

# The Wordsworth Trust

## Trustees' report and consolidated financial statements

Registered charity number 1066184

Registered company number 03442086

For the year to 31 March 2022

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## Trustees' Annual Report

The Trustees are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2022. 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 former Prince of Wales.

The Honorary President of the Trust during the year was The Rt Hon Lord Smith of Finsbury PC.

Chair	Professor Sir Drummond Bone
Hon. Treasurer	Gesa Brinkmann ACA, CPA
The Robert Woof Director	Michael McGregor
Company Secretary	Amanda Pickup FCA

### *Trustees who served during the year*

Professor Sir Drummond Bone  
Professor Simon Bainbridge  
Ms Gesa Brinkmann ACA, CPA  
Dr Amy Concannon (appointed 26th January 2022)  
Mrs Mary Chuck (retired 24<sup>th</sup> April 2022)  
Ms Judith Cooke  
Dr Paul Davies (appointed 26th January 2022)  
Dr Anna Fleming  
Mrs Johanna Goode  
Mr David Heal  
Mrs Diana Matthews JP DL (retired 14<sup>th</sup> November 2021)  
Professor David McKitterick  
Ms Lisa Peter (appointed 20th July 2022)  
Mr Tim Robertson (appointed 26th January 2022)  
Ms Jennifer Uglow OBE (retired 3<sup>rd</sup> November 2021)  
Ms Anne Young (appointed 20th July 2022)

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 trustee will retire and, being eligible, will offer themselves for re-appointment at the forthcoming Annual Retirement Meeting.

Professor Sir Drummond Bone

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

### **Objectives and Activities**

The Wordsworth Trust has been keeping Wordsworth's memory alive at Dove Cottage since it was founded over 130 years ago.

During this time, the Wordsworth Trust has acquired many of the other historic buildings that neighbour Dove Cottage, secured the great majority of Wordsworth's manuscripts, established an archive, library and fine art collection dedicated to Romanticism and the cultural history of the Lake District, and created the Jerwood Centre, a conservation and research centre, so that these holdings can remain at Dove Cottage, one of the world's most important literary sites.

In 2019, the Wordsworth Trust began a major transformation of its site, previously known as 'Dove Cottage and the Wordsworth Museum'. The project was completed in May 2021 when the site reopened with a new brand, 'Wordsworth Grasmere'.

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.1770–1850) 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' in the 2011 Charities Act.

Wordsworth wrote 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 carrying them out, 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 under 'Achievements and Performance'. While certain activities are aimed at specific beneficiary groups, most are open to anyone; they take place all year round, some are free of charge and in some instances, charges are waived for people with limited financial means.

## Trustees' annual report *(continued)*

### Our public impact in numbers

	12 months to 31 March 2022	12 months to 31 March 2021	Variance
<b>General visits to Wordsworth Grasmere</b>	<b>17,471</b>	<b>3,732</b>	<b>368%</b>
<b>Participation in activities for young people in formal education</b> (counted in student-days)			
Secondary, primary and pre-school	4,815	643	649%
Higher education – short courses	147	301	-51%
Higher education – other	30	145	-79%
Teacher development opportunities	28	5	460%
<b>Total</b>	<b>5,020</b>	<b>1,094</b>	<b>359%</b>
<b>Participation in informal learning activities</b>			
Activities aimed at elderly / vulnerable adults	700	584	20%
Activities aimed at young people (excluding family activities)	416	272	53%
Activities for general audiences	801	1,397	-43%
<b>Total</b>	<b>1,917</b>	<b>2,253</b>	<b>-15%</b>
<b>Participation in events and activities for families<sup>i</sup></b>	<b>1,384</b>	<b>210</b>	<b>559%</b>
<b>Attendances at talks, poetry readings and other events</b> (excluding family events) <sup>ii</sup>	<b>3,380</b>	<b>1,404</b>	<b>141%</b>
<b>Interactions via new media</b>			
Website (unique views)	206,812	183,179	13%
Views of online videos (as of 31 March 2022)	117,415	160,912	-27%
Social media followers (as of 31 March 2022)	54,302	48,575	12%
<b>Total</b>	<b>378,529</b>	<b>392,666</b>	<b>-4%</b>
<b>Research visits</b> (counted in research-days)	<b>121</b>	<b>44</b>	<b>175%</b>
<b>Publication sales</b>	<b>1,632</b>	<b>186</b>	<b>-13%</b>
<b>Participants in vocational training</b> (starting in year)	<b>8</b>	<b>3</b>	<b>167%</b>
<b>Volunteers<sup>iii</sup></b>	<b>19</b>	<b>17</b>	<b>2</b>

<sup>i</sup> Includes 377 family members going on discovery trails at Wordsworth Grasmere. These are therefore also included in the figure of 17,471 general visits.

<sup>ii</sup> Includes 1,017 visitors attending gallery tours and other facilitated activities at Wordsworth Grasmere. These are therefore also included in the figure of 17,471 general visits.

<sup>iii</sup> People who did volunteer work on a regular basis and / or a sustained period of time.

## Trustees' annual report *(continued)*

### Achievements and Performance

#### 1. Overview of progress against strategy

Last year, we reported on the reopening of Dove Cottage – the first major milestone of our £6.5 million Reimagining Wordsworth project. 2021/22 saw the project as a whole reach completion: the Garden–Orchard, Sensory Garden, Woodland and other outdoor spaces reopened in April, in line with the UK Government's roadmap out of lockdown, and with the resumption of indoor leisure activities on 17 May we could at last open the doors to the new Museum following its refurbishment. A 10-year project to ensure that the inspirational story of the Wordsworths' lives at Dove Cottage remains accessible, relevant and compelling had reached its conclusion.

We have been delighted by the response. Visitors stay for longer, and use words like 'fabulous', 'thought-provoking', 'memorable', 'inspiring' and 'joyous'. One told us, 'I am a changed person'; written feedback from one of our younger visitors simply read, 'Today when they said we were going to a museum, I thought it would be terrible, but it has actually been fun. Go Wordsworth!'. The *Museums Journal* said that our authentic approach to presenting Dove Cottage 'could blaze a trail for other museums'. The interior design, graphic design and wayfinding won gold in their respective categories at the London Design Awards, and we finished the year with the news that Wordsworth Grasmere as a whole had been shortlisted in the Permanent Exhibition of the Year category of the Museums & Heritage Awards.

However, the pandemic continued to have a significant impact in the year. The 368% increase in admissions compared against the heavily disrupted 2020/21 belies the stark fact that visitor numbers were approximately 40% of our most recent 'normal' year (2017/18), and only 36% of the projections in the 2017 business plan that underpinned the Reimagining Wordsworth project. Like many employers, we have faced the challenge of recruiting in a tight labour market, which left us unable to resume our usual 7-day opening for much of the year. To achieve social distancing, visitor capacity in Dove Cottage was also restricted for most of the year. Reduced overseas travel and the impact of coronavirus on tour groups were undoubtedly major influences on our visitor numbers, but although we engaged specialist market analysts at the start of the year, the enduring impact of the pandemic made forecasting visitor numbers difficult. With the Government's Culture Recovery Fund and the other equally crucial sources of emergency funding that helped to sustain us during 2021/22 now closed, and geopolitical uncertainty, rising prices and pressures on household finances injecting further volatility into the market, we go into 2022/23 closely monitoring our financial performance in the knowledge that the instability of the last two years is far from over.

#### 2. Public benefit

##### a) Measuring our performance

We monitor our activities by beneficiary group, as shown in the table on page 3. As well as the statistical measures shown here, we talk to our beneficiaries and invite their feedback to ensure that we are meeting their needs and aspirations.

##### b) Wordsworth Grasmere

As reported in our overview, Wordsworth Grasmere opened on 17 May 2021. The new spaces and interpretation are a major achievement in themselves, but to help provide the stimulating and engaging experience that had always been our aim, we also animated the site with volunteers (some giving costumed poetry readings) and a new programme of daily activities. These activities include gallery tours, garden tours, chances to see behind the scenes, and opportunities for visitors to express their creativity through poetry writing, sketching and journal-writing. The personal

## Trustees' annual report (*continued*)

### Achievements and performance (*continued*)

experience provided by our staff and volunteers receives much positive feedback from our visitors.

We will add new daily activities over the next year. We will also continue to refine the experience as a whole, not least in the Garden-Orchard, where work to create an authentic sense of the garden as the Wordsworths would have known it continued throughout the year.

The first special exhibition to open in the new Museum was *Still Glides the Stream*, a celebration of the Duddon Sonnets. It was a collaborative endeavour, involving artists (digital artists Amy Johnson and Katrin Joost, members of the Flax group of south Cumbrian textile artists, and clients of Prism Arts, an inclusive arts organisation based in Carlisle), and community groups (the Duddon Valley Local History Group and the Norman Nicholson Society). The exhibition also inspired a new musical composition by young people in Cumbria, created through the 'Encountering Wordsworth' project in partnership with Cumbria Development Education Centre, Cumbria Music Hub, Manchester Camerata and Orchestras Live.

*Still Glides the Stream* was followed by *Dorothy: Writer, Sister, Friend*, which marked the 250th anniversary of Dorothy Wordsworth's birth on Christmas Day 1771. Again, the exhibition brought together a diverse range of viewpoints, featuring contributions by refugees, people with visual impairments, aromantic-asexual individuals, academics, and local community groups including Grasmere Women's Institute. The exhibition was boosted by the presence of a manuscript copy of 'I wandered lonely as a Cloud', lent by the British Library and displayed alongside Dorothy Wordsworth's famous journal entry of 15 April 1802, in which the daffodils are vividly described.

#### c) Formal education

43% of our work with schools took place at Wordsworth Grasmere, and most of the rest was provided through classroom visits; in 2021, activities for schools were predominantly digital. Schools have really appreciated the increased capacity, improved facilities and enhanced technology of the new Learning Space, which has proved a highly effective base for visiting Wordsworth Grasmere.

We redesigned our workshops and activities for primary and secondary schools during the year, and incorporated the new outdoor areas into our schools activities. The Moss Hut was a springboard for creative activities for local schools; regular reading groups and poetry workshops continued at Grasmere Primary School; and many of our activities for all schools were led by freelance poets. A workshop led by local poet Kim Moore was described by one teacher as 'a truly inspirational session'.

Half of our higher education courses took place at Wordsworth Grasmere and half were run by video conference; numbers of participants were down on the previous year, in which all of our courses took place digitally. This is one of the most international aspects of our work, and it can be genuinely life-changing for students; we are working to recover take-up to pre-pandemic levels.

#### d) Informal learning

Participation in our informal activities in 2021/22 is 15% lower than the previous year because of four one-off online talks in 2020/21, which attracted a combined attendance of c.800. If these four outliers are discounted, participation shows a 28% increase. Participants were physically present at over half of these activities, in contrast with 2020/21, when our programme took place almost entirely digitally.

'Informal learning' encompasses such a disparate range of activity, led by freelance writers and artists as well as our own team, that it is hard to do this aspect of our work justice in such a short summary. Much of it is targeted at people with particular needs, for example haiku-writing for carers

## Trustees' annual report (*continued*)

### Achievements and performance (*continued*)

in Carlisle, dementia-friendly 'What Are Words Worth?' reading groups in Bowness-on-Windermere, Burgh-by-Sands and Kendal, 'Book Lovers' groups for people in remote rural communities, facilitated visits to Grasmere for young refugees from war-torn or other disadvantaged parts of the world, and writing groups for people with long-term health conditions in west Cumbria, inspired by our new Moss Hut.

The Dove Cottage Young Poets and Untrodden Ways writing groups continued for 14–23-year-olds and 11–14-year-olds respectively: a teacher observing the latter group described watching the participants 'growing in both confidence and creativity'. This year, for the first time, we have also included socio-economic disadvantage as a measure of our targeted activities, and we expect this to become more of a focus of our work in future years.

Digital activities in the year included regular virtual meetings of the Dove Cottage Poets poetry writing group and the virtual exhibition *Who Weeps for Strangers*, an exploration of the story of the Greens of Grasmere.

#### e) Families and young people

The 559% increase in attendances at activities for families reflects our efforts to make Wordsworth Grasmere a family-friendly destination as well as the resumption of events for under-12s in libraries across Cumbria (thirty events in nine locations, including the ever-popular 'Rucksack of Rhymes'). Opportunities for families to be creative together have been devised across the site: 'William's Poetic Adventures in Minecraft', devised by Lancaster University, is highly popular with young visitors to the Museum, and other highlights include the Art Cart, costumes and a creative writing station in the Museum, 'Make and Play' in the Learning Space, 'Sensory Stories' in the Sensory Garden for children with special educational needs and disabilities, and 'Little Wanderers' – songs, stories and play-based learning for under-5s in the Woodland.

#### f) Events

The 141% increase in event attendances is attributable largely to the introduction of the new daily activities described above. They attracted c.1,800 attendances during the year.

The Poet Laureate, Simon Armitage, returned to give his annual reading in Grasmere to a small, socially distanced audience in a new, 'premium' format that showed us the potential for future events. The reading was subsequently made available online. 45% of our total audience attended the digital events that we successfully introduced in 2020/21 and which continued throughout 2021/22. Our 'Disparate Romantics' talks enabled specialist speakers from all over the world to interpret manuscripts and other objects in our collection in real time, and our 'Go to the Poets...' performances introduced a diverse range of upcoming poets to new and diverse audiences. Other digital events included celebrations of the 250th anniversary of Dorothy Wordsworth's birth and the 200th anniversary of the publication of Thomas De Quincey's *Confessions of An English Opium-Eater*. In 2022/23, as we start to welcome audiences back to Wordsworth Grasmere, we hope to start presenting hybrid events, retaining the best aspects of both approaches.

#### g) New media

Our social media presence continues to grow, and interaction with our followers is very positive. Many of the digital talks reported under 'Events' are now available on our YouTube channel, which saw a 30% increase in subscribers during the year. We also added TikTok to our social media channels, to help us to reach new, younger, age groups.



## Trustees' annual report (*continued*)

### Achievements and performance (*continued*)

#### h) Other performance measures

Participants in vocational training increased from 3 to 8 as we started to welcome Trainees and university-sponsored Interns again. We expect our vocational training activity to return to its normal level in 2022/23.

Facsimiles and other alternatives have been created for some of the manuscripts in the Museum, allowing the displays to be rotated to preserve the condition of the original objects.

New acquisitions include a fine collection of manuscripts and books of the Romantic period, including some unpublished letters (the gift of the late Martin Crossley-Evans), a substantial collection of watercolour drawings and prints including works by David Cox, Joseph Farington, Samuel Phillips Jackson, Thomas Miles Richardson Jr. and William Turner of Oxford (the gift of the W.W. Spooner Charitable Trust), Wordsworth's edition of *The History of Herodotus*, published 1737 (the gift of John Condor), a manuscript transcription (probably 1760s) of Dr John Brown's 'Description of the Lake at Keswick' (the gift of Christopher Donaldson), a collection of maps including the 1695 edition of William Camden's *Britannia* (the gift of Veronica Finch), a portrait of Ernest de Selincourt, the early C20th Wordsworth scholar and former Chair of the Wordsworth Trust, by Arthur Gaskin (the gift of Ruth Morris), and the working papers of the late Thomas Bewick scholar Iain Bain, whose extensive collection of Bewick materials we acquired in 2013.

### 3. Acknowledgements

We are extremely grateful to all those organisations and individuals whose generous financial contributions make it possible for Wordsworth's poetry to 'live and do good' through our activities. Their support is especially important at a time when our other sources of income are under such pressure.

The Murray family's tremendous £1 million gift is a huge vote of confidence in the Wordsworth Trust; it is enabling us to make essential improvements to our built estate, and to plan with confidence at such a financially challenging time. Being part of Arts Council England's National Portfolio, via the Cumbria Museum Consortium, enables us to improve people's lives in many ways, and the support that Arts Council England gave us through the Culture Recovery Fund has been crucial in terms of weathering the disruption of the last two years.

We thank the supporters of the Reimagining Wordsworth project, not least the National Lottery Heritage Fund, the Department for Digital, Culture, Media & Sport (through the Northern Powerhouse) and Cumbria Local Enterprise Partnership. We are proud to be a Strategic Cultural Partner of South Lakeland District Council and of our partnership with Lancaster University, and we are pleased to be a partner in the Michael Marks Awards for Poetry Pamphlets, supported by the Michael Marks Charitable Trust. We thank the Sir John Fisher Foundation for its support for our curatorial posts, Cumbria County Council for helping us to be active in communities across the county, and the British Library and the Helen Hamlyn Trust for the loan of the 'I wandered lonely as a Cloud' manuscript through the 'Treasures on Tour' programme.

We thank our many individual supporters, including Patricia Grodd and Michael Stone, Ed Baker, Heidi Snow, Pamela Woof, Phillipa Turnbull and the Crewelwork Company, John and Clare Spedding, Bruce Graver, Eira Leach, the Duke of Buccleuch & Queensberry, our Patrons and Friends, and everyone else whose donations help us to keep Wordsworth's legacy alive. Finally, we thank those individuals who chose to support the Wordsworth Trust by making a bequest or donation in memory of loved ones: the late Lucia Woods Lindley, the late Justin Barnard, family and friends of the late Lady Chorley, and family and friends of the late Margaret Holden.

## Trustees' annual report *(continued)*

### Future Plans

We will celebrate the creation of Wordsworth Grasmere at an official opening in June 2022. The event will be an opportunity to thank the project's many funders, supporters and stakeholders.

We will continue to explore Wordsworth's legacy through our public activities, which increasingly feature a diverse mix of voices and perspectives. By establishing a panel of advisors drawn from representatives of the communities that we work with, we will ensure that our activities address their interests and expectations. Working with our partners in the Cumbria Museum Consortium, we will apply to Arts Council England for further National Portfolio funding for the period 2023–26, so that the activities through which we enrich the lives of people of all ages can continue.

Specific objectives for 2022/23 include:

- Presenting a programme of exhibitions including *Refuge from the Ravens* (a 21st-century 'remix' of the *Lyrical Ballads*, featuring the contributions of people with experience of homelessness and other vulnerable people), *To the Lakes!*, an exhibition about travellers to the Lake District during the Wordsworths' early lives, *(Re)Acting Romanticism: Disability and Women Writers*, and *The Romantic Ridiculous*.
- Touring pop-up displays drawn from the *Still Glides the Stream* and *Dorothy: Writer, Sister, Friend* exhibitions to community venues in and beyond Cumbria.
- Enhancing the interpretation of the Garden–Orchard and developing the garden at the front of Old Sykeside, with an emphasis on biodiversity, as part of a University of Leeds research project, 'Experiments in Land and Society'.
- Working with Lancaster University and the University of Leicester to lead a review into how literary house museums can best tell their stories in a post-colonial world.
- Hosting two poets in residence, and publishing (with the Poetry Business) a poetry anthology to mark nearly thirty years of residencies for poets at Wordsworth Grasmere.
- Publishing in full (for the first time) Dora Wordsworth's continental journal of 1828.
- Relaunching the annual Wordsworth Lecture at a new London venue after a two-year hiatus.
- Playing our part in the 'Helping Hands' project, for which the Cumbria Museum Consortium successfully received Government funding to create inclusive volunteering opportunities across Cumbria's cultural sector.
- Implementing an anti-racism programme for trustees and staff.
- Acting on the findings of an energy and carbon audit of our non-public buildings carried out in March 2022, and addressing the maintenance needs of those properties on our estate that did not form part of the recent Reimagining Wordsworth project.

## Trustees' annual report (*continued*)

### Financial Review

#### 1. Summary

The net income for the year, including investment gains and losses, was £2,659,000 (2020-21: £2,101,000 net income).

During the financial year 2021-22 we have seen the completion of the Reimagining Wordsworth project and the ongoing impact of the Covid pandemic. The visitor operations including Dove Cottage, the museum and the café opened in May 2021 though initially at reduced capacity. There has been a large reduction in the number of overseas groups visiting the Lake District which has impacted our visitor numbers in 2021-22 and continues to do so in to 2022-23. Whilst we have had a lot of good publicity, especially in relation to the British Library loan of the 'I wandered lonely as a Cloud' manuscript through the 'Treasures on Tour' programme, there is still a stark contrast between the current situation and our expectations for the celebrations surrounding Wordsworth's 250<sup>th</sup> anniversary and the growth of visitor numbers and revenue. Once again we have been supported generously to help us survive the Covid crisis which has resulted in a more positive outcome for 2021-22 than we could have anticipated although the outlook for 2022-23 is difficult.

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 continued until spring 2021. The National Lottery Heritage Fund originally supported the project with a grant of £4.1m which was increased by £384,000 in 2021-22. The final claim was made in 2021-22 with the full amount of the grant being drawn down. The remaining funding came from the government, foundations and individual supporters.

During the year the expenditure on the delivery phase was £630,000 (2020-21: £1,577,000) of which £531,000 (2020-21: £1,529,000) has been capitalised, the balance being treated as expenditure. At the end of the year the capitalised items have been analysed between "Other freehold property" and fixtures, fittings and equipment" and have been transferred out of "Assets under construction". Grant income received from the National Lottery Heritage Fund amounted to £430,000 (2020-21: £1,192,000). The only other grant income for the project that had been pledged in previous years but was received in 2021-22 was the final £50,000 from the Northern Cultural Regeneration Fund grant of £495,000.

Salary costs for the year amounted to £820,000 (2020-21: £775,000). There was a pay award for all staff excluding the Senior Management Team in April 2021 of 2% and the implementation of the increase to the national minimum wage. Members of the Senior Management Team received a back dated pay award of 3% in February 2022 which covers the period April 2020 to March 2023.

Income from admissions in the year has been £196,000 (2020-21: £32,000) which though much improved on 2020-21 still reflects the impact of the reduction in visitor numbers as a result of the pandemic. When the site re-opened in May 2021 we were working on a limited capacity and with a smaller market. There have been very few overseas groups and only limited numbers of UK group tours since the start of the pandemic and this continues into 2022-23. Whilst trading conditions are improving in 2022-23 the continued reduction in group visitors, reduced numbers of UK visitors to the Lake District as people start to holiday abroad again and now potentially the impact of the cost of living increases mean it will be another challenging year.

We have been supported very generously in 2021-22 by the government, receiving money from the Arts Council Culture Recovery Fund and South Lakeland District Council specifically to support our operations through the pandemic.

The National Portfolio Organisation grant we receive from Arts Council England as part of the Cumbria Museum Consortium was renewed with effect from 1 April 2018 for four years; it is now

## Trustees' annual report *(continued)*

### Financial review *(continued)*

running to 31 March 2023 following the grant of an extension year as part of the Arts Council's Covid recovery measures.

Expenditure against other restricted funds includes depreciation of £46,000 on the Jerwood Centre and £170,000 on Reimagining Wordsworth assets. As Reimagining Wordsworth affected property which had previously been redeveloped the residual value of that earlier redevelopment has been written off in the accounts. This amounts to £310,000.

Trading conditions for the trading subsidiary Dove Cottage Promotions Ltd (DCP) have also been severely impacted by the reduced visitor numbers throughout the year. The café is now fully operational but it is difficult to recruit hospitality staff and it is therefore without a manager. This has impacted both the range of the offer and the margins as most products are having to be bought in. On the retail side the shop in the museum opened in May 2021 and whilst trading is good for the number of visitors it needs that extra input of customers to flourish. As a consequence the loss for the year is £31,000 (2020-21: £41,000). In 2021-22 £9,000 was received as a result of a business interruption claim for loss of trading due to the impact of the flood.

### 2. Investments

We own several properties in Town End, Grasmere in the vicinity of Dove Cottage as investment assets with the rental income being an important source of revenue. The capital appreciation on the properties helps sustain our long term financial security. The properties are let to a mix of our 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 £72,000 (2020-21: £73,000). Rental income is lower as we have one vacant property which is awaiting refurbishment and throughout 2021-22 there were fewer staff members and interns living in the licenced accommodation. It is expected that rental income will increase again in 2022-23. A revaluation of the investment properties was performed at the end of the financial year resulting in an increase in value of £1,570,000. The Trustees accept this valuation as reflecting the current market but are aware that a change in the economic climate could result in a reduction in these valuations.

We have five discrete investment 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 under cash at bank. A fifth fund has been added to the portfolio for the donation from the John R. Murray Charitable Trust. There are no ethical restrictions on any of the funds under management but we have agreed the following statement on environmental, social and governance issues in investing.

"The Wordsworth Trust recognises the importance of responsible investing and also that environmental, social and governance (ESG) issues can have substantial investment implications. The Trust requires its Investment Managers to have adopted a Responsible Investment policy, such as the United Nations Principles for Responsible Investment (UNPRI) and the UK Stewardship Code. The Trust also expects that, wherever possible, managers of third party funds consider ESG issues to be an integral part of the investment process and that its own investment managers encourage managers of third party funds in this endeavour."

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%. In June 2020 as part of our reaction to the Covid crisis we received permission in principle

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

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

from the donor of the endowment to have some of the restrictions lifted, which would allow us to use some of the Development Fund to support us through this crisis and to cover any potential overspend on the Reimagining Wordsworth project if so required.

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 2021-22 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 2022 the unapplied total return amounted to £541,000 (31 March 2021: £425,000) in the Endowment Development Fund and £324,000 (31 March 2021: £259,000) in the designated element of the Fund. Over the year the FTSE-100 Total Return Index has risen 16.1%. The Development Fund generated a total return of 9.2% against a target of 9% (CPI + 2% for the year to 31 March 2022) and a benchmark of 7.8%.

Part of the Development Fund is invested in a responsible multi-asset fund and £100,000 was invested in 2020-21. This generated a return in the year of 8.9%.

The Catalyst Endowment Fund is invested with a prudent approach to risk, to maximise income consistent with maintaining the real value of the capital. There has been a slight shift in this approach since 2020-21 towards increasing the capital value. It has a higher requirement for income than the Development Fund being set at 3.5%. The fund saw an increase in value of £60,207 over the year and generated a return of 9.6%. In 2020-21 Arts Council England agreed in principle to allow us to access the funding they provided for the Catalyst Endowment Fund to support us through the Covid crisis with the condition that we plan to reinvest the money in the future. We have not made use of this agreement in principle.

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 over the year saw an increase of £18,819 in capital value while generating a return of 10.9%.

The new fund, the Property Improvement Fund, has been set up with the donation from the John R. Murray Charitable Trust. As at 31<sup>st</sup> March 2022 the donation was being held in the Reserve Fund but has since been transferred. The initial split of the fund will be 30% in cash and 70% in investments with a medium-term outlook.

All our fixed asset investments are managed for the longer term and Trustees remain confident that the long-term outlook remains favourable although the short-term outlook is uncertain. The capital values of investments have increased over the year but as the stock markets are still volatile there has been a fall away in values since the end of March.

The Reserve Fund investment is held as cash and is effectively money held on deposit, representing cash reserves and money received in advance to support the Reimagining Wordsworth project. During 2021-22 £150,000 was needed from this fund to support our cash requirements. As this fund is held in cash the return over the year was less than 0.1%.

The results of our trading subsidiary, Dove Cottage Promotions Limited, which runs a book and gift shop and a cafe, are summarised in note 5 to the accounts. With the reduced number of visitors on site and restrictions on capacity when we reopened in May 2021 there was a trading loss of £31,000 in the year (2020-21: Loss £41,000). Margins however were comparable to previous years. The company has not made a gift aid payment to the Trust for this year (2020-21: Nil).

## Trustees' annual report *(continued)*

### Financial review *(continued)*

#### 3. Reserves

We maintain reserves to enable us to fulfil our charitable remit by providing for business continuity, security for our collection, and the maintenance of our properties in circumstances where our 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 our needs.

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 our 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 our programme of events.
- To accommodate the fact that many of our major events such as exhibitions and conferences are planned, and therefore expenditure is 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 provide support during the redevelopment of any part of the site which could lead to a loss in 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 our total funds are £22,351,000. Of this £2,950,000 are endowment funds and £6,989,000 are restricted funds which are not available for the general purposes of the charity. The Designated Development Fund of £1,038,000 must be treated as permanent endowment under the terms of the Endowment Development Fund as described in note 17 to the accounts. Of the other four designated funds the Collection Assets Fund (£3,767,000) represents our heritage assets 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. During the year the Trustees have created a new designated fund called the Property Improvement Fund into which £700,000 from the donation from the John R. Murray Charitable Trust has been transferred. Investment properties held in the unrestricted funds totalled a further £6,190,000. To purchase investment properties and fixed assets and to provide working capital Trustees had taken out a long-term interest-only loan of £1,000,000. This loan was refinanced in January 2020 to a repayment loan with a term of five years and a repayment profile of 15 years. The amount outstanding at 31<sup>st</sup> March 2022 was £963,000 (31<sup>st</sup> March 2021: £1,000,000).

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 we hold). They consider period end free reserves are £412,000 (2020-21: £177,000). The Trustees believe between three and six months' budgeted expenditure is an acceptable measure for the level of free reserves. Based on the year 2021-22 three months expenditure would be around £332,000.

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

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

The Trustees anticipated that during the Reimagining Wordsworth delivery phase reserves would fall to zero or into a negative position which they did at the end of 2019-20. In 2020-21 the free reserves increased due to the amount of unrestricted funding we received to help us deal with the pressures of the pandemic. In 2021-22 we received the donation from the John R. Murray Charitable Trust, £700,000 of which the Trustees have designated as a Property Improvement Fund and £300,000 of which has gone into general reserves. This explains how, in a challenging year operationally we have managed to build the free reserves. This level of reserves will provide a buffer for the Trust as 2022-23 is set to be another extremely challenging year financially.

### **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 currently employ 1.5 FTE fundraising staff members, and our fundraising costs also reflect the Director's involvement in the effort.

Fundraising activity is overseen by the Development Manager, a member of the Senior Management Team, who reports quarterly to Trustees.

We are registered with the Fundraising Regulator, and we give due consideration to its codes of practice, including the general principles of fairness, respect and being sensitive to people who may be in vulnerable circumstances. Our Donations Policy explains how we take ethical considerations into account when soliciting and accepting donations. It is published on our website, as are our Feedback Policy and our Privacy Notice, which explain how we would respond to any complaints about our fundraising. We did not receive any such complaints, nor did we use any fundraising consultants or agencies, during the year.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

The Board of Trustees is responsible for our overall management and strategic direction, 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 the Articles of Association.

When filling vacancies, the Board reviews its existing skills to ensure it can draw on a range of relevant experience in fulfilling its obligations. It also seeks to ensure that the Board reflects the diversity of our beneficiaries. Trustees are appointed by the Board, and candidates are subject to a vetting process to verify their suitability as a charity trustee. We advertise to recruit new Trustees with appropriate qualifications, backgrounds and experience. 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 our purposes and operation, our strategies and objectives. They receive copies of our main documents including financial statements and business plan and meet senior employees and other staff. There is ad hoc training for Trustees after appointment. There are job descriptions for the position of Trustee and the posts of Chair and Honorary Treasurer.

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

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

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. The Board has reviewed its committee structure in July 2022 and agreed the following:

- Collection and Learning Committee – monitors the development, management and care of the permanent collection, and the public benefit the collection generates through the programme of exhibitions, learning and outreach.
- Visitor Experience Committee – monitors the performance of the commercial and visitor-facing operations of the Trust, including marketing.
- Estate Committee – monitors the plan for development and maintenance of Dove Cottage, its garden and all the other land and properties owned by the Trust.
- Finance and Audit Committee – oversees the financial strategy of the Trust and Dove Cottage Promotions Ltd, reviews financial performance against targets and monitors our legal obligations.
- Communications Committee – monitors the effectiveness of the Trust's strategy for corporate and consumer communications and PR.
- Fundraising Committees – supports the work of the Development Office on specific fundraising campaigns and monitors the effectiveness of the fundraising strategy.
- Welfare, Diversity and Health and Safety – monitors the effectiveness of Trust policies in each of these areas.
- Investment Committee – monitors the performance of the investment managers, makes recommendations regarding their appointment and advises on investment strategy. The Investment Committee includes co-opted members with particular investment expertise.
- Nominations Committee – reviews 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, Vice Chair Treasurer and Director of the charity for consideration by the full Board.
- Remuneration Committee – makes recommendations regarding the salaries of the Robert Woof Director and the Senior Management Team and reviews strategic 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 our 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 2021-22, to receive and review minutes from the standing committees and reports from the SMT.



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

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

#### **2. Senior Management Team**

The SMT provides the Board with departmental reports and quarterly management accounts 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.

Salaries for the SMT members are reviewed annually, usually at the same time as all other staff. In 2021-22 no pay award for SMT was made in April 2021, instead a back dated pay award of 3% was given in February 2022 which covers the period April 2020 to March 2023. As with all positions at the Trust SMT salaries are on occasion benchmarked against salaries in comparable organisations.

During the year to 31 March 2022 the SMT comprised:

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

#### **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 our ability to achieve our 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.

In the opinion of the Trustees, we have established resources and review systems, which under normal conditions should allow these risks to be mitigated to an acceptable level in day-to-day operations. The Trustees have identified the following as being the main risks to which the charity is exposed:

## Trustees' annual report (continued)

### Structure, governance and management (continued)

Risk category	Type of risk	Mitigation
Financial	Adequacy of cash reserves in the short term following completion of the Reimagining Wordsworth project and the impact of the Covid crisis.	The Reimagining Wordsworth project will in the medium term address the Trust's sustainability and will assist in building cash and reserves. There is close control of expenditure. The Reserve investment fund was transferred to cash to support cashflow through the project. The balance remains in cash as it may be required to support the cashflow in 22/23 depending on trading conditions for the remainder of the year.
Environmental	Significant downturn in visitor numbers.	Regular review and renewal of the visitor offer. Market research including review of competitors' offer staying close to market trends. Increased investment in marketing. 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 interest policy. Approved strategy, operating plan and annual budgets. Job descriptions.
Health and Safety	Failure to comply with Health & Safety and safeguarding obligations.	Ongoing 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 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 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  
Leicester  
LE87 2BB

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 have indicated their willingness to be appointed for another term 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.

**Professor Sir Drummond Bone**  
**Chair of Trustees**



15th October 2022

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.

  
**Professor Sir Drummond Bone**  
Chair of Trustees

15th October 2022

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

### **Opinion**

We have audited the financial statements of The Wordsworth Trust (the 'charitable company') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives

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

rise to a material misstatement in the financial statements themselves. 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 charitable company and its 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 accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 18, 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 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 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

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, reviewing minutes of meetings held in the year for any instances for non-compliance and remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

## **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 located 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*

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 <sup>24</sup> October 2022



**Consolidated statement of financial activities (incorporating income & expenditure account)**  
*for the year ended 31 March 2022*

		Unrestricted funds		Endowment funds		Restricted funds	Total	Total
		Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds		2021-22	2020-21
	Notes	£000	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>								
Donations and legacies	3	1,436	1	-	-	872	2,309	2,622
Charitable activities								
Admission fees and sales	4	211	-	-	-	-	211	40
Other trading activities								
Book and gift shop sales	5	127	-	-	-	-	127	27
Investments	6	72	24	41	32	-	169	170
Other		108	-	-	-	-	108	53
<b>Total income</b>		<b>1,954</b>	<b>25</b>	<b>41</b>	<b>32</b>	<b>872</b>	<b>2,924</b>	<b>2,912</b>
<b>Expenditure on:</b>								
Raising funds								
Fundraising costs		154	-	-	7	-	161	134
Book and gift shop costs		152	-	-	-	-	152	64
Investment management costs		-	5	8	5	-	18	12
Management costs of the let estate		100	-	-	-	-	100	82
Charitable activities:								
Custodianship		205	-	-	2	284	491	287
Access and learning		553	-	-	2	630	1,185	789
<b>Total expenditure</b>	7	<b>1,164</b>	<b>5</b>	<b>8</b>	<b>16</b>	<b>914</b>	<b>2,107</b>	<b>1,368</b>
		<b>790</b>	<b>20</b>	<b>33</b>	<b>16</b>	<b>(42)</b>	<b>817</b>	<b>1,544</b>
Net gains on investments		1,570	70	122	80	-	1,842	557
<b>Net income/(expenditure)</b>		<b>2,360</b>	<b>90</b>	<b>155</b>	<b>96</b>	<b>(42)</b>	<b>2,659</b>	<b>2,101</b>
Transfers between funds	8	79	(24)	(39)	(16)	-	-	-
<b>Net movements in funds</b>		<b>2,439</b>	<b>66</b>	<b>116</b>	<b>80</b>	<b>(42)</b>	<b>2,659</b>	<b>2,101</b>
<b>Reconciliation of funds:</b>								
Total funds bf at 1 April 2021		8,934	972	1,686	1,069	7,031	19,692	17,591
<b>Total funds cf at 31 March 2022</b>		<b>11,373</b>	<b>1,038</b>	<b>1,802</b>	<b>1,149</b>	<b>6,989</b>	<b>22,351</b>	<b>19,692</b>

The notes on pages 26 to 48 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 2022

	Notes	Group		Charitable company	
		31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
<b>Fixed assets</b>					
Tangible assets	9	8,089	8,101	8,089	8,101
Heritage assets	10	3,767	3,713	3,767	3,713
Investment property	11	6,190	4,620	6,190	4,620
Investments	12	3,989	3,727	4,004	3,742
Total fixed assets		22,035	20,161	22,050	20,176
<b>Current assets</b>					
Stocks	13	37	31	-	-
Debtors	14	66	70	247	198
Cash at bank and in hand		1,333	640	1,299	624
Total current assets		1,436	741	1,546	822
<b>Creditors: Amounts falling due within one year</b>	15	(231)	(246)	(225)	(242)
Net current assets		1,205	495	1,321	580
Total assets less current liabilities		23,240	20,656	23,371	20,756
<b>Creditors: Amounts falling due after more than one year</b>	16	(889)	(964)	(889)	(964)
<b>Total net assets</b>		22,351	19,692	22,482	19,792
<b>The funds of the charity</b>					
Undesignated funds:					
General funds	17	1,333	1,200	1,464	1,300
Revaluation reserve	17	5,515	3,945	5,515	3,945
		6,848	5,145	6,979	5,245
Designated funds:					
Warren Collection Fund	17	59	59	59	59
Collection Assets Fund	17	3,767	3,713	3,767	3,713
Reimagining Wordsworth – Delivery	17	-	17	-	17
Designated Development Fund	17	1,038	972	1,038	972
Designated Property Improvement Fund	17	700	-	700	-
Total unrestricted funds		12,412	9,906	12,543	10,006
Restricted funds:					
Endowment funds:					
Endowment Development Fund	17	1,802	1,686	1,802	1,686
RS Woof Memorial Fund	17	280	261	280	261
Catalyst Endowment Fund	17	868	808	868	808
Total charity funds		22,351	19,692	22,482	19,792

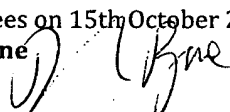
As permitted by s408 of the Companies Act 2006, the charitable company has not presented its own statement of financial activities and related notes as it prepares group accounts.

The charitable company has made a surplus of £2,690k in the year to 31 March 2022 (£2,142k surplus in the year to 31 March 2021).

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 15th October 2022 and signed on its behalf by:

**Professor Sir Drummond Bone**  
**Chair of Trustees**



Registered company number 03442086

Registered charity number 1066184

## Consolidated statement of cash flows

*For the year to 31 March 2022*

	2021-22 £000	2020-21 £000
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	1,138	1,559
<b>Cash flows from investing activities</b>		
Dividends and interest allocated to income	97	97
Rents from investment properties	72	73
Purchase of fixed assets	(561)	(1,551)
Invested cash used for management charges	(3)	-
Proceeds from sales of assets	5	-
Net cash used in investing activities	(390)	(1,381)
<b>Cash flows from financing activities</b>		
Repayments of borrowing	(37)	-
Interest payable on loan	(18)	-
Cash used in financing activities	(55)	-
Change in cash and cash equivalents in the period:	693	178
Cash and cash equivalents at start of year	640	462
Cash and cash equivalents at end of year	1,333	640
<b>Reconciliation of net income to net cash used in operating activities</b>		
Net income	2,659	2,101
Adjustments for:		
Depreciation	259	100
Write down of redeveloped assets	311	-
Profit on sale of fixed assets	(3)	-
(Gains) on investments	(272)	(557)
(Gains) on revaluation of investment properties	(1,570)	-
Dividends and interest	(97)	(97)
Rent on investment properties	(72)	(73)
Interest payable on loan	18	-
Gifts in kind	(54)	(5)
Receipts of endowment	-	1
Investment management costs	13	12
(Increase) in stocks	(6)	(4)
Decrease in debtors	4	348
(Decrease) in creditors	(52)	(267)
Net cash provided by operating activities	1,138	1,559

## 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 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 2022 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 having reviewed future financial forecasts and considered the difficult trading conditions as a result of the coronavirus pandemic and the impact of these on the Trust but have a reasonable expectation that the Trust, supported by secured funding, 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, on this basis, 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
Museum fittings	-	twelve years
Motor vehicles	-	four 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.

#### **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.

#### **Government grants**

Government grants are recognised in income when received or, for grants that specify performance conditions, when received or receivable when there is a reasonable assurance that the grant conditions will be met and the grants will be received. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### **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.

*Designated Property Improvement Fund* – a designated unrestricted fund created to support the improvement of the wider estate.

*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.

For Dove Cottage Promotions Limited tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

#### **Irrecoverable VAT**

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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 26. 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 year ended 31 March 2021 are given below.

	Unrestricted funds		Endowment funds		Restricted funds	Total
	Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds		2020-21
	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations and legacies	934	1	-	-	1,687	2,622
Charitable activities						
Admission fees and sales	40	-	-	-	-	40
Other trading activities						
Book and gift shop sales	27	-	-	-	-	27
Investments	74	24	41	31	-	170
Other	53	-	-	-	-	53
<b>Total income</b>	<b>1,128</b>	<b>25</b>	<b>41</b>	<b>31</b>	<b>1,687</b>	<b>2,912</b>
<b>Expenditure on:</b>						
Raising funds						
Fundraising costs	127	-	-	7	-	134
Book and gift shop costs	64	-	-	-	-	64
Investment management costs	-	3	6	3	-	12
Management costs of the let estate	82	-	-	-	-	82
Charitable activities:						
Custodianship	191	-	-	2	94	287
Access and learning	372	-	-	2	415	789
<b>Total expenditure</b>	<b>836</b>	<b>3</b>	<b>6</b>	<b>14</b>	<b>509</b>	<b>1,368</b>
	292	22	35	17	1,178	1,544
Net gains on investments	-	155	269	133	-	557
<b>Net income</b>	<b>292</b>	<b>177</b>	<b>304</b>	<b>150</b>	<b>1,178</b>	<b>2,101</b>
Transfers between funds	90	(25)	(44)	(21)	-	-
<b>Net movements in funds</b>	<b>382</b>	<b>152</b>	<b>260</b>	<b>129</b>	<b>1,178</b>	<b>2,101</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward at 1 April 2020	8,552	820	1,426	940	5,853	17,591
<b>Total funds carried forward at 31 March 2021</b>	<b>8,934</b>	<b>972</b>	<b>1,686</b>	<b>1,069</b>	<b>7,031</b>	<b>19,692</b>

## Notes (continued)

### 3 Donations and legacies

	Unrestricted funds	Designated Development Fund	Restricted funds	2021-22	2020-21
	£000	£000	£000	£000	£000
John R. Murray Charitable Trust	1,000	-	-	1,000	50
National Lottery Heritage Fund	-	-	430	430	1,192
Arts Council England (NPO Grant)	-	-	329	329	329
Arts Council England (Culture Recovery Fund)	230	-	-	230	218
South Lakeland District Council	64	-	-	64	75
Northern Cultural Regeneration Fund	-	-	50	50	93
W.W. Spooner Charitable Trust	41	-	-	41	-
The late Lucia Woods Lindley	37	-	-	37	-
Michael Marks Charitable Trust	-	-	24	24	24
Lancaster University	-	-	20	20	20
Sir John Fisher Foundation	-	-	10	10	22
Cumbria County Council	-	-	10	10	10
Martin J. Crossley Evans	7	-	-	7	-
Patricia Grodd and Michael Stone	4	-	-	4	4
John Conder	4	-	-	4	-
Edward Baker	3	-	-	3	-
Cumbria Development Education Centre	-	-	2	2	-
Arts Council England (Emergency Fund)	-	-	-	-	209
Wolfson Foundation	-	-	-	-	145
Coronavirus Job Retention Scheme	-	-	-	-	134
The late Doreen Reynolds	-	-	-	-	23
The late Sarah Wilkes	-	-	-	-	16
Wyfold Charitable Trust	-	-	-	-	10
Old Possum's Practical Trust	-	-	-	-	5
Dr William Zachs	-	-	-	-	4
Delia Twamley	-	-	-	-	3
Clare and John Spedding	-	-	-	-	1
Michael Crump	-	-	-	-	1
Professor Bruce Graver	-	-	-	-	1
Gillian Newbery	-	-	-	-	1
Professor Heidi Snow	-	-	-	-	1
Nicole and Malcolm Thorogood	-	-	-	-	1
Dr Mortimer & Theresa Sackler Foundation	-	-	(5)	(5)	-
Friends	13	-	-	13	8
Patrons	16	-	-	16	11
Gift Aid and others (£2,000 or below)	17	1	2	20	11
	<b>1,436</b>	<b>1</b>	<b>872</b>	<b>2,309</b>	<b>2,622</b>

Government grant income received in the year amounted to £354,000 (2020-21: £739,000) of which £277,000 (2020-21: £596,000) was Covid support.

## Notes (continued)

### 4 Income from charitable activities

	2021-22 £000	2020-21 £000
Admission fees	196	32
Short course programme	12	8
Publications	1	-
Less sales to subsidiary	(1)	-
Profit on sale of fixed asset	3	-
	<u>211</u>	<u>40</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 and a café 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 2022 are filed with the Registrar of Companies. A Gift Aid donation of the taxable profit of £Nil (2020-21: £Nil) was made to The Wordsworth Trust.

	2021-22 £000	2020-21 £000
<b>Turnover</b>	127	27
Cost of sales	(51)	(7)
<b>Gross profit</b>	<u>76</u>	<u>20</u>
Administrative expenses	(107)	(61)
<b>Operating loss</b>	<u>(31)</u>	<u>(41)</u>
Tax	-	-
<b>Loss on ordinary activities after taxation</b>	<u>(31)</u>	<u>(41)</u>
Gift aid payment	-	-
<b>Retained loss for the year after payment of gift aid</b>	<u>(31)</u>	<u>(41)</u>

The aggregate of the assets, liabilities and funds was:

	31 March 2022 £000	31 March 2021 £000
Assets	74	51
Liabilities	(190)	(136)
Funds	<u>(116)</u>	<u>(85)</u>

### 6 Investment income

<b>Group</b>	2021-22 £000	2020-21 £000
Dividends receivable	97	97
Rents receivable	72	73
	<u>169</u>	<u>170</u>

## Notes (continued)

### 7 Analysis of expenditure

Group		Direct costs	Support costs	2021-22	2020-21
		£000	£000	£000	£000
Fundraising costs		107	54	161	134
Book and gift shop costs	Cost of sales	51	-	51	7
	Other	101	-	101	57
Investment management costs		18	-	18	12
Management of the let estate		82	18	100	82
		<u>359</u>	<u>72</u>	<u>431</u>	<u>292</u>
Cost of charitable activities					
Custodianship					
Historic buildings		40	12	52	32
Collection		388	51	439	255
		<u>428</u>	<u>63</u>	<u>491</u>	<u>287</u>
Access and learning					
Visitor operations		710	243	953	610
Exhibitions and publications		44	18	62	47
Education		112	34	146	103
Contemporary literature		22	2	24	29
		<u>888</u>	<u>297</u>	<u>1,185</u>	<u>789</u>
Total cost of charitable activities		<u>1,316</u>	<u>360</u>	<u>1,676</u>	<u>1,076</u>
Total expenditure		<u>1,675</u>	<u>432</u>	<u>2,107</u>	<u>1,368</u>

## Notes (continued)

### 7 Analysis of expenditure (continued)

#### Allocation of support costs

	<b>Fundraising</b>	<b>Management of let estate</b>	<b>Charitable activities</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Management	37	12	240	289	219
Finance	9	3	59	71	76
Information technology	5	2	32	39	40
Human resources	-	-	7	7	1
Governance	3	1	22	26	17
	<b>54</b>	<b>18</b>	<b>360</b>	<b>432</b>	<b>353</b>

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:

	<b>Group</b>		<b>Charitable company</b>	
	<b>2021-22</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Audit fees	24	20	22	18
Depreciation on owned fixed assets	259	100	259	100

## 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 39 (2020-21: 38). The Trust employs a number of seasonal and part-time staff; the average number of full-time equivalent employees was 33 (2020-21: 31). In 2020-21 a number of staff were furloughed and some voluntarily reduced their working hours temporarily but this did not happen in 2021-22. £Nil (2020-21: £133,846) was received from the Coronavirus Job Retention Scheme.

The total staff costs for the group were as follows:

	2021-22 £000	2020-21 £000
Wages and salaries	718	683
Employers' social security costs	65	58
Employers' pension contributions	37	34
Group total	<u>820</u>	<u>775</u>

One member of staff received emoluments totalling more than £60,000 for the year (2020-21: None).

The Trust contributes to the defined contribution pension schemes for most employees. All eligible staff are enrolled into a qualifying defined contribution pension scheme. The pension charge for the year represents contributions payable by the Trust to the pension schemes and amounted to £36,902 (2020-21: £33,878). At the end of the year £9,547 in contributions was outstanding (2020-21: £4,006).

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 £253,813 (2020-21: £228,341). During 2020-21 as a result of the pandemic members of SMT voluntarily reduced their days to four per week for between 3 and 4 months. The salary costs of SMT are allocated on a time spent basis across the restricted and unrestricted funds.

One goodwill payment in compensation for loss of employment on dismissal was made in the year (2020-21: None).

The Trustees received no remuneration during the year. Travel and subsistence expenses of £4,940 (2020-21: £450) were paid to or on behalf of 12 trustees (2020-21: 1) during the year of which £238 is included in accruals at the year end. Nothing was paid in relation to travel and subsistence for the Trust's President (2020-21: Nil).

#### Interest payable

	2021-22 £000	2020-21 £000
On bank loans and overdrafts	<u>18</u>	<u>17</u>

## Notes (continued)

### 8 Transfers between funds

Transfers into unrestricted funds during the year comprised:

	2021-22 £000
Investment income transferred from the Designated Development Fund	24
Investment income transferred from the Endowment Development Fund	39
Investment income transferred from the Catalyst Endowment Fund	16
Total transfers	<u>79</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 (2020-21 £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.

During the year 2020-21 as a direct result of the coronavirus pandemic the Trust sought and received in principle the permission of Arts Council England and the National Heritage Lottery Fund to use if necessary the Catalyst Endowment Fund and/or the Development Fund to support the costs of the Reimagining Wordsworth Project and the running costs of the Trust. During both 2021-22 and 2020-21 there has been no use of either of these funds for these purposes.

## 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	-	425	425
<b>Total</b>	<b>1,261</b>	<b>425</b>	<b>1,686</b>
<b>Movements during the year</b>			
Investment return: dividends and interest	-	41	41
Investment return: realised and unrealised gains/(losses)	-	122	122
Transfer	-	2	2
Investment management charges	-	(8)	(8)
<b>Total</b>	<b>-</b>	<b>157</b>	<b>157</b>
Unapplied total return allocated to income	-	(41)	(41)
<b>Net movement during the year</b>	<b>-</b>	<b>116</b>	<b>116</b>
<b>Closing value at 31 March 2022</b>			
Gift component	1,261	-	1,261
Unapplied total return	-	541	541
<b>Total</b>	<b>1,261</b>	<b>541</b>	<b>1,802</b>

	Investment fund £000	Unapplied total return £000	Total £000
<b>Opening value of the Designated Development Fund</b>			
Gift component	713	-	713
Unapplied total return	-	259	259
<b>Total</b>	<b>713</b>	<b>259</b>	<b>972</b>
<b>Movements during the year</b>			
Investment return: dividends and interest	-	24	24
Investment return: realised and unrealised gains	-	70	70
Transfer	-	-	-
Investment management charges	-	(5)	(5)
Donations received	1	-	1
<b>Total</b>	<b>1</b>	<b>89</b>	<b>90</b>
Unapplied total return allocated to income	-	(24)	(24)
<b>Net movement during the year</b>	<b>1</b>	<b>65</b>	<b>66</b>
<b>Closing value at 31 March 2022</b>			
Gift component	714	-	714
Unapplied total return	-	324	324
<b>Total</b>	<b>714</b>	<b>324</b>	<b>1,038</b>



## 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 2021	3,442	1,610	5,121	368	10,541
Additions	-	9	531	21	561
Disposals/write off	-	(416)	-	(27)	(443)
Transfers	-	4,414	(5,652)	1,238	-
At 31 March 2022	3,442	5,617	-	1,600	10,659
<b>Depreciation</b>					
At 1 April 2021	1,764	355	-	321	2,440
Charge for the year	50	100	-	109	259
Disposals/write off	-	(105)	-	(24)	(129)
At 31 March 2022	1,814	350	-	406	2,570
<b>Net book value</b>					
At 31 March 2022	1,628	5,267	-	1,194	8,089
At 31 March 2021	1,678	1,255	5,121	47	8,101

The total of non-depreciable assets included in other freehold property at the year-end was £279,204 (2020-21: £279,204).

Assets under construction comprised the capitalised elements of the expenditure incurred as part of the Reimagining Wordsworth project which on completion of the project has been transferred to other freehold property or fixtures, fittings and equipment. The disposal/write down costs above include the write off of previous redevelopment costs not fully depreciated before the start 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 were the main focus of the project. In 2020-21 prior to the transfer of the redevelopment costs the net book value of the properties covered by the charge was £832,783 with the redevelopment costs at the year end this is £4,847,612.

## Notes (continued)

### 9 Tangible fixed assets (continued)

Charitable Company	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 2021	3,442	1,610	5,121	341	10,514
Additions	-	9	531	21	561
Disposals/write off	-	(416)	-	(27)	(443)
Transfers	-	4,414	(5,652)	1,238	-
At 31 March 2022	3,442	5,617	-	1,573	10,632
<b>Depreciation</b>					
At 1 April 2021	1,764	355	-	294	2,413
Charge for year	50	100	-	109	259
Disposals/write off	-	(105)	-	(24)	(129)
At 31 March 2022	1,814	350	-	379	2,543
<b>Net book value</b>					
At 31 March 2022	1,628	5,267	-	1,194	8,089
At 31 March 2021	1,678	1,255	5,121	47	8,101

### 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.

	2021-22 £000	2020-21 £000
<b>Opening value of Heritage Assets</b>		
Purchases	2,790	2,790
Donations at valuation	660	655
Transfer from Investment Property	263	263
<b>Total</b>	<b>3,713</b>	<b>3,708</b>
<b>Acquisitions during the period</b>		
Purchases	-	-
Donations at valuation	54	5
Transfer from Investment Property	-	-
<b>Total</b>	<b>54</b>	<b>5</b>
<b>Closing value of Heritage Assets</b>		
Purchases	2,790	2,790
Donations at valuation	714	660
Transfer from Investment Property	263	263
<b>Total</b>	<b>3,767</b>	<b>3,713</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.

		Year to 31 March		15 months to 31 March	
<b>Five year financial summary of heritage asset transactions</b>	<b>2022 £000</b>	<b>2021 £000</b>	<b>2020 £000</b>	<b>2019 £000</b>	<b>2018 £000</b>
Purchases	-	-	1	-	-
Donations	54	5	68	81	111
Transfer from Investment Properties	-	-	-	263	-
<b>Total acquisitions</b>	<b>54</b>	<b>5</b>	<b>69</b>	<b>344</b>	<b>111</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 2022</b> <b>£000</b>	<b>31 March 2021</b> <b>£000</b>
Brought forward	4,620	4,620
Increase on revaluation	1,570	-
Carried forward	<u>6,190</u>	<u>4,620</u>

Investment properties with an original cost of £957,000 were valued as at the 13<sup>th</sup> April 2022 by Mr D J K Capps MRICS at £6,190,000 based on estimated open market values.

### 12 Fixed asset investments

	<b>Group</b> <b>31 March</b> <b>2022</b> <b>£000</b>	<b>Group</b> <b>31 March</b> <b>2021</b> <b>£000</b>	<b>Charitable</b> <b>company</b> <b>31 March</b> <b>2022</b> <b>£000</b>	<b>Charitable</b> <b>company</b> <b>31 March</b> <b>2021</b> <b>£000</b>
Ordinary £1 shares in Dove Cottage Promotions Limited	-	-	15	15
Development Fund investments	2,840	2,658	2,840	2,658
RS Woof Memorial Fund investments	280	261	280	261
Catalyst Endowment Fund investments	869	808	869	808
	<u>3,989</u>	<u>3,727</u>	<u>4,004</u>	<u>3,742</u>
<i>Group and charitable company</i>	<b>Development</b> <b>Fund</b> <b>£000</b>	<b>RS Woof</b> <b>Memorial Fund</b> <b>£000</b>	<b>Catalyst</b> <b>Endowment</b> <b>£000</b>	<b>Totals</b> <b>£000</b>
Opening market value	2,590	261	798	3,649
Additions	486	-	89	575
Disposals	(409)	-	(113)	(522)
Net investment gains	137	19	56	212
Closing market value	<u>2,804</u>	<u>280</u>	<u>830</u>	<u>3,914</u>
Cash on deposit	36	-	39	75
Accrued income	-	-	-	-
	<u>2,840</u>	<u>280</u>	<u>869</u>	<u>3,989</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 2022:

M&G Investment Management Global Dividend Fund  
Troy Asset Management Trojan Fund  
Troy Asset Management Trojan Income Fund  
Vanguard S&P 500 Exchange Traded Fund

### 13 Stocks

<i>Group</i>	<b>31 March</b> <b>2022</b> <b>£000</b>	<b>31 March</b> <b>2021</b> <b>£000</b>
Goods held for resale	<u>37</u>	<u>31</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
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	10	10	9	10
Other taxes and social security	-	2	-	-
Prepayments	21	25	19	23
Accrued income	35	33	35	33
Amounts owed by subsidiary undertaking	-	-	184	132
	<u>66</u>	<u>70</u>	<u>247</u>	<u>198</u>

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

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	60	109	57	107
Other taxes and social security	15	14	15	14
Other creditors	12	9	12	9
Bank loan	74	36	74	36
Accruals	70	78	67	76
	<u>231</u>	<u>246</u>	<u>225</u>	<u>242</u>

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

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank loan	-	-	-	-
- due between 2 and 5 years	295	299	295	299
- due after 5 years	594	665	594	665
	<u>889</u>	<u>964</u>	<u>889</u>	<u>964</u>

The interest only bank loan from 2015 was refinanced in January 2020. The new loan is on a capital and interest repayment basis with a term of five years, a repayment profile of fifteen years and an original capital repayment holiday of 12 months which was extended to 18 months. Capital repayments have been made since October 2021. Interest is charged at the base rate plus 1.65%. The loan is secured on four investment properties owned by the Trust. The amount outstanding represents 46% (2021: 67%) of the value of the properties charged.

## Notes (continued)

### 17 Reconciliation of movement in funds

Group	Funds at 1 April 2021	Income	Expenditure	Transfers /investment gains	Funds at 31 March 2022
	£000	£000	£000	£000	£000
Unrestricted funds:					
General funds	1,200	1,901	(1,164)	(604)	1,333
Revaluation reserve	3,945	-	-	1,570	5,515
Warren Collection Fund	59	-	-	-	59
Collection Assets Fund	3,713	54	-	-	3,767
Reimagining Wordsworth - delivery	17	-	-	(17)	-
Designated Development Fund	972	24	(5)	47	1,038
Designated Property Improvement Fund	-	-	-	700	700
Restricted funds:					
Income funds	38	397	(409)	-	26
Acquisition funds	2	-	-	-	2
Reimagining Wordsworth - capital	5,132	-	(170)	519	5,481
Reimagining Wordsworth - delivery	152	475	(98)	(519)	10
Capital funds	1,707	-	(237)	-	1,470
Endowment funds:					
Endowment Development Fund	1,686	41	(8)	83	1,802
RS Woof Memorial Fund	261	11	(12)	20	280
Catalyst Endowment Fund	808	21	(4)	43	868
	<b>19,692</b>	<b>2,924</b>	<b>(2,107)</b>	<b>1,842</b>	<b>22,351</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. Supported by the National Lottery Heritage Fund the development phase ran from January 2016 to January 2018. In March 2018 the National Lottery Heritage Fund announced support for the delivery phase started in May 2018 and was completed in 2021-22. Fundraising secured the remaining funding and this income was split between designated and restricted funds. National Lottery Heritage Fund income for both the development and the delivery phase of the project was treated as restricted income.

The Trustees have designated a proportion of the donation in 2021-22 from John R. Murray Charitable Trust to support the improvement of the wider estate.

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 was 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. As a result of the financial pressures in 2020-21 due to the global pandemic and consequent lockdown the Trust received in principle permission from the body which financed the Endowment Development Fund to release its restrictions on the fund to allow the Trust to draw down some of the capital in these exceptional circumstances if required.

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

## Notes (continued)

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. In 2020-21 the Arts Council England has given the Trust permission to draw down some of this funding should it need to do so to remain financially viable. The Trust must put in place a plan to replace any funding used.

### 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 2022 represented by:</i>						
Fixed assets	11,099	1,038	1,802	1,148	6,948	22,035
Current assets	1,395	-	-	-	41	1,436
Current liabilities	(231)	-	-	-	-	(231)
Creditors falling due after one year	(889)	-	-	-	-	(889)
	<u>11,374</u>	<u>1,038</u>	<u>1,802</u>	<u>1,148</u>	<u>6,989</u>	<u>22,351</u>
<i>Fund balances at 31 March 2021 represented by:</i>						
Fixed assets	9,597	972	1,686	1,069	6,837	20,161
Current assets	547	-	-	-	194	741
Current liabilities	(246)	-	-	-	-	(246)
Creditors falling due after one year	(964)	-	-	-	-	(964)
	<u>8,934</u>	<u>972</u>	<u>1,686</u>	<u>1,069</u>	<u>7,031</u>	<u>19,692</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 2022 represented by:</i>						
Fixed assets	11,114	1,038	1,802	1,148	6,948	22,050
Current assets	1,505	-	-	-	41	1,546
Current liabilities	(225)	-	-	-	-	(225)
Creditors falling due after one year	(889)	-	-	-	-	(889)
	<u>11,505</u>	<u>1,038</u>	<u>1,802</u>	<u>1,148</u>	<u>6,989</u>	<u>22,482</u>
<i>Fund balances at 31 March 2021 represented by:</i>						
Fixed assets	9,612	972	1,686	1,069	6,837	20,176
Current assets	628	-	-	-	194	822
Current liabilities	(242)	-	-	-	-	(242)
Creditors falling due after one year	(964)	-	-	-	-	(964)
	<u>9,034</u>	<u>972</u>	<u>1,686</u>	<u>1,069</u>	<u>7,031</u>	<u>19,792</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 2022	31 March 2021
	£000	£000
Authorised but not committed	-	-
Against which orders have been placed	38	545

The capital commitments noted represent the contractual relationships with a contractor involved in the delivery phase of the Reimagining Wordsworth project.

### 21 Related party transactions

In aggregate Trustees, co-opted committee members, the President and members of the SMT made donations totalling £3,431 during the year (2021: £1,887). This can be split as follows:

	2021-22	2020-21
Unrestricted	2,831	1,287
Restricted	600	600
In kind	-	-
Total donations	3,431	1,887

### 22 Financial instruments

	Group 31 March 2022 £000	Group 31 March 2021 £000	Charitable company 31 March 2022 £000	Charitable company 31 March 2021 £000
Financial assets at amortised cost	45	43	228	175
Financial liabilities at amortised cost	1,105	1,196	1,099	1,192

Financial assets represent trade debtors, accrued income and amounts owed by the subsidiary undertaking. Financial liabilities represent trade and other creditors, accruals and the bank loan.

## Notes (continued)

### 23 Consolidated analysis of changes in net debt

	Note	1 April 2021 £000	Cash flow £000	Group Other non cash movements £000	31 March 2022 £000	1 April 2021 £000	Cash flow £000	Charitable company Other non cash movements £000	31 March 2022 £000
Cash at bank and in hand		640	693	-	1,333	624	675	-	1,299
Bank loan	15	(36)	37	(75)	(74)	(36)	37	(75)	(74)
Debt due within one year		(36)	37	(75)	(74)	(36)	37	(75)	(74)
Bank loans	16	(964)	-	75	(889)	(964)	-	75	(889)
Debt due after more than one year		(964)	-	75	(889)	(964)	-	75	(889)
<b>Total net debt</b>		<b>(360)</b>	<b>730</b>	<b>-</b>	<b>(370)</b>	<b>(376)</b>	<b>712</b>	<b>-</b>	<b>(336)</b>