

Company registration number: 1727731

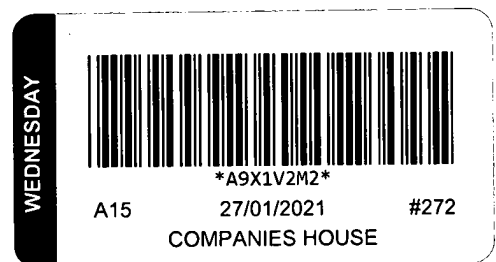
Charity registration number: 292138

Creative Kernow Limited

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2020



Walker Moyle Ltd
3 Chapel Street
Redruth
Cornwall
TR15 2BY

Creative Kernow Limited

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 11
Statement of Trustees' Responsibilities	12
Independent Auditors' Report	13 to 15
Consolidated Statement of Financial Activities	16
Consolidated Balance Sheet	17
Balance Sheet	18
Consolidated Statement of Cash Flows	19
Statement of Cash Flows	20
Notes to the Financial Statements	21 to 45

Creative Kernow Limited

Reference and Administrative Details

Chief Executive Officer	Percival Ross Williams (resigned 30 November 2020) Fiona Catherine Wotton (appointed 30 November 2020)
Trustees	John Alfred Pulford Francis Roff Rayner (resigned 25 November 2019) Dinah Louise Graffy Ross Duncan Pascoe (resigned 25 November 2019) Rosanna Jayne Elliott (resigned 24 July 2019) Simon Paul Harvey Eleanor Jubb William Kim Conchie Mark Terrance Smith
Secretary	Percival Ross Williams (resigned 30 November 2020) Fiona Catherine Wotton (appointed 30 November 2020)
Principal & Registered Office	Krowji West Park Redruth Cornwall TR15 3AJ
Other Names of the Charity	Arts Centre Trust, ACT, Creative Skills
Company Registration Number	1727731
Charity Registration Number	292138
Solicitors	Nalders Farley House Falmouth Road Truro Cornwall TR1 2HX
Bankers	CAF Bank Limited PO Box 289 West Malling Kent M19 47A Lloyds TSB Bank Plc Truro 7 Boscawen Street Truro Cornwall TR1 2QT
Senior Statutory Auditor	Paula Thomas BA FCA DChA
Auditor	Walker Moyle Ltd 3 Chapel Street Redruth Cornwall TR15 2BY

Creative Kernow Limited

Trustees' Report

The trustees, who are directors for the purposes of company law, are pleased to present their group annual report and the audited financial statements for the year ended 31 March 2020. This report is a combined annual report containing a directors' report as required by company law. The financial statements have been prepared in accordance with the current statutory requirements, the Articles of Association and Statement of Recommended Practice - Accounting and Reporting by Charities (SORP FRS 102).

Reference and Administrative information, set out on Page 1, forms part of this report.

Governance

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £5.

The company is a registered charity number 292138 with effect from 8 May 1986. The governing documents are the Memorandum and Articles of Association.

The charity trustees during the year, appointed since the year end and at the date of this report are:

Trustees

John Alfred Pulford

Francis Roff Rayner (resigned 25 November 2019)

Dinah Louise Graffy

Ross Duncan Pascoe (resigned 25 November 2019)

Rosanna Jayne Elliott (resigned 24 July 2019)

Simon Paul Harvey

Eleanor Jubb

William Kim Conchie

Mark Terrance Smith

All directors of the company are also trustees of the charity and there are no other trustees. The Board has the power to appoint additional trustees as it considers fit to do so. Although no specific training is required for new trustees, they are made aware of the useful guidance offered by the Charity Commission and others. Policy decisions are made by the Board at regular meetings.

Creative Kernow Limited

Trustees' Report

Organisational Structure

During 2019/20 Creative Kernow Ltd had three wholly-owned subsidiary companies which gift-aid the majority of any profits to the charity each year. Their activities during the year are covered as part of the report below. This was the first full year of operation for our newest subsidiary company, Screen Cornwall Ltd, which was incorporated on 14 March 2019.

Krowji Ltd is a company limited by shares, number 05420248, and wholly owned by Creative Kernow. It has a board of directors - Dinah Graffy (Chair), Daiman Baker, Chris Hibbert and Greg Oldrieve. It was established in 2005 and its main role is to operate the creative workspace cluster at Krowji in Redruth - the freehold of the property is held by Creative Kernow and Krowji Ltd has a long leasehold interest.

Cornwall Arts Marketing Ltd is a company limited by shares, number 04346555, and wholly owned by Creative Kernow. It has a board of directors - John Pulford (Chair) and Dinah Graffy. It was established to run our major ERDF-supported cultural tourism programme from 2002 onwards; this was wound down some years ago and its main role for the moment is to operate the annual Open Studios event and the Cornwall 365 What's On listings service and printed guide.

Screen Cornwall Ltd is a company limited by shares, number 11881973, and wholly owned by Creative Kernow. It has a board of directors - Phillippa Giles (Chair), Dinah Graffy, Simon Harvey and Johnny Fewings (appointed 6 May 2020). It has been set up to drive the development of the screen industries in Cornwall and the Isles of Scilly, working with incoming film & TV productions, businesses and individual freelancers to build a strong and thriving production sector.

All three subsidiary companies were established in order to carry on activities which are directly in pursuit of Creative Kernow's charitable objects and so could legitimately be carried on by the charity itself, but which the trustees judged to be more prudently carried on in a subsidiary company for reasons of financial efficiency and to reduce the risk to the charity's core assets.

Objectives and activities

The objectives of the charity are to provide exhibitions of the arts of dance and drama, to provide training in the arts and arts management and to further the public appreciation of the aforesaid.

Public benefit statement

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

This group report covers the financial year from April 2019 to March 2020. It reviews our objectives, activities and governance; our achievements and financial performance during the year; our work with other agencies and organisations; and our future plans for the organisation and its subsidiary companies.

Creative Kernow is one of Cornwall's key creative sector organisations, supporting artists, audiences and venues in Cornwall since 1983, helping to make art happen in a wide variety of places and supporting creative practitioners to live and work in Cornwall. We work closely with a wide range of partner organisations in the cultural sector across Cornwall.

Our support is delivered through projects or programmes which can touch everyone's lives, but which have their own public identities so it will often be the case that the name and brand of Creative Kernow are in the background.

Creative Kernow Limited

Trustees' Report

These projects and programmes include:

- Carn to Cove, Cornwall's rural live touring scheme
- C Fylm, our rural cinema project
- Cornwall 365, our cultural tourism project
- Cornwall 365 What's On, our cultural listings service
- Cornwall Music Network, providing support for the music sector
- Cornwall Open Studios which manages an annual opening scheme
- Creative Skills & Cultivator, our sector skills and business support scheme
- FEAST, our community arts investment programme
- Krowji, providing managed sector workspace
- Screen Cornwall, our new screen sector development project

These projects operate across Cornwall and the Isles of Scilly - Carn to Cove is also currently running the Villages in Action rural scheme in Devon.

Covid-19

The 2020 coronavirus pandemic came right at the end of this financial year so has had very little impact on the figures; Carn to Cove, C Fylm and Villages in Action all had to cancel some events in March, but there was relatively little financial impact. Similarly, C365 What's On listings were rapidly affected by the cancellation of nearly all events, but the impact of that will be seen primarily in the 2020/21 financial year.

Summary

In financial terms, this was as expected a more challenging year for Creative Kernow and we ended the period with a deficit of £68,000 on unrestricted funds, and a surplus of just over £50,000 on restricted funds.

This deficit was principally related to a reduction in income for the Krowji workspace project and had been expected as a result of the Phase 2 capital project which started on site in the summer of 2019; the Krowji café was also problematic during the early part of the year. In addition, our Cornwall 365 What's On listings scheme struggled to meet its income targets. On the plus side, our Cultivator skills and business support programme moved into a second and even larger Phase 2 during the year and Screen Cornwall did well, so the year was overall a very positive one until the final month or so when the Covid pandemic arrived.

This was the second year of what had been planned as a four-year funding relationship with our two main funders, Arts Council England and Cornwall Council; in fact as a result of the Covid pandemic both funders announced that the funding agreements would run on for a further year until March 2023. The trustees are very grateful for the continuation of this funding which gives us relative financial stability and security in very uncertain times.

Format of this report

For this annual trustees' report we have once again used the format of our annual returns to Arts Council England and Cornwall Council, our key revenue funders, reviewing how we meet the various goals that we have agreed with them.

- **Ensuring that talent and artistic excellence are thriving and celebrated**
- **Everyone has the opportunity to experience and be inspired by creativity in a variety of ways**

The overall audience reach for 2019/20 was very impressive - live audiences of well over 250,000 and for broadcast/online/written publications we reached an audience of over 930,000.

In spite of the disruption referred to above, Krowji still provided workspace for over 200 creative practitioners based at Krowji this year, contributing to talent development & workforce diversity. It supported 6 graduates emerging from local higher education, contributing to talent development and especially to workforce diversity through our links to Cornwall College access courses. At the year end the new Phase 2 building which will provide a further 21 new studios was taking shape even though this was then delayed by several months as a result of Covid.

Creative Kernow Limited

Trustees' Report

Carn to Cove delivered 120 shows to about 8,000 people across 80 venues right across Cornwall, contributing to talent development, workforce diversity and fair pay. Carn to Cove also delivered 80 performances across the Villages in Action network in 36 villages in Devon to a total audience of 4,500.

C Fylm, our community film project, continued to expand with 390 screenings to a total audience of over 15,000.

FEAST invested £125,000 in an enormously varied range of projects taking place in 150 communities in every corner of Cornwall which employed 2,000 creative practitioners, were enjoyed by at least 200,000 people as audiences and/or participants and levered in a remarkable £15 of match for each £1 of FEAST funds committed.

Cultivator provided skills and business support programmes to at least 700 creative practitioners. Other Cultivator successes were 36 collaborative projects or Innovation Labs working with disadvantaged young people; the export programme reached 71 creative businesses; and the Investment Grant programme invested £350,000 through grants of up to £5,000 into small creative businesses and artists, a huge boost to our creative sector. We were delighted to be successful in raising further funds from European Structural Investment Funds, Arts Council England and Cornwall Council for a second phase of Cultivator, with a further £5.1 million allocated to the project up to September 2022.

Open Studios was the largest ever, with average sales per artist up again.

The Cornwall Festivals Network run by FEAST continued to grow, producing the annual Feast of Festivals leaflet and holding networking meetings through the year, including input from Cornwall Council licensing and events team. 20% of the projects involved artist-led enhancements of annually occurring or traditional community festivals or place based initiatives - all free to attend.

The new Screen Cornwall initiative has been established with significant Cornwall Council support, recognising the importance of this sector for the Cornish economy. This provides a one-stop shop to discover locations, experienced or emerging crew and additional production services based locally, as well as providing opportunities for home-grown creative talent to flourish. The year saw highly successful talent development projects delivered in partnership with Falmouth University, the BBC and other partners.

Our international links were more of a mixed story after the achievements of the previous year, probably reflecting the more problematic context for international partnerships as we moved towards leaving the European Union. Carn to Cove continued to play a leading role in the Creative Europe SPARSE programme which links 9 European promoter networks, with a focus on Scandinavia and Eastern Europe, and with the Locomotor strand of international programming across the rural touring scheme network in the SW region. We hope that creative partnerships with colleagues across Europe will continue beyond the UK's exit, but it will be harder to participate in funded programmes like Creative Europe.

Talent development continued to be key areas of work across our portfolio. Our innovative and highly successful Cultivator skills and business support programme is the most visible part of this, but other elements of our work in this area include:

- The provision of supported workspace - part of Krowji's attraction is the support that a studio cluster provides, including our 2 annual studio bursaries for Cornwall College graduates
- Working with Falmouth University to help students understand and begin to work in the rural performing arts world
- Screen Cornwall's work on nurturing emerging talent by providing opportunities for development and industry experience in creative, production, craft and technical roles as well as delivering the BBC New Creatives scheme in Cornwall and working closely with the School of Film and TV at Falmouth University
- Commissioning new work and offering potential distribution platforms where appropriate. Each year FEAST projects employ a large number of local artists and this is a vital factor in career development
- Supporting practitioners in establishing fit for purpose structures such as CICs which have the profile and credibility to take on mainstream regeneration work and development funding
- Building community capacity to deliver excellent projects, especially through FEAST and Carn to Cove.

We encourage our own staff to join external boards as part of our own talent development programme - we exceeded our target this year with 3 new board memberships, with a range of staff at all levels taking part.

Creative Kernow Limited

Trustees' Report

We continue to raise the bar on standards and quality across our programmes and for audiences the work that we deliver or fund is continually improving; this is the case for both Carn to Cove and for FEAST. The standard of applications to FEAST continues to rise - we have been hugely impressed by the variety and quality of the proposals that we receive and the subsequent work which is developed and delivered. We believe that we have some of the best community arts professionals in the country working in Cornwall at the moment. This is due in no small measure to the professional support for communities and practitioners offered by the FEAST staff team and other Creative Kernow teams, as well as the financial investment from FEAST that we can offer.

Challenges

There have of course been challenges to progress on these two key goals.

The whole area of data and knowing who we reach or don't reach continues to be a challenge. We have made some progress in joining up our own knowledge across the Creative Kernow group, but we know more can be done - we're also unlikely to make much more progress during the 2020/21 year because of the massive disruption to delivery of programmes caused by Covid.

We continue to provide support for other creative sector space projects in Cornwall on an ad hoc basis and we also continue to act as a point of advice and guidance for studio providers across the UK as a legacy of the work we used to do for the old National Federation of Artists' Studio Providers, but we don't have the staff resources to do enough of this. The Old Bodmin Library project referred to last year has been launched successfully - Krowji leases the premises from Cornwall Council and then leases them on to the Bodmin Cultural Partnership; this is a model that could be expanded but there are potential risks involved which need to be carefully assessed and staff capacity challenges. The Penzance creative sector workspace scheme led by Cornwall Council finally gained planning approval shortly after the 2019/20 year end and the funds for construction are now secured, but Covid will have slowed that as well. Krowji remains interested in tendering to manage the completed building in due course and similar schemes elsewhere in Cornwall are a possibility, but each will need to be financially viable for us in its own right.

Both the Krowji Phase 2 capital scheme and the Cultivator Phase 2 project have moved forward very successfully during the year, but they occupied considerable time for the Creative Kernow chief executive and the Krowji and Cultivator teams, although of course we welcome these opportunities.

The Creative Case for Diversity

We believe that we continue to demonstrate good progress on issues of equality and diversity across our work. Based as we are in one of the UK's two poorest regions, a key focus for us is how poverty, deprivation and class have disproportionate impacts on people interacting with the creative sector.

We address this for example by supporting arts projects that work with children and young people; by supporting very small-scale local projects that explicitly seek to involve non-traditional audiences or participants; by providing affordable work-space and support for autistic spectrum artists here at Krowji; by the provision of highly accessible workspace which can be used by practitioners with physical disabilities and by fostering an inclusive ethos amongst our rural promoters. As always, we continue to bring in touring work that reflects the contemporary world and the cultural diversity of the UK.

Projects and programmes supported by FEAST make a significant contribution in this area. We have commissioned projects directly involving the deaf and partially sighted communities, people with mental health conditions, ME, dementia, autism and homelessness.

Our progress on this during 2019/20 was driven by enthusiastic support from the whole staff team, exemplified by the setting up of the Equality, Diversity & Inclusion Task Force which has supported all of our projects to deliver against the Arts Council's SMART CCD objectives.

We have actively removed barriers facing members of protected characteristic groups, for example by providing accessible application formats and ensuring the diversity of decision-making panels for FEAST which has resulted in more awards to diverse artists from the LGBTQ+ community and disabled artists.

The trustees and senior management team have demonstrated our strong commitment to the resourcing and monitoring of CCD by creating a new staff role which focussed on reviewing and implementing a coherent approach to monitoring and performance related data, evidence and CCD across the Creative Kernow group. As for Phase 1, the Phase 2 capital programme has prioritised accessibility as a core driver for design.

Creative Kernow Limited

Trustees' Report

Strong progress has been made across the whole organisation in self-evaluation - this is also noted later in this report in relation to staff and board succession planning.

Our annual ACE review noted that 'Creative Kernow is a recognised and valued sector lead due to their strong track record in addressing barriers to inclusion and challenges relating to socio/economic disadvantages' and this resulted in an improved rating of 'strong' on the ACE assessment scale for CCD.

Partnership activities and other projects

Creative Kernow plays a key part in innumerable partnership projects across Cornwall and further afield, often going far beyond what is formally required or expected by our funders. All our projects involve working in partnership with others and this is one of the most rewarding aspects of our role.

Our staff were as always involved in a wide variety of other local and regional initiatives, sometimes in a work capacity and sometimes personally. These included the boards or steering groups for Kernow Education Arts Partnership, Miracle Theatre, Kneehigh, CAST studios in Helston, the Heartlands Project at Pool, Redruth School, Pendeen School, Borlase Smart John Wells Trust, Penwith Gallery, Redruth Revival, Cornwall Media Resource, Cornwall Film Festival, Goldentree, Restormel Arts, Leach Pottery, Scary Little Girls and O-Region as well as a number of strategy review bodies. This is a key aspect of Creative Kernow's work which is hard to quantify, but which is highly valued by our funders.

The Krowji team continues to offer advice, guidance and support to other emerging creative hubs around Cornwall in line with our vision of a network of creative workspace clusters; Krowji operates the Cornwall Studio Finder listings, currently displaying some 32 other studio providers right across Cornwall. We continue to act as the UK lead contact for the National Federation of Artists' Studio Providers, but this is now usually restricted to telephone support backed up by the NFASP online resource library.

Our links with projects in Redruth continue to grow and Creative Kernow has supported the successful bid for a High Street Heritage Action Zone (HSHAZ) for the town, the only one in Cornwall. Redruth Revival's Buttermarket and Mining Exchange complex in the town is one of the two key projects in the HSHAZ; as noted in last year's report this is legally separate from Creative Kernow and Krowji, but there are strong links with some Krowji tenants continuing to move on to the Buttermarket because it can offer niche retail opportunities that really suit them. There is likely to be a role for our FEAST team in helping to deliver the cultural programme that runs alongside the HSHAZ scheme until March 2024.

The opening in 2019 of the new Kresen Kernow record and archive centre for Cornwall in Redruth was a highlight of the year and we are already working with the staff team there - it's a great resource for Redruth and for Cornwall. Our partnership with the Town Council continues to thrive and we look forward to working with the restructured and relocated local library service in due course.

Our neighbouring town of Camborne has been successful with a bid to the national Town Deal fund and several Creative Kernow staff are involved there, providing guidance and support for the project board on the potential for cultural and creative projects.

Creative Kernow Limited

Trustees' Report

Financial Review

We expected 2019/20 to be more challenging in terms of finance and the year ended with a deficit of £68,000 on unrestricted funds and a surplus on restricted funds of £50,000, a marked contrast to last year (unrestricted surplus of £59,000 / restricted deficit of £86,000). Our unrestricted reserves have therefore decreased to £424,000 with total funds held by the group at the year end standing at £662,000. The level of free reserves for the charity at 31 March 2020 is £299,143 and £195,043 for the group.

This deficit was principally related to a reduction in income for the Krowji workspace project; this had been expected as a result of the Phase 2 capital project which started on site in the summer of 2019. In addition, our Cornwall 365 What's On listings scheme again failed to meet its income targets.

On the plus side, our Cultivator skills and business support programme moved into a second and even larger Phase 2 during the year and Screen Cornwall did well.

Income for the year was £1,942,000 in comparison with £2,285,000 in the 2018/19 financial year - broadly similar to last year, with the Cultivator project accounting for approximately half of that.

The Trust's policy on the level of reserves is that they should provide at least three months' operating costs for Creative Kernow's core team; our reserves continue to be more than adequate for that purpose. The trustees are always very conscious that the time it takes to develop major projects such as Krowji Phase 2 and the extension of the Cultivator programme means that investment from the reserves will be appropriate in some years.

We continue to reduce our reliance on ACE and Cornwall Council core funding as a proportion of our income, with the Cultivator project and generally high levels of occupancy in Krowji helping us to achieve that. The staff and trustees continue their entrepreneurial approach to the diversification of income streams from more project management and from non-statutory funding sources. The FEAST team in particular have continued to take on extra project management work.

We continue to believe that we are an efficient and cost-effective organisation, with the highly experienced core management team of Creative Kernow Chief Executive and Finance Director supporting a wide range of projects.

The Board feels confident that the future of the Trust's core activity is secure, given continued support at current levels and the Trustees believe that the Trust's finances are on a secure long-term footing.

Financial performance of our subsidiary companies

This was an exciting year for Krowji Ltd, with all the funding for the Phase 2 building secured in early 2019. Following a competitive tendering process, the main construction contract for about £1.7 million was awarded to Jewell Construction from Falmouth and demolition work started on site in June. This involved the decanting of about 15 studios in the Science Block prior to its demolition; we also had to vacate at least 4 studios in the adjacent Phase 1 building for most of the year because of connecting works and we had to offer some discounts on rent to those tenants most affected by the noise and disruption of demolition and construction work. This led to a reduction in rental income which had been projected as part of the planning for the capital project.

As well as the expected drop in studio rental income, we also had problems with the Krowji café tenancy so we had no rental income there for some months and incurred extra costs. The new tenants reopened successfully in the autumn of 2019, but they then surrendered the lease as well just as the Covid lockdown began in March 2020.

These factors contributed to an overall deficit for Krowji Ltd of about £81,000.

Creative Kernow Limited

Trustees' Report

In the case of Cornwall Arts Marketing Ltd, the cultural and tourism sectors continue to welcome the Cornwall 365 What's On listings services that we offer, but the project has had another challenging year, again not reaching its earned income targets and making a loss of £25,000. The finances in the year were complicated by the moving of our Open Studios Cornwall operation across from Creative Kernow which then meant that the company was required to register for VAT - both OSC and C365 income were adversely affected by this. The trustees still believe that the listings service provides a significant benefit for Cornwall's cultural sector and that it will repay the current level of support, but clearly we will need to review the future of these operations carefully in the near future, although of course Covid has made that difficult in the current year.

Screen Cornwall Ltd started operations at the beginning of the 2019/20 financial year with a business plan that showed the company operating at a modest surplus for the first three years with its currently confirmed income. The staff team rapidly picked up additional project activity during the first year with turnover at least 50% up on the original target, and ended the year with a surplus of £25,000.

Pay policy for senior staff

The board of directors, who are the charity's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating Creative Kernow on a day to day basis. All directors give of their time freely and no director received remuneration in the year, including the directors of the subsidiary companies. Details of any related party transactions are disclosed in the notes to the accounts.

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings, as is the pay of other staff. In view of the nature of the organisation, the directors benchmark senior staff salaries against levels in other enterprises in the region of a similar size run on a voluntary basis and they believe that our salary levels are similar to those in such organisations. In particular, salaries for the Chief Executive and the Finance Director have been reviewed this year in the context of recruitment for both posts - see below.

Risk Management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity and its subsidiaries face;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

Until the last few weeks of March 2020, the 2019/20 year had been a typical one in terms of risk. The final weeks of the financial year saw the rapid rise of the coronavirus pandemic across the UK, resulting in the national lockdown and severe restrictions on activity from 23 March 2020 onwards. The financial impact on the 2019/20 year was minimal, but the impact on the 2020/21 year will be very different and these risks are outlined in more detail in the 'Looking ahead' section below.

The conclusion of our risk assessment at the time of this report is that the charity and its subsidiaries are still in a strong position as far as financial sustainability is concerned, but that this is inevitably very dependent on continued support from the major public funders of our work and on continuing demand for workspace. A key focus for the directors and senior management is the maintenance of good relationships with these key funders and the success of this approach has been shown since April 2019 both by the renewal of our core funding agreements and by major project grant support for Cultivator and Krowji Phase 2 from both Arts Council England and Cornwall Council.

As at the date of approving the report and accounts, there are no uncertainties about the charity's ability to continue as a going concern for a period of at least the next 12 months, and therefore the accounts have been prepared on a going concern basis.

Creative Kernow Limited

Trustees' Report

In terms of risks relating to our activities and our built environment, close attention is always given to office-based activity and the safety of our premises at Krowji, with strong and regularly reviewed policies and procedures in respect of health and safety, fire and other such risks. Key staff undertake appropriate training and awareness raising across these operational areas. These risks have clearly changed and grown under Covid, but the directors and senior staff continue to believe that the Creative Kernow group is operating safely and with appropriate measures in place.

Looking ahead

Our core Arts Council and Cornwall Council grants had been expected to run until March 2022 under the current four year funding agreements, as a result of the Covid situation these agreements have been extended for a further year until March 2023. This is very reassuring for our core projects - Carn to Cove, C Fylm, Cornwall Music Network, FEAST, Krowji, Open Studios Cornwall and C365 What's On.

The second phase of the Cultivator programme is funded to late 2022. Discussions are underway on extensions for both the Cultivator Business and Cultivator Skills funding from ERDF and ESF respectively until late 2023 which marks the end of European funding for Cornwall. Cornwall Council has expressed its willingness to match this European money and ACE funds are also possible.

We are developing models for some areas of business support to be commercialised which will form part of the future plans for Cornwall Arts Marketing. A proposal will be considered by the Creative Kernow and CAM boards in early 2021.

Phase 2 of the Krowji capital scheme will be completed in early November 2020, some 3 months late as a direct result of Covid; costs are almost unaffected. This will add a further 21 new build studios to Krowji's capacity, taking overall numbers on site to about 240 people; there are no further capital phases likely in the foreseeable future. Demand for workspace appears to be strong still.

The importance of the screen-based sector in Cornwall continues to grow and we are confident that Screen Cornwall is very well-placed to participate in this growth. Discussions are under way about screen sector capital developments in Truro and Penzance in which Screen Cornwall is involved.

Carn to Cove, our Villages in Action scheme in Devon, C Fylm and C365 What's On have been very directly impacted by the loss of nearly all events in 2020; a number of staff have been furloughed with the support of the central government subsidy scheme. Most furloughed staff have returned gradually over the past few months, but two part-time staff have regrettably been made redundant.

The overall financial impact of Covid is still hard to determine, but so far it has been broadly neutral, with loss of income being compensated for by some reduction in direct costs and by additional Covid-related grant income. We expect to end the 2020/21 year at about break-even for the Creative Kernow group.

On Brexit, the group is not likely to suffer significant impact from a no deal Brexit or a similar outcome - we have minimal cross-border trade and will be impacted much like any other consumer by delays to imports of goods or by any rise in costs across the economy. We do not currently employ any EU nationals whose status will be jeopardised by Brexit in the foreseeable future. There may be some impact in terms of travel or work restrictions for performing arts companies coming to the UK to perform on the Carn to Cove circuit, but this will be more inconvenient than costly. The winding down of the European Structural Investment Fund 2014-20 programme has been long foreseen and is not really affected by Brexit. Negotiations between Cornwall and UK central government on the successor UK Shared Prosperity Fund are well-advanced and we hope that Creative Kernow group programmes such as Cultivator will be part of that programme, probably from January 2024 onwards.

Creative Kernow Limited

Trustees' Report

Succession arrangements for both senior staff and for the board have turned out to be a more drawn-out process than anticipated. As noted last year, the organisation had started preparing for this in autumn 2019 with a very useful series of discussions and meetings for all staff and trustees which reviewed all areas of our work, our mission and our organisational culture. This then fed into a public recruitment drive for new board members in early 2020 and then into the recruitment process for the new Chief Executive and the new Finance Director as both were planning to retire. However the Covid lockdown halted all this in March 2020 and we had to restart staff recruitment over the summer of 2020, leading to successful appointments for both posts in the autumn of 2020.

The board recruitment process will restart once the new Chief Executive is settled in post. Trustees are very aware of the balance to be struck between the need for continuity; especially in the context of senior staff changes, and the need to bring new skills, experiences and perspectives on to the board as the organisation moves forward and develops.

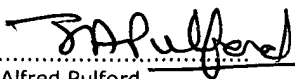
The Board is firmly committed to the principles of public benefit, widening access, diversity and equal opportunities. We have worked closely with our funders - especially Arts Council England - on issues of governance, diversity and transparency as part of our funding agreements. The directors and staff will regularly monitor the charity's actions on equal opportunities and their impact on staff, partner organisations and the public.

In shaping their objectives for the year and planning Creative Kernow's activities, the directors have considered the Charity Commission's guidance on public benefit and the importance of demonstrating that Creative Kernow fulfils its charitable purposes for the wider good of society. They believe that this report shows clearly that the charity offers a very wide range of support, activities and services to all the communities of Cornwall.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on^{20/1/21} and signed on its behalf by:


.....
John Alfred Pulford
Trustee

Creative Kernow Limited

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Creative Kernow Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

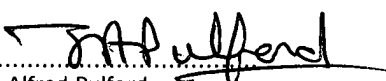
Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 charitable company will continue in business.

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 are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on²⁰¹¹¹²¹ and signed on its behalf by:

.....
John Alfred Pulford
Trustee



Creative Kernow Limited

Independent Auditor's Report to the Members of Creative Kernow Limited

Opinion

We have audited the financial statements of Creative Kernow Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows, Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2020 and of the group's results and of the parent charitable company's incoming resources and application of resources 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the group financial statements and parent charitable company's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements and parent charitable company's financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the group financial statements and parent charitable company's financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Creative Kernow Limited

Independent Auditor's Report to the Members of Creative Kernow Limited

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 strategic report and the directors' 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 our knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 12], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group financial statements and parent charitable company's 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 group financial statements and parent charitable company's financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

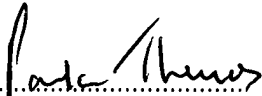
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Creative Kernow Limited

Independent Auditor's Report to the Members of Creative Kernow Limited

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 and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Paula Thomas BA FCA DChA (Senior Statutory Auditor)
For and on behalf of Walker Moyle Ltd, Statutory Auditor

3 Chapel Street
Redruth
Cornwall
TR15 2BY

25 January 2021

Creative Kernow Limited

Consolidated Statement of Financial Activities for the Year Ended 31 March 2020

(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income and Endowments from:					
Donations and legacies	3	301,045	956,028	1,257,073	1,692,525
Commercial trading operations		516,426	55,916	572,342	432,940
Investment income	4	1,427	-	1,427	1,397
Charitable activities	5	<u>82,134</u>	<u>28,987</u>	<u>111,121</u>	<u>158,541</u>
Total Income		<u>901,032</u>	<u>1,040,931</u>	<u>1,941,963</u>	<u>2,285,403</u>
Expenditure on:					
Commercial trading operations		(613,130)	(30,916)	(644,046)	(421,998)
Charitable activities	6	<u>(365,927)</u>	<u>(949,946)</u>	<u>(1,315,873)</u>	<u>(1,890,929)</u>
Total Expenditure		<u>(979,057)</u>	<u>(980,862)</u>	<u>(1,959,919)</u>	<u>(2,312,927)</u>
Net (expenditure)/income		(78,025)	60,069	(17,956)	(27,524)
Transfers between funds		<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net movement in funds		(68,025)	50,069	(17,956)	(27,524)
Reconciliation of funds					
Total funds brought forward		<u>492,757</u>	<u>187,875</u>	<u>680,632</u>	<u>708,156</u>
Total funds carried forward	20	<u>424,732</u>	<u>237,944</u>	<u>662,676</u>	<u>680,632</u>

All of the group's activities derive from continuing operations during the above two periods.

The funds breakdown for 2019 is shown in note 20.

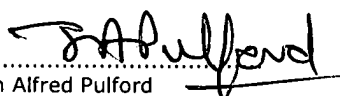
Creative Kernow Limited

(Registration number: 1727731) Consolidated Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	4,140,912	3,580,884
Current assets			
Debtors	13	667,459	422,536
Cash at bank and in hand	14	<u>447,393</u>	<u>133,189</u>
		1,114,852	555,725
Creditors: Amounts falling due within one year	15	<u>(1,076,380)</u>	<u>(428,530)</u>
Net current assets		<u>38,472</u>	<u>127,195</u>
Total assets less current liabilities		4,179,384	3,708,079
Creditors: Amounts falling due after more than one year	16	(3,508,350)	(3,011,101)
Provisions	19	<u>(8,358)</u>	<u>(16,346)</u>
Net assets		<u>662,676</u>	<u>680,632</u>
Funds of the group:			
Restricted funds		237,944	187,875
Unrestricted income funds			
Unrestricted funds		<u>424,732</u>	<u>492,757</u>
Total funds	20	<u>662,676</u>	<u>680,632</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011.

The financial statements on pages 16 to 45 were approved by the trustees, and authorised for issue on 20.11.20... and signed on their behalf by:

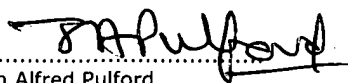


 John Alfred Pulford
 Trustee

Creative Kernow Limited
(Registration number: 1727731)
Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	286,851	290,526
Investments	12	<u>201</u>	<u>201</u>
		<u>287,052</u>	<u>290,727</u>
Current assets			
Debtors	13	823,917	1,028,532
Cash at bank and in hand		<u>436,912</u>	<u>117,858</u>
		1,260,829	1,146,390
Creditors: Amounts falling due within one year	15	<u>(290,493)</u>	<u>(238,471)</u>
Net current assets		<u>970,336</u>	<u>907,919</u>
Total assets less current liabilities		1,257,388	1,198,646
Creditors: Amounts falling due after more than one year	16	<u>(462,225)</u>	<u>(467,275)</u>
Net assets		<u><u>795,163</u></u>	<u><u>731,371</u></u>
Funds of the charity:			
Restricted funds		209,169	177,875
Unrestricted income funds			
Unrestricted funds		<u>585,994</u>	<u>553,496</u>
Total funds	20	<u><u>795,163</u></u>	<u><u>731,371</u></u>

The financial statements on pages 16 to 45 were approved by the trustees, and authorised for issue on 20/11/21 and signed on their behalf by:



 John Alfred Pulford
 Trustee

Creative Kernow Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash expenditure		(17,956)	(27,524)
Adjustments to cash flows from non-cash items			
Depreciation		91,744	97,559
Amortisation		-	2,000
Investment income	4	<u>(1,427)</u>	<u>(1,397)</u>
		72,361	70,638
Working capital adjustments			
(Increase)/decrease in debtors	13	(244,923)	12,778
(Decrease)/increase in creditors	15, 16	849,042	(144,080)
(Decrease)/increase in provisions	19	<u>(7,988)</u>	<u>8,505</u>
Net cash flows from operating activities		<u>668,492</u>	<u>(52,159)</u>
Cash flows from investing activities			
Interest receivable and similar income	4	1,427	1,397
Purchase of tangible fixed assets	11	<u>(556,212)</u>	<u>(20,803)</u>
Net cash flows from investing activities		<u>(554,785)</u>	<u>(19,406)</u>
Cash flows from financing activities			
Value of new loans obtained during the period		250,000	-
Repayment of loans and borrowings	15, 16	<u>(49,503)</u>	<u>(148,420)</u>
Net cash flows from financing activities		<u>200,497</u>	<u>(148,420)</u>
Net increase/(decrease) in cash and cash equivalents		314,204	(219,985)
Cash and cash equivalents at 1 April		<u>133,189</u>	<u>353,174</u>
Cash and cash equivalents at 31 March		<u><u>447,393</u></u>	<u><u>133,189</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Creative Kernow Limited

Statement of Cash Flows for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash income/(expenditure)		63,792	(31,511)
Adjustments to cash flows from non-cash items			
Depreciation		4,294	10,373
Investment income		<u>(21,376)</u>	<u>(22,903)</u>
		46,710	(44,041)
Working capital adjustments			
(Increase)/decrease in debtors	13	224,564	(65,909)
Increase/(decrease) in creditors	15, 16	<u>46,972</u>	<u>(139,318)</u>
Net cash flows from operating activities		<u>318,246</u>	<u>(249,268)</u>
Cash flows from investing activities			
Interest receivable and similar income		1,427	22,903
Purchase of tangible fixed assets	11	(619)	(535)
Acquisition of investments in subsidiary undertakings		<u>-</u>	<u>(100)</u>
Net cash flows from investing activities		<u>808</u>	<u>22,268</u>
Net increase/(decrease) in cash and cash equivalents		319,054	(227,000)
Cash and cash equivalents at 1 April		<u>117,858</u>	<u>344,858</u>
Cash and cash equivalents at 31 March		<u><u>436,912</u></u>	<u><u>117,858</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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 (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Creative Kernow Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its three wholly owned subsidiary undertakings, Krowji Limited, Cornwall Arts Marketing Limited and Screen Cornwall Limited, on a line by line basis, drawn up to 31 March 2020.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006.

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The subsidiary Screen Cornwall Limited was not included in the prior year consolidated financial statements. Comparative figures in these financial statements have been restated where necessary to present a true and fair view.

Fund structure

Unrestricted income funds are available for use at the discretion of the trustees in furtherance of the general activities of the charity.

Restricted income funds are subjected to restrictions on their expenditure imposed by the donor.

Going concern

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Income and endowments

Donations and legacies

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature are recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Grants receivable

Grants, including government grants, are recognised when the group has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income

Investment income is included when receivable.

Charitable activities

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. Expenditure includes any VAT which cannot be recovered, and is reported as part of the expenditure to which it relates:-

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

- Governance costs include those costs associated with meeting constitutional and statutory requirements of the Charity and include the audit fee and costs linked to the strategic management of the Charity.

- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis per Note 6

- Expenditure on commercial trading operations comprises the costs incurred by the two trading subsidiaries of the Charity, Krowji Limited and Cornwall Arts Marketing Limited.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the 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.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Goodwill

Goodwill arising on an acquisition of a business is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class

Goodwill

Amortisation method and rate

Straight line over 5 years

Tangible fixed assets

Expenditure on tangible fixed assets is capitalised. The costs of minor additions or those below £500 are not capitalised. The charity does not have a policy of revaluation.

Own labour costs which are considered to be directly attributable to the construction of the property are included in the cost of construction.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class

Freehold buildings

Equipment

Plant and machinery

Leasehold land and buildings

Asset in the course of construction

No provision is made in respect of freehold land.

Depreciation method and rate

Straight line basis over 50 years

Straight line basis over 4 years

Straight line basis over 10 years

Straight line over the life of the lease, apart from Percy Williams Building which is depreciated over 50 years from date of completion

Not depreciated until substantially complete

Debtors

Trade and other debtors are recognised initially at the settlement amount due. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Prepayments are valued at the amount prepaid.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Cash and cash equivalents

Cash at bank and in hand includes cash and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Creditors and provisions

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price.

Provisions are recognised when the charity has an obligation at the reporting date as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leased assets

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Rental income from operating leases is recognised on a straight line basis over the term of the lease.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Financial instruments

Classification

Financial assets are classified into either basic or other financial assets. Financial liabilities are classified into either basic or other financial liabilities. These classifications depend on certain criteria determined at the time of recognition.

The charity holds only basic financial instruments.

Recognition and measurement

Financial instruments are recognised when the charity becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the charity's obligations are discharged, expire or are cancelled.

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is initially measured at the present value of the future receipts discounted at a market rate of interest and subsequently held at amortised cost.

Basic financial liabilities, including trade and other payables are initially measured at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Impairment

Basic financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

2 Charity status

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £5 towards the assets of the charity in the event of liquidation.

The charity is incorporated in England and Wales. The address of its registered office is:

Krowji
West Park
Redruth
Cornwall
TR15 3AJ

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

3 Income from donations and legacies

	Unrestricted funds	Restricted funds	2020	2019
	General £	£	£	£
Grants				
Creative Skills - Arts Council	10,000	-	10,000	29,675
Creative Skills - ESF	-	3,381	3,381	2,831
Carn to Cove - Cornwall Council	16,650	-	16,650	18,030
Carn to Cove - Devon District Councils	-	28,996	28,996	-
Carn to Cove - Arts Council	80,000	35,267	115,267	115,267
Carn to Cove - Other	1,800	15,609	17,409	17,778
FEAST - Cornwall Council	-	62,475	62,475	75,250
FEAST - Arts Council	100,000	-	100,000	100,000
FEAST - ESF	-	41,164	41,164	43,862
FEAST - Other	400	10,000	10,400	5,000
Cultural Tourism - Arts Council	-	-	-	15,000
Cultural Tourism - Other	-	-	-	6,000
Cultivator	64,937	725,780	790,717	1,215,505
Other Projects - Cornwall Council	4,233	-	4,233	9,500
Other Projects - Arts Council	22,675	10,980	33,655	3,000
Other Projects - Other	-	6,250	6,250	33,227
Donations				
Carn to Cove - Donations	-	6,854	6,854	-
FEAST - Donations	-	9,272	9,272	-
Other Donations	350	-	350	2,600
	<u>301,045</u>	<u>956,028</u>	<u>1,257,073</u>	<u>1,692,525</u>

4 Investment income

	Unrestricted funds	Total 2020	Total 2019
	General £	£	£
Interest receivable and similar income;			
Interest received on bank deposits	227	227	197
Rent receivable	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
	<u>1,427</u>	<u>1,427</u>	<u>1,397</u>

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

5 Income from charitable activities

	Unrestricted funds			
	General	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Carn to Cove	64,652	28,643	93,295	104,944
Open Studios	-	-	-	36,470
Miscellaneous	17,482	344	17,826	17,127
	<u>82,134</u>	<u>28,987</u>	<u>111,121</u>	<u>158,541</u>

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

6 Expenditure on charitable activities

	Basis of Allocation	FEAST	Carn to Cove	Carn to Cove Projects	Cultivator	Creative Skills	Other Projects	Governance	2020 Total	2019 Total
Direct Costs										
Staff Costs	Direct	40,766	69,628	20,926	419,450	11,333	67,728	2,400	632,231	639,424
Other Costs	Direct	162,247	66,139	54,995	272,343	3,896	17,230	-	576,850	1,101,897
Freelance fees	Direct	-	-	-	-	-	-	-	-	397
Publicity	Direct	302	1,627	152	-	-	15	-	2,096	37,737
Recruitment	Direct	-	-	34	2,365	-	1,393	-	3,792	-
Travel	Direct	1,242	3,382	3,771	14,717	(70)	1,378	-	24,420	30,750
Audit fee	Direct	-	-	-	-	-	-	9,492	9,492	5,160
Total direct costs:		204,557	140,776	79,878	708,875	15,159	87,744	11,892	1,248,881	1,815,365
Support Costs										
Premises	Floor area	328	457	145	3,651	130	7,004	-	11,715	10,678
Legal and professional	Usage	-	-	-	1,359	-	813	-	2,172	492
Consultancy	Usage	-	-	1,500	-	-	300	-	1,800	-
Office expenses	Usage	2,131	9,339	4,232	13,373	949	16,602	132	46,758	53,850
Bank charges and interest	Usage	-	15	75	15	30	118	-	253	171
Depreciation	Usage	-	157	728	1,748	-	1,661	-	4,294	10,373
Total support costs:		2,459	9,968	6,680	20,146	1,109	26,498	132	66,992	75,564
		207,016	150,744	86,558	729,021	16,268	114,242	12,024	1,315,873	1,890,929

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Included within expenditure on charitable activities 'other costs' on the previous page is grant funding to third party individuals under the Cultivator project, FEAST project and small capital grants scheme. The total grant funding of activities during the year was £293,442 (2019 - £482,600).

7 Government grants

Government grants recognised in the financial statements are made up of funds from Cornwall Council, Devon District Councils and an Access to Work grant funded by the government.

The amount of grants recognised in the financial statements was £143,430 (2019 - £126,476).

Additional government grants of £47,674 (2019 - £2,326) are recognised in the consolidated financial statements, received by trading subsidiaries.

8 Net incoming/outgoing resources

Net outgoing/(incoming) resources for the year include:

	2020 £	2019 £
Operating lease rentals	942	2,745
Auditors' remuneration	8,200	4,000
Other accountancy services	10,079	5,600
Depreciation of fixed assets	91,744	97,559
Amortisation of goodwill	-	2,000

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

10 Group Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Staff costs during the year were:		
Wages and salaries	755,187	720,959
Social security costs	62,401	58,163
Pension costs	20,905	15,667
Other staff costs	<u>10,853</u>	<u>85</u>
	<u>849,346</u>	<u>794,874</u>

The monthly average number of persons (including senior management team) employed by the group during the year was as follows:

	2020 No	2019 No
Charitable Activities	<u>37</u>	<u>35</u>

The number of employees whose emoluments fell within the following bands was:

	2020 No	2019 No
£60,001 - £70,000	<u>1</u>	<u>1</u>

The key management personnel of Creative Kernow Limited comprise of the Chief Executive Officer only.

The total employee benefits of the key management personnel of the Charity were £62,680 (2019 - £60,888).

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Tangible fixed assets

Group

	Leasehold Land & Buildings £	Plant and machinery £	Equipment £	Freehold Property £	Asset in the course of construction £	Total £
Cost						
At 1 April 2019	50,000	196,133	35,935	3,656,283	24,758	3,963,109
Additions	-	-	619	-	651,152	651,771
At 31 March 2020	50,000	196,133	36,554	3,656,283	675,910	4,614,880
Depreciation						
At 1 April 2019	2,497	75,243	29,101	275,383	-	382,224
Charge for the year	510	19,880	3,412	67,942	-	91,744
At 31 March 2020	3,007	95,123	32,513	343,325	-	473,968
Net book value						
At 31 March 2020	46,993	101,010	4,041	3,312,958	675,910	4,140,912
At 31 March 2019	47,503	120,890	6,834	3,380,900	24,758	3,580,885

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Charity

	Equipment £	Freehold Property £	Total £
Cost			
At 1 April 2019	35,018	303,142	338,160
Additions	<u>619</u>	<u>-</u>	<u>619</u>
At 31 March 2020	<u>35,637</u>	<u>303,142</u>	<u>338,779</u>
Depreciation			
At 1 April 2019	28,562	19,072	47,634
Charge for the year	<u>3,232</u>	<u>1,062</u>	<u>4,294</u>
At 31 March 2020	<u>31,794</u>	<u>20,134</u>	<u>51,928</u>
Net book value			
At 31 March 2020	<u>3,843</u>	<u>283,008</u>	<u>286,851</u>
At 31 March 2019	<u>6,456</u>	<u>284,070</u>	<u>290,526</u>

All freehold property, with a carrying value of £283,008 (2019: £284,070) is pledged as security for the bank loan that Krowji Limited have in place. Further details at note 16.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

12 Fixed asset investments

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings				
Krowji Limited	United Kingdom	Ordinary	100%	receives rental income from a property that it leases from the Charity
Cornwall Arts Marketing Limited	United Kingdom	Ordinary	100%	receives income from the publishing of website and magazine listings within Cornwall
Screen Cornwall Limited	United Kingdom	Ordinary	100%	to develop the screen industries in Cornwall to build a strong and thriving production sector

Subsidiaries

The loss for the financial period of Krowji Limited was £81,664 and the aggregate amount of capital and reserves at the end of the period was £(101,634).

The loss for the financial period of Cornwall Arts Marketing Limited was £25,187 and the aggregate amount of capital and reserves at the end of the period was £(55,851).

The profit for the financial period of Screen Cornwall Limited was £25,398 and the aggregate amount of capital and reserves at the end of the period was £25,498.

The address of the registered office for all subsidiaries is: Krowji, West Park, Redruth, Cornwall TR15 3AJ.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Charity

	2020 £	2019 £
Shares in group undertakings and participating interests	<u>201</u>	<u>201</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2019	<u>201</u>	<u>201</u>
At 31 March 2020	<u>201</u>	<u>201</u>
Net book value		
At 31 March 2020	<u>201</u>	<u>201</u>
At 31 March 2019	<u>201</u>	<u>201</u>

13 Debtors

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	64,853	16,016	5,070	5,302
Grants Receivable	495,849	368,590	231,711	337,226
Due from group undertakings	-	-	565,531	676,243
Prepayments	46,505	27,592	7,617	5,199
VAT recoverable	9,235	-	-	-
Other debtors	<u>51,017</u>	<u>10,338</u>	<u>13,988</u>	<u>4,562</u>
	<u>667,459</u>	<u>422,536</u>	<u>823,917</u>	<u>1,028,532</u>

14 Cash and cash equivalents

Balances held by the charity that are not available for use by the charity

During the year, the Charity received funds of £247,861 (2019 - £255,589) on behalf of other delivery partners within the Cultivator project. The Charity paid £235,454 (2019 - £255,589) of these funds to the delivery partners before the year end. The balance of funds held as agent at the year end was £12,407 (2019 - £nil).

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

15 Creditors: amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	52,232	49,503	-	-
Trade creditors	18,814	30,718	5,764	25,094
Other loans	300,000	-	-	-
Due to group undertakings	-	1,000	-	1,100
Other taxation and social security	36,959	25,195	32,506	11,519
Accruals	105,530	61,637	7,200	44,483
Deferred income	517,774	239,606	234,982	155,195
Other creditors	45,071	20,871	10,041	1,080
	<u>1,076,380</u>	<u>428,530</u>	<u>290,493</u>	<u>238,471</u>

Creditors due within one year includes the following liabilities on which security has been given by the Group:

	Group		Charity
	2020	2019	2020
	£	£	£
Bank Loans	52,232	49,503	-
Other Loans	<u>300,000</u>	<u>-</u>	<u>-</u>
	<u>352,232</u>	<u>49,503</u>	<u>-</u>

The bank loan is secured by means of a first legal mortgage over the land of Krowji Limited and Creative Kernow Limited and a first fixed charge on all land and properties owned by Krowji Limited and Creative Kernow Limited. It is also secured by means of a first fixed charge on all present and future goodwill of any business carried out by or on behalf of Creative Kernow Limited on the mortgaged property.

The other loan is secured by means of a second legal mortgage over the leasehold land and property of Krowji Limited

Deferred income

Charity

	2020
	£
Deferred income at 1 April 2019	622,470
Resources deferred in the period	229,931
Amounts released from previous periods	<u>(155,195)</u>
Deferred income at 31 March 2020	<u>697,206</u>

Group

	2020
	£
Deferred income at 1 April 2019	2,116,982
Resources deferred in the period	1,117,254
Amounts released from previous periods	<u>(239,607)</u>
Deferred income at 31 March 2020	<u>2,994,629</u>

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

16 Creditors: amounts falling due after one year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Bank loans	1,031,493	1,083,725	-	-
Other loans	-	50,000	-	-
Deferred income	<u>2,476,857</u>	<u>1,877,376</u>	<u>462,225</u>	<u>467,275</u>
	<u>3,508,350</u>	<u>3,011,101</u>	<u>462,225</u>	<u>467,275</u>

Creditors amounts falling due after more than one year includes the following liabilities on which security has been given by the group:

	Group		Charity
	2020 £	2019 £	2020 £
Bank Loans	1,031,493	1,083,725	-
Other Loans	<u>-</u>	<u>50,000</u>	<u>-</u>
	<u>1,031,493</u>	<u>1,133,725</u>	<u>-</u>

The bank loan is secured by means of a first legal mortgage over the land of Krowji Limited and Creative Kernow Limited and a first fixed charge on all land and properties owned by Krowji Limited and Creative Kernow Limited. It is also secured by means of a first fixed charge on all present and future goodwill of any business carried out by or on behalf of Creative Kernow Limited on the mortgaged property.

Group

Included in the creditors are the following amounts due after more than five years:

	2020 £	2019 £
After more than five years by instalments	<u>806,276</u>	<u>868,944</u>

Borrowings due after five years

The amounts due after more than five years by instalments relate to the bank loan. The nominal interest rate is 2.6%, and the final instalment is due on 17 July 2036. Repayments are made monthly.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

17 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group 2020 £	Charity 2020 £
Land and buildings		
Within one year	833	-
Other		
Within one year	513	513
Between one and five years	1,794	1,794
	<u>2,307</u>	<u>2,307</u>

18 Income under lease arrangements

Operating lease commitments

Total future minimum lease payments receivable under non-cancellable operating leases as lessor are as follows:

	Group 2020 £	Charity 2020 £
Land and buildings		
Within one year	833	-

Krowji Limited is party to a leasing arrangement in relation to a community building which is leased from Cornwall Council and leased on to a third party. The head lease and sub lease agreements, involving Krowji as lessee and lessor, are on the same terms. Therefore, corresponding lease commitments and lease liabilities are included in these financial statements.

19 Provisions

Group

	Deferred taxation £	Total £
At 1 April 2019	16,346	16,346
Charged to the statement of recognised gains and losses	(7,988)	(7,988)
At 31 March 2020	<u>8,358</u>	<u>8,358</u>

Provisions are made up of deferred taxation, provided for at 19% (2019: 19%).

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

20 Funds

Group

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2020 £
Unrestricted funds					
<i>General</i>					
Unrestricted	492,757	901,032	(979,057)	10,000	424,732
Restricted funds					
Restricted	<u>187,875</u>	<u>1,040,931</u>	<u>(980,862)</u>	<u>(10,000)</u>	<u>237,944</u>
Total funds	<u>680,632</u>	<u>1,941,963</u>	<u>(1,959,919)</u>	<u>-</u>	<u>662,676</u>

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Balance at 31 March 2019 £
Unrestricted funds				
<i>General</i>				
Unrestricted	433,676	852,058	(792,977)	492,757
Restricted funds				
Restricted	<u>274,480</u>	<u>1,433,345</u>	<u>(1,519,950)</u>	<u>187,875</u>
Total funds	<u>708,156</u>	<u>2,285,403</u>	<u>(2,312,927)</u>	<u>680,632</u>

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Charity	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Balance at 31 March 2020 £
Unrestricted funds				
General				
General	553,496	404,555	(372,057)	585,994
Restricted funds				
Carn to Cove Locomotor	51,413	92,351	(70,706)	73,058
Carn to Cove Villages in Action - Headley Trust Donation	-	5,000	-	5,000
SPARSE	-	7,743	(7,743)	-
Piano Go Round	-	3,444	(308)	3,136
Inn Crowd	-	2,000	(2,000)	-
Jaw Jaw	-	3,625	(3,625)	-
C-Fylm - Cultivator	1,486	-	(505)	981
C-Fylm - International Women	-	1,550	(624)	926
British Film Institute - Cinema Equipment Package	502	-	(223)	279
Cornish Tommies	822	-	(822)	-
FEAST Year 9	18,946	-	(11,193)	7,753
FEAST Year 10	17,312	-	(4,600)	12,712
FEAST Year 11	49,857	-	(43,011)	6,846
FEAST Year 12	-	64,475	(6,094)	58,381
FEAST Bright Sparks	2,425	5,000	(2,988)	4,437
FEAST Cornwall AONB Celebrations	5,975	-	-	5,975
FEAST Gamechanger	-	41,164	(41,164)	-
FEAST Bill's Attic	-	7,272	(6,325)	947
FEAST Cornwall Community Foundation	-	5,000	(1,850)	3,150
Core ACE grant for Krowji Phase 2	-	10,980	(10,980)	-
Cornwall 365	823	-	(420)	403
Clore Fellowship	1,250	6,250	(7,500)	-
Cultivator	2,923	725,780	(727,528)	1,175
NFASP	24,141	-	(131)	24,010
Creative Europe - CARPET	-	3,381	(3,381)	-
Total restricted funds	177,875	985,015	(953,721)	209,169
Total funds	731,371	1,389,570	(1,325,778)	795,163

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

The specific purposes for which the funds are to be applied are as follows:

The Locomotor/Villages in Action project has been set up to secure the future of the rural touring network in South Devon and co-ordinate international touring companies in the South West region. It will also explore new ways of delivering activity in rural venues, including developing new partnerships and digital innovations.

SPARSE is a Creative Europe project that uses established rural touring models from the UK, Sweden and Norway to mentor countries with no provision to set up their own rural touring schemes. Our role is to mentor organisations in Lithuania and Estonia, and to host visits from all the partner organisations.

Piano Go Round is a fund-raising project to enable the purchase of a concert grand piano and lift to allow for touring to Carn to Cove venues around Cornwall. A one off concert was programmed to launch the project and it will be developed further in the future.

Inn Crowd - we are a delivery partner for a project to enable pubs and licensed premises to put on live, professional performances. This will develop audiences and provide support for publicans who are interested in expanding their offer to customers.

Jaw Jaw is a pilot digital project to connect people who are isolated and lonely with professional artists to take part in a series of online participative workshops using Facebook Portal devices.

The C-Fylm Cultivator grant is a capital grant to buy new film equipment for the community film club project.

International women is a series of films programmed in partnership with Cornwall Womens Centre to develop audiences in hard to reach groups with a season of female focussed films.

BFI neighbourhood cinema provides support to the running costs and expansion of the C-Fylm project to allow new communities to form film clubs and screen regular films at a subsidised rate.

The Cornish Tommies project was set up to produce a short film featuring the story of a young miner from St Agnes who survived the First World War and returned to his native village to lead the local choir to great achievement. The production team was recruited from Falmouth University's undergraduate photography students and the film was distributed and screened widely in the C-Fylm network.

FEAST is a substantial ongoing programme commissioning and distributing a wide range of great art to villages and towns across Cornwall.

The Bright Sparks fund is designed to encourage collaborations between artists and museums in order to build museums' audiences and volunteer base.

Area of Outstanding Natural Beauty Celebrations: the AONB has provided a grant to FEAST to enable them to commission a programme of cultural activity which celebrates the AONB's 60th birthday in 2019.

Game Changer is an ESF, Big Lottery funded programme to help people aged 15-25 not in education, employment or training to access one of these options. Creative Kernow co-ordinates opportunities for young people with artist led workshops and with other creative sector businesses.

Bill's Attic is a unique artist residency and cultural meeting space at Krowji, which holds the collections of Bill Mitchell as a source of creative inspiration. Funds to date have been raised from the public and future income will be raised from hire of the space.

Cornwall Community Foundation has granted FEAST additional funds to add to the total FEAST grants pot. Every £1 of CCF grant is matched by FEAST and put towards supporting a creative project in the community.

Arts Council England made an award of £250,000 in total towards the Krowji Phase 2 capital scheme. This grant is paid to Creative Kernow and passed over to the Krowji subsidiary which is managing the construction project.

Cornwall 365 is a cultural tourism project which aims to help the visitor and creative sectors to work more closely together to promote Cornwall as a cultural destination.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Clore Fellowship - this is a tailored programme aimed at developing leadership potential across the cultural and creative sectors.

Cultivator - a programme of skills and business support for Cornwall's creative and cultural sectors, supporting small businesses, sole traders and freelancers. Funded by the European Regional Development Fund, the European Social Fund, Arts Council England and Cornwall Council.

The NFASP funds relate to a Legacy Fund Agreement arising from the winding up of the National Federation of Artists' Studio Providers Ltd in January 2018. The remaining company funds were transferred to Creative Kernow to be managed as a restricted fund so that some of NFASP's sector support role could continue.

Creative Europe - CARPET - A Creative Europe project between Creative Kernow, CEARTE: Centro de Formação Profissional para o Artesanato e Património in Portugal, Fundación Tres Culturas del Mediterráneo in Spain, and APDN: Agence pour le Développement du Nord du Maroc in Morocco. Designed to enable two artist residency exchange opportunities between partner countries and participation in Cornwall Open Studios for two artists - one from Morocco and one from Spain.

All other restricted funds have been received for specific activities and projects and have been expended on the activities for which they were received.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Balance at 31 March 2019 £
Unrestricted funds				
General				
General	498,402	440,624	(385,530)	553,496
Restricted funds				
Carn to Cove Locomotor	69,759	70,663	(89,009)	51,413
Watershed Projects	235	-	(235)	-
SPARSE	-	1,163	(1,163)	-
C-Film - Cultivator	1,742	-	(256)	1,486
British Film Institute - Cinema Equipment Package	1,825	-	(1,323)	502
Cornish Tommies	-	19,126	(18,304)	822
FEAST Year 8	9,114	-	(9,114)	-
FEAST Year 9	33,230	-	(14,284)	18,946
FEAST Year 10	35,836	-	(18,524)	17,312
FEAST Year 11	-	71,250	(21,393)	49,857
FEAST Bright Sparks	2,425	5,000	(5,000)	2,425
FEAST Cornwall AONB Celebrations	11,975	4,000	(10,000)	5,975
FEAST Gamechanger	-	43,862	(43,862)	-
Cornwall Council/Creative Kernow Small Capital Grants	25,527	-	(25,527)	-
Cornwall 365	68,105	24,691	(91,973)	823
Clore Fellowship	-	8,750	(7,500)	1,250
Cultivator	4,671	1,157,531	(1,159,279)	2,923
NFASP	-	24,478	(337)	24,141
Creative Europe - CARPET	36	2,831	(2,867)	-
Total restricted funds	<u>264,480</u>	<u>1,433,345</u>	<u>(1,519,950)</u>	<u>177,875</u>
Total funds	<u><u>762,882</u></u>	<u><u>1,873,969</u></u>	<u><u>(1,905,480)</u></u>	<u><u>731,371</u></u>

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

21 Analysis of net assets between funds

Group	Unrestricted funds	Restricted funds	Total funds
	General £	funds £	£
Tangible fixed assets	4,140,912	-	4,140,912
Current assets	470,082	644,770	1,114,852
Current liabilities	(669,554)	(406,826)	(1,076,380)
Creditors over 1 year	(3,508,350)	-	(3,508,350)
Provisions	(8,358)	-	(8,358)
Total net assets	<u>424,732</u>	<u>237,944</u>	<u>662,676</u>

22 Commitments

Group

Capital commitments

As at 31 March 2020, Krowji Limited was committed to capital expenditure in respect of the Krowji Phase 2 building project. This commitment includes the contract for construction of the building and for project management fees in respect of the project.

The total amount contracted for but not provided in the financial statements was £1,039,946 (2019 - £Nil).

23 Charges

A first fixed charge is held by Triodos Bank over the assets of the Group in respect of a mortgage and loan in place with Krowji Limited for which security has been given. The total amount of borrowings at 31 March 2020 is £1,083,725 (2019: £1,133,228). The proportion of group assets charged is 26% (2019: 32%).

A secondary charge is held by Percy Williams and Sons Limited over the assets of Krowji Limited in respect of a long term loan for which security has been given. A further advance of the loan was made to Krowji in the year resulting in a balance of £300,000 at 31 March 2020 (2019: £50,000). The proportion of group assets charged is 7% (2019: 1%).

24 Guarantees

Creative Kernow Limited has provided a guarantee to Triodos Bank on the legal mortgage taken out by its subsidiary, Krowji Limited. If Krowji Limited were to default on the mortgage repayments, Creative Kernow Limited would be liable to pay the amounts on the subsidiary's behalf.

25 Operating lease with subsidiary

Creative Kernow Limited has leased land and property to its subsidiary, Krowji Limited, under a longhold lease agreement in October 2013. The lease is for 99 years. The lease was issued with a lease premium of £500,000 to be paid, and annual peppercorn rent.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

26 Related party transactions

Group

Mr P R Williams

(the company secretary and a key employee of Krowji Limited)

Mr P R Williams has power of attorney for Krowji Limited for the sole purpose of executing underleases and tenancies of parts of the property of Krowji Limited. At the balance sheet date the amount due to/from Mr P R Williams was £Nil (2019 - £Nil).

Charity

During the year the charity made the following related party transactions:

Krowji Limited

(subsidiary of Creative Kernow Limited)

Rent payable to Krowji Limited for the use of property during the year, total amount paid during the year of £13,346 (2019 - £13,135).

Hire of meeting rooms payable to Krowji for the use of rooms on an ad hoc basis during the year, total amount paid during the year of £994 (2019 - £nil).

Rent receivable from Krowji Limited for the lease of property, total amount received during the year of £100 (2019 - £100).

Creative Kernow Limited has provided a loan to Krowji Limited. Interest is charged on the loan, total interest receivable during the year of £14,798 (2019 - £16,355). The loan amount outstanding from Krowji Limited at the balance sheet date is included in the intercompany balances within creditors due under one year. At the balance sheet date the amount due from Krowji Limited was £383,000 (2019 - £513,000).

Cornwall Arts Marketing Limited

(subsidiary of Creative Kernow Limited)

Cornwall Arts Marketing Limited provided advertising services throughout the year. Total amount paid during the year of £1,570 (2019 - £1,415). At the balance sheet date the amount due to/from Cornwall Arts Marketing Limited was £Nil (2019 - £Nil).

27 Control

The group was controlled by the Trustees who are also the Directors throughout the current year. Refer to the previous year's report for a full list of members serving during that period.

28 Non adjusting events after the financial period

At the balance sheet date, the Percy Williams & Sons Limited loan with Krowji Limited with a carrying amount of £300,000 had a due date of 31 March 2021. Since the year end, the due date on the loan has been extended to 31 March 2022.

Creative Kernow Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Charity Statement of Financial Activities for the Year Ended 31 March 2020

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income and Endowments from:					
Donations and legacies	3	301,045	956,028	1,257,073	1,692,525
Charitable activities	5	82,134	28,987	111,121	158,541
Investment income		21,376	-	21,376	22,903
Total Income		404,555	985,015	1,389,570	1,873,969
Expenditure on:					
Charitable activities		(372,057)	(953,721)	(1,325,778)	(1,905,480)
Total Expenditure		(372,057)	(953,721)	(1,325,778)	(1,905,480)
Net income/(expenditure)		32,498	31,294	63,792	(31,511)
Net movement in funds		32,498	31,294	63,792	(31,511)
Reconciliation of funds					
Total funds brought forward		553,496	177,875	731,371	762,882
Total funds carried forward	20	585,994	209,169	795,163	731,371

All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown for 2019 is shown in note 20.