

# The Wordsworth Trust

## Trustees' report and consolidated financial statements

Registered charity number 1066184

Registered company number 03442086

For the year to 31 March 2019

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## Contents

	Page Number
Trustees' Annual Report	1
Statement of responsibilities of the Trustees of The Wordsworth Trust in respect of the Trustees' Annual Report and the financial statements	17
Independent auditor's report to the members of The Wordsworth Trust	18
Consolidated statement of financial activities (incorporating income & expenditure account)	21
Consolidated and company balance sheets	22
Consolidated statement of cash flows	23
Notes	24

## Trustees' Annual Report

The trustees are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2019. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

The Wordsworth Trust is registered with the Charity Commission, registration number 1066184, and is a company limited by guarantee, registration number 03442086. The charitable company is governed by its Memorandum and Articles of Association. The Trust was incorporated on 30 September 1997 and the registered address is Dove Cottage, Grasmere, Cumbria, LA22 9SH. The Trustees' Annual Report also contains the information required under the Companies Act 2006 for a Directors' Report.

The Trust is honoured to have as Royal Patron, His Royal Highness the Prince of Wales.

The Honorary President of the Trust during the year was Pamela Woof FRSL who has been succeeded by The Rt Hon Lord Smith of Finsbury PC.

Chair	Professor Sir Drummond Bone
Hon. Treasurer	John Collier FCA (retired 16 <sup>th</sup> July, 2019)
Hon. Treasurer	Gesa Brinkmann ACA, CPA (appointed as trustee 1 <sup>st</sup> February 2019, appointed as Hon. Treasurer 17 <sup>th</sup> July 2019)
The Robert Woof Director	Michael McGregor
Company Secretary	Amanda Pickup FCA

### *Trustees who served during the year*

Professor Sir Drummond Bone  
Professor Simon Bainbridge (appointed 1<sup>st</sup> February 2019)  
Ms Gesa Brinkmann ACA, CPA (appointed 1<sup>st</sup> February 2019)  
Mrs Mary Chuck  
Mr John Collier FCA (retired 16<sup>th</sup> July 2019)  
Ms Judith Cooke  
Dr Anna Fleming (appointed 1<sup>st</sup> February 2019)  
Mrs Johanna Goode (appointed 1<sup>st</sup> February 2019)  
Mr David Heal  
Mrs Diana Matthews JP  
Professor David McKitterick (appointed 1<sup>st</sup> February 2019)  
Dr Lucy Peltz  
Dr Seamus Perry (retired 15th November 2018)  
Mr Charles Sebag-Montefiore FSA (resigned 11 July 2018)  
Dr Lynn Shepherd (resigned 31 October 2018)  
Ms Jennifer Uglow OBE

The trustees are the members of the charitable company and act as Directors for the purposes of company law. 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 will retire and, being eligible, will offer themselves for re-appointment at the forthcoming Annual Retirement Meeting.

Mrs Mary Chuck  
Ms Judith Cooke  
Mr David Heal  
Ms Jennifer Uglow OBE

## Trustees' annual report (*continued*)

### OBJECTIVES AND ACTIVITIES

The Wordsworth Trust was founded in 1891 to secure Dove Cottage, in the words of its first trustees, "for the eternal possession of those who love English poetry all over the world".

Since then, it has acquired many of the other historic buildings that make up the hamlet of Town End, secured the great majority of Wordsworth's manuscripts, opened the Wordsworth Museum, established an archive, library and fine art collection that celebrate Romanticism and the cultural history of the Lake District, and created a conservation and research centre so that these holdings can remain at Dove Cottage, one of the world's most important literary sites.

The Wordsworth Trust's purposes are set out in its Memorandum and Articles of Association, and can be summarised as:

1. to provide a living memorial to William Wordsworth and his contemporaries by looking after Dove Cottage and its environs, and by preserving and developing a permanent collection; and
2. to advance public knowledge and enjoyment of the works of Wordsworth and the literature and culture of the Romantic period (c.1750–1850) through a wide range of public activities.

The Wordsworth Trust's aims are the same in their intent as these purposes. They provide public benefit through the advancement of education, heritage, culture and the arts, and thereby meet the definition of 'charitable purposes' provided by the 2011 Charities Act.

Wordsworth sought through his poetry "to console the afflicted, to add sunshine to daylight by making the happy happier, to teach the young and the gracious of every age, to see, to think and feel". Our activities are inspired by this vision: of a world in which anyone, anywhere can enrich their life through Wordsworth's ideas and philosophy, regardless of means or background. In undertaking them, we have therefore taken due regard of the Charity Commission's public benefit guidance.

Our activities, and the criteria that we use to measure their success, are reported in detail in the 'Achievements and Performance' section. We use digital technology, publishing and venues in numerous locations to ensure that access is not restricted by geography. While certain activities are aimed at specific beneficiary groups, most are open to anyone. They take place all year round, and some are free of charge.

### ACHIEVEMENTS AND PERFORMANCE

#### 1. Overview of progress against strategy

Reimagining Wordsworth, our major strategy for affirming Wordsworth's relevance in the 21st century, is nearing completion. Last year, we reported on the conclusion of the project's development phase, with a new business plan, planning permission and the achievement in full of our £6.2 million fundraising target thanks to a major grant from the National Lottery Heritage Fund and many other generous contributions. This year, we have worked with our architects and interpretation designers to reach complete the stage of 'technical design', and appointed a build contractor ready to start work onsite in 2019/20.

We have also launched the ambitious activities through which we will establish Wordsworth as a poet for our times, and we are already seeing their impact. 'Skills-sharing' between academics, curators, healthcare professionals and outreach workers is bringing Wordsworth into schools on the US–Mexico border and hospices in west Cumbria. By coming to the Lake District and working with our collection and poets in residence, young adult refugees have gained skills to help them find employment in the heritage sector as well as an interest in poetry and landscape. Students in higher

## **Trustees' annual report** *(continued)*

### **Achievements and performance** *(continued)*

education are helping to build the iWordsworth website, through which anyone in the world will be able to add to a digital map of places either associated with Wordsworth or simply reflecting his spirit. With so much focus on the restoration and refurbishment work, it is easy to overlook the overall purpose of the project, summed up in the words of a care worker: 'this is what Reimagining Wordsworth is all about – helping people to discover the healing and transformative power of poetry'.

Meanwhile, we continued to maintain Dove Cottage and our collection as the 'living memorial' that our founding trustees intended, to celebrate the literature and culture of the Romantic period, and to enhance people's lives through the power of Wordsworth's poetry. Our varied programme included exhibitions, events and other activities – some of them for general audiences and some tailored to meet the needs of particular groups, including young people, older people, and disadvantaged members of our society. We describe this programme in more detail under the heading 'Public benefit', below. Many of our activities were carried out through our membership of the Cumbria Museum Consortium and supported by Arts Council England.

## **2. Public benefit**

### **a) Measuring our performance**

We monitor our activities by beneficiary group, as shown in the table on the following page. As well as the statistical measures shown here, we use various qualitative evaluation methods to ensure that our activities meet the needs and aspirations of our beneficiaries.

## Trustees' annual report (continued)

### Our public benefit in numbers

12 months to 31 Mar 2019				12 months to 31 Mar 2018			Variance			
General admissions to Wordsworth Grasmere <sup>i</sup>				37,748			42,637	-11%		
Young people in formal education (student-days)	Onsite	Offsite		Onsite	Offsite					
	Total			2,256	6,174	8,430	2,741	3,635	6,376	32%
	Secondary, primary and pre-school			1,241	6,153	7,394	1,580	3,132	4,712	57%
	Higher education - short courses			451	-	451	711	-	711	-37%
	Higher education – other			520	-	520	439	478	917	-43%
	Teacher development opportunities			44	21	65	11	25	36	81%
	Participation in events and activities for families			746	1,816	2,562	979	1,459	2,438	5%
	Participation in informal learning activities									
	Total			166	2,101	2,267	328	2,336	2,664	-15%
	Elderly / vulnerable adults			112	1,066	1,178	85	1,197	1,282	-8%
Young people (excluding family activities)			20	177	197	22	291	313	-37%	
General audiences			34	858	892	221	848	1,069	-17%	
Attendances at talks, poetry readings and other events (excluding family events)			1,803	401	2,204	1,208	268	1,476	49%	
Interactions via new media										
Total			251,548	144,146			75%			
Website (unique page views)			118,255	144,146			-18%			
Viewings of videos (YouTube, Facebook)			94,540	N/a						
Social media followers (31 March 2018)			38,753	N/a						
Research visits (research-days)			177	286			-38%			
Sales of Wordsworth Trust publications			4,115	4,718			-13%			
Participants in vocational training <sup>iv</sup>			12	13			-8%			
Volunteers <sup>v</sup>			22	19			16%			

<sup>i</sup> Includes screenings of a pre-recorded tour of Dove Cottage during conservation work in March 2019.

<sup>ii</sup> Includes 516 family members on discovery trails and other self-guided activities at Wordsworth Grasmere. These are therefore also included in the figure of 37,748 general visits.

<sup>iii</sup> Comparable information for 2017/18 isn't available, as the decision to change our year-end was taken after 1 April 2018.

<sup>iv</sup> Excludes work experience placements.

<sup>v</sup> People who did volunteer work on a regular basis and / or for sustained periods of time.

## Trustees' annual report (*continued*)

### Achievements and performance (*continued*)

#### b) Wordsworth Grasmere

As well as providing access to Dove Cottage and our collection in the Museum, we presented another lively programme of exhibitions for visitors in 2018/19. We began the year with *In Search of Mary Shelley* (May–August), curated by Fiona Sampson to mark the bicentenary of the publication of *Frankenstein*. The exhibition included a specially commissioned imagined portrait of an 18-year-old Mary Shelley, and the hotel register in which her husband Percy Bysshe Shelley made his famously scandalous entry. This marked a rare public display of a document that had only been rediscovered two years previously. We are grateful to the Master and Fellows of Trinity College, Cambridge for the loan.

This exhibition was followed by *This Girl Did: Dorothy Wordsworth & Women Mountaineers* (September–December), which explored hill-walking in Dorothy Wordsworth's life. The exhibition included 'Dorothy's Room', an immersive installation created by artist Louise Ann Wilson, and it was featured on *Woman's Hour* on BBC Radio 4. Linked activities included re-enacted ascents of Skiddaw and Scafell Pike: the former was a public participatory event, and Alex Jakob-Whitworth's film of the latter was shown at the Kendal Mountain Festival in November.

Other exhibitions, shown in the Community Gallery, included *Thomas De Quincey: the Opium-Eating Editor*, presented to coincide with the Westmorland Gazette's celebrations of its 200th anniversary, and Poetry & Paint, featuring artworks created by the West Cumbria Carers, working with Cumbria-based artist Alison Critchlow.

Inevitably, much of our focus has been on planning the improvements to be made in 2019/20 through the Reimagining Wordsworth project. Emptying Dove Cottage and the Museum ready for their handover to the contractors in the final quarter was a major effort involving the entire team, aided by some perfect weather. The 11% fall in our annual visitor numbers partly reflects the impact of these preparations in the final quarter, when Dove Cottage and the Museum were closed.

Reimagining Wordsworth has already provided opportunities for a wide range of volunteers, who have been helping to prepare Wordsworth Grasmere ready for its reopening in 2020. During the year, local residents helped create the new Sensory Garden, turning it into a space made by and for the local community, and the Wildwood has come into being thanks to the work of unemployed young people supported by the John Muir Trust. Their involvement is reflected in the 16% overall increase in people generously giving their time and expertise.

#### c) Formal education

Budget and timetabling challenges continue to put pressure on the traditional school trip, but our overall work with schools was boosted by a further increase in classroom visits: our learning team made 145 visits to 62 schools, up from 112 to 29 schools in the previous year. The increase was partly due to the involvement of two poets in residence commissioned in the year: as well as furthering their own creative development, Katie Hale and Matt Howard used their residencies to enhance significantly our offer to schools, animating classrooms across Cumbria.

We maintained our regular presence in our local primary schools in Ambleside, Grasmere and Langdale, introduced a new after-school poetry club for primary schools in Kendal, and carried out sustained projects linked to the Arts Award programme in schools further afield: in Maryport and Whitehaven on Cumbria's west coast, and in Shap in the east of the county. We also continued to adapt our menu of workshops, which included 'Introduction to Romanticism' sessions for pupils

## Trustees' annual report (*continued*)

### Achievements and performance (*continued*)

preparing for their GCSEs, loan boxes for primary schools, and outdoor rhyme activities for nursery groups.

The university students who take part in our immersive courses at Wordsworth Grasmere regularly tell us that they provide life-changing moments ("a grade-A pilgrimage experience" in the words of one visiting student this year). The market for these courses is cyclical, and we are comfortable that the 37% drop is in line with the multi-year trends that characterise this aspect of our work. There was however an increase in take-up of the professional development opportunities that we offer teachers, which we broadened this year to incorporate creative writing sessions based on Dorothy Wordsworth's journal.

#### d) Families and young people

Attendances at family activities showed another small increase, as this aspect of our work continues to grow. Our learning team can be found with their Rucksack of Rhymes in libraries and community settings across Cumbria during every school holiday and half-term, and there were nearly a hundred such activities in the year. New additions to our established programme included a 'Fun Day Sunday', organised with Kendal Integrated Care Community in November. Partners included Cumbria Library Service, the Lake District National Park Authority and Theatre by the Lake.

We also continued to foster the creativity of young people through the Dove Cottage Young Poets, who meet regularly at the Brewery Arts Centre and other venues in Kendal with poet Kim Moore. Members of the group performed their work at Kendal Poetry Festival for a second successive year.

#### e) Informal learning

There is so much activity within this one heading (over 90% of it taking place away from Wordsworth Grasmere) that we cannot do it justice in a report of this length. Our outreach team travelled the length and breadth of Cumbria to lead poetry groups in community settings, many of them now well-established and some of them aimed particularly at people who might be described as vulnerable, whether through age, disability or simply loneliness. Among our many partners were Her Majesty's Prison Service, who helped us provide activities in HMP Haverigg. The activities are varied; their benefits are well described by an attender of the regular 'What Are Words Worth?' poetry meetings in Kendal: "It has become a very important event in my life. There is laughter and sadness bonding us together as we learn what it is to be human".

The 15% drop in overall attendances marks a scaling back after an exceptional year in 2017/18. Average attendances at the activities themselves increased – by 10% in the case of the activities aimed at elderly / vulnerable adults.

A particular highlight this year was *What Would They Think?*, a film of responses to Wordsworth's poetry by the Parkhill Poets, who are based at a day centre for people with disabilities in Maryport. The film can be seen on our YouTube channel.

#### f) Events

The significant increase in event attendances reflects a growth in our programme: from c.90 events to c.140. To the guided walks, literature classes, poetry readings and talks that we put on every year, in settings from university lecture halls to Dove Cottage fireside, we added the popular 'Introducing...' events, which gave visitors to Wordsworth Grasmere the opportunity to find out more about our exhibitions, the collection, Dove Cottage garden, and of course Wordsworth's poetry. Our attendance figures include the Wordsworth lecture, held annually in London and given this year by



## **Trustees' annual report** *(continued)*

### **Achievements and performance** *(continued)*

Professor Fiona Sampson, and meetings of the Grasmere History Group, whose gatherings in the Jerwood Centre are included in our published programme.

#### **g) Digital engagement**

There has been another significant expansion in our use of digital media. The series of online videos that we piloted in 2017/18 has grown into the 'Friday Films' – a weekly opportunity to see behind the scenes at Wordsworth Grasmere or find out about our collection, exhibitions and news. We also livestreamed talks and events from the Jerwood Centre for the first time, and relaunched our website with a new, simpler structure and design.

Our digital engagement figures also include viewings of the 'Wordsworth & Romanticism' blog, which features specially commissioned articles by a variety of contributors, diligently edited and managed by Lynn Shepherd, a Fellow of the Wordsworth Trust. The blog's c.29,000 followers on Twitter (the 'Wordsworthians') are included in our social media following, which also continue to grow.

#### **h) Other performance measures**

We continued to develop our collection during the year. A bequest of books, prints, woodblocks and other material received from the estate of Iain Bain, the great Thomas Bewick scholar, enhanced the Bewick collection that we purchased in 2013/14 with the help of the National Heritage Memorial Fund and other funding bodies. Other acquisitions included first editions and miniatures from the Woods-Higginbothams, direct descendants of the Wordsworths, a Wordsworth letter donated in memory of Everard Haynes Berry, and prints and drawings gifted by the W.W. Spooner Charitable Trust. Items from the collection were loaned in the year to exhibitions in Cockermouth, Coniston and Kendal.

We also continued to provide training opportunities to aspiring museum professionals, with a particular focus on collections management, learning and outreach. Twelve people benefited from this long-established aspect of our work, through paid traineeships, university-funded internships, and an early career research fellowship supported by the British Association of Romantic Studies.

## **3. Acknowledgements**

Everything that we do depends upon the financial support that we receive from those funding bodies and people who, just as we do, value Dove Cottage as a special place where Wordsworth's memory is kept alive.

We thank our four funding partners: the National Lottery Heritage Fund, the principal funder behind Reimagining Wordsworth; Arts Council England, whose National Portfolio we are proud to be part of; South Lakeland District Council; for its enlightened support of our regular activities and of Reimagining Wordsworth; and Lancaster University, for its commitment both to our ongoing work and to next year's planned anniversary celebrations. We also thank everyone who has supported our work in general in the year, including Cumbria County Council, Patricia Grodd & Michael Stone, and our Patrons, Friends and those other individuals whose loyal year-on-year support underpins all that we do.

We are extremely grateful to the Department for Digital, Culture, Media & Sport (through the Northern Cultural Regeneration Fund) and Cumbria Local Enterprise Partnership, the Wolfson Foundation, the Garfield Weston Foundation, the Linbury Trust, the Foyle Foundation, Sir Christopher Scott, the Band Trust, the Wyfold Trust, the Postcode local Trust, St John's College, Cambridge, and all those other grant-makers and individuals who shared our vision for Reimagining

## **Trustees' annual report** *(continued)*

### **Achievements and performance** *(continued)*

Wordsworth and whose pledges helped to unlock the Lottery Fund grant. Pledges are being released over the course of the project: we list those received in the year in our accounts.

We also thank those institutions that help us with specific aspects of our work: the Sir John Fisher Foundation, whose support for a curatorial post means we can take seriously our responsibilities both to our collection and to the researchers that it attracts from all over the world; the Michael Marks Charitable Trust, with whose support we continued to promote the creation and publication of contemporary poetry; the Reverie Foundation, whose support will provide, for the first time, a comprehensive and accurate transcript of Dorothy Wordsworth's late journals; Children and the Arts, for helping to bring poetry and literature into schools in disadvantaged areas of west Cumbria; the Friends of the National Libraries, who helped to complete the digitisation of the Thomas Bewick archive; and the National Manuscripts Conservation Trust, whose grant closed off a manuscript conservation programme that had spanned several years. Finally, we thank the W.W. Spooner Trust for its unwavering interest in developing our fine art holdings, and Veronica Finch, Dorothea Pine, Gillian Berry and all those others who made gifts of objects to the collection – the driving force behind the Wordsworth Trust itself.

### **FUTURE PLANS**

Our major priority for 2019/20 is to complete Reimagining Wordsworth and reopen with a 'reimagined' Dove Cottage, the new Museum and Learning Space, and a greatly improved visitor experience. Dove Cottage will undergo its first major conservation since the 1970s, and building and installation work will take place throughout the year ready for Wordsworth's 250th birthday in April 2020. Reimagining Wordsworth is our biggest project (in financial terms) in our 128-year history, and its completion will mark the achievement of our strategy to make Wordsworth Grasmere an exciting, inspiring and sustainable visitor destination for decades to come.

Specific objectives for 2019/20 include:

#### **a) Wordsworth Grasmere**

- providing an alternative 'Discover Wordsworth' experience in the Jerwood Centre during the construction stage of Reimagining Wordsworth.
- working with local volunteers to complete the Sensory Garden and to create audio points at which anyone passing through our site can discover its history and significance.
- restructuring our team to make us as friendly and welcoming as possible, including creating the new posts of Head of Visitor Experience, Volunteer Coordinator and Catering Manager.

#### **b) Formal education / young people**

- training one of our learning team to be a Forest School Leader, so visiting schools can make the most of the new Wildwood.
- advising the authors of a forthcoming children's book about the Wordsworths, to be published in 2020.

#### **c) Families and young people**

- introducing the 'Suitcase of Sounds' – a new activity for nursery, pre-school and reception classes.

## Trustees' annual report (*continued*)

### Future plans (*continued*)

#### d) Informal learning

- launching 'Moss Hut 2020', to give schools, workplaces and communities somewhere to experience their own Wordsworthian moments throughout the anniversary year.
- presenting activities throughout Cumbria, with a focus on mental health, disability, rural isolation and socio-economic status.

#### e) Events

- commissioning six talks on Romantic writers, in a new series called 'Why Should We Read —'
- staging a tour of Reimagining Wordsworth 'pop-up' events to fifteen venues across Cumbria.

#### f) Digital engagement

- introducing 'Tuesday Treasures', a new weekly series of online broadcasts to complement the ongoing 'Friday Films'.

#### g) Other performance measures

- publishing a new edition of Wordsworth's 'Topographical Description' to the Lake District, accompanied by images from our collection.
- raising funds to create access to Dorothy Wordsworth's unpublished later journals, in time to mark the 250th anniversary of her birth in December 2021.

## FINANCIAL REVIEW

### 1. Summary

The net income for the year, including investment gains and losses, was £458,000 (fifteen months to 31 March 2018: £364,000 net income).

In the previous financial period the Trust made the decision to change its financial reporting date from 31 December to 31 March so the previous financial statements covered a fifteen month period. This inevitably means that comparisons between the years are harder to draw, exacerbated by the inclusion of expenditure on the delivery phase of the Reimagining Wordsworth project the development phase of which ran throughout the calendar year of 2017 and the delivery phase throughout the financial year of 2018-19.

The Trust is now in the delivery phase of the Reimagining Wordsworth project and this has had an impact on visitor numbers and income, which will continue in to the 2019-20 financial year. In February 2019 the Trust re-opened after the usual January closure with a much reduced offer. Both Dove Cottage and the Museum were closed to the public, who were offered the Discover Wordsworth Talk in the Jerwood Centre instead. This has had an impact on both visitor numbers and visitor admission income at the end of 2018-19. Dove Cottage re-opened to visitors in the late Summer of 2019 and the Museum is set to re-open in early 2020. With the opening of the new Museum and the celebrations for Wordsworth's 250<sup>th</sup> anniversary it is expected that visitor numbers will increase substantially at the start of the 2020-21 financial year.

## **Trustees' annual report** *(continued)*

### **Financial review** *(continued)*

The impact of the Reimagining Wordsworth project can be seen in a number of areas in the financial statements. The delivery phase started in May 2018 following the approval of the bid to the National Lottery Heritage Fund and is expected to continue to March 2020. The National Lottery Heritage Fund has supported the project with a 75% grant of £4.1m with the remaining funding coming from a wide range of foundations and individual supporters.

During the year the expenditure on the delivery phase was £498,000 of which £335,000 was capitalised as assets under construction. The balance was treated as expenditure. Grant income received from the National Lottery Heritage Fund amounted to £308,000. Other grant income that had been pledged in the previous year but has been received in 2018-19 is itemised in note 3 to the accounts.

Salary costs for the year amount to £837,000 (Fifteen months to 31 March 2018: £1,045,000). There was a pay award of 1% in April 2018 plus an increase to the national living wage.

The National Portfolio Organisation grant the Trust receives from the Arts Council as a part of the Cumbria Museums Consortium was renewed with effect from 1 April 2018 for four years.

Expenditure against other restricted funds includes £108,000 in depreciation on the Jerwood Centre which was funded by grants in prior years.

Once again there have been difficult trading conditions for the trading subsidiary Dove Cottage Promotions Ltd which has seen a loss of £10,000 (2017-18: £8,000 loss). Since the start of 2019 the shop has moved in to temporary premises in the Foyle Room with a resulting loss of display space and they have been heavily impacted by the low number of visitors in February and March 2019.

## **2. Investments**

The Trust owns several properties in Town End in Grasmere in the vicinity of Dove Cottage that are held as investment assets as the rental income is an important source of revenue for the Trust and the capital appreciation helps its long term financial security. The properties are let to a mix of the Trust's staff and third parties and rents are assessed against market rates. One property is a guest house and is let on a commercial lease. Rental income for the year was £103,000 (Fifteen months to 31 March 2018: £141,000). This has reduced on a monthly basis as the old café building and 3 Town End Terrace are no longer generating rental income. In the accounts this year these buildings have been transferred in to fixed assets as they will be used for the general business of the Trust. Old Syke Side, the cottage previously lived in by the former President of the Trust is now being held as a Heritage Asset due to its historical significance.

The Trust has four discrete funds which are managed by Cazenove Capital Management (the wealth management arm of Schroder plc): the Development Fund, the RS Woof Memorial Fund, which permanently endows the post of the Robert Woof Director, the Catalyst Endowment Fund and the Reserve Fund, which is held in the balance sheet as a current asset investment. There are no ethical restrictions on any of the funds under management.

The Development Fund comprises both a permanent endowment and a designated element. Due to the restrictions placed upon the entire Development Fund by the donor of the endowment element, both components of the fund must be treated as permanent endowment. The fund overall is invested on a total return basis and the managers have investment discretion to meet a target total return of CPI + 2%.

## **Trustees' annual report** *(continued)*

### **Financial review** *(continued)*

Trustees plan to allocate at least £50,000 per year on a regular basis from the entire fund to income in order to aid planning within the organisation. In 2018-19 they decided to allocate £16,250 per quarter. In making this allocation trustees have sought the opinion of the investment manager and considered the impact on both current and future beneficiaries. At 31 March 2019 the unapplied total return amounted to £331,000 (31 March 2018: £307,000) in the Endowment Development Fund and £205,000 (31 March 2018: £192,000) in the designated element of the Fund. The FTSE-100 Total Return Index has risen 7.7% over the year to 31 March 2019. The Development Fund generated a total return of +4.2% against a target of 3.9% (CPI + 2% for the year to 31 March 2019) and a benchmark of +5.1%.

As fund raising for the Catalyst Endowment fund has now finished there was no increase in the funds available for investment during the year. The fund is invested with a prudent approach to risk to maximise income consistent with maintaining the real value of the capital. It has a higher requirement for income than the development fund being set at 3.5%. The fund saw growth of £9.6k over the year and generated a yield of 3.5%.

The purpose of the RS Woof Memorial Fund is to endow the position of the Robert Woof Director. To this end the objective of the fund is to maximise income while maintaining the capital value. It has a more defensive mandate, but unfortunately saw a 0.08% fall in capital value over the year while generating a yield of 4.1%.

All the Trust's fixed asset investments are managed for the longer term and trustees remain confident that the long-term outlook remains favourable.

The Reserve Fund investment held as a current asset is available to support the operating cash flow should a short-term need arise as it is likely to do during the year 2019-20 as a result of the Reimagining Wordsworth project. Previously the cash was invested in a readily tradeable bond fund however during the year 2018-19 the trustees decided to move the investment in to a sterling liquidity fund which protects it from any capital loss and allows quick access to the cash should the need arise. The impact of this is a fall in yield, down to 0.5% compared to 4.2% for the calendar year 2017.

The results of the Trust's trading subsidiary, Dove Cottage Promotions Limited, which runs a book and gift shop, are summarised in note 5 of the accounts. With reduced visitor numbers and the impact of the partial closure of the site in 2019 there was a trading loss of £10,000 in the year (Fifteen months to 31 March 2018: Loss £8,000). Margins were comparable to previous years. The company has not made a gift aid payment to the Trust for this accounting period (2017-18: Nil).

### **3. Reserves**

The Trust maintains reserves to enable it to fulfil its charitable remit by providing for business continuity, security to its collection, and the maintenance of its properties in circumstances where its revenue requirements may not be covered by short-term income. The reserves are managed to offer the best return for the charity while remaining relatively liquid to meet the needs of the Trust.

The trustees periodically review their reserves policy as part of the risk management process, and they have identified several main reasons for holding reserves:

- To allow the financing of a controlled reduction in expenditure should extraordinary events beyond the Trust's control generate a long-term reduction in income streams.
- To provide short-term support in circumstances where a temporary interruption to income means it is not appropriate to lose the skills and knowledge of the staff team or to curtail the charity's programme of events.

## Trustees' annual report *(continued)*

### Financial review *(continued)*

- To accommodate the fact that many of the Trust's major events such as exhibitions and conferences are planned, and therefore expenditure committed, months if not years in advance while income from these events in terms of admissions is not received until after the event opening. This misalignment of income and expenditure is a main consideration in determining an adequate level of reserves.
- To anticipate partial site closure during the delivery phase of the Reimagining Wordsworth project, which is resulting in a loss of admissions income.

The level of reserves therefore varies depending on the specific circumstances and cannot be expressed as an exact figure. However, after taking all of these factors into consideration the trustees believe a free reserve (funds not tied to fixed assets, designated or restricted funds) of relatively liquid assets equivalent to the external income required to fund between three and six months' budgeted expenditure is appropriate.

At the end of the year the Trust's total funds were £15,357,000. Of this £2,657,000 were endowment funds and £2,981,000 were restricted funds which are not available for the general purposes of the charity. The Designated Development Fund of £916,000 must be treated as permanent endowment under the terms of the Endowment Development Fund as described in note 17 of the accounts. Of the other three designated funds the Collection Assets Fund (£3,639,000) represents the heritage assets of the Trust and cannot be realised with the sale of the collection. The designated Warren Collection Fund of £59,000 is held as cash or near cash and is available to spend at any time on the acquisition of heritage assets. Tangible fixed assets and investment properties held in the general fund totalled a further £8,391,000. To purchase investment properties and fixed assets and to provide working capital trustees have taken out long-term loans of which £1,000,000 remains outstanding. This loan will be refinanced within 2019-20 and will revert to repayment of interest and capital over a period of not less than 15 years.

The trustees have reviewed the method of calculation of free reserves in line with guidance produced by the Charity Commission (including reflecting an allocation of the tangible fixed assets and investment properties the Trust holds). They consider period end free reserves are now £127,000 (2017-18: £201,000). The trustees believe between three and six months' budgeted expenditure is an acceptable measure for the level of free reserves but have anticipated that during the years affected by the Reimagining Wordsworth development phase reserve levels will be below this. At 31 March 2019 three months expenditure would equate to £277k. The current level of free reserves reflects the difficult trading conditions over the last few years and highlights the need for the Reimagining Wordsworth project which has as one of its aims the long term financial sustainability of the Trust. The reduction in the year 2018-19 reflects the impact on trading at the start of the development phase and there will be further pressure during the year 2019-20 until the Trust re-opens fully in March 2020. The impact is being mitigated by trying to maximise the time Dove Cottage is open during 2019 and opening the café and retail area as soon as possible as well as minimising expenditure on seasonal staff.

### 4. Fundraising

The activities reported here are only achieved with the generous financial support of many institutions and individuals, and fundraising is an ongoing activity. We employ two members of fundraising staff, and our fundraising costs also reflect the Director's involvement in the effort.

The Development Manager reports quarterly to trustees. We opted into self-regulation in 2013 by becoming a member of the Fundraising Standards Board, and we are now registered with the Fundraising Regulator. We have given due consideration of its codes of practice, including the general principle that we must act reasonably and fairly in all of our fundraising and we take the

## **Trustees' annual report** *(continued)*

### **Financial review** *(continued)*

needs of vulnerable people into account. In 2019/20 we adopted a new Donations Policy, to ensure transparency of decision-making in relation to our supporters.

We explain how we would respond to any complaints about our fundraising in our Feedback Policy and our Privacy Notice, and publish both documents on our website. We did not use any consultants or agencies, or receive any complaints about our fundraising, during the year.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **1. Board of Trustees**

The Board of Trustees is responsible for the overall management and strategic direction of the Trust, and comprises between 5 and 15 members. Board members come from a range of backgrounds including Wordsworth and Romantic scholars, museum professionals, educationalists and business people. In January 2019 the Board reviewed and adopted updated Articles of Association.

In November 2017 the Rt Hon Lord Smith of Finsbury PC retired as Chair of the Board of Trustees and Professor Sir Drummond Bone was appointed.

When filling vacancies, the Board reviews its existing skills to ensure it can draw on a range of relevant experience in fulfilling its obligations. Trustees are appointed by the Board, and candidates are subject to a vetting process to verify their suitability as a charity trustee. The Trust advertises to recruit new trustees with appropriate qualifications. Candidates are shortlisted and interviewed by the Nominations Committee, which makes recommendations to the Board as a whole.

On appointment, trustees complete a register of interests and undertake an induction programme that includes familiarisation with the purposes and operation of the Trust, its strategies and its objectives. They receive copies of the Trust's main documents including financial statements and business plan and meet senior employees and other staff. There is currently no ongoing training programme for trustees. There are job descriptions for the position of trustee and the posts of Chair and Honorary Treasurer.

Each trustee retires from office at the third Annual Retirement Meeting following the commencement of their term of office. Retiring trustees may be reappointed but those appointed before 1<sup>st</sup> April 2019 can serve for no more than twelve continuous years and those appointed on or after 1<sup>st</sup> April 2019 can serve for no more than nine continuous years.

The trustees have no interest in the Trust's surplus or assets, receive no remuneration and must comply with the Trust's Conflict of Interest Policy.

To assist in the performance of its role, the Board has established several standing committees. Individual trustees serve on a number of committees which consider specific matters in greater detail and make recommendations on those matters to the Board as a whole.

- Collection and Learning Committee – oversees the development, management and care of the permanent collection, and the public benefit the collection generates through the programme of exhibitions, learning and outreach.
- Estate Committee – monitors the development and maintenance of Dove Cottage, its garden and all the other properties owned or occupied by the Trust in Town End, Grasmere.
- Finance Committee – makes recommendations to the Board on financial policies, goals and budgets and reviews financial performance against those targets.

## Trustees' annual report *(continued)*

### Structure, governance and management *(continued)*

- Communications and Fundraising Committee – monitors the effectiveness of and makes recommendations to the Board on the development and direction of fundraising activities and the marketing and communications strategy.
- Investment Committee – has responsibility for monitoring the performance of the investment managers, for making recommendations regarding their appointment and on investment policy. The Investment Committee includes co-opted members with particular investment expertise.
- Nominations Committee – considers the skills and diversity of the Board, develops succession plans for trustees and key office holders and seeks to identify suitable candidates for the roles of trustee, Chair, Treasurer and Director of the charity for consideration by the full Board.
- Project Committee – oversees the process for the completion of the development phase of the Reimagining Wordsworth project supported by the National Lottery Heritage Fund.
- Remuneration Committee – makes recommendations regarding the salaries of the Robert Woof Director and the Senior Management Team and reviews issues relating to pay and conditions across the organisation.

Two trustees along with the Robert Woof Director form the board of the trading subsidiary, Dove Cottage Promotions Ltd.

The Board approves the annual plans and budgets against which the Trust's performance is assessed. Day-to-day management of the Trust is delegated to the Robert Woof Director and the senior management team (SMT). The Board met four times during the year, to receive and review minutes from the standing committees and reports from the SMT.

### 2. Senior management team

The SMT provides the Board with departmental reports and quarterly management accounts and departmental reports for each meeting. The members of the SMT attend the Board meetings. The Director is responsible to the Board for the financial performance against annual budgets and for the charitable impact of the Trust. The SMT are the Key Management Personnel for the Trust. The Trust made the decision as an outcome of the Reimagining Wordsworth project to appoint an additional member of SMT.

Salaries for the SMT members are reviewed annually at the same time as the staff and in both 2018/19 and 2017/18 are on the same basis. As with all positions at the Trust SMT salaries are on occasion benchmarked against salaries in comparable organisations.

During the year to 31 March 2019 the SMT comprised:

The Robert Woof Director	Michael McGregor
Curator and Head of Learning	Jeff Cowton MBE
Development Manager	Mark Bains
Finance and Operations Director	Amanda Pickup
Head of Visitor Experience	Stephanie Byast (appointed May 2019)

### 3. Risk Management

The trustees keep the major risks to which the charity is exposed under review and seek to mitigate against those risks which could, if they occur, have a severe impact on the ability of the Trust to achieve its strategic targets. Where appropriate, insurance has been taken out. Despite this, trustees are aware that any system of control can provide only reasonable and not absolute assurance against material loss or misstatement.



## Trustees' annual report (continued)

### Structure, governance and management (continued)

In the opinion of trustees, the Trust has established resources and review systems, which under normal conditions should allow these risks to be mitigated to an acceptable level in the day-to-day operations of the Trust. During the delivery phase of the Reimagining Wordsworth project a separate project risk register is being maintained. The trustees have identified the following as being the main risks to which the charity is exposed:

Risk category	Type of risk	Mitigation
Financial	Adequacy of cash reserves in the short term, through the development phase of the Reimagining Wordsworth project.	The Reimagining Wordsworth project will address Trust's long term sustainability and will assist in building cash and reserves on completion. The Reserve investment fund has been transferred to cash to support cashflow through the project. Careful planning to maximise income and minimise costs throughout the development phase. Funding claims to be submitted regularly and as soon as possible within the grantors' guidance.
Environmental	Significant downturn in visitor numbers.	Reimagining Wordsworth site development. Audience development plan developed and regular updating of offer. Market research including review of competitors' offer. Diversification of income streams.
Funding	The loss of support from a major funding agreement on expiry.	Communication with grant giving bodies. Monitoring to ensure delivery on existing funding agreements, achieving targets and outcomes. Adequate preparation and resource to ensure detailed and imaginative bids are developed. Development of fundraising strategy.
Funding	Loss of public confidence in fund raising activity.	Registration with the Fundraising Regulator. Adherence to established codes of practice.
Governance	Failure to follow good governance practice.	Nominations Committee. Trustee induction and identification of training needs. Conflict of interests policy. Approved strategy, operating plan and annual budgets. Job descriptions.
Health and Safety	Failure to comply with Health & Safety and safeguarding obligations.	On-going review of H&S policies. Regular reviews of Safeguarding policy and training for all staff. Periodic review by Management Committee. Insurance.
Operational	Major damage or destruction of Dove Cottage.	Intruder and fire alarm systems being improved as part of Reimagining Wordsworth project. Improvements to the stability of Dove Cottage including a reduction in risk from water damage, a new heating system and roof and general repairs to the fabric of the building.
Operational	Theft of, environmental or accidental damage to collection assets or damage as a result of repeated use.	Collection stored in locations with BMS to BS5454 and Government Indemnity Scheme standards being built into the new museum. Monitoring of statutory regulations. Insurance.
Financial	Poor financial management and/or control or breach of financial trust.	Policies codified in the Financial Control Manual. Insurance. Pre-employment checks. Trustee reporting and audit.
Personnel	Inability to retain and recruit key staff.	Review salary and benefit packages. Staff appraisal system. Provide a comfortable working environment with a positive organisational culture.
Regulatory	Failure to comply with external regulations.	Monitor regulations and changes to them. Staff training. Collection management policies. Insurance cover.

## Trustees' annual report *(continued)*

### Structure, governance and management *(continued)*

#### 5. Principal advisors

Principal solicitors:  
Bates Wells  
10 Queen Street Place  
London  
EC4R 1BE

Principal bankers:  
Barclays Bank plc  
Barclays House  
Oxenholme Road  
Kendal  
LA9 7RL

Investment advisors:  
Cazenove Capital  
1 London Wall Place  
London  
EC2Y 5AU

Registered auditor:  
RSM UK Audit LLP  
Bluebell House  
Brian Johnson Way  
Preston  
PR2 5PE

### DISCLOSURE OF INFORMATION TO AUDITOR

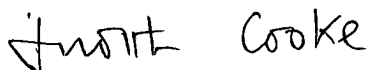
The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### AUDITOR

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

By order of the board.



**Judith Cooke**  
Vice Chair of Trustees

18<sup>th</sup> October 2019

Registered company number 03442086  
Registered charity number 1066184

## **Statement of responsibilities of the Trustees of The Wordsworth Trust in respect of the Trustees' Annual Report and the financial statements**

The trustees, who are also directors of The Wordsworth Trust for the purposes of company law, are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the income and expenditure of the group for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and the group and to prevent and detect fraud and other irregularities.

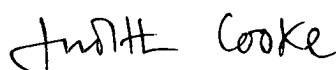
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

### **Statement as to disclosure to the auditors**


In so far as the trustees are aware at the time of approving the Trustees' Annual Report:

- there is no relevant information, being information needed by the auditor in preparing their report, of which the auditor is unaware; and
- the trustees, having made enquiries of fellow trustees and having taken all the steps they are obliged to take as a trustee in order to make themselves aware of any relevant audit information, have established that the auditor is aware of that information.

By order of the board.



**Judith Cooke**  
Vice Chair of Trustees

 October 2019

## **Independent auditor's report to the members of The Wordsworth Trust**

### **Opinion**

We have audited the financial statements of The Wordsworth Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We have been appointed auditors under the Companies Act 2006 and report in accordance with the Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

## **Independent auditor's report to the members of The Wordsworth Trust *(continued)***

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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 and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime in preparing the Trustees' Report.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Independent auditor's report to the members of The Wordsworth Trust (continued)**

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Musgrave (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
PR2 5PE

Date 24/10/19.

## Consolidated statement of financial activities (incorporating income & expenditure account) for the year ended 31 March 2019

		Unrestricted funds		Endowment funds		Restricted funds	Total	Total
		Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds	Restricted funds	Year to 31 March 2019	15 months to 31 March 2018
Notes		£000	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>								
Donations and legacies	3	133	1	-	-	1,092	1,226	1,476
Charitable activities								
Admission fees and sales	4	327	-	-	-	-	327	430
Other trading activities								
Book and gift shop sales	5	122	-	-	-	-	122	159
Investments	6	106	29	49	41	-	225	291
Other		21	-	-	-	-	21	16
<b>Total income</b>		<b>709</b>	<b>30</b>	<b>49</b>	<b>41</b>	<b>1,092</b>	<b>1,921</b>	<b>2,372</b>
<b>Expenditure on:</b>								
Raising funds								
Fundraising costs		131	-	-	7	11	149	235
Book and gift shop costs		121	-	-	-	-	121	159
Investment management costs		1	5	10	6	-	22	12
Management costs of the let estate		116	-	-	-	-	116	125
Charitable activities:								
Custodianship		181	-	-	2	225	408	498
Access and learning		283	-	-	2	473	758	988
<b>Total expenditure</b>	7	<b>833</b>	<b>5</b>	<b>10</b>	<b>17</b>	<b>709</b>	<b>1,574</b>	<b>2,017</b>
		<b>(124)</b>	<b>25</b>	<b>39</b>	<b>24</b>	<b>383</b>	<b>347</b>	<b>355</b>
Net gains on investments		58	12	26	15	-	111	9
<b>Net income/(expenditure)</b>		<b>(66)</b>	<b>37</b>	<b>65</b>	<b>39</b>	<b>383</b>	<b>458</b>	<b>364</b>
Transfers between funds	8	98	(21)	(39)	(29)	(9)	-	-
<b>Net movements in funds</b>		<b>32</b>	<b>16</b>	<b>26</b>	<b>10</b>	<b>374</b>	<b>458</b>	<b>364</b>
<b>Reconciliation of funds:</b>								
Total funds b/f at 1 April 2018		8,769	900	1,568	1,055	2,607	14,899	14,535
<b>Total funds c/f at 31 March 2019</b>		<b>8,801</b>	<b>916</b>	<b>1,594</b>	<b>1,065</b>	<b>2,981</b>	<b>15,357</b>	<b>14,899</b>

The notes on pages 24 to 45 form a part of these financial statements.

The net income and resulting net movement in funds arise from continuing operations.

The charitable company has no recognised gains or losses other than the net movement of funds for the period.

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

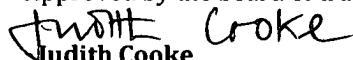
## Balance Sheet at 31 March 2019

	Notes	Group 31 March 2019 £000	31 March 2018 £000	Charitable company 31 March 2019 £000	31 March 2018 £000
<b>Fixed assets</b>					
Tangible assets	9	3,771	3,167	3,771	3,167
Heritage assets	10	3,639	3,295	3,639	3,295
Investment property	11	4,620	5,233	4,620	5,233
Investments	12	3,570	3,521	3,585	3,536
Total fixed assets		15,600	15,216	15,615	15,231
<b>Current assets</b>					
Investments		-	380	-	380
Stocks	13	31	34	-	-
Debtors	14	262	201	290	235
Cash at bank and in hand		626	158	617	137
Total current assets		919	773	907	752
<b>Creditors: Amounts falling due within one year</b>	15	(162)	(90)	(158)	(83)
Net current assets		757	683	749	669
Total assets less current liabilities		16,357	15,899	16,364	15,900
<b>Creditors: Amounts falling due after more than one year</b>	16	(1,000)	(1,000)	(1,000)	(1,000)
<b>Total net assets</b>		15,357	14,899	15,364	14,900
<b>The funds of the charity</b>					
Undesignated funds:					
General funds	17	1,143	1,249	1,150	1,250
Revaluation reserve	17	3,945	4,149	3,945	4,149
		5,088	5,398	5,095	5,399
Designated funds:					
Warren Collection Fund	17	59	59	59	59
Collection Assets Fund	17	3,639	3,295	3,639	3,295
Reimagining Wordsworth – Delivery	17	17	17	17	17
Designated Development Fund	17	916	900	916	900
Total unrestricted funds		9,719	9,669	9,726	9,670
Restricted funds:	17	2,981	2,607	2,981	2,607
Endowment funds:					
Endowment Development Fund	17	1,592	1,568	1,592	1,568
RS Woof Memorial Fund	17	267	267	267	267
Catalyst Endowment Fund	17	798	788	798	788
Total charity funds		15,357	14,899	15,364	14,900

The charitable company has made a surplus of £463k in the year to 31 March 2019 (£373k in the period to 31 March 2018).

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

Approved by the board of trustees on 18th October 2019 and signed on its behalf by:

  
Judith Cooke  
Vice Chair of Trustees

Registered company number 03442086  
Registered charity number 1066184



## Consolidated statement of cash flows

*For the year to 31 March 2019*

	Year to 31 March 2019 £000	15 months to 31 March 2018 £000
<b>Cash flows from operating activities</b>		
Net cash provided by/(used in) operating activities	229	(11)
<b>Cash flows from investing activities</b>		
Dividends and interest allocated to income	111	150
Rents from investment properties	103	141
Purchase of assets	(353)	(296)
Proceeds from sales of investments	381	279
Purchase of investments	(3)	(283)
Net cash used in investing activities	239	(9)
<b>Cash flows from financing activities</b>		
Repayments of borrowing	-	(1)
Receipts of endowment	-	-
Cash used in financing activities	-	(1)
Change in cash and cash equivalents in the period:	468	(21)
Cash and cash equivalents at start of year	158	179
Cash and cash equivalents at end of year	626	158
<b>Reconciliation of net income to net cash used in operating activities</b>		
Net income	458	364
Adjustments for:		
Depreciation	156	180
(Gains) on investments	(111)	(9)
Dividends and interest	(122)	(150)
Rent on investment properties	(103)	(141)
Gifts in kind	(81)	(111)
Receipts of endowment	-	-
Investment management costs	18	5
Decrease in stocks	3	3
(Increase) in debtors	(61)	(152)
Increase in creditors	72	5
Net cash used in operating activities	229	(11)

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### ***Basis of preparation***

The Wordsworth Trust (the "Trust") is a registered charity and a company limited by guarantee and incorporated and domiciled in England and Wales.

These group and parent company financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Trust's governing document, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014. The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Statement of Financial Activities or cash flow statement or with related notes is included; and
- Key Management Personnel compensation has not been included a second time as they are included for the group

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Trust changed its accounting date in the previous accounting period from 31 December to 31 March primarily to be in line with its major funding partners. As a result these financial statements cover the year from 1 April 2018 to 31 March 2019 with comparatives covering a fifteen month period from 1 January 2017 to 31 March 2018.

The Wordsworth Trust meets the definition of a public benefit entity under FRS 102.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis except for investment property that is stated at fair value.

#### ***Basis of consolidation***

These consolidated financial statements consolidate the results of the Trust and its wholly owned subsidiary undertaking, Dove Cottage Promotions Limited (registered number 02091130), on a line-by-line basis.

These accounts are made up to 31 March 2019 and are based on the accounts of the subsidiary undertaking which are coterminous with those of the Trust.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

#### ***Going concern***

The trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, a period that is not less than twelve months from the date of signing the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Related party transactions**

Transactions with those subsidiary undertakings whose voting rights are 100% controlled within the group are not disclosed, as provided for in FRS 102, section 33. Transactions with other parties are detailed in note 21.

#### **Fixed asset investments**

Fixed asset investments are included at the quoted mid-market price ruling at the balance sheet date. Realised and unrealised gains and losses on investments are shown in the Statement of Financial Activities and represent the change in market value from the beginning of the year.

Unquoted investments are included at the share capital value.

#### **Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the Statement of Financial Activities in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

#### **Fixed assets and depreciation**

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Property	-	between thirty two and fifty years
Plant	-	fifteen years
Fixtures, fitting and equipment	-	between three and five years

Fixed assets purchased below £500 are not capitalised.

#### **Heritage assets**

Items purchased for the collection are valued at cost. Donated items have been valued at the Curator's best estimate of current value at the time of acquisition since 2010. It is the responsibility of the Trust to preserve and conserve Collection items for the benefit of the nation and due to their nature they are expected to have a long life. Depreciation is therefore not charged on collection items which are capitalised since this is deemed to be immaterial. Impairment reviews are carried out annually.

#### **Current asset investments**

At 31<sup>st</sup> March 2018 current asset investments were fixed interest bonds essentially held as an alternative to bank deposits. Current asset investments were included at the quoted mid-market price ruling at the balance sheet date. Realised and unrealised gains and losses on investments were shown in the Statement of Financial Activities and represented the change in market value from the beginning of the year. Current asset investments are now held in a sterling liquidity fund with no capital risk.

#### **Stocks**

Stocks consist of purchased goods for resale and are stated at the lower of cost and estimated selling price less costs to complete and sell.

#### **Debtors**

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

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Creditors***

Creditors are recognised where the Trust has a present obligation resulting from a past event that will result in the transfer of funds to a third party and the amount due to settle the obligation can be reasonably measured or estimated. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

#### ***Income***

All income is recognised once the Trust has entitlement to the resources, it is probable that the resources will be received and the monetary value can be measured with sufficient reliability.

#### ***Donations and grants***

Income from donations and grants is credited to the Statement of Financial Activities when receivable. Where such income is received in advance the income is deferred until the Trust becomes entitled to the resources. Legacies are recognised on an accruals basis to the extent that the Trust has been notified that it is a beneficiary and there is a clear indication of the amounts involved.

#### ***Income from charitable activities***

Income from admissions to Dove Cottage and Museum and for charitable activities undertaken by the Trust is recognised when receivable. Related gift aid is also accounted for on a receivable basis.

#### ***Book and gift shop sales***

Trading income from the book and gift shop operated by the Trust's trading subsidiary represents the value of goods sold net of VAT and this is recognised at the point of sale.

#### ***Investment income***

Investment income and gains of the Development Fund are split between the Designated and Endowment funds based on the opening value of their investments. Investment income generated on restricted funds remains restricted.

Rents and interest are included when receivable at an amount which includes any tax recoverable from HMRC.

#### ***Expenditure***

Expenses are accounted for on an accruals basis.

Direct charitable expenditure includes the direct costs of the activities. Support costs are also incurred to enable the Trust to provide these activities. Where such costs relate to more than one functional cost category, they have been apportioned as a percentage of staff time employed on the relevant activity.

#### ***Pension costs***

The Trust contributes to the defined contribution pension schemes of some employees. The assets of the schemes are held separately from those of the Trust in independently administered funds. The amount charged in the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Fund accounting**

Funds held by the Trust are either:

*Unrestricted general funds* – these are funds which can be used in accordance with the charitable objectives at the discretion of the trustees.

*Designated funds* – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

*Designated Development Fund* – a designated unrestricted fund shown separately from the Endowment Development Fund, since it is expendable in the event of a 75% majority decision by the trustees. However this fund must be treated as if it were an endowment fund, otherwise the whole of the Endowment Development Fund becomes repayable.

*Restricted funds* – these are funds that can only be used for restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when funds are raised for a restricted purpose.

*Endowment Development Fund* – a permanent endowment fund created to provide an additional income stream for the Trust.

*RS Woof Memorial Fund* – a permanent endowment fund to be used to endow the post of the Robert Woof Director of the Trust.

*Catalyst Endowment Fund* – supported by Arts Council England, this is a restricted endowment fund established to support the general operating costs of the Trust.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the restricted income relating to the purchase of capital items is transferred to unrestricted funds in the Statement of Financial Activities.

#### **Taxation**

The Wordsworth Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

#### **Irrecoverable VAT**

Irrecoverable VAT is accounted for in the expenditure category under which the cost is incurred.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

## Notes (continued)

### 1 Accounting policies (continued)

#### Critical accounting judgements and key sources of estimation uncertainty (continued)

##### **Critical accounting judgements**

The critical accounting judgements that the trustees have made in the process of applying the charity's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

##### - **Classification of investment properties**

In assessing whether properties held should be classified as investment properties or tangible fixed assets, the trustees have considered the motivations behind the continued ownership of such assets. In respect of certain properties classified as investment properties there are multiple motivations. In determining the classification of these properties the trustees have made an assessment that, on balance, classification as investment property most accurately reflects the position.

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### - **Valuation of heritage assets**

The methods undertaken to attribute a value to donated heritage assets is disclosed on page 25. The valuation is inherently an estimate. In performing the valuation, the Curator utilises a variety of factors to enhance the accuracy of the investment including using information provided by the donor on the purchase price of the donations, information regarding the valuations or sales price of the same or similar items and his own knowledge and awareness of the current market for such items.

##### - **Determining residual values and useful economic lives of property, plant and equipment**

The charity depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Trust would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

## Notes (continued)

### 2 Statement of Financial Activities comparative figures

The Charities SORP requires comparative figures to be presented for every figure given in the statement of financial activities. Consolidated figures for the fifteen months ended 31 March 2018 are given below.

	Unrestricted funds		Endowment funds		Restricted funds	Total
	Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds		15 months to 31 March 2018
	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations and legacies	165	2	-	-	1,309	1,476
Charitable activities						
Admission fees and sales	430	-	-	-	-	430
Other trading activities						
Book and gift shop sales	159	-	-	-	-	159
Investments	155	32	56	48	-	291
Other	16	-	-	-	-	16
<b>Total income</b>	<b>925</b>	<b>34</b>	<b>56</b>	<b>48</b>	<b>1,309</b>	<b>2,372</b>
<b>Expenditure on:</b>						
Raising funds						
Fundraising costs	166	-	-	8	61	235
Book and gift shop costs	159	-	-	-	-	159
Investment management costs	-	3	5	4	-	12
Management costs of the let estate	125	-	-	-	-	125
Charitable activities:						
Custodianship	272	-	-	2	224	498
Access and learning	350	-	-	3	635	988
<b>Total expenditure</b>	<b>1,072</b>	<b>3</b>	<b>5</b>	<b>17</b>	<b>920</b>	<b>2,017</b>
	(147)	31	51	31	389	355
Net gains/(losses) on investments	-	1	1	7	-	9
<b>Net income/(expenditure)</b>	<b>(147)</b>	<b>32</b>	<b>52</b>	<b>38</b>	<b>389</b>	<b>364</b>
Transfers between funds	100	(24)	(41)	(35)	-	-
<b>Net movements in funds</b>	<b>(47)</b>	<b>8</b>	<b>11</b>	<b>3</b>	<b>389</b>	<b>364</b>
<b>Reconciliation of funds:</b>						
Total funds b/f at 1 January 2017	8,816	892	1,557	1,052	2,218	14,535
<b>Total funds c/f at 31 March 2018</b>	<b>8,769</b>	<b>900</b>	<b>1,568</b>	<b>1,055</b>	<b>2,607</b>	<b>14,899</b>

## Notes (continued)

### 3 Donations and legacies

	Unrestricted funds	Designated Development Fund	Catalyst Endowment Fund	Restricted funds	Year to 31 March 2019	15 months to 31 March 2018
	£000	£000	£000	£000	£000	£000
Arts Council England (NPO Grant)	-	-	-	314	314	383
National Lottery Heritage Fund	-	-	-	308	308	494
Garfield Weston Foundation	-	-	-	150	150	-
Linbury Trust	-	-	-	-	-	150
Foyle Foundation	-	-	-	100	100	-
South Lakeland District Council	-	-	-	52	52	10
The Estate of the late Iain Bain	44	-	-	-	44	-
Sir Christopher Scott	-	-	-	25	25	-
John R. Murray Charitable Trust	-	-	-	-	-	30
Professor Paul Betz	-	-	-	-	-	29
Sir John Fisher Foundation	-	-	-	25	25	24
Michael Marks Charitable Trust	-	-	-	22	22	20
Band Trust	-	-	-	20	20	-
Lancaster University	-	-	-	20	20	15
W.W. Spooner Charitable Trust	19	-	-	-	19	64
University of Leeds	-	-	-	-	-	18
John Ellerman Foundation	-	-	-	-	-	16
Reverie Foundation	-	-	-	12	12	-
Cumbria County Council	-	-	-	10	10	-
Wyfold Charitable Trust	-	-	-	-	-	10
Veronica Finch	9	-	-	-	9	-
Children and the Arts	-	-	-	8	8	-
Postcode Local Trust	-	-	-	-	-	8
Anonymous	-	-	-	-	-	8
Patricia Grodd and Michael Stone	7	-	-	-	7	15
St John's College, Cambridge	-	-	-	-	-	7
Dorothea Pine	6	-	-	-	6	-
Dr David Wilson	-	-	-	1	1	6
John and Sally Barker	5	-	-	-	5	5
St Bega Charitable Trust	-	-	-	5	5	-
The Late Lord Chorley	-	-	-	-	-	5
John S. Cohen Foundation	-	-	-	-	-	5
Anonymous	-	-	-	-	-	5
Anonymous	-	-	-	-	-	5
Harry Williamson	-	-	-	-	-	5
Dr Mortimer & Theresa Sackler Foundation	-	-	-	-	-	5
Friends of the National Libraries	-	-	-	4	4	4
Piet De Jong	-	-	-	-	-	4
Tony Reavell	-	-	-	-	-	4
Anonymous	3	-	-	-	3	-
Dr William Zachs	-	-	-	-	-	3
Charlotte Bonham-Carter Charitable Trust	-	-	-	-	-	3
Anonymous	-	-	-	-	-	3
Professor Stephen Gill	-	-	-	-	-	3
Lord Smith of Finsbury	-	1	-	-	1	3
Gillian Shelagh Sergeant Berry	2	-	-	-	2	-
National Manuscripts Conservation Trust	-	-	-	2	2	-
Swire Charitable Trust	-	-	-	-	-	2
Jonathan Wordsworth	-	-	-	-	-	2
University of Sunderland	-	-	-	-	-	1
Friends	13	-	-	-	13	16
Patrons	15	-	-	-	15	27
Gift Aid and others (£2,000 or below)	10	-	-	14	24	59
	<b>133</b>	<b>1</b>	<b>-</b>	<b>1,092</b>	<b>1,226</b>	<b>1,476</b>



## Notes (continued)

### 4 Income from charitable activities

	Year to 31 March 2019 £000	15 months to 31 March 2018 £000
Admission fees	306	365
Short course programme	21	65
Publications	1	3
Less sales to subsidiary	(1)	(3)
	<u>327</u>	<u>430</u>

### 5 Commercial trading activity income

The charitable company has one trading subsidiary, Dove Cottage Promotions Limited, a company incorporated in England and Wales (company registration number 02091130). The charitable company owns the entire share capital of this company being 15,000 £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 March 2019 are filed with the Registrar of Companies. A Gift Aid donation of the taxable profit of £Nil (2018: £Nil) was made to The Wordsworth Trust.

	Year to 31 March 2019 £000	15 months to 31 March 2018 £000
<b>Turnover</b>	<b>122</b>	<b>159</b>
Cost of sales	(54)	(72)
<b>Gross profit</b>	<b>68</b>	<b>87</b>
Administrative expenses	(78)	(95)
<b>Operating loss</b>	<b>(10)</b>	<b>(8)</b>
Tax	-	-
<b>Loss on ordinary activities after taxation</b>	<b>(10)</b>	<b>(8)</b>
Gift aid payment	-	-
<b>Retained loss for the year after payment of gift aid</b>	<b>(10)</b>	<b>(8)</b>

The aggregate of the assets, liabilities and funds was:

	31 March 2019 £000	31 March 2018 £000
Assets	44	60
Liabilities	(36)	(46)
<b>Funds</b>	<b>8</b>	<b>14</b>

### 6 Investment income

<i>Group</i>	Year to 31 March 2019 £000	15 months to 31 March 2018 £000
Dividends receivable	122	150
Rents receivable	103	141
	<u>225</u>	<u>291</u>

## Notes (continued)

### 7 Analysis of expenditure

#### Group

		Direct costs	Support costs	Year to 31 March 2019	15 months to 31 March 2018
		£000	£000	£000	£000
Fundraising costs		112	37	149	235
Book and gift shop costs	Cost of sales	54	-	54	72
	Other	67	-	67	87
Investment management costs		22	-	22	12
Management of the let estate		100	16	116	125
		<u>355</u>	<u>53</u>	<u>408</u>	<u>531</u>
Cost of charitable activities					
Custodianship					
Historic buildings		33	5	38	64
Collection		333	37	370	434
		<u>366</u>	<u>42</u>	<u>408</u>	<u>498</u>
Access and learning					
Visitor operations		431	151	582	759
Exhibitions and publications		30	13	43	53
Education		79	25	104	141
Contemporary literature		28	1	29	35
		<u>568</u>	<u>190</u>	<u>758</u>	<u>988</u>
Total cost of charitable activities		<u>934</u>	<u>232</u>	<u>1,166</u>	<u>1,486</u>
Total expenditure		<u>1,289</u>	<u>285</u>	<u>1,574</u>	<u>2,017</u>

## Notes (continued)

### 7 Analysis of expenditure (continued)

#### Allocation of support costs

	Fundraising	Management of let estate	Charitable activities	Year to 31 March 2019	Fifteen months to 31 March 2018
	£000	£000	£000	£000	£000
Management	21	10	134	165	201
Finance	9	4	52	65	71
Information technology	3	1	20	24	40
Human resources	-	-	4	4	8
Governance	4	1	22	27	23
	<u>37</u>	<u>16</u>	<u>232</u>	<u>285</u>	<u>343</u>

Support costs are allocated in line with salary costs based on an estimate of the actual time spent, which trustees believe is consistent with the use of the resources. The cost allocation includes an element of judgement and the trustees have had to consider the cost benefit of detailed calculations and record keeping. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

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

	Year to 31 March 2019	Group 15 months to 31 March 2018	Charitable company Year to 31 March 2019	15 months to 31 March 2018
	£000	£000	£000	£000
Audit fees	21	17	19	15
Depreciation on owned fixed assets	156	180	156	180

## Notes (continued)

### 7 Analysis of expenditure (continued)

#### Staff numbers and costs

The average number of staff employed during the year (excluding directors who are trustees) was 43 (2017-18: 43). The Trust employs a number of seasonal and part-time staff; the average number of full-time equivalent employees was 35 (2017-18: 36).

The total staff costs for the group were as follows:

	Year to 31 March 2019 £000	15 months to 31 March 2018 £000
Wages and salaries	749	934
Employers' social security costs	57	73
Employers' pension contributions	31	38
Group total	<u>837</u>	<u>1,045</u>

No members of staff received emoluments totalling more than £60,000 but below £70,000 for the year (fifteen months 2017-18: Two).

The Trust contributes to the defined contribution pension schemes for most employees. All eligible staff are enrolled into a qualifying defined contributions pension scheme. The pension charge for the year represents contributions payable by the Trust to the pension schemes and amounted to £31,295 (fifteen months 2017-18: £37,932). At the end of the year £921 in contributions was outstanding (fifteen months 2017-18: £883).

Day-to-day management of the Trust is delegated to the Senior Management Team (SMT). The employee benefits of the SMT, including employer pension contributions for the year, were £197,744 (fifteen months 2017-18: £244,432). The salary costs of SMT are allocated on a time spent basis across the restricted and unrestricted funds.

No ex gratia payments on termination of employment were made in the year (2017-18: £8,046).

The trustees received no remuneration during the year. Travel and subsistence expenses of £7,015 (fifteen months 2017-18: £8,182) were paid to or on behalf of 10 trustees during the year (fifteen months 2017-18: 13). In addition £177 (fifteen months 2017-18: £241) was paid in relation to travel and subsistence for the Trust's former President and £150 for the Trust's current President.

#### Interest payable

	Year to 31 March 2019 £000	15 months to 31 March 2018 £000
On bank loans and overdrafts	<u>23</u>	<u>25</u>

## Notes (continued)

### 8 Transfers between funds

Transfers into unrestricted funds during the year comprised:

	Year to 31 March 2019 £000
Investment income transferred from the Designated Development Fund	24
Investment income transferred from the Endowment Development Fund	41
Investment income transferred from the Catalyst Endowment Fund	30
Total transfers	<u>95</u>

On 8 November 2014 trustees passed a resolution in accordance with Regulation 3(2) of the Charities (Total Return) Regulations 2013 to invest the Endowment Development Fund on a total return basis.

The baseline value of the gift component of the fund was set as the value when the fund became permanent endowment in accordance with the agreement with the donor, the National Lottery Heritage Fund, on 1 January 2013. The balance of investment gains, investment losses, investment income and transfers to the general fund since this date represent the closing balance of unapplied total return.

At the same time in exercise of the power of investment in the Trust's Articles of Association trustees also resolved to invest the Designated Development Fund on the same basis.

Adopting a power of total return allows the trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until a decision is made to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the trustees made a transfer of a total of £65,000 (2017-18: £65,000) unapplied total return from both elements of the Development Fund to unrestricted income funds.

In making this decision the trustees have taken account of the investment climate, the return on investment for the year and the income needs of the charity. The trustees have taken advice from their Investment Sub-Committee and the Investment Managers, Cazenove Capital Management Ltd, as to the sustainability of the investment fund after making this transfer.

## Notes (continued)

### 8 Transfers between funds (continued)

	Investment fund £000	Unapplied total return £000	Total £000
<b>Opening value of the Endowment Development Fund</b>			
Gift component	1,261	-	1,261
Unapplied total return	-	307	307
<b>Total</b>	<u>1,261</u>	<u>307</u>	<u>1,568</u>
<b>Movements during the year</b>			
Investment return: dividends and interest	-	49	49
Investment return: realised and unrealised gains	-	25	25
Investment management charges	-	(9)	(9)
<b>Total</b>	<u>-</u>	<u>65</u>	<u>65</u>
Unapplied total return allocated to income	-	(41)	(41)
<b>Net movement during the year</b>	<u>-</u>	<u>24</u>	<u>24</u>
<b>Closing value at 31 March 2019</b>			
Gift component	1,261	-	1,261
Unapplied total return	-	331	331
<b>Total</b>	<u>1,261</u>	<u>331</u>	<u>1,592</u>

	Investment fund £000	Unapplied total return £000	Total £000
<b>Opening value of the Designated Development Fund</b>			
Gift component	708		708
Unapplied total return	-	192	192
<b>Total</b>	<u>708</u>	<u>192</u>	<u>900</u>
<b>Movements during the year</b>			
Investment return: dividends and interest	-	29	29
Investment return: realised and unrealised gains	-	12	12
Investment management charges	-	(4)	(4)
Donations received	3	-	3
<b>Total</b>	<u>3</u>	<u>37</u>	<u>40</u>
Unapplied total return allocated to income	-	(24)	(24)
<b>Net movement during the year</b>	<u>3</u>	<u>13</u>	<u>16</u>
<b>Closing value at 31 March 2019</b>			
Gift component	711	-	711
Unapplied total return	-	205	205
<b>Total</b>	<u>711</u>	<u>205</u>	<u>916</u>

## Notes (continued)

### 9 Tangible fixed assets

Group	Jerwood Centre	Other freehold property	Assets under construction	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April 2018	3,442	1,203	259	361	5,265
Additions	-	-	335	18	353
Disposals	-	-	-	(40)	(40)
Transfers	-	407	-	-	407
At 31 March 2019	3,442	1,610	594	339	5,985
<b>Depreciation</b>					
At 1 April 2018	1,515	265	-	318	2,098
Charge for the year	113	28	-	15	156
Disposals	-	-	-	(40)	(40)
At 31 March 2019	1,628	293	-	293	2,214
<b>Net book value</b>					
At 31 March 2019	1,814	1,317	594	46	3,771
At 31 March 2018	1,927	938	259	43	3,167

The total of non-depreciable assets included in other freehold property at the period-end was £279,204 (2018: £279,204).

Assets under construction comprises the capitalised elements of the expenditure incurred as part of the Reimagining Wordsworth project.

Under the terms of the National Lottery Heritage Fund grant to support the Reimagining Wordsworth project the National Lottery Heritage Fund has taken a charge over the four properties owned by the Trust which are the main focus of the project. The net book value of the properties covered by the charge is £874,493 (2018: £1,000,094).

## Notes (continued)

### 9 Tangible fixed assets (continued)

<i>Charitable Company</i>	<b>Jerwood Centre</b>	<b>Other Freehold property</b>	<b>Assets under construction</b>	<b>Fixtures, fittings, equipment and motor vehicles</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>					
At 1 April 2018	3,442	1,203	259	334	5,238
Additions	-	-	335	18	353
Disposals	-	-	-	(40)	(40)
Transfers	-	407	-	-	407
At 31 March 2019	3,442	1,610	594	312	5,958
<b>Depreciation</b>					
At 1 April 2018	1,515	265	-	291	2,071
Charge for year	113	28	-	15	156
Disposals	-	-	-	(40)	(40)
At 31 March 2019	1,628	293	-	266	2,187
<b>Net book value</b>					
At 31 March 2019	1,814	1,317	594	46	3,771
At 31 March 2018	1,927	938	259	43	3,167

### 10 Heritage assets

Dove Cottage, the home of William Wordsworth from 1799 to 1808, was acquired by the Trust in 1890 and is maintained as a visitor attraction 'for the eternal possession of those who love English poetry all over the world'.

The Trust acquires objects within the subject area: William Wordsworth and the Age of British Romanticism. To understand and interpret the context and significance of this subject, it is occasionally necessary to collect items before and after the accepted chronological framework for the Romantic period, 1750-1850. Priority areas for collecting are manuscripts, printed works, fine art and artefacts that advance the public knowledge and enjoyment of the works of William Wordsworth and the literature and culture of this period.

- The collection of manuscripts (30,000+) includes material of very great significance, drawing researchers and academics world-wide, and includes verse and prose manuscripts of William and Dorothy Wordsworth, Samuel Taylor Coleridge, Thomas De Quincey, and many others. The collection is considered the greatest collection by an author now housed in the place where the greatest works were written.
- The collection of books and pamphlets (numbering approx. 14,500 titles) include the following themes:
  - A portion of Wordsworth's own library of books which he owned at Dove Cottage and Rydal Mount, and a good number of titles that belonged to Coleridge or Southey. Some of these volumes have been annotated by Wordsworth or Coleridge.
  - A near complete copy of first and lifetime editions of printed books by Wordsworth and leading Romantic writers, including Coleridge, Southey, Keats and Shelley. In addition, early editions by their well and lesser known contemporaries covering the span of Romantic literature.
  - Guides, illustrated works and travel literature based on the Lake District from around 1750 to the present day.



## Notes (continued)

### 10 Heritage assets (continued)

- Magazines and periodicals from the period 1750-1850.
  - Critical and reference works and published letters of all the major figures of the period, as well as general works on Romantic literature and art.
- The collection of fine art (13,000+ items) encompasses portraits of the major figures and family members, as well as the development of the interpretation of landscape from the 18<sup>th</sup> century to the present day and includes:
  - Paintings and drawings of William and Dorothy Wordsworth and families, Coleridge, De Quincey and others of the period.
  - Paintings, drawings and prints of Lake District themes, including interpretation of landscape and aspects of cultural and working life.
  - Prints of the earliest views of the Lake District from the 1750s onwards.
  - A significant collection of c19<sup>th</sup> century photographs along the themes of portraits and landscape.
- A collection of artefacts (c.600 items) that relate to Wordsworth and his family and aspects of Lake District life and history incorporating items that reflect life in a typical Grasmere cottage of the period (c.1800), and includes furniture and utensils (including spinning wheels) relating to the social history of the period.

Items purchased for the collection are valued at cost. Donated items have been valued at the Curator's best estimate of current value at the time of acquisition since 2010. It is the responsibility of the Trust to preserve and conserve collection items for the benefit of the nation and due to their nature they are expected to have a long life. Depreciation is therefore not charged on collection items which are capitalised since this is deemed to be immaterial. Impairment reviews are carried out annually.

#### *Preservation and Management*

Expenditure which in the trustees view is required to preserve or prevent further deterioration of individual items is recognised in the Statement of Financial Activities when incurred.

The Trust complies with PAS 197:2009, the BSI and Collections Trust's *Code of practice for cultural collections management*, works to SPECTRUM: the UK Museum Collections Management Standard and maintains a full catalogue of collection items including a description, the condition of the item, where it is kept and acquisition information.

The Trust has digitised much of its manuscript and fine art collections. These collections are variously available online either on the Trust's own website or by subscription to educational establishments on the AM Digital website. All newly acquired works of art are digitised as part of the cataloguing process.

The Trust actively encourages public engagement with the collection. Within the Jerwood Centre adjacent to the museum the Trust runs a research room where bona fide researchers may view original material. There is a programme of events throughout the year, aimed at audiences of all ages and a variety of backgrounds; monthly talks on site, workshops, specialist day courses and conferences. University academics and groups of students spend several days learning about the meaning of manuscripts and then create interpretative projects for wider audiences; several thousand school children visit the site each year and learn from resources developed from the collection. Outreach activities take facsimiles of our collections into the communities of Cumbria.

## Notes (continued)

### 10 Heritage assets (continued)

#### Disposal

The Trust has a long term purpose, and holds and builds the permanent collection in relation to its stated objectives. The Trust accepts the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items in the museum's collection.

Items may be removed from the collection for the following reasons:

- i. duplication within the collection;
- ii. falling outside the collecting area of the Trust;
- iii. being wrongly accessioned;
- iv. a better copy being received;
- v. poor condition.

Proposals to remove an item or items from the collection are the responsibility of the Curator, and will be presented for approval to the Collections Committee, followed by the full Board of Trustees.

Decisions to dispose of objects will not be made with the principal aim of generating funds. Any monies received by the Trust from the disposal of items will be applied for the benefit of the collection. This will normally mean the purchase of further acquisitions but in exceptional cases improvements relating to the care of collection may be justifiable. Where an object has been donated or purchased with external funding, any conditions relating to its disposal will always be adhered to.

Once a decision to dispose of an item has been taken, priority will be given to retaining the item in the public domain, unless it is to be destroyed. It will therefore be offered in the first instance, by exchange, gift or sale directly to other accredited museums likely to be interested in its acquisition.

	2019 £000	2018 £000
<b>Opening value of Heritage Assets</b>		
Purchases	2,789	2,789
Donations at valuation	506	395
<b>Total</b>	<b>3,295</b>	<b>3,184</b>
<b>Acquisitions during the period</b>		
Purchases	-	-
Donations at valuation	81	111
Transfer from Investment Properties	263	-
<b>Total</b>	<b>344</b>	<b>111</b>
<b>Closing value of Heritage Assets</b>		
Purchases	2,789	2,789
Donations at valuation	587	506
Transfer from Investment Properties	263	-
<b>Total</b>	<b>3,639</b>	<b>3,295</b>

Donated items are valued on acquisition based on evidence from a recognised source if received with the donation or at the Curator's best estimate of current value at the time of acquisition. The transfer from Investment Properties reflects the inclusion of the property Old Syke Side.

	Year to 31 December	15 months to 31 March	Year to 31 December		
<b>Five year financial summary of heritage asset transactions</b>	<b>2019 £000</b>	<b>2018 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>
Purchases	-	-	-	1	-
Donations	81	111	46	69	65
Transfer from Investment Properties	263	-	-	-	-
<b>Total acquisitions</b>	<b>344</b>	<b>111</b>	<b>46</b>	<b>70</b>	<b>65</b>

There have been no disposals in the last five years.

## Notes (continued)

### 11 Investment property – UK

<i>Group and charitable company</i>	<b>31 March 2019</b> £000	31 March 2018 £000
Brought forward	5,233	5,233
Increase on revaluation	161	-
Transfer to Fixed Assets - cost	(407)	-
Transfer to Fixed Assets – reduction in valuation	(104)	-
Transfer to Heritage Assets	(263)	-
Carried forward	<u>4,620</u>	<u>5,233</u>

Investment properties with an original cost of £957,000 were valued as at the 31<sup>st</sup> March 2019 by Mr D J K Capps MRICS at £4,620,000 based on estimated open market values.

### 12 Fixed asset investments

	<b>Group</b> <b>31 March</b> 2019 £000	Group 31 March 2018 £000	<b>Charitable</b> <b>company</b> <b>31 March</b> 2019 £000	Charitable company 31 March 2018 £000
Ordinary £1 shares in Dove Cottage Promotions Limited	-	-	15	15
Development Fund investments	2,505	2,466	2,505	2,466
RS Woof Memorial Fund investments	267	267	267	267
Catalyst Endowment Fund investments	798	788	798	788
	<u>3,570</u>	<u>3,521</u>	<u>3,585</u>	<u>3,536</u>
	<u><u>3,570</u></u>	<u><u>3,521</u></u>	<u><u>3,585</u></u>	<u><u>3,536</u></u>
<i>Group and charitable company</i>	Development Fund £000	RS Woof Memorial Fund £000	Catalyst Endowment £000	<b>Totals</b> £000
Opening market value	2,342	266	743	3,351
Additions	41	-	68	109
Disposals	(92)	-	(107)	(199)
Net investment gains	7	1	12	20
Closing market value	<u>2,298</u>	<u>267</u>	<u>716</u>	<u>3,281</u>
Cash on deposit	207	-	82	289
	<u>2,505</u>	<u>267</u>	<u>798</u>	<u>3,570</u>
	<u><u>2,505</u></u>	<u><u>267</u></u>	<u><u>798</u></u>	<u><u>3,570</u></u>

All investments other than the subsidiary are listed on the London Stock Exchange. Investments in the following funds exceeded 5% of the total portfolio at 31 March 2019:

M&G Investment Management Global Dividend Fund  
Vanguard S&P 500 Exchange Traded Fund  
Schroders Equity Income Trust for Charities  
Schroders ISF Strategic Credit Fund  
Troy Asset Management Trojan Fund  
Vanguard FTSE 100 Exchange Traded Fund  
Majedie UK Equity Fund

### 13 Stocks

<i>Group</i>	<b>31 March</b> 2019 £000	31 March 2018 £000
Goods held for resale	<u>31</u>	<u>34</u>

## Notes (continued)

### 14 Debtors: amounts falling due within one year

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	8	25	8	24
Other taxes and social security	1	1	-	-
Prepayments	24	18	22	15
Accrued income	229	157	229	157
Amounts owed by subsidiary undertaking	-	-	31	39
	<u>262</u>	<u>201</u>	<u>290</u>	<u>235</u>

### 15 Creditors: amounts falling due within one year

	Group	Group	Charitable Company	Charitable company
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	37	25	36	20
Other taxes and social security	14	15	14	15
Other creditors	4	3	5	3
Other loans	2	2	2	2
Accruals and deferred income	105	45	101	43
	<u>162</u>	<u>90</u>	<u>158</u>	<u>83</u>

The other loans are repayable by instalments and are interest free.

### 16 Creditors: amounts falling due after more than one year

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2019	2018	2019	2018
	£000	£000	£000	£000
Bank loan	-	-	-	-
- due between 2 and 5 years	1,000	1,000	1,000	1,000
- due after 5 years	-	-	-	-
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

A mortgage was refinanced in 2015 with an interest only bank loan. The bank loan is to be re-financed at its maturity date in 2020 from when it will go on to a capital and interest repayment basis over a term of a minimum of fifteen years. Interest is currently charged at the base rate plus 1.65%. It is secured on four investment properties owned by the Trust. The amount outstanding represents 67% (2018: 67%) of the value of the properties charged.

## Notes (continued)

### 17 Reconciliation of movement in funds

Group	Funds at 1 April 2018	Income	Expenditure	Transfers /investment gains	Funds at 31 March 2019
	£000	£000	£000	£000	£000
Unrestricted funds:					
General funds	1,249	628	(833)	97	1,141
Revaluation reserve	4,149	-	-	(204)	3,945
Warren Collection Fund	59	-	-	-	59
Collection Assets Fund	3,295	81	-	263	3,639
Reimagining Wordsworth – development	-	-	-	-	-
Reimagining Wordsworth - delivery	17	-	-	-	17
Designated Development Fund	900	30	(5)	(9)	916
Restricted funds:					
Income funds	48	428	(434)	-	42
Acquisition funds	2	-	-	-	2
Reimagining Wordsworth – development	-	-	-	-	-
Reimagining Wordsworth – capital	269	-	(3)	334	600
Reimagining Wordsworth - delivery	339	664	(164)	(343)	496
Capital funds	1,949	-	(108)	-	1,841
Endowment funds:					
Endowment Development Fund	1,568	49	(10)	(13)	1,594
RS Woof Memorial Fund	267	11	(12)	1	267
Catalyst Endowment Fund	788	30	(5)	(15)	798
	<b>14,899</b>	<b>1,921</b>	<b>(1,574)</b>	<b>111</b>	<b>15,357</b>

The Revaluation Reserve has arisen on the valuation of investments and properties shown in notes 11 and 12.

The Warren Fund has been designated by the trustees for the purchase of books, manuscripts and fine arts. The fund comprises the balance of an unrestricted legacy received during 2000.

The Collection Assets Fund represents the amount of heritage assets capitalised. This fund consists of a mixture of both restricted and unrestricted amounts, an allocation of which is not possible.

In 2015 the trustees designated funds to the Reimagining Wordsworth project to develop the Town End site. In January 2016 the National Lottery Heritage Fund announced it was supporting the development phase of this project which was completed in January 2018. In March 2018 the National Lottery Heritage Fund announced that it was supporting the delivery phase of the project which started in May 2018 and completes in 2020. Fundraising has secured the remaining funding for the project and this income is split between designated and restricted funds. The money received from the National Lottery Heritage Fund for both the development and the delivery phase of the project has been treated as restricted income.

The Designated Development Fund has been established by the Trust to provide an income that will contribute towards the Trust's core running expenses. The intention is to maintain an income generating fund. Exceptionally, the fund is expendable in the event of a 75% majority decision by the trustees. The terms of the contract under which the Endowment Development Fund was established require that the Designated Development Fund be operated as an endowment, the result of a breach being that the amount given to establish the Endowment Development Fund will be repayable. However, these conditions do not directly apply to the Designated Development Fund, and so it continues to be disclosed as a designated fund within unrestricted funds.

The Endowment Development Fund has been established by the Trust in order to build up a portfolio of investments to provide an alternative source of income. On 1st January 2013 the fund became permanent endowment. The full amount given to establish the fund is repayable in the event of a default.

The RS Woof Memorial Fund is an endowment fund for the purposes of endowing the post of the Robert Woof Director of the Trust.

The Catalyst Endowment Fund is an endowment fund established with the aid of Arts Council England Catalyst Funding to support the general operating costs of the Trust.

## Notes (continued)

### 18 Analysis of net assets between funds

Group	Unrestricted funds		Endowment funds		Restricted funds	Total funds
	Unrestricted funds	Designated Development Fund	Development Fund	Other endowment funds		
	£000	£000	£000	£000	£000	£000
<i>Fund balances at 31 March 2019 represented by:</i>						
Fixed assets	9,670	915	1,590	1,065	2,360	15,600
Current assets	295	1	2	-	621	919
Current liabilities	(162)	-	-	-	-	(162)
Creditors falling due after one year	(1,000)	-	-	-	-	(1,000)
	<u>8,803</u>	<u>916</u>	<u>1,592</u>	<u>1,065</u>	<u>2,981</u>	<u>15,357</u>
<i>Fund balances at 31 March 2018 represented by:</i>						
Fixed assets	9,480	898	1,566	1,055	2,217	15,216
Current assets	384	2	2	-	390	778
Current liabilities	(90)	-	-	-	-	(90)
Creditors falling due after one year	(1,000)	-	-	-	-	(1,000)
	<u>8,774</u>	<u>900</u>	<u>1,568</u>	<u>1,055</u>	<u>2,607</u>	<u>14,904</u>

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

Charitable company	Unrestricted Funds		Endowment Funds		Restricted funds	Total funds
	Unrestricted funds	Designated Development Fund	Development Fund	Other endowment funds		
	£000	£000	£000	£000	£000	£000
<i>Fund balances at 31 March 2019 represented by:</i>						
Fixed assets	9,685	915	1,590	1,065	2,360	15,615
Current assets	283	1	2	-	621	907
Current liabilities	(158)	-	-	-	-	(158)
Creditors falling due after one year	(1,000)	-	-	-	-	(1,000)
	<u>8,810</u>	<u>916</u>	<u>1,592</u>	<u>1,065</u>	<u>2,981</u>	<u>15,364</u>
<i>Fund balances at 31 March 2018 represented by:</i>						
Fixed assets	9,495	898	1,566	1,055	2,217	15,231
Current assets	358	2	2	-	390	752
Current liabilities	(83)	-	-	-	-	(83)
Creditors falling due after one year	(1,000)	-	-	-	-	(1,000)
	<u>8,770</u>	<u>900</u>	<u>1,568</u>	<u>1,055</u>	<u>2,607</u>	<u>14,900</u>

### 19 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.

## Notes (continued)

### 20 Capital commitments

Capital commitments at the end of the financial year for which no provision has been made are as follows:

	31 March 2019	31 March 2018
	£000	£000
Authorised but not committed	1,080	49
	<u>          </u>	<u>          </u>
Against which orders have been placed	2,954	299
	<u>          </u>	<u>          </u>

The capital commitments noted represent the contractual relationships with the professional team and contractors involved in the delivery phase of the Reimagining Wordsworth project.

### 21 Related party transactions

The former President, Pamela Woof, has had the partial use of a Trust property under licence with council tax and water rates paid by the Trust until the end of her Presidency. In 2019 this benefit amounted to £1,095 (2018: £3,091).

In aggregate trustees, co-opted committee members, the President and members of the SMT made donations totalling £3,470 during the year (2018: £46,974). This can be split as follows:

	Year to 31 March 2019	Fifteen months to 31 March 2018
	£000	£000
Unrestricted	3,470	3,974
Restricted	25,000	40,500
In kind	-	2,500
	<u>          </u>	<u>          </u>
Total donations	28,470	46,974
	<u>          </u>	<u>          </u>

### 22 Financial instruments

	Group 31 March 2019 £000	Group 31 March 2018 £000	Charitable company 31 March 2019 £000	Charitable company 31 March 2018 £000
Financial assets at amortised cost	<u>236</u>	<u>182</u>	<u>267</u>	<u>220</u>
Financial liabilities at amortised cost	<u>1,149</u>	<u>1,075</u>	<u>1,144</u>	<u>1,068</u>

Financial assets represent trade debtors and amounts owed by the subsidiary undertaking. Financial liabilities represent trade and other creditors, bank loans and other loans.