

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 2021

Walker Moyle Ltd  
3 Chapel Street  
Redruth  
Cornwall  
TR15 2BY



# **Creative Kernow Limited**

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# Creative Kernow Limited

## Reference and Administrative Details

<b>Chief Executive Officer</b>	Percival Ross Williams (resigned 30 November 2020) Fiona Catherine Wotton (appointed 30 November 2020)
<b>Trustees</b>	John Alfred Pulford Dinah Louise Graffy (resigned 9 August 2021) Simon Paul Harvey William Kim Conchie (resigned 9 August 2021) Mark Terrance Smith (resigned 22 January 2021) Eleanor Jubb Ajay Chhabra (appointed 25 January 2021) Amanda Berry (appointed 25 January 2021) Tamara Bedford (appointed 25 January 2021)
<b>Secretary</b>	Percival Ross Williams (resigned 30 November 2020) Fiona Catherine Wotton (appointed 30 November 2020)
<b>Principal &amp; Registered Office</b>	Krowji West Park Redruth Cornwall TR15 3AJ
<b>Other Names of the Charity</b>	Arts Centre Trust, ACT, Creative Skills
<b>Company Registration Number</b>	1727731
<b>Charity Registration Number</b>	292138
<b>Solicitors</b>	Nalders Farley House Falmouth Road Truro Cornwall TR1 2HX
<b>Bankers</b>	CAF Bank Limited PO Box 289 West Malling Kent M19 47A  Lloyds TSB Bank Plc Truro 7 Boscawen Street Truro Cornwall TR1 2QT
<b>Senior Statutory Auditor</b>	Paula Thomas BA FCA DChA
<b>Auditor</b>	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 2021. 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

Dinah Louise Graffy (resigned 9 August 2021)

Simon Paul Harvey

William Kim Conchie (resigned 9 August 2021)

Mark Terrance Smith (resigned 22 January 2021)

Eleanor Jubb

Ajay Chhabra (appointed 25 January 2021)

Amanda Berry (appointed 25 January 2021)

Tamara Bedford (appointed 25 January 2021)

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 2020/21 Creative Kernow Limited 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.

Krowji Limited is a company limited by shares, number 05420248, and wholly owned by Creative Kernow. It has a board of directors - Greg Oldrieve (Chair), Daiman Baker and Chris Hibbert. 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 Limited has a long leasehold interest.

Cornwall Arts Marketing Limited is a company limited by shares, number 04346555, and wholly owned by Creative Kernow. It has a board of directors - John Pulford (Chair). 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 Limited is a company limited by shares, number 11881973, and wholly owned by Creative Kernow. It has a board of directors - Phillippa Giles (Chair), Simon Harvey and Johnny Fewings (appointed 6th 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.

### **Summary**

This group report covers the financial year from April 2020 to March 2021. 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 the cultural and creative sector support organisation for Cornwall and the Isles of Scilly. We are a charity with a mission to enrich and energise creative communities of place and practice through the production, distribution and promotion of artistic work, networks and knowledge.

Our core programmes deliver activity in three dynamically interdependent areas:

#### **Cultural Engagement**

- **FEAST** - investing in projects that support co-creation between artists and communities in Cornwall
- **Carn to Cove, Villages in Action & C Fylm** - touring the performing arts and cinema across Cornwall's and Devon's smaller communities

# **Creative Kernow Limited**

## **Trustees' Report**

### **Creative Economy support**

- **Cultivator** - providing skills, networking, investment, export and other creative business development opportunities for the sector
- **Cornwall 365** - promoting Cornwall as a year-round sustainable creative destination through the C365 What's On and cultural tourism consultancy
- **Screen Cornwall** - supporting the growth of the film industry in Cornwall through services to production companies and talent development programmes

### **Creative Hub development**

- **Krowji** - Cornwall's largest creative hub and workspace cluster in Redruth
- Offering support to emerging creative hubs and place making projects
- We manage and nourish numerous creative networks eg The Cornwall Festivals Network, Cornwall Design Forum

Creative Kernow is a well-established charity and social enterprise with an experienced board of trustees and a strong staff team. Our finances are broadly based with a variety of income sources including long-term grant support from Arts Council England and Cornwall Council, European Structural Investment funds via European Social Fund and European Regional Development Fund, earned income from commissions and contracts, box office income from events and rental income from our workspace cluster in Redruth. Creative Kernow contributes significantly to developing and delivering effective models for creative and cultural practice, sector, community and audience engagement, clusters and networks and leadership development in our rural region.

We continually develop new projects and partnerships, seeking opportunities to enhance our sustainability as an organisation, supporting other initiatives and playing an active role in advocacy and leadership for the sector and for Cornwall. Creative Kernow has a good track record of developing innovative projects, investing in our staff, being willing to take risks and planning for the longer term.

### **Covid-19**

The 2020 coronavirus pandemic created significant challenges for the organisation. Creative Kernow teams adapted admirably to working remotely but our out of date IT systems Income streams from event advertising and box office sales were dramatically reduced as lockdown restrictions prevented public events from going ahead. There was also a delay to the completion of the Krowji Phase 2 development which impacted rental income. In contrast, the Cultivator business development programme - which moved all services online - experienced challenges in reaching the agreed spend profile. The availability of government funding through the Coronavirus Job Retention Scheme and Small Business Rate Relief provided some welcome stabilisation and helped to prevent staff redundancies.

### **Achievements and performance**

This year brought significant change to the organisation with the retirement of longstanding Chief Executive Ross Williams and Finance Director Sue Scregg in December 2020. The trustees wish to record their thanks not only for their years of inspirational service but for postponing their retirement plans to ensure stability during the lockdown period.

Following a delayed recruitment process advertised nationally, the Board of Trustees appointed Fiona Wotton as Chief Executive and Viki Gough as Finance Director and both took up their positions in November 2020.

In financial terms, Creative Kernow was able to navigate the uncertain economic environment and ended the period in a surplus position.

See Finance Summary (page 7) for further details.

This was the final 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 Arts Council announced that the National Portfolio Organisation (NPO) funding agreement 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. We were also successful in securing a Culture Recovery Fund grant which helped replace income lost through cancelled events and to continue to engage with producers and venues so that Carn to Cove, C Fylm and Cornwall 365 have been able to restart activity post lockdown.

# **Creative Kernow Limited**

## **Trustees' Report**

### **Performance**

#### Cultural Engagement

The impact of the Covid-19 pandemic in 2020-2021 was hugely significant for all of Creative Kernow's programmes and outputs as it was for the wider cultural and creative sector.

The FEAST programme responded quickly to the restrictions with an adapted model for investment in creative community engagement. In the first week of lockdown, the team launched Re- Ignition with a call-out for ideas for creative projects which could be delivered safely in communities, reach people feeling the worst effects of the lockdown, and lift community spirits. Each project found different ways to overcome the restrictions and some projects are designed for people who are unaccustomed to digital access. The Re-Ignition programme was designed to be free to beneficiaries and reaches all ages and demographics.

FEAST funded 84 active projects, 60 of which were through the Re-Ignition Fund using a grants pot of £125,000 a year. The engagement totals for these active projects were 1,257 artists, 241 volunteers, 23,898 participants, 167,377 audience members, and 3,538 communities.

FEAST was selected as a case study of innovative practice in using culture to support local communities through coronavirus in a study commissioned by the national Local Government Association and was the cultural organisation selected for a bursary by the Achates Philanthropy Trust to receive mentoring from one of their team of arts consultants.

Despite the cancellation of performances and screenings, reduced capacity for those events that were able to go ahead and a loss of income during this period, Carn to Cove managed to deliver 172 performances, and 4 live online shows for which there were 193 audience members. The pivot to digital has been a particular highlight. The creation of new types of collaborative work, included 'Symphony of the Countryside', a visual and aural illustration of the environment made in response to the pandemic and the lockdown experience of rural communities in the spring and summer of 2020. 'A Song For Us' was also an opportunity for Carn to Cove to be a commissioning partner for a regional song project; working with Song UK and the artist and musician Gwenno, the song 'Meur Ras Dhia Gernow' was developed during lockdown and made using online video platforms.

Film Club At Home was set up by C Fylm as a free Facebook group where weekly watch-alongs were hosted throughout the pandemic. Through this platform, 50 free-to-view films were watched by participants at home from March 2020 - March 2021, and this activity continued with free and ticketed online screenings. The Facebook group has over 660 members, and has been an invaluable way to stay connected with existing audiences and reach new ones. Film Club At Home was shortlisted as finalists in the 'Best New Film Society' category at the Cinema for All Film Society of the Year awards and received a commendation from the judges.

#### Creative Economy Support

For Cultivator, the demand for their programme escalated since the beginning of the Covid-19 pandemic. By March, there were 499 creative businesses registered as clients, with 50 in the pipeline. Although many adaptations were adopted to move activities on line, there were elements which struggled to be adapted in this way, as well as the issue of 'online fatigue' which some clients experienced. Cultivator carried out the Baseline survey between April and July to capture the impact that Covid-19 had had on creative industries businesses in Cornwall and the Isles of Scilly receiving 250 responses and contributing to a wider study of the effects of Covid co-ordinated by the University of the West of England.

The Open Studios Cornwall 2020 event was delayed from May to August/September once Covid lockdown restrictions concerning public events had eased. This delay caused the published Open Studios catalogue to be out-of-date, and an overall reduction of visitors and of some artists who had originally signed up to participate. Online studio tours were uploaded to Vimeo for those artists that did not wish to open up their studios to the public during the re-scheduled event because of Covid safety concerns, such as having too small an artist studio for visitors to practice social distancing. This would have had a knock on financial effect for the 300+ artists throughout Cornwall who usually participate in the annual Open Studios event, and the 2021 event was cancelled with plans to reintroduce the event in 2022 and have it adhere to a template which would allow the event to be more sustainable and flexible for both virtual and physical attendance.

# **Creative Kernow Limited**

## **Trustees' Report**

Cornwall 365 had to cancel the publication of two of their customary four seasonal What's On Guides since there were very few events or cultural activity taking place during 2020 in Cornwall. As Cornwall 365's core income is through advertising events, Covid had a significant impact on the programme as this market has been hard hit by the pandemic. Throughout the first national lockdown, (March - July 2020) Cornwall 365 adapted their offer and upgraded all events listed with them to Premium for free. Cornwall 365 delivered in-kind support worth over £10,000 to the cultural sector, of which over £2,500 was for FEAST Re-Ignition funded projects as part of a joined-up response from Creative Kernow. Cornwall 365 continued to provide free promotion for digital events to support producers and cultural organisations until the third lockdown in 2021 was lifted.

With the award of a South West Creative Technology Network Data Prototyping fellowship and funding from the Culture Recovery Fund, Cornwall 365 embarked on a rapid research and development project to create a data collection and analysis prototype - In the Loop - linked to the online events database. This work paved the way for future consultancy income streams and is helping to redefine our partner offer around evaluative audience feedback data.

Screen Cornwall entered its second year of operation. The team have been working closely with other regional partners and now have formal agreements with Creative England (partnership production services), Film Offices UK and Falmouth University. Significant work has been underway to develop a network of film friendly landowners and a locations database, providing options for over 200 location enquiries. Alongside this they have registered 200+ crew and production services contacts on a crew database which have so far secured 50 freelance or service contracts. Worked in partnership with Cultivator, Screen Cornwall have supported 9 limited companies in developing their slate and a further 4-6 are expected to apply for similar support before the summer. Talent development has been advanced through the BBC New Creatives scheme as well as engagement with schools, colleges and universities. Screen Cornwall worked closely on the project change request to extend the Cultivator programme which asked for investment into a screen growth fund.

### Creative Hub Development

Krowji's new Phase 2 building was completed and opened in November 2020, adding 21 new studios to the site. Building towards our sustainability goals, Phase Two was awarded a BREEAM excellent rating. Covid restrictions prevented a public opening but trustees were pleased to welcome Sir Nicholas Serota, Chairman of Arts Council England for a private visit and ribbon cutting which secured regional media attention.

Much of the studio-holder and tenant activity, including a Christmas Open Studios Event, was cancelled. This resulted in a loss of promotion opportunity, significant income source for tenants, and some tenants moving out due to not being able to meet rent costs following income source loss from Covid-related disruption to their business and trading. The number of studio enquiries received in 2020 (113) was comparable to numbers received in 2019 (99) with an application rate of around 40% of enquiries. As of March 2021 there was 89% studio occupancy of Krowji studios (a drop from 97% in March 2020 due to the site's expansion and tenant move-outs) and 100% occupancy of units at The Yard.

### **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, Heartlands, Redruth School, Cornwall Wildlife Trust, Borlase Smart John Wells Trust, Penwith Gallery, Redruth Revival, Cornwall Media Resource, Cornwall Film Festival, Goldentree, The Tin Coast Partnership, 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.



# **Creative Kernow Limited**

## **Trustees' Report**

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. FEAST commissioned and supported the pilot project for the High Street Heritage Action Zone (HSHAZ) for the town. Agents 4 Change brought together young people in Redruth to have their say in the future development of the town's high street. In December 2020 it was announced that Historic England would invest £80,000 in a cultural programme as part of the HSHAZ scheme which FEAST will be managing over the next 2 years.

Creative Kernow staff have played a supporting role in the development of the Town Deal fund for Camborne through the project board. Advice and guidance have also been provided to St Ives and Penzance Town Deal Boards. It has been pleasing to see the role of culture and the creative industries being recognised and embedded within these strategies.

### **Financial Review**

Despite the impacts of the global COVID 19 pandemic and interruption to income generating activity the Creative Kernow group ended the year with a surplus of £175,361, a surplus of £85,301 on unrestricted funds and a surplus on restricted funds of £90,060. Our unrestricted reserves have increased to £510,033, with total funds held by the group at the year-end standing at £838,037. The level of free reserves for the charity at 31 March 2021 is £404,290 and £432,651 for the group

Activity levels were considerably reduced during the year and expenditure on events, travel and hospitality due to restrictions accounted for significant savings. Creative Kernow was also able to take advantage of government support for furloughed staff and the Culture Recovery Fund. Nevertheless, support for our beneficiaries remained strong with activity taking place online or through other adapted methods as described in earlier sections.

Turnover in the year for the charity was £1,822,864 in comparison with £1,389,570 in the 2019/20 financial year. The Cultivator Programme continues to account for approximately 60% of income.

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. In future years these reserves may be required for staff redundancies as the Cultivator programme comes to the end of its EU funding. Redundancy costs cannot be claimed though these funding programmes.

We continue to reduce our reliance on ACE and Cornwall Council core funding as a proportion of our turnover. The staff and trustees continue their entrepreneurial approach to the diversification of income streams with earned income from consultancy, partnership projects and non-statutory funding sources helping generate revenue. 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 a small core management team of the Creative Kernow Chief Executive and Finance Director supporting a wide range of projects.

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

### **Financial performance of our subsidiary companies**

Krowji Limited had another challenging year with the completion of the Phase 2 capital project delayed due to Covid and the new facilities opening on the eve of a national lockdown. Rental income stayed relatively static compared to 2019/20 but expenditure increased with greater staffing costs and business rates being payable on studios that were empty for more than 3 months. Krowji was fortunate to be able to access the Government's Covid support grants including the retail, hospitality and leisure grants, small business rates relief and staff retention scheme which totalled nearly £160,000. Krowji Limited ended the year with a deficit of just under £18,000. Work has since focused on reducing staff and operating costs and increasing studio occupancy as Covid restrictions were lifted.

# **Creative Kernow Limited**

## **Trustees' Report**

Cornwall Arts Marketing Limited managed its activity carefully in 2020/21, balancing the need to support the struggling cultural and tourism sectors alongside the reduced volume of public events and advertising budgets. Whilst income was down by 33%, costs were reduced accordingly. The company benefitted from the Coronavirus Job Retention scheme to reduce staff costs during the height of the pandemic and applied a proportion of the Culture Recovery Fund grant awarded to Creative Kernow to re-engage with cultural producers and audiences during the summer period. This has resulted in a small profit of just under £5,000.

Screen Cornwall Limited entered its second year of operations. Additional project and commercial activity was reduced due to Covid which impacted on income levels. The team used their time to focus on research and development activity which has kept their business plan on track. Screen Cornwall ended the year with a small deficit of just over £3,000.

### **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. Salaries for the Chief Executive and the Finance Director have been reviewed recently in the context of recruitment for both posts this year.

### **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.

The coronavirus pandemic necessitated a specific risk assessment relating to staff health and welfare which was developed in March 2020 and updated throughout the year in response to changing government guidance.

The financial impact on the 2020/21 was better than anticipated thanks to the availability of emergency funding. 2021/22 year will be more challenging and the 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. Trustees and senior staff are working to align the work of the Creative Kernow Group with the priorities of the Arts Council and Cornwall Council. The publication of the Arts Council's Let's Create Strategy this year in preparation for inviting organisations to join the new national portfolio is a positive opportunity as our well established programmes deliver against the new outcomes Creative People, Cultural Communities and a Creative and Cultural Country for All. We are also referenced throughout Cornwall Council's Creative Manifesto published this year and have continued to respond to needs identified by our local authority bringing us access to new areas of delivery.

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.

# **Creative Kernow Limited**

## **Trustees' Report**

### **Looking ahead**

Our core Arts Council funding had been expected to run until March 2022 under the current four-year funding agreement; as a result of the Covid situation this agreement has been extended for a further year until March 2023. Work is underway to develop a five-year strategic plan for all our CK Group activity. The first year of this 2023/24 will be the first year of a new NPO agreement with Arts Council (2023-26). We will submit our proposals for consideration in May 2022 with decisions expected in October 2022.

Funding for the second phase of the Cultivator programme is now extended until of March 2023 with some ESF activity finishing in June 2023. This follows a successful project change request approved in February 2022. The Cultivator team are now preparing to re-open for business sign ups The Shared Prosperity Fund which has been announced as the successor to the European Programmes is expected to make public its focus and eligibility criteria in April 2022. We are closely engaged with the process through a collaborative project with Cornwall Museums' Partnership pitched to the Community Renewal Fund which is positioned as a transitional funding programme before Shared Prosperity Fund comes on stream. This project - Tresorys Kernow (Cornish Treasures) runs from December 2021 until the end of June 2022. We are also building plans to commercialise some Cultivator services which is informed by surveys and focus groups with the current cohort of clients.

Krowji is still in recovery from a major fire in May 2021 which destroyed 15 artist studios. On top of the financial challenges already outlined there is a need for a robust recovery plan to ensure the business is financially viable with the reduction in spaces in the short term and to determine a plan of action in relation to any insurance settlement. Demand for workspace is still strong and there is a waiting list of practitioners seeking spaces for work which cannot be accommodated in the Percy Williams building due to noise or mess. The demolition of the affected North Light Building is now complete and the Krowji team and directors are developing a brief for modular provision which could attract a greater diversity of businesses to the site. These plans will be the subject of a public consultation with tenants and creative networks. Funding and timescales will be determined by the resolution of our insurance claim with Aviva. As part of the strategic plan Creative Kernow will be looking at innovative ways to use Krowji for new research and development programmes. This will build on the British Council and Falmouth University led Creative Hubs studies which Krowji contributed to.

Cornwall Council and the Cornwall and Isles of Scilly LEP are actively supportive of the growth of the screen sector and Screen Cornwall is very well-placed to participate in its strategic development. As well as exploring the potential for securing public investment to encourage film productions to use the region as a location, Screen Cornwall are also connecting to research and innovation funding opportunities through regional universities.

With such an uncertain period ahead of the organisation - albeit with lots of potential and hope - it is right that we consider more radical approaches to ensuring our survival. Trustees have been reviewing options for reorganising staffing that would create savings and other efficiencies. Collaborations and partnerships with other cultural organisations have also been proposed which would both save money through shared services and increase capacity to deliver more ambitious service agreements for external clients. This approach is encouraged by our main funders and will build on our strong track record of working in partnership.

Board succession planning remains a priority. Trustees agreed a development plan which is being followed with monitoring at each Creative Kernow Board meeting. Our Chair John Pulford has announced his intention to retire and advertising will take place from May with a view to beginning handover in September. Three new board members were appointed in January 2021 and we are due to welcome another three trustees in March 2022 following our recruitment drive in December.

The trustees believe that Creative Kernow is well-placed to make the most of the opportunities and challenges that lie ahead and we will continue to take a lead amongst our partners in Cornwall in helping the sector to go forward. This will include an increasing emphasis on the issues of sustainability and climate change; equality, diversity and inclusion and impact and data.

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.

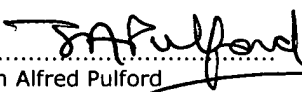
## Creative Kernow Limited

### Trustees' Report

#### 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 24.3.22 and signed on its behalf by:

  
.....  
John Alfred Pulford  
Trustee

## **Creative Kernow Limited**

### **Statement of Trustees' Responsibilities**

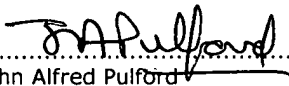
The trustees (who are also the directors of Creative Kernow Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable 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 on 24.3.22 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 2021, 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 2021 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**

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

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

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

#### **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 11], 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

## **Creative Kernow Limited**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity at the planning stage of the audit. The charity is subject to laws and regulations that directly affect the financial statements, specifically the Companies Act 2006, Charities Act 2011 and Charities Statement of Recommended Practice. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. The charity is also subject to laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or loss of the charity's ability to operate. In making this assessment we determined that the most significant elements of legislation include those relating to employment laws and regulations (including CJRS compliance), health and safety standards and compliance with major funding contracts.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Making enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries, we also discussed with management changes in risk assessment relating to fraud, and whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Considering the filings made at Companies House and the Charity Commission, and any omissions thereon, of which none were identified.
- Discussing with management compliance with health and safety legislation, including any reforms to these in light of national restrictions imposed during the year.
- Making enquiries of management and reviewing charity expenditure for any evidence of disputes, actual or potential litigation and claims, with regulators or any other such body.
- Reviewing documentation from fund providers to test whether funds had been appropriately claimed and utilised for purposes as set out in the respective contract terms.
- Reviewing payroll records to test whether Coronavirus Job Retention Scheme funding being claimed was appropriate.
- Auditing the risk of management override of controls, including through testing of journal entries and other adjustments for appropriateness, and evaluating the rationale for significant transactions outside the normal course of business activities, of which there were none.
- Reviewing estimates and judgements made in the financial statements for any indication of bias and challenged assumptions used by management in making the estimates.
- Reviewing Board minutes and correspondence with regulators to corroborate the findings from the above.

Due to the inherent limitations of an audit, there remains a risk that we may not have detected some material misstatements in the financial statements or non-compliance with laws and regulations. This is despite the fact that we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed irregularities are from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there remained a high risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. This risk was reduced by a thorough review of all controls in place that monitor items and transactions affecting the financial statements. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.



## **Creative Kernow Limited**

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

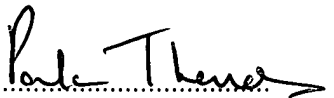
All relevant laws, regulations and significant risks of fraud identified have been clearly communicated to each member of the audit engagement team.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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

Date: 28 March 2022

## Creative Kernow Limited

### Consolidated Statement of Financial Activities for the Year Ended 31 March 2021

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

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	410,268	1,374,365	1,784,633	1,257,073
Commercial trading operations		565,381	113,266	678,647	572,342
Investment income	4	1,365	-	1,365	1,427
Charitable activities	5	15,357	6,417	21,774	111,121
Total Income		<u>992,371</u>	<u>1,494,048</u>	<u>2,486,419</u>	<u>1,941,963</u>
<b>Expenditure on:</b>					
Commercial trading operations		(583,276)	(106,302)	(689,578)	(644,046)
Charitable activities	6	<u>(327,791)</u>	<u>(1,293,689)</u>	<u>(1,621,480)</u>	<u>(1,315,873)</u>
Total Expenditure		<u>(911,067)</u>	<u>(1,399,991)</u>	<u>(2,311,058)</u>	<u>(1,959,919)</u>
Net income/(expenditure)		81,304	94,057	175,361	(17,956)
Transfers between funds		<u>3,997</u>	<u>(3,997)</u>	<u>-</u>	<u>-</u>
Net movement in funds		85,301	90,060	175,361	(17,956)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>424,732</u>	<u>237,944</u>	<u>662,676</u>	<u>680,632</u>
Total funds carried forward	20	<u>510,033</u>	<u>328,004</u>	<u>838,037</u>	<u>662,676</u>

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

The funds breakdown for 2020 is shown in note 20.


# Creative Kernow Limited

## (Registration number: 1727731) Consolidated Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	5,312,485	4,140,912
<b>Current assets</b>			
Debtors	13	817,911	667,459
Cash at bank and in hand	14	<u>405,289</u>	<u>447,394</u>
		1,223,200	1,114,853
<b>Creditors: Amounts falling due within one year</b>	15	<u>(1,096,891)</u>	<u>(1,076,381)</u>
<b>Net current assets</b>		<u>126,309</u>	<u>38,472</u>
<b>Total assets less current liabilities</b>		5,438,794	4,179,384
<b>Creditors: Amounts falling due after more than one year</b>	16	(4,589,274)	(3,508,350)
<b>Provisions</b>	19	<u>(11,483)</u>	<u>(8,358)</u>
<b>Net assets</b>		<u>838,037</u>	<u>662,676</u>
<b>Funds of the group:</b>			
<b>Restricted funds</b>		328,004	237,944
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>510,033</u>	<u>424,732</u>
<b>Total funds</b>	20	<u>838,037</u>	<u>662,676</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 47 were approved by the trustees, and authorised for issue on 24.3.22 and signed on their behalf by:

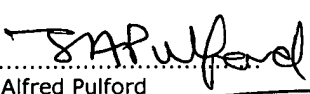
  
 .....  
 John Alfred Pulford  
 Trustee

# Creative Kernow Limited

## (Registration number: 1727731) Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	286,376	286,851
Investments	12	<u>201</u>	<u>201</u>
		<u>286,577</u>	<u>287,052</u>
<b>Current assets</b>			
Debtors	13	1,168,379	823,917
Cash at bank and in hand		<u>304,072</u>	<u>436,912</u>
		1,472,451	1,260,829
<b>Creditors: Amounts falling due within one year</b>	15	<u>(315,150)</u>	<u>(290,493)</u>
<b>Net current assets</b>		<u>1,157,301</u>	<u>970,336</u>
<b>Total assets less current liabilities</b>		1,443,878	1,257,388
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>(457,174)</u>	<u>(462,225)</u>
<b>Net assets</b>		<u>986,704</u>	<u>795,163</u>
<b>Funds of the charity:</b>			
<b>Restricted funds</b>		296,038	209,169
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>690,666</u>	<u>585,994</u>
<b>Total funds</b>	20	<u>986,704</u>	<u>795,163</u>

The financial statements on pages 16 to 47 were approved by the trustees, and authorised for issue on 24.3.22 and signed on their behalf by:

  
 .....  
 John Alfred Pulford  
 Trustee

## Creative Kernow Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash income/(expenditure)		175,361	(17,956)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		105,867	91,744
Investment income	4	<u>(1,365)</u>	<u>(1,427)</u>
		279,863	72,361
<b>Working capital adjustments</b>			
Decrease/(increase) in debtors	13	(150,452)	(244,923)
(Decrease)/increase in creditors	15, 16	953,666	849,043
(Decrease)/increase in provisions	19	<u>3,125</u>	<u>(7,988)</u>
Net cash flows from operating activities		<u>1,086,202</u>	<u>668,493</u>
<b>Cash flows from investing activities</b>			
Interest received on bank deposits	4	165	227
Rent Income	4	1,200	1,200
Rent income from lease	4	5,151	5,151
Rent income from lease - cons adj	4	(5,151)	(5,151)
Purchase of tangible fixed assets	11	<u>(1,277,440)</u>	<u>(556,212)</u>
Net cash flows from investing activities		<u>(1,276,075)</u>	<u>(554,785)</u>
<b>Cash flows from financing activities</b>			
Value of new loans obtained during the period		200,000	250,000
Repayment of loans and borrowings	15, 16	<u>(52,232)</u>	<u>(49,503)</u>
Net cash flows from financing activities		<u>147,768</u>	<u>200,497</u>
Net (decrease)/increase in cash and cash equivalents		(42,105)	314,205
Cash and cash equivalents at 1 April		<u>447,394</u>	<u>133,189</u>
Cash and cash equivalents at 31 March		<u><u>405,289</u></u>	<u><u>447,394</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 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash income		191,541	63,792
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		3,715	4,294
Investment income		<u>(16,457)</u>	<u>(21,376)</u>
		178,799	46,710
<b>Working capital adjustments</b>			
(Increase)/decrease in debtors	13	(344,462)	224,564
Increase in creditors	15, 16	<u>19,606</u>	<u>46,972</u>
Net cash flows from operating activities		<u>(146,057)</u>	<u>318,246</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income		16,457	1,427
Purchase of tangible fixed assets	11	<u>(3,240)</u>	<u>(619)</u>
Net cash flows from investing activities		<u>13,217</u>	<u>808</u>
Net (decrease)/increase in cash and cash equivalents		(132,840)	319,054
Cash and cash equivalents at 1 April		<u>436,912</u>	<u>117,858</u>
Cash and cash equivalents at 31 March		<u><u>304,072</u></u>	<u><u>436,912</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 2021**

### **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. The figures in the financial statements have been rounded to the nearest pound sterling.

#### **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 2021.

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.

#### **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.

# **Creative Kernow Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

### **Going concern**

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. In making their assessment, the trustees have considered the impact of the COVID-19 pandemic.

The trustees believe that Creative Kernow is well-placed to make the most of the opportunities and challenges that lie ahead and will continue to take a lead amongst their partners in Cornwall in helping the sector to go forward.

Contract funding has been secured until June 2023, with applications for further funding currently ongoing. At the year-end, the charity held unrestricted reserves of £510,033. This is sufficient to cover expected Working Capital movements, as well as any additional unexpected costs not budgeted for.

The trustees are therefore satisfied that the charity will be able to operate within their available facilities and continue as a going concern for the foreseeable future, being a period no less than 12 months from the date of approval of these financial statements.

### **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.



# **Creative Kernow Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

### **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 three trading subsidiaries of the Charity, Krowji Limited, Cornwall Arts Marketing Limited and Screen Cornwall Limited.

### **Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

### **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.

### **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.

## **Creative Kernow Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **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

#### **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 (phase 1 & 2) which are depreciated over 50 years from dates of completion

No provision is made in respect of freehold land.

#### **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 2021**

### **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**

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 2021**

### **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 2021

### 3 Income from donations and legacies

	Unrestricted funds	Restricted funds	2021	2020
	General £	£	£	£
<b>Grants</b>				
Creative Skills - Arts Council	-	-	-	10,000
Creative Skills - ESF	-	-	-	3,381
Carn to Cove - Cornwall Council	16,650	-	16,650	16,650
Carn to Cove - Devon District Councils	-	19,830	19,830	28,996
Carn to Cove - Arts Council	80,000	15,400	95,400	115,267
Carn to Cove - Other	41,118	13,923	55,041	17,409
FEAST - Cornwall Council	-	64,475	64,475	62,475
FEAST - Arts Council	100,000	-	100,000	100,000
FEAST - ESF	-	37,979	37,979	41,164
FEAST - Other	-	12,500	12,500	10,400
Cultivator	73,146	980,866	1,054,012	790,717
Other Projects - Cornwall Council	44,233	-	44,233	4,233
Other Projects - Arts Council	36,588	-	36,588	33,655
Other Projects - Other	8,191	214,020	222,211	6,250
<b>Donations</b>				
Carn to Cove - Donations	6,079	3,752	9,831	6,854
FEAST - Donations	4,224	11,620	15,844	9,272
Other Donations	39	-	39	350
	<u>410,268</u>	<u>1,374,365</u>	<u>1,784,633</u>	<u>1,257,073</u>

### 4 Investment income

	Unrestricted funds	Total	Total
	General £	2021 £	2020 £
Interest receivable and similar income;			
Interest received on bank deposits	165	165	227
Rent receivable	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
	<u>1,365</u>	<u>1,365</u>	<u>1,427</u>

## **Creative Kernow Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

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

	<b>Unrestricted funds</b>			
	<b>General</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>funds</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Carn to Cove	3,669	2,767	6,436	93,295
Miscellaneous	<u>11,688</u>	<u>3,650</u>	<u>15,338</u>	<u>17,826</u>
	<u>15,357</u>	<u>6,417</u>	<u>21,774</u>	<u>111,121</u>

## Creative Kernow Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 6 Expenditure on charitable activities

	Basis of Allocation	FEAST	Carn to Cove	Carn to Cove Projects	Cultivator	Creative Skills	Other Projects	Governance	2021 Total	2020 Total
<b>Direct Costs</b>										
Staff Costs	Direct	39,159	68,207	36,544	485,965	-	71,438	2,145	703,458	632,231
Other Costs	Direct	157,403	8,683	16,094	392,978	-	254,316	-	829,474	576,850
Freelance fees	Direct	-	-	-	-	-	-	-	-	-
Publicity	Direct	2,050	1,509	219	-	-	-	-	3,778	2,096
Recruitment	Direct	-	-	-	5	-	5,760	-	5,765	3,792
Travel	Direct	-	78	582	825	-	54	-	1,539	24,420
Audit fee	Direct	-	-	-	-	-	-	12,456	12,456	9,492
<b>Total direct costs:</b>		<b>198,612</b>	<b>78,477</b>	<b>53,439</b>	<b>879,773</b>	<b>-</b>	<b>331,568</b>	<b>14,601</b>	<b>1,556,470</b>	<b>1,248,881</b>
<b>Support Costs</b>										
Premises	Floor area	7,095	440	220	6,589	(217)	4,438	-	18,565	11,715
Legal and professional	Usage	-	-	-	-	-	48	-	48	2,172
Consultancy	Usage	-	-	-	-	-	150	-	150	1,800
Office expenses	Usage	980	2,391	929	23,269	-	14,830	132	42,531	46,758
Bank charges and interest	Usage	-	-	-	-	-	-	-	-	253
Depreciation	Usage	-	260	728	1,131	-	1,597	-	3,716	4,294
<b>Total support costs:</b>		<b>8,075</b>	<b>3,091</b>	<b>1,877</b>	<b>30,989</b>	<b>(217)</b>	<b>21,063</b>	<b>132</b>	<b>65,010</b>	<b>66,992</b>
		<b>206,687</b>	<b>81,568</b>	<b>55,316</b>	<b>910,762</b>	<b>(217)</b>	<b>352,631</b>	<b>14,733</b>	<b>1,621,480</b>	<b>1,315,873</b>

## **Creative Kernow Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

Included within expenditure on charitable activities 'other costs' on the previous page is grant funding to third party individuals under the Cultivator project and FEAST project. The total grant funding of activities during the year was £248,145 (2020 - £293,442).

#### **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 charity was also in receipt of Coronavirus Job Retention Scheme grants of £36,782 and COVID Business Rates Relief grants of £40,000 in the year.

The amount of grants recognised in the financial statements was £249,184 (2020 - £143,430).

Additional government grants of £137,851 (2020 - £47,674) are recognised in the consolidated financial statements, received by trading subsidiaries. Included in the above is £16,127 received in respect of Coronavirus Job Retention Scheme grants and £77,724 of COVID Business Rates Relief grants.

#### **8 Net incoming/outgoing resources**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operating lease rentals	513	942
Auditors' remuneration	12,500	8,200
Other accountancy services	12,106	10,079
Depreciation of fixed assets	<u>105,867</u>	<u>91,744</u>

#### **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 2021

### 10 Group Staff costs

The aggregate payroll costs were as follows:

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	865,710	755,187
Social security costs	65,730	62,401
Pension costs	24,368	20,905
Other staff costs	<u>2,299</u>	<u>10,853</u>
	<u><u>958,107</u></u>	<u><u>849,346</u></u>

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

	<b>2021</b> <b>No</b>	<b>2020</b> <b>No</b>
Charitable Activities	<u>35</u>	<u>37</u>

No employee received emoluments of more than £60,000 during the year.

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

	<b>2021</b> <b>No</b>	<b>2020</b> <b>No</b>
£60,001 - £70,000	<u>-</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 £63,569 (2020 - £62,680).

## Creative Kernow Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### 11 Tangible fixed assets

##### Group

	Leasehold Land & Buildings £	Plant and machinery £	Equipment £	Freehold Property £	Asset in the course of construction £	Total £
<b>Cost</b>						
At 1 April 2020	50,000	196,133	36,554	3,656,283	675,910	4,614,880
Additions	1,233,777	-	58,365	-	-	1,292,142
Adjustment	-	-	-	-	(14,702)	(14,702)
Transfers	-	-	-	661,208	(661,208)	-
At 31 March 2021	<u>1,283,777</u>	<u>196,133</u>	<u>94,919</u>	<u>4,317,491</u>	<u>-</u>	<u>5,892,320</u>
<b>Depreciation</b>						
At 1 April 2020	3,008	95,123	32,513	343,324	-	473,968
Charge for the year	<u>510</u>	<u>19,560</u>	<u>4,903</u>	<u>80,894</u>	<u>-</u>	<u>105,867</u>
At 31 March 2021	<u>3,518</u>	<u>114,683</u>	<u>37,416</u>	<u>424,218</u>	<u>-</u>	<u>579,835</u>
<b>Net book value</b>						
At 31 March 2021	<u>1,280,259</u>	<u>81,450</u>	<u>57,503</u>	<u>3,893,273</u>	<u>-</u>	<u>5,312,485</u>
At 31 March 2020	<u>46,992</u>	<u>101,010</u>	<u>4,041</u>	<u>3,312,959</u>	<u>675,910</u>	<u>4,140,912</u>

## Creative Kernow Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021

#### Charity

	Equipment £	Freehold Property £	Total £
<b>Cost</b>			
At 1 April 2020	35,637	303,142	338,779
Additions	<u>3,240</u>	<u>-</u>	<u>3,240</u>
At 31 March 2021	<u>38,877</u>	<u>303,142</u>	<u>342,019</u>
<b>Depreciation</b>			
At 1 April 2020	31,794	20,134	51,928
Charge for the year	<u>2,653</u>	<u>1,062</u>	<u>3,715</u>
At 31 March 2021	<u>34,447</u>	<u>21,196</u>	<u>55,643</u>
<b>Net book value</b>			
At 31 March 2021	<u>4,430</u>	<u>281,946</u>	<u>286,376</u>
At 31 March 2020	<u>3,843</u>	<u>283,008</u>	<u>286,851</u>

All freehold property, with a carrying value of £281,946 (2020: £283,008) 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 2021

### 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
<b>Subsidiary undertakings</b>				
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 £17,955 and the aggregate amount of capital and reserves at the end of the period was £(119,589).

The profit for the financial period of Cornwall Arts Marketing Limited was £4,902 and the aggregate amount of capital and reserves at the end of the period was £(50,949).

The loss for the financial period of Screen Cornwall Limited was £3,194 and the aggregate amount of capital and reserves at the end of the period was £22,304.

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 2021

#### Charity

	2021 £	2020 £
Shares in group undertakings and participating interests	<u>201</u>	<u>201</u>

#### Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
<b>Cost</b>		
At 1 April 2020	<u>201</u>	<u>201</u>
At 31 March 2021	<u>201</u>	<u>201</u>
<b>Net book value</b>		
At 31 March 2021	<u>201</u>	<u>201</u>
At 31 March 2020	<u>201</u>	<u>201</u>

#### 13 Debtors

	Group	Group	Charity	Charity
	2021 £	2020 £	2021 £	2020 £
Trade debtors	18,068	64,853	6,461	5,070
Grants Receivable	769,564	495,849	618,241	231,711
Due from group undertakings	-	-	516,556	565,531
Prepayments	20,603	46,505	19,460	7,617
VAT recoverable	-	9,235	-	-
Other debtors	<u>9,676</u>	<u>51,017</u>	<u>7,661</u>	<u>13,988</u>
	<u>817,911</u>	<u>667,459</u>	<u>1,168,379</u>	<u>823,917</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 £216,875 (2020 - £247,861) on behalf of other delivery partners within the Cultivator project. The Charity paid £177,339 (2020 - £235,454) of these funds to the delivery partners before the year end. The balance of funds held as agent at the year end was £39,536 (2020 - £12,407).

# Creative Kernow Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021

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

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	53,800	52,232	-	-
Trade creditors	29,802	18,814	18,975	5,764
Other loans	500,000	300,000	-	-
Other taxation and social security	28,970	36,959	17,045	32,506
Accruals	47,498	105,530	12,000	7,200
Deferred income	408,675	517,774	266,573	234,982
Other creditors	28,146	45,072	557	10,041
	<u>1,096,891</u>	<u>1,076,381</u>	<u>315,150</u>	<u>290,493</u>

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

	Group		Charity
	2021	2020	2021
	£	£	£
Bank Loans	53,800	52,232	-
Other Loans	<u>500,000</u>	<u>300,000</u>	-
	<u>553,800</u>	<u>352,232</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

	2021
	£
Deferred income at 1 April 2020	697,206
Resources deferred in the period	261,522
Amounts released from previous periods	<u>(234,981)</u>
Deferred income at 31 March 2021	<u>723,747</u>

### Group

	2021
	£
Deferred income at 1 April 2020	2,994,629
Resources deferred in the period	1,715,264
Amounts released from previous periods	<u>(701,480)</u>
Deferred income at 31 March 2021	<u>4,008,413</u>

# Creative Kernow Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021

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

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Bank loans	977,693	1,031,493	-	-
Deferred income	<u>3,611,581</u>	<u>2,476,857</u>	<u>457,174</u>	<u>462,225</u>
	<u>4,589,274</u>	<u>3,508,350</u>	<u>457,174</u>	<u>462,225</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
	2021 £	2020 £	2021 £
Bank Loans	<u>977,693</u>	<u>1,031,493</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:

	2021 £	2020 £
After more than five years by instalments	<u>745,627</u>	<u>806,276</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 2021

### 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		Charity	
	2021 £	2020 £	2021 £	2020 £
<b>Land and buildings</b>				
Within one year	7,833	833	-	-
Between one and five years	17,500	-	-	-
	<u>25,333</u>	<u>833</u>	<u>-</u>	<u>-</u>
<b>Other</b>				
Within one year	513	513	513	513
Between one and five years	1,281	1,794	1,281	1,794
	<u>1,794</u>	<u>2,307</u>	<u>1,794</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	Charity
	2021 £	2021 £
<b>Land and buildings</b>		
Within one year	<u>833</u>	<u>-</u>

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 2020	8,358	8,358
Charged to the statement of recognised gains and losses	<u>3,125</u>	<u>3,125</u>
At 31 March 2021	<u>11,483</u>	<u>11,483</u>

Provisions are made up of deferred taxation, provided for at 19% (2020: 19%).



# Creative Kernow Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 20 Funds

#### Group

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>					
<i>General</i>					
Unrestricted	424,732	992,371	(911,067)	3,997	510,033
<b>Restricted funds</b>					
Restricted	<u>237,944</u>	<u>1,494,048</u>	<u>(1,399,991)</u>	<u>(3,997)</u>	<u>328,004</u>
<b>Total funds</b>	<u>662,676</u>	<u>2,486,419</u>	<u>(2,311,058)</u>	<u>-</u>	<u>838,037</u>

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

# Creative Kernow Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021

### Charity

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2021 £
<b>Unrestricted funds</b>					
<b>General</b>					
General	585,994	442,082	(336,317)	(1,093)	690,666
<b>Restricted funds</b>					
Carn to Cove Locomotor	73,058	19,022	(39,939)	-	52,141
Carn to Cove Villages in Action - Headley Trust Donation	5,000	-	-	-	5,000
Piano Go Round	3,136	360	-	-	3,496
Inn Crowd	-	1,250	-	-	1,250
Jaw Jaw	-	6,960	(6,810)	-	150
C-Fylm - Cultivator	981	-	(505)	-	476
C-Fylm - International Women	926	-	-	-	926
C2C Space Project	-	-	(96)	96	-
C2C Symphony of the Countryside	-	3,550	(1,735)	-	1,815
C2C Tin Coast	-	1,800	(118)	-	1,682
C2C Culture Recovery Grant	-	15,400	(5,890)	-	9,510
C2C - C-Fylm Crowdfunder	-	3,330	-	-	3,330
C2C - Scops Arts Trust (R)	-	4,000	-	-	4,000
British Film Institute - Cinema Equipment Package	279	-	(223)	-	56
FEAST Year 9	7,753	-	(2,500)	-	5,253
FEAST Year 10	12,712	-	(2,000)	-	10,712
FEAST Year 11	6,846	-	(100)	-	6,746
FEAST Year 12	58,381	-	(39,082)	-	19,299
FEAST Year 13	-	62,475	-	-	62,475
FEAST Bright Sparks	4,437	-	(90)	-	4,347
FEAST Cornwall AONB Celebrations	5,975	-	(6,000)	25	-
FEAST Gamechanger	-	37,979	(38,343)	364	-
FEAST Bill's Attic	947	13,120	(12,522)	-	1,545
FEAST Cornwall Community Foundation	3,150	-	(2,990)	-	160
FEAST Cornwall Comm Foundation Covid Emergency Fund	-	5,000	(4,650)	-	350
FEAST Redruth HSHAZ	-	9,650	(4,000)	-	5,650
FEAST Kresen Kernow Commissioning	-	2,000	(1,500)	-	500
Core ACE grant for Krowji Phase 2	-	214,020	(214,020)	-	-
Cornwall 365	403	-	(403)	-	-
Cultivator	1,175	980,866	(910,763)	-	71,278
NFASP	24,010	-	(119)	-	23,891

## Creative Kernow Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2021 £
G7	-	-	(10)	10	-
Donations	-	-	(598)	598	-
<b>Total restricted funds</b>	<u>209,169</u>	<u>1,380,782</u>	<u>(1,295,006)</u>	<u>1,093</u>	<u>296,038</u>
<b>Total funds</b>	<u><u>795,163</u></u>	<u><u>1,822,864</u></u>	<u><u>(1,631,323)</u></u>	<u><u>-</u></u>	<u><u>986,704</u></u>

## **Creative Kernow Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

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.

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.

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 2021**

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.

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 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Balance at 31 March 2020 £
<b>Unrestricted funds</b>				
<b>General</b>				
General	553,496	404,555	(372,057)	585,994
<b>Restricted funds</b>				
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)	-
<b>Total restricted funds</b>	<b>177,875</b>	<b>985,015</b>	<b>(953,721)</b>	<b>209,169</b>
<b>Total funds</b>	<b>731,371</b>	<b>1,389,570</b>	<b>(1,325,778)</b>	<b>795,163</b>

# Creative Kernow Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021

### 21 Analysis of net assets between funds

#### Group

	Unrestricted funds	Restricted funds	Total funds
	General £	£	£
Tangible fixed assets	5,312,485	-	5,312,485
Current assets	602,762	620,438	1,223,200
Current liabilities	(804,457)	(292,434)	(1,096,891)
Creditors over 1 year	(4,589,274)	-	(4,589,274)
Provisions	(11,483)	-	(11,483)
Total net assets	<u>510,033</u>	<u>328,004</u>	<u>838,037</u>

### 22 Commitments

#### Group

#### Capital commitments

Krowji Limited was committed to capital expenditure in respect of the Krowji Phase 2 building project as at 31 March 2020. This building project was completed during the year.

The total amount contracted for but not provided in the financial statements was £Nil (2020 - £1,039,946).

### 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 £1,031,493 (2020: £1,083,725). The proportion of group assets charged is 19% (2020: 26%).

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 £500,000 at 31 March 2021 (2020: £300,000). The proportion of group assets charged is 9% (2020: 7%).

### 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 2021**

#### **26 Related party transactions**

##### **Group**

##### **Mr P R Williams**

(the company secretary and a key employee of Krowji Limited, prior to his resignation on 30 November 2020)  
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 (2020 - £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 £12,143 (2020 - £13,346).

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 £290 (2020 - £994).

Rent receivable from Krowji Limited for the lease of property, total amount received during the year of £100 (2020 - £100).

Creative Kernow Limited has provided a loan to Krowji Limited. Interest is charged on the loan, total interest receivable during the year of £9,941 (2020 - £14,798). 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 (2020 - £383,000).

##### **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 £3,884 (2020 - £1,570)

The charity provided Cornwall Arts Marketing Limited with the provision of services throughout the year totalling £6,458 (2020 - £Nil). At the balance sheet date the amount due from Cornwall Arts Marketing Limited was £3,736 (2020 - £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**

Krowji Limited had a fire in the North Light building on 16 May 2021. The building became unusable for any activity and has since been demolished for the site to serve another commercial purpose. The company made an insurance claim, of which various instalments towards loss of earnings and the contents claim have been received post year end and full settlement negotiations are currently underway.

At the balance sheet date, the Percy Williams & Sons Limited loan with Krowji Limited with a carrying amount of £500,000 had a due date of 31 March 2022. Since the year end, the due date of the loan has been extended to 31 March 2023.



# Creative Kernow Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021

### Charity Statement of Financial Activities for the Year Ended 31 March 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	410,268	1,374,365	1,784,633	1,257,073
Charitable activities	5	15,357	6,417	21,774	111,121
Investment income		16,457	-	16,457	21,376
Total Income		442,082	1,380,782	1,822,864	1,389,570
<b>Expenditure on:</b>					
Charitable activities		(336,317)	(1,295,006)	(1,631,323)	(1,325,778)
Total Expenditure		(336,317)	(1,295,006)	(1,631,323)	(1,325,778)
Net income		105,765	85,776	191,541	63,792
Transfers between funds		(1,093)	1,093	-	-
Net movement in funds		104,672	86,869	191,541	63,792
<b>Reconciliation of funds</b>					
Total funds brought forward		585,994	209,169	795,163	731,371
Total funds carried forward	20	690,666	296,038	986,704	795,163

All of the charity's activities derive from continuing operations during the above two periods.  
The funds breakdown for 2020 is shown in note 20.