
Trade debtors	10,238	10,238	8,499	8,499
Other debtors	18,649	18,521	14,575	15,026
Amounts owed by subsidiary undertaking	-	9,930	-	988
	<hr/>	<hr/>	<hr/>	<hr/>
	28,887	38,689	23,074	24,513

11 Current asset investments

	Group 2000 £	Charitable company 2000 £	Group 1999 £	Charitable company 1999 £
UK managed listed investments – at market value:				
Brought forward	-	-	-	-
Acquired during year - Celltech group	59,150	59,150	-	-
- Others	30,105	30,105	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Carried forward	89,255	89,255	-	-

The above investments were donated during the year.

Notes (continued)

12 Creditors: amounts falling due within one year

	Group	Charitable company	Group	Charitable company
	2000	2000	1999	1999
	£	£	£	£
Mortgages	28,000	28,000	22,650	22,650
Bank loans and overdrafts	-	-	61,213	61,213
Other loans	3,550	3,550	2,950	2,950
Amounts owed to subsidiary undertaking	-	-	-	5,916
Trade creditors	13,972	13,429	18,180	16,111
Other creditors	6,291	5,066	15,907	8,200
Accruals	31,851	28,599	30,864	26,882
	<u>83,664</u>	<u>78,644</u>	<u>151,764</u>	<u>143,922</u>

The bank overdraft facility is secured by the first legal charge on specific property of the charitable company.

13 Creditors: amounts falling due after more than one year

	2000	1999
<i>Group and Charitable company</i>	£	£
Mortgages - due between 2 and 5 years	112,000	90,600
- due after 5 years	353,764	406,753
Other loans - due between 2 and 5 years	4,000	4,000
- due after 5 years	13,909	14,909
	<u>483,673</u>	<u>516,262</u>

The mortgages and other loans are repayable by instalments and the mortgages are charged interest at a commercial rate. The mortgages are secured on certain of the trust's properties.

Notes (continued)

14 Reconciliation of movement in funds

<i>Group</i>	Unrestricted funds			Restricted funds	Total 2000	Total 1999
	Revaluation reserve	Designated fund	Undesignated funds			
	£	£	£	£	£	£
Funds at start of year	-	-	624,299	71,273	695,572	709,796
Net movement in funds	2,437,745	103,917	153,488	37,956	2,733,106	(14,224)
Funds at end of year	<u>2,437,745</u>	<u>103,917</u>	<u>777,787</u>	<u>109,229</u>	<u>3,428,678</u>	<u>695,572</u>
<i>Charitable company</i>						
Funds at start of year	-	-	619,298	71,273	690,571	726,951
Net movement in funds	2,437,745	103,917	153,489	37,956	2,733,107	(36,380)
Funds at end of year	<u>2,437,745</u>	<u>103,917</u>	<u>772,787</u>	<u>109,229</u>	<u>3,423,678</u>	<u>690,571</u>

The designated fund has been set aside by the Trustees for the purchase of books and manuscripts. The designated fund relates to an un-restricted legacy received during the year. The fund currently consists of cash and current investments. Interest is accrued on the cash element at bank base rates.

The revaluation reserve has arisen on the valuation of investment property shown in note 7.

Notes (continued)

15 Restricted funds

Certain of the charitable company's funds are restricted and comprise the following unexpended balances of donations and grants held on trust to be applied for specific purposes.

<i>Charity and group</i>	Balance 31 December 1999	Incoming resources	Expenditure and transfers	Balance 31 December 2000
	£	£	£	£
David Cohen FT	4,276	-	(4,276)	-
Woo Foundation	5,035	-	(5,035)	-
Save and Prosper	5,000	-	(5,000)	-
British Nuclear Fuels plc	2,500	-	(2,500)	-
ABSA	2,500	-	(2,500)	-
Monument Trust	2,200	5,000	(7,200)	-
The D'Oyly Carte Charitable Trust	20,000	20,000	(31,065)	8,935
Cumbria County Council	16,144	36,000	(19,000)	33,144
The Carnegie UK Trust	6,800	-	(6,800)	-
North West Development Agency	4,118	4,792	(8,910)	-
The Arts Council of England	2,700	4,500	(7,200)	-
Museum and Galleries Commission	-	94,398	(94,398)	-
North West Museums Service	-	1,315	(1,315)	-
Northern Arts	-	22,550	(20,550)	2,000
Marks Trust	-	15,000	(15,000)	-
Radcliffe Trust	-	6,000	-	6,000
South Lakeland District Council	-	3,000	(3,000)	-
NHMF Lottery	-	89,500	(89,500)	-
WW Spooner Trust	-	16,300	(16,300)	-
National Arts Collection Fund	-	8,250	(8,250)	-
Garnett Trust	-	3,500	(3,500)	-
Brasher Trust	-	3,000	(3,000)	-
R Delbridge	-	59,150	-	59,150
Others (less than £2,000)	-	1,939	(1,939)	-
Total	71,273	394,194	356,238	109,229

16 Analysis of group net assets between funds

<i>Group</i>	Un- restricted funds	Restricted funds	Total funds
	£	£	£
<i>Fund balances at 31 December 2000 represented by:</i>			
Tangible fixed assets	3,809,702	-	3,809,702
Current assets	77,084	109,229	186,313
Current liabilities	(83,664)	-	(83,664)
Creditors falling due after more than one year	(483,673)	-	(483,673)
	3,319,449	109,229	3,428,678

In the opinion of the trustees the group's assets are sufficient to fulfil the obligations of the group.

Notes (continued)

17 Share capital

The charitable company is limited by guarantee and as such, has no share capital. In the event of the charitable company being wound up, the guarantee of each member is limited to £1.

18 Related party transactions

The charitable company holds a small auction event each year as part of its promotional activity. A number of auction items were provided by one of the charitable company's trustees for which that trustee received payment of £12,770 (1999: £11,275), being two thirds of the total proceeds for those items.

19 Capital commitments

Annual commitments under operating leases are as follows:

	2000 Land and buildings £	1999 Land and buildings £
<i>Group and Charitable company</i>		
Operating leases which expire: in more than five years	5,500	5,500

20 Pensions

The charitable company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable from the charitable company to the fund and amounted to £9,996 (1999: £8,847). There were no outstanding contributions at the end of the year.