

# The Wordsworth Trust

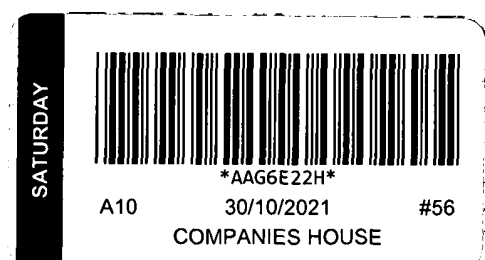
## Trustees' report and consolidated financial statements

Registered charity number 1066184

Registered company number 03442086

For the year to 31 March 2021

**wordsworth**  
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## Trustees' Annual Report

The Trustees are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2021. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

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

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

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

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

### *Trustees who served during the year*

Professor Sir Drummond Bone  
Professor Simon Bainbridge  
Ms Gesa Brinkmann ACA, CPA  
Mrs Mary Chuck  
Ms Judith Cooke  
Dr Anna Fleming  
Mrs Johanna Goode  
Mr David Heal  
Mrs Diana Matthews JP DL  
Professor David McKitterick  
Dr Lucy Peltz (retired 18<sup>th</sup> March 2021)  
Ms Jennifer Uglow OBE

The Trustees are the members of the charitable company and act as Directors for the purposes of company law. In the event of the charitable company being wound up, the guarantee of each member is limited to £1.

In accordance with the Articles of Association the following trustee will retire and, being eligible, will offer themselves for re-appointment at the forthcoming Annual Retirement Meeting.

Professor Sir Drummond Bone

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

### **OBJECTIVES AND ACTIVITIES**

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

During this time, the Wordsworth Trust has acquired many of the other historic buildings that neighbour Dove Cottage, secured the great majority of Wordsworth's manuscripts, established an archive, library and fine art collection that celebrate Romanticism and the cultural history of the Lake District, and created the Jerwood Centre, a conservation and research centre, so that these holdings can remain at Dove Cottage, one of the world's most important literary sites. In 2021 it created a transformed Museum, with larger galleries and improved displays, and reopened to visitors as 'Wordsworth Grasmere'.

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

1. to provide a living memorial to William Wordsworth and his contemporaries by looking after Dove Cottage and its environs, and by preserving and developing a permanent collection; and
2. to advance public knowledge and enjoyment of the works of Wordsworth and the literature and culture of the Romantic period (c.1770–1850) through a wide range of public activities.

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

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

Our activities, and the criteria that we use to measure their success, are reported in detail under 'Achievements and Performance'. While certain activities are aimed at specific beneficiary groups, most are open to anyone. They take place all year round and some are free of charge.

## Trustees' annual report (continued)

### Our public impact in numbers

12 months to 31 Mar 2021					12 months to 31 Mar 2020				Variance
General visits to Wordsworth Grasmere					8,270				-55%
	Onsite	Offsite	Digital		Onsite	Offsite	Digital		
Young people in formal education (student-days)									
Secondary, primary and pre-school	55	176	412	643	635	3,677	-	4,312	-85%
Higher education – short courses	-	-	301	301	503	-	-	503	-40%
Higher education – other	-	-	145	145	33	-	-	33	339%
Teacher development opportunities	-	-	5	5	29	34	-	63	-83%
Total	55	176	863	1,094	1,200	3,711	-	4,911	-78%
Participation in events and activities for families <sup>1</sup>									
	210	-	-	210	118	1,164	-	1,282	-84%
Participation in informal learning activities									
Elderly / vulnerable adults	-	3	581	584	85	829	-	914	-36%
Young people (excluding family activities)	-	-	272	272	17	229	-	246	11%
General audiences	-	4	1,393	1,397	17	1,075	-	1,092	28%
Total	-	7	2,246	2,253	119	2,133	-	2,252	0%
Attendances at talks, poetry readings and other events (excluding family events)									
	38	-	1,366	1,404	1,498	684	-	2,182	-36%
Interactions via new media									
Website (unique views)			183,179					197,366	-7%
Views of online videos <sup>1b</sup>			160,912					204,684	72%
Social media followers (31 March 2021)			48,575					44,667	9%
Total			392,666					446,717	17%
Research visits (research-days)					157				-72%
Publications									
New titles			-					2	-100%
Sales (all titles)			186					222	-16%
Participants in vocational training (starting in year)					14				-79%
Volunteers <sup>1c</sup>					24				-29%

<sup>1</sup> Includes 142 family members on discovery trails at Wordsworth Grasmere. These are therefore also included in the figure of 3,732 general visits.

<sup>1b</sup> Attendance at digital events is likely to be understated as it is the number of log-ins and doesn't take account of, for example, members of a household sharing a device.

<sup>1c</sup> Includes 979 viewings of videos aimed at families and young children.

<sup>1d</sup> People who did volunteer work on a regular basis and / or for sustained periods of time.

## Trustees' annual report (*continued*)

### ACHIEVEMENTS AND PERFORMANCE

#### 1. Overview of progress against strategy

For many years, our strategy had been focused on April 2020 as a time for celebration: the 250th anniversary of Wordsworth's birth, and the first phase of opening Wordsworth Grasmere as a major new visitor destination following the £6.5m Reimagining Wordsworth project. Instead, we began the year with cancelled festivities, building works on hold and the stark financial reality of a prolonged period of closure. We were far from alone amongst cultural organisations in having our programmes and finances thrown into turmoil by the coronavirus pandemic. However, with our free reserves already depleted by a planned lack of trading in 2019 to carry out Reimagining Wordsworth and the loss of a milestone publicity opportunity that could never be repeated, April 2020 certainly felt like the cruellest month as we switched our focus from celebration to survival.

We therefore wish to start by thanking everyone who has helped the Wordsworth Trust at a time of real need this year. Our staff showed tremendous flexibility, and in many cases made financial sacrifices, as we took advantage of the Government's Coronavirus Job Retention Scheme and reduced our operation to a minimum in the initial stages of the pandemic. Our funders responded to the crisis with exemplary speed: the Emergency Fund and Culture Recovery Fund grants that we received from Arts Council England and the Wolfson Foundation's Covid Support Fund grant have been a lifeline. We are also extremely grateful to the National Lottery Heritage Fund for increasing its funding for the delayed Reimagining Wordsworth project, and to Lakeland District Council and Cumbria County Council, whose financial support was also an essential boost to our sustainability. We thank the Sir John Fisher Foundation for its continued support for our curators, the Michael Marks Charitable Trust, who enabled us to go on celebrating the best of poetry pamphlet publishing, and the Poet Laureate Simon Armitage and the T.S. Eliot Foundation, who are supporting new poetry activities for young people in disadvantaged areas of Cumbria, and all those other organisations and individuals who gave us their generous support during the year, including the Wyfold Charitable Trust, Mike Crump, John and Barbara Forsyth, Bruce Graver, Patricia Grodd and Michael Stone, the Murray family, Gillian Newbery, Nicholas and Cecilia Powell, Tony Reavell, Heidi Snow, John and Clare Spedding, Malcolm Thorogood, Bill Zachs, the Friends of Lancaster University in America, and our many loyal Patrons and Friends.

There were many achievements in the year. Opening the reimagined Dove Cottage mid-pandemic in August was a considerable achievement, and feedback was immediately positive – an encouraging sign for the opening of the full Wordsworth Grasmere experience in 2021/22. The arrival of the Moss Hut – the wonderful creation of the artist Charlie Whinney – also in August, was another major milestone. The pandemic reinforced the importance of museums to their local communities; our own digital exhibition, *A Tale in Every Thing* (co-curated with Grasmere Women's Institute and the Grasmere History Group) is a lasting record of the village under lockdown. Necessity accelerated our adoption of digital technology in other ways too – as the table on page 3 shows, while the number of people benefiting from our usual onsite and offsite activities have inevitably dropped this year, in other areas they increased as the Internet extended our reach. The Black Lives Matter movement energised cultural organisations across the world, and it reminded us of our own responsibility to reflect UK society in its full diversity – as an organisation, in the people that we reach and in the stories that we tell.

Neither did Wordsworth's 250th birthday year go uncelebrated. His Royal Highness The Prince of Wales, in his capacity as our Royal Patron, gave a moving reading from 'Tintern Abbey' for BBC Radio 4 on 7 April, reminding us that we can turn to Wordsworth for hope and solace at times of crisis. We worked with the Royal Mint and the Royal Mail to commemorate the anniversary in coins and stamps, and with Hay Festival and the Arts & Humanities Research Council to bring Wordsworth to a worldwide digital audience on 22–23 May. We were delighted to host the BBC's 'Contains Strong

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

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

Language Festival' in September, and to present a reading by the Poet Laureate, Simon Armitage, from Dove Cottage on 1 October, National Poetry Day.

We end the year with cautious optimism. The UK vaccination programme gives grounds for hope that normality can start to return, and the leisure industry, including museums, has a roadmap for reopening. Our own Museum is nearing completion, marking the end of the Reimagining Wordsworth project, and its transformation is magnificent: a worthy tribute to Wordsworth as a poet for our times. The market context in which we are completing Reimagining Wordsworth has been dramatically changed by the pandemic; however, we have an exciting new offer, and a new business plan to help us maximise its potential and meet the challenges ahead.

### **2. Public benefit**

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

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

#### **b) Wordsworth Grasmere**

The reinterpreted Dove Cottage opened on 15 August, giving visitors the most authentic sense possible of the Wordsworths' day-to-day lives in a modest home where great poetry was created. To allow social distancing, our new, large Learning Space (completed in 2019/20, also as part of the Reimagining Wordsworth project) was temporarily converted into a shop and ticketing point. Other Covid-secure measures included setting up a new system of timed tours and an online bookings facility. Adapting a visitor attraction before it had even opened had its challenges, and we consider it a major achievement to have launched the first phase of the Reimagining Wordsworth project within the public health restrictions and amidst ongoing building works.

The new experience, including the introductory film and the new Café, received a tremendous response from the 3,732 people who visited before we closed again for the 'firebreak' lockdown at the start of November. Visitor numbers were undoubtedly affected by the fact that many of the nearest population centres to the Lake District were subject to movement restrictions during autumn 2020, even though Cumbria itself remained in the lowest level of restrictions, Tier 1.

The creation of the new Museum resumed after a temporary closure of the construction site at the start of the first lockdown. Meanwhile, our committed team of volunteers helped to prepare the outdoor areas, including the developing the Sensory Garden and the audio interpretation, both of which can be enjoyed by the thousands of walkers and other people who pass through the site.

The Garden-orchard also opened on 15 August, but research and planting (also part of the Reimagining Wordsworth project) continued throughout the year. Species that the Wordsworths wouldn't have known have been removed and new plants introduced, including a vegetable garden.

#### **c) Formal education**

Inevitably, formal education work in the year was significantly reduced, as primary and secondary schools went into prolonged lockdown and our own education team was furloughed. However, the relatively low statistic of 643 schoolchildren reached in the year belies some stimulating activities, including virtual tours of Dove Cottage and the Garden-orchard, visits to the new Learning Space,

## Trustees' annual report (*continued*)

### Achievements and performance (*continued*)

and two workshops for Shap Primary School led by the poet John Hegley in a crossover activity that also involved the Shap Writers, regular clients of our outreach team. As well as planning activities for schools in the new Museum and the outdoor spaces that have been created as part of the Reimagining Wordsworth project, our education team worked with Lancaster University on educational materials for schools and libraries focused on Wordsworth's 'spots of time'.

Higher education workshops and courses were run entirely by video conference in the year. Participating students always describe the magical, life-changing experience of being here, studying the manuscripts while immersed in Dove Cottage and its surroundings, so we do not pretend that the digital experience was comparable; however the number of students who benefited (446) compared favourably with the previous year (536).

#### d) Families and young people

Despite the disruptions of the year, attendances at activities for families actually increased (from 118 to 210), as we took advantage of the new Learning Space to put on craft workshops during the autumn half term and in the run-up to Christmas, and devised discovery trails in the new Woodland and Sensory Garden. Embedding activities for families across the whole of the Wordsworth Grasmere experience is a priority for 2021/22.

There were no offsite activities as our usual community venues were largely closed. Instead, we created activity sheets for distribution to families via the Cumbria Library Service and our own social media channels; however, take-up is not easy to measure and so we haven't included these within our figures. Viewings of online videos include 979 viewings of 11 films created by our learning team for families with young children to watch at home.

#### e) Informal learning

Our informal learning activities were carried out almost entirely by digital means, but the number of people benefiting from them (2,253) remained in line with the previous year. This vindicated our early decision to maintain contact with the more vulnerable groups that we work with at this precarious time, which this year included people diagnosed with long Covid and their carers.

Established activities continued, including the 'What are Words Worth?' reading groups (in Cockermouth, Kendal and villages on the Solway coast), the 'Poetry and Paint' workshops (in the Eden valley), and meetings of the Dove Cottage Young Poets (for 14–23 year-olds in South Lakeland). We also started the Untrodden Ways Poetry Club for 11–14 year-olds (like the Dove Cottage Young Poets, this is facilitated by Cumbrian poet Kim Moore), and worked with army veterans, some living with PTSD, on a project based on Wordsworth's 'The Discharged Soldier'. We hosted a virtual visit by refugees from Afghanistan, Congo, Egypt, Eritrea, Ghana, Iran, Kurdistan and Sudan, building on a partnership with the Children's Society and Grasmere's Glenthorne Quaker Centre started in 2019/20. Other partners and beneficiary groups included the Barrow Blind Society, the West Cumbria Carers, Hames Hall Residential Home in Cockermouth, and the Northern Fells Group, which combats rural isolation and helps people to live independently in villages in north Cumbria.

#### f) Events

Our events programme was cancelled completely for the first five months of the year and with offsite venues inevitably closed, the relatively modest 36% drop in attendances for the year as a whole is really a tribute to the success of the digital events programme that we launched in September. 'Go to the Poets, they will Speak to Thee' featured live readings by a diverse range of poets curated and



## Trustees' annual report *(continued)*

### Achievements and performance *(continued)*

hosted by Kim Moore, and included a Wordsworth-themed open microphone session and lively debate; and 'Disparate Romantics' brought specialist speakers including Jonathan Bate, Stephen Gill and Saeko Yoshikawa into conversation with Simon Bainbridge of Lancaster University and our Curator & Head of Learning, Jeff Cowton. Each event was subtitled and subsequently made available on our YouTube channel, contributing to the 72% increase in viewings of online videos in the year. Our established programme of 'Discover Poetry' events led by Polly Atkin resumed over the autumn and winter, and Simon Armitage's reading from Dove Cottage on National Poetry Day helped introduce a new audience to our programme.

#### g) Other performance measures

The preparation of objects for display in the new Museum provided an opportunity to carry out minor treatment and repairs on some of the jewels in our collection, including remounting the portraits of Wordsworth by Henry Edridge and Benjamin Robert Haydon, and James Bourne's c.1800 drawing of Dove Cottage.

The collection benefited from several generous gifts during the year, including early editions and critical works relating to Harriet Martineau (the bequest of Barbara Todd and the gift of Maureen Colquhoun), a collection of printed books including an 1835 edition of *Yarrow Revisited*, plus photographs, postcards and other items of local historical interest (the gift of Delia Twamley), a first edition of Paul Woodroffe's illustrated *Ancient Mariner* (the gift of Joan Lagoe), and a series of 1850s pencil drawings of historic buildings including Rydal Mount, the poet's home from 1813 (the gift of Jennifer Blamire McConnell).

Our Curator, Jeff Cowton, gave two free online talks about Reimagining Wordsworth, for the University of Cumbria's 'Changing Perceptions of a Cultural Landscape' and Newcastle University's 'Insights' events programmes respectively.

## Trustees' annual report (*continued*)

### FUTURE PLANS

Our immediate priority for 2021/22 was to open Wordsworth Grasmere, which we successfully achieved in May 2021 when we opened Dove Cottage, the Museum and the Café in line with the Government's roadmap for safely opening indoor venues in England. Prior to May we were able to welcome visitors to the Garden-orchard, the Sensory Garden and the Woodland.

After opening, we will continue to devise new ways of making visiting Wordsworth Grasmere as joyous and inspiring an experience as we can. Our plans include recruiting volunteers to help visitors feel welcome, creating fun and exciting activities in the Museum and in our new outdoor spaces with a special focus on families, promoting new self-guided Wordsworth trails, marking 200 years since the publication of Thomas De Quincey's *Confessions of an English Opium-eater* in September, and opening two new exhibitions: *Still Glides the Stream* (about the River Duddon and the sonnets that it inspired Wordsworth to write); and a celebration of Dorothy Wordsworth to mark the 250th anniversary of her birth in December. Interactive activities themed around the Moss Hut will help people, wherever they are, create their own Wordsworthian space for conversation, creativity and wellbeing.

The Reimagining Wordsworth project has been over ten years in the making. Even in real terms, it is the biggest financial project in our 130-year history. As we start to consolidate the £6.5 million investment that we have made, we will also implement our new business plan, and position ourselves to be as responsive as possible to the changed, and changing, market context in which Reimagining Wordsworth has been completed.

### FINANCIAL REVIEW

#### 1. Summary

The net income for the year, including investment gains and losses, was £2,101,000 (2019-20: £2,234,000 net income).

During the financial year 2020-21 we have had the combined impact of being in the delivery phase of the Reimagining Wordsworth project and the Covid pandemic. The museum was closed for the whole year and although Dove Cottage and the café both had periods of opening between lockdowns this has had a huge impact on visitor numbers and income. The continued closure of the site until May 2021 and, on opening, the reduction in capacity and the loss of the overseas groups market will have an on-going impact on the financial results for 2021-22. This reduction in income and visitor numbers is in stark contrast to the expectations for 2020-21, based on the opening of the new museum and the impact of the celebrations surrounding Wordsworth's 250th anniversary. The Covid crisis has come at a particularly tough time for us as our reserves have been used to support us through the delivery phase of the project. However we have been supported generously throughout 2020-21 which has resulted in a more positive outcome for the year than we could have anticipated.

The impact of the Reimagining Wordsworth project can be seen in a number of areas in the financial statements. The delivery phase started in May 2018 following the approval of the bid to the National Lottery Heritage Fund and continued to spring 2021. The project was subject to some delays before the onset of Covid but the pandemic has exacerbated those delays as the contractors had to stop work completely for a period of six weeks, and on restarting had to work within social distancing rules. However the work is now complete and the site is fully open to visitors, albeit with reduced capacity due to Covid safety measures. The National Lottery Heritage Fund has supported the project with a 73% grant of £4.4m. This is an increase of £384,000 which was agreed by the National Lottery Heritage Fund during the year to support the project overspend. The remaining funding comes from the government, foundations and individual supporters.

## Trustees' annual report *(continued)*

### Financial review *(continued)*

During the year the expenditure on the delivery phase was £1,577,000 (2019-20: £3,264,000) of which £1,529,000 (2019-20: £2,998,000) was capitalised as assets under construction. The balance was treated as expenditure. Grant income received from the National Lottery Heritage Fund amounted to £1,192,000 (2019-20: £2,548,000). Other grant income that had been pledged in previous years but has been received in 2020-21 is itemised in note 3 to the accounts.

Salary costs for the year amount to £775,000 (2019-20: £894,000). There was no pay award in April 2020 except for the implementation of the increase to the national living wage. A number of staff during the year were put on furlough and part time furlough depending on their role. For staff on furlough who were not funded directly through another grant scheme we claimed support through the Coronavirus Job Retention Scheme.

Income from admissions in the year has been £32,000 (2019-20: £42,000) reflecting the impact of the lockdowns on trading. When the site re-opened in August 2020 we were working on a limited capacity and with a smaller market. There have been no overseas groups and only very limited numbers of UK group tours since the start of the pandemic and this continues in to 2021-22. Research indicates that there is also a nervousness about visiting indoor attractions. Whilst trading conditions are improving in 2021-22 the restrictions on capacity and changes in the visitor market mean that it will be a challenging year.

We have been supported very generously by the government receiving money from the Arts Council Emergency Fund, the Culture Recovery Fund, Cumbria County Council and South Lakeland District Council in 2020-21. We have also received Culture Recovery Fund support in 2021-22. Other foundations and supporters have kindly given us income during the year; these are itemised in note 3 to the accounts.

The National Portfolio Organisation grant we receive from Arts Council England as part of the Cumbria Museum Consortium was renewed with effect from 1 April 2018 for four years; it is now running to 31 March 2023 following the grant on an extension year as part of the Arts Council's Covid recovery measures.

Expenditure against other restricted funds includes depreciation of £51,000 on the Jerwood Centre and £4,000 on other assets which were funded by grants in prior years.

Trading conditions for the trading subsidiary Dove Cottage Promotions Ltd (DCP) have again been severely impacted by the enforced closure due to the pandemic leading to reduced visitor numbers throughout the year. The café, which had been developed as part of Reimagining Wordsworth but was flooded in February 2020 by Storm Ciara, was close to re-opening when the pandemic struck. It has had some short periods of trading through the year but these have been subject to restrictions imposed by the pandemic, so has never been able to work at full capacity. Similarly on the retail side the new shop in the museum was only able to open in May 2021 at the end of the third lockdown. There have been some retail sales during the year through the café and the temporary ticket office when we were open from August to December 2020 but these have been very limited. As a consequence the loss for the year is £41,000 (2019-20: £52,000). £9,000 was received in the year as a result of a business interruption claim for loss of trading due to the impact of the flood. In May 2021 the new shop opened in the museum and from late July 2021 the café and its retail space should be working back to near capacity after a period of operating on a takeaway-only basis.

## Trustees' annual report (continued)

### Financial review (continued)

#### 2. Investments

We own several properties in Town End, Grasmere in the vicinity of Dove Cottage as investment assets with the rental income being an important source of revenue. The capital appreciation on the properties helps sustain our long term financial security. The properties are let to a mix of our staff and third parties and rents are assessed against market rates. One property is a guest house and is let on a commercial lease. Rental income for the year was £73,000 (2019-20: £96,000). This reduced in the year as there were fewer members of staff living onsite as a result of the pandemic, with us having no seasonal staff in the year and fewer trainees.

We have four discrete investment funds which are managed by Cazenove Capital Management (the wealth management arm of Schroder plc): the Development Fund, the RS Woof Memorial Fund, which permanently endows the post of the Robert Woof Director, the Catalyst Endowment Fund and the Reserve Fund, which is held in the balance sheet under cash at bank. There are no ethical restrictions on any of the funds under management but we agreed the following statement on environmental, social and governance issues in investing.

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

The Development Fund comprises both a permanent endowment and a designated element. Due to the restrictions placed upon the entire Development Fund by the donor of the endowment element, both components of the fund must be treated as permanent endowment. The fund overall is invested on a total return basis and the managers have investment discretion to meet a target total return of CPI + 2%. In June 2020 as part of our reaction to the Covid crisis we received permission in principle from the donor of the endowment to have some of the restrictions lifted, which allows us to use some of the Development Fund to support us through this crisis and to cover any potential overspend on the Reimagining Wordsworth project.

Trustees plan to allocate at least £50,000 per year on a regular basis from the entire fund to income in order to aid planning within the organisation. In 2020-21 they decided to allocate £16,250 per quarter. In making this allocation Trustees have sought the opinion of the investment manager and considered the impact on both current and future beneficiaries. At 31 March 2021 the unapplied total return amounted to £425,000 (31 March 2020: £162,000) in the Endowment Development Fund and £261,000 (31 March 2020: £108,000) in the designated element of the Fund. Over the year the FTSE-100 Total Return Index has risen 21.9% over the year to 31 March 2021. The Development Fund generated a total return of 21.4% against a target of 2.7% (CPI + 2% for the year to 31 March 2020) and a benchmark of 14.8%.

Part of the Development Fund is invested in a responsible multi-asset fund and £100,000 was invested. This generated a return in the year of 26%.

## Trustees' annual report *(continued)*

### Financial review *(continued)*

The Catalyst Endowment Fund is invested with a prudent approach to risk, to maximise income consistent with maintaining the real value of the capital. There has been a slight shift in this approach in 2020-21 towards increasing the capital value. It has a higher requirement for income than the Development Fund being set at 3.5%. The fund saw an increase in value of £118,400 over the year and generated a return of 20.4%. Arts Council England has agreed in principle to allow us to access the funding they provided for the Catalyst Endowment Fund to support us through the Covid crisis with the condition that we plan to reinvest the money in the future.

The purpose of the RS Woof Memorial Fund is to endow the position of the Robert Woof Director. To this end the objective of the fund is to maximise income while maintaining the capital value. It has a more defensive mandate, but over the year saw an increase of £10,800 in capital value while generating a return of 8.1%.

All our fixed asset investments are managed for the longer term and Trustees remain confident that the long-term outlook remains favourable. The capital values of investments have increased over the year recovering well from the sharp falls in stock markets in late March 2020. Whilst this is encouraging the Trustees recognise that the short term outlook is still uncertain.

The Reserve Fund investment is held as cash and is effectively money held on deposit, representing cash reserves and money received in advance to support the Reimagining Wordsworth project. During 2020-21 no cash was needed from this fund to support our cash requirements although in June 2021 £150,000 has been drawn down. As this fund is held in cash the return over the year was 0.1%.

The results of our trading subsidiary, Dove Cottage Promotions Limited, which runs a book and gift shop and a cafe, are summarised in note 5 to the accounts. With the site being closed for large parts of the year due to the pandemic leading to much reduced visitor numbers there was a trading loss of £41,000 in the year (2019-20: Loss £52,000). Margins however were comparable to previous years. The company has not made a gift aid payment to the Trust for this year (2019-20: Nil).

### 3. Reserves

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

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

- To allow the financing of a controlled reduction in expenditure should extraordinary events beyond our control generate a long-term reduction in income streams.
- To provide short-term support in circumstances where a temporary interruption to income means it is not appropriate to lose the skills and knowledge of the staff team or to curtail our programme of events.
- To accommodate the fact that many of our major events such as exhibitions and conferences are planned, and therefore expenditure is committed, months, if not years, in advance while income from these events in terms of admissions is not received until after the event opening. This misalignment of income and expenditure is a main consideration in determining an adequate level of reserves.
- To provide support during the redevelopment of any part of the site which could lead to a loss in income.

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

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

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

At the end of the year our total funds are £19,692,000. Of this £2,755,000 are endowment funds and £7,031,000 are restricted funds which are not available for the general purposes of the charity. The Designated Development Fund of £972,000 must be treated as permanent endowment under the terms of the Endowment Development Fund as described in note 17 to the accounts. Of the other three designated funds the Collection Assets Fund (£3,713,000) represents our heritage assets and cannot be realised with the sale of the collection. The designated Warren Collection Fund of £59,000 is held as cash or near cash and is available to spend at any time on the acquisition of heritage assets. Investment properties held in the unrestricted funds totalled a further £4,620,000. To purchase investment properties and fixed assets and to provide working capital Trustees had taken out a long-term interest only loan of £1,000,000. This loan was refinanced in January 2020 to a repayment loan with a term of five years and a repayment profile of 15 years.

The Trustees have reviewed the method of calculation of free reserves in line with guidance produced by the Charity Commission (including reflecting an allocation of the tangible fixed assets and investment properties we hold). They consider period end free reserves are £177,000 (2019-20: £98,000). The Trustees believe between three and six months' budgeted expenditure is an acceptable measure for the level of free reserves. Based on the year 2020-21 three months expenditure would be around £285,000.

The Trustees anticipated that during the Reimagining Wordsworth delivery phase reserves would fall to zero or into a negative position which they did at the end of 2019-20. In 2020-21 the free reserves have increased due to the amount of unrestricted funding we have received to help us deal with the pressures of the pandemic. As well as support from South Lakeland District Council, Cumbria County Council, the Wolfson Foundation and others we have received extensive funding from the Arts Council Emergency Fund and the Culture Recovery Fund. Alongside this we worked hard to mitigate the impact of the lockdown through use of the Coronavirus job Retention Scheme, minimising general expenditure, not filling staff vacancies and some staff voluntarily reducing their contracts to 80%. As 2021-22 will be another financially challenging year these increased reserves will help us greatly. It is hoped however that as restrictions are lifted over the coming months the income from admissions and the secondary spend in both the café and the shop will grow and we will start to build our reserves further.

### **4. Fundraising**

The activities reported here are only achieved with the generous financial support of many institutions and individuals, and fundraising is an ongoing activity. We currently employ 1.5 FTE fundraising staff members, and our fundraising costs also reflect the Director's involvement in the effort.

Fundraising activity is overseen by the Development Manager, who reports quarterly to Trustees.

## Trustees' annual report *(continued)*

### Financial review *(continued)*

We are registered with the Fundraising Regulator, and we gave due consideration to its codes of practice when they were updated in October 2019, including the general principles of fairness, respect and being sensitive to people who may be in vulnerable circumstances. We adopted a new Donations Policy in July 2020, to ensure transparency of decision-making in relation to our supporters. The Donations Policy is published on our website, along with our Feedback Policy and Privacy Notice, both of which explain how we would respond to any complaints about our fundraising. We did not receive any such complaints, nor did we use any fundraising consultants or agencies, during the year.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### 1. Board of Trustees

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

When filling vacancies, the Board reviews its existing skills to ensure it can draw on a range of relevant experience in fulfilling its obligations. It also seeks to ensure that the Board reflects the diversity of our beneficiaries. Trustees are appointed by the Board, and candidates are subject to a vetting process to verify their suitability as a charity trustee. We advertise to recruit new Trustees with appropriate qualifications, backgrounds and experience. Candidates are shortlisted and interviewed by the Nominations Committee, which makes recommendations to the Board as a whole.

On appointment, Trustees complete a register of interests and undertake an induction programme that includes familiarisation with our purposes and operation, our strategies and objectives. They receive copies of our main documents including financial statements and business plan and meet senior employees and other staff. There is ad hoc training for Trustees after appointment. There are job descriptions for the position of trustee and the posts of Chair and Honorary Treasurer.

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

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

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

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

## Trustees' annual report (*continued*)

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

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

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

The Board approves the annual plans and budgets against which our performance is assessed. Day-to-day management of the Trust is delegated to the Robert Woof Director and the senior management team (SMT). The Board met four times during 2020-21, to receive and review minutes from the standing committees and reports from the SMT. They also met on an ad hoc basis to review the impact of the pandemic on the operation of the Trust.

### 2. Senior management team

The SMT provides the Board with departmental reports and quarterly management accounts for each meeting. The members of the SMT attend the Board meetings. The Director is responsible to the Board for the financial performance against annual budgets and for the charitable impact of the Trust. The SMT are the Key Management Personnel for the Trust.

Salaries for the SMT members are reviewed annually at the same time as all other staff and in both 2020-21 and 2019-20 pay awards were on the same basis. As with all positions at the Trust SMT salaries are on occasion benchmarked against salaries in comparable organisations.

During the year to 31 March 2021 the SMT comprised:

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

### 3. Risk Management

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



## Trustees' annual report (continued)

### Structure, governance and management (continued)

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

Risk category	Type of risk	Mitigation
Financial	Adequacy of cash reserves in the short term following completion of the Reimagining Wordsworth project and the impact of the Covid crisis.	The Reimagining Wordsworth project will address the Trust's long-term sustainability and will assist in building cash and reserves. The Reserve investment fund was transferred to cash to support cashflow through the project. The balance remains in cash as it may be required to support the cashflow in 21/22 depending on trading conditions for the remainder of the year.
Environmental	Significant downturn in visitor numbers.	Reimagining Wordsworth site development. Implementation of the project Activity Plan and regular updating of offer. Market research including review of competitors' offer and revised business plan. Diversification of income streams.
Funding	The loss of support from a major funding agreement on expiry.	Communication with grant giving bodies. Monitoring to ensure delivery on existing funding agreements, achieving targets and outcomes. Adequate preparation and resource to ensure detailed and imaginative bids are developed. Development of fundraising strategy.
Funding	Loss of public confidence in fund raising activity.	Registration with the Fundraising Regulator. Adherence to established codes of practice.
Governance	Failure to follow good governance practice.	Nominations Committee. Trustee induction and identification of training needs. Conflict of interest policy. Approved strategy, operating plan and annual budgets. Job descriptions.
Health and Safety	Failure to comply with Health & Safety and safeguarding obligations.	On-going review of H&S policies. Regular reviews of Safeguarding policy and training for all staff. Periodic review by Management Committee. Insurance.
Operational	Major damage or destruction of Dove Cottage.	Intruder and fire alarm systems improved as part of Reimagining Wordsworth project. Improvements to the stability of Dove Cottage including a reduction in risk from water damage, a new heating system and roof and general repairs to the fabric of the building.
Operational	Theft of, environmental or accidental damage to collection assets or damage as a result of repeated use.	Collection stored in locations with BMS to BS5454 and Government Indemnity Scheme standards built into the new museum. Monitoring of statutory regulations. Insurance.
Financial	Poor financial management and/or control or breach of financial trust.	Policies codified in the Financial Control Manual. Insurance. Pre-employment checks. Trustee reporting and audit.
Personnel	Inability to retain and recruit key staff.	Review salary and benefit packages. Staff appraisal system. Provide a comfortable working environment with a positive organisational culture.
Regulatory	Failure to comply with external regulations.	Monitor regulations and changes to them. Staff training. Collection management policies. Insurance cover.

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

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

#### **5. Principal advisors**

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

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

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

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

### **DISCLOSURE OF INFORMATION TO AUDITOR**

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

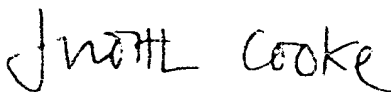
### **AUDITOR**

RSM UK Audit LLP have indicated their willingness to be appointed for another term and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

By order of the board.

**Ms Judith Cooke**  
**Vice Chair of Trustees**



**16th October 2021**

Registered company number 03442086  
Registered charity number 1066184

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

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

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

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

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

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

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

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

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

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

By order of the board.

Ms Judith Cooke  
Vice Chair of Trustees



16th October 2021

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

### **Opinion**

We have audited the financial statements of The Wordsworth Trust (the 'charitable company') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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

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

### **Other information**

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

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

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

rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

### **Responsibilities of Trustees**

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

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

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

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

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

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

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

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

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

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

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

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

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


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

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

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

### **Use of our report**

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



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

Date 22 October 2021

**Consolidated statement of financial activities (incorporating income & expenditure account)  
for the year ended 31 March 2021**

		Unrestricted funds		Endowment funds		Restricted funds	Total	Total
		Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds	Restricted funds	2020-21	2019-20
	Notes	£000	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>								
Donations and legacies	3	934	1	-	-	1,687	2,622	3,827
Charitable activities								
Admission fees and sales	4	40	-	-	-	-	40	100
Other trading activities								
Book and gift shop sales	5	27	-	-	-	-	27	63
Investments	6	74	24	41	31	-	170	220
Other		53	-	-	-	-	53	46
<b>Total income</b>		<b>1,128</b>	<b>25</b>	<b>41</b>	<b>31</b>	<b>1,687</b>	<b>2,912</b>	<b>4,256</b>
<b>Expenditure on:</b>								
Raising funds								
Fundraising costs		127	-	-	7	-	134	147
Book and gift shop costs		64	-	-	-	-	64	110
Investment management costs		-	3	6	3	-	12	17
Management costs of the let estate		82	-	-	-	-	82	99
Charitable activities:								
Custodianship		191	-	-	2	94	287	397
Access and learning		372	-	-	2	415	789	881
<b>Total expenditure</b>	7	<b>836</b>	<b>3</b>	<b>6</b>	<b>14</b>	<b>509</b>	<b>1,368</b>	<b>1,651</b>
		292	22	35	17	1,178	1,544	2,605
Net gains on investments		-	155	269	133	-	557	(371)
<b>Net income</b>		<b>292</b>	<b>177</b>	<b>304</b>	<b>150</b>	<b>1,178</b>	<b>2,101</b>	<b>2,234</b>
Transfers between funds	8	90	(25)	(44)	(21)	-	-	-
<b>Net movements in funds</b>		<b>382</b>	<b>152</b>	<b>260</b>	<b>129</b>	<b>1,178</b>	<b>2,101</b>	<b>2,234</b>
<b>Reconciliation of funds:</b>								
Total funds b/f at 1 April 2020		8,552	820	1,426	940	5,853	17,591	15,357
<b>Total funds c/f at 31 March 2021</b>		<b>8,934</b>	<b>972</b>	<b>1,686</b>	<b>1,069</b>	<b>7,031</b>	<b>19,692</b>	<b>17,591</b>

The notes on pages 25 to 47 form a part of these financial statements.

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

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

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



**Balance Sheet**  
**at 31 March 2021**

	Notes	Group		Charitable company	
		31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
<b>Fixed assets</b>					
Tangible assets	9	8,101	6,650	8,101	6,650
Heritage assets	10	3,713	3,708	3,713	3,708
Investment property	11	4,620	4,620	4,620	4,620
Investments	12	3,727	3,183	3,742	3,198
<b>Total fixed assets</b>		<b>20,161</b>	<b>18,161</b>	<b>20,176</b>	<b>18,176</b>
<b>Current assets</b>					
Stocks	13	31	27	-	-
Debtors	14	70	418	198	510
Cash at bank and in hand		640	462	624	437
<b>Total current assets</b>		<b>741</b>	<b>907</b>	<b>822</b>	<b>947</b>
<b>Creditors: Amounts falling due within one year</b>	15	<b>(246)</b>	<b>(477)</b>	<b>(242)</b>	<b>(474)</b>
<b>Net current assets</b>		<b>495</b>	<b>430</b>	<b>580</b>	<b>473</b>
<b>Total assets less current liabilities</b>		<b>20,656</b>	<b>18,591</b>	<b>20,756</b>	<b>18,649</b>
<b>Creditors: Amounts falling due after more than one year</b>	16	<b>(964)</b>	<b>(1,000)</b>	<b>(964)</b>	<b>(1,000)</b>
<b>Total net assets</b>		<b>19,692</b>	<b>17,591</b>	<b>19,792</b>	<b>17,649</b>
<b>The funds of the charity</b>					
Undesignated funds:					
General funds	17	1,200	826	1,300	884
Revaluation reserve	17	3,945	3,945	3,945	3,945
		<b>5,145</b>	<b>4,771</b>	<b>5,245</b>	<b>4,829</b>
Designated funds:					
Warren Collection Fund	17	59	59	59	59
Collection Assets Fund	17	3,713	3,708	3,713	3,708
Reimagining Wordsworth - Delivery	17	17	17	17	17
Designated Development Fund	17	972	820	972	820
<b>Total unrestricted funds</b>		<b>9,906</b>	<b>9,375</b>	<b>10,006</b>	<b>9,433</b>
Restricted funds:					
Endowment funds:					
Endowment Development Fund	17	1,686	1,423	1,686	1,423
RS Woolf Memorial Fund	17	261	250	261	250
Catalyst Endowment Fund	17	808	690	808	690
<b>Total charity funds</b>		<b>19,692</b>	<b>17,591</b>	<b>19,792</b>	<b>17,649</b>

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

The charitable company has made a surplus of £2,142k in the year to 31 March 2021 (£2,286k surplus in the year to 31 March 2020).

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

Approved by the board of Trustees on 16th October 2021 and signed on its behalf by:

**Ms Judith Cooke**  
**Vice Chair of Trustees**

Registered company number 03442086  
Registered charity number 1066184

www.wordsworth.org.uk

*Handwritten signature: J. MITCHELL Cooke*

## Consolidated statement of cash flows

*For the year to 31 March 2021*

	2020-21 £000	2019-20 £000
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	1,559	2,630
<b>Cash flows from investing activities</b>		
Dividends and interest allocated to income	97	124
Rents from investment properties	73	96
Purchase of fixed assets	(1,551)	(3,014)
Acquisition of heritage assets	-	(1)
Proceeds from sales of investments	-	-
Proceeds from sales of assets	-	1
Purchase of investments	-	-
Net cash used in investing activities	(1,381)	(2,794)
<b>Cash flows from financing activities</b>		
Repayments of borrowing	-	-
Receipts of endowment	-	-
Cash used in financing activities	-	-
Change in cash and cash equivalents in the period:	178	(164)
Cash and cash equivalents at start of year	462	626
Cash and cash equivalents at end of year	640	462
<b>Reconciliation of net income to net cash used in operating activities</b>		
Net income	2,101	2,234
Adjustments for:		
Depreciation	100	133
(Gains)/Losses on investments	(557)	371
Dividends and interest	(97)	(124)
Rent on investment properties	(73)	(96)
Gifts in kind	(5)	(68)
Receipts of endowment	1	-
Investment management costs	12	17
(Increase)/Decrease in stocks	(4)	4
Decrease/(Increase) in debtors	348	(156)
(Decrease)/Increase in creditors	(267)	315
Net cash provided by operating activities	1,559	2,630

## Notes (forming part of the financial statements)

### 1 Accounting policies

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

#### *Basis of preparation*

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

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

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

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

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

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

#### *Measurement convention*

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

#### *Basis of consolidation*

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

These accounts are made up to 31 March 2021 and are based on the accounts of the subsidiary undertaking which are coterminous with those of the Trust.

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

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

#### *Going concern*

The Trustees having reviewed future financial forecasts and considered the difficult trading conditions as a result of the coronavirus pandemic and the impact of these on the Trust but have a reasonable expectation that the Trust, supported by secured funding, has adequate resources to continue in operational existence for the foreseeable future, a period that is not less than twelve months from the date of signing the financial statements. Thus, on this basis, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Related party transactions**

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

#### **Fixed asset investments**

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

Unquoted investments are included at the share capital value.

#### **Investment property**

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

Subsequent to initial recognition

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

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

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

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

Fixed assets purchased below £500 are not capitalised.

#### **Heritage assets**

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

#### **Stocks**

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

#### **Debtors**

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

## Notes (continued)

### 1 Accounting policies (continued)

#### **Creditors**

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

#### **Income**

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

#### **Donations and grants**

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

#### **Government grants**

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

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

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

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

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

#### **Investment income**

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

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

#### **Expenditure**

Expenses are accounted for on an accruals basis.

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

#### **Pension costs**

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Fund accounting*

Funds held by the Trust are either:

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

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

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

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

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

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

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

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

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

#### *Taxation*

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

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

#### *Irrecoverable VAT*

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

## Notes (continued)

### 1 Accounting policies (continued)

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

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

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

#### **Critical accounting judgements**

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

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

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

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

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

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

The methods undertaken to attribute a value to donated heritage assets is disclosed on page 26. The valuation is inherently an estimate. In performing the valuation, the Curator utilises a variety of factors to enhance the accuracy of the investment including using information provided by the donor on the purchase price of the donations, information regarding the valuations or sales price of the same or similar items and his own knowledge and awareness of the current market for such items.

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

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

## Notes (continued)

### 2 Statement of Financial Activities comparative figures

The Charities SORP requires comparative figures to be presented for every figure given in the statement of financial activities. Consolidated figures for the year ended 31 March 2020 are given below.

	Unrestricted funds		Endowment funds		Restricted funds	Total
	Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds		2019-20
	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations and legacies	171	1	-	-	3,655	3,827
Charitable activities						
Admission fees and sales	100	-	-	-	-	100
Other trading activities						
Book and gift shop sales	63	-	-	-	-	63
Investments	99	29	50	42	-	220
Other	46	-	-	-	-	46
<b>Total income</b>	<b>479</b>	<b>30</b>	<b>50</b>	<b>42</b>	<b>3,655</b>	<b>4,256</b>
<b>Expenditure on:</b>						
Raising funds						
Fundraising costs	134	-	-	7	6	147
Book and gift shop costs	110	-	-	-	-	110
Investment management costs	-	4	8	5	-	17
Management costs of the let estate	99	-	-	-	-	99
Charitable activities:						
Custodianship	166	-	-	2	229	397
Access and learning	331	-	-	2	548	881
<b>Total expenditure</b>	<b>840</b>	<b>4</b>	<b>8</b>	<b>16</b>	<b>783</b>	<b>1,651</b>
	(361)	26	42	26	2,872	2,605
Net losses on investments	-	(92)	(159)	(120)	-	(371)
<b>Net income/(expenditure)</b>	<b>(361)</b>	<b>(66)</b>	<b>(117)</b>	<b>(94)</b>	<b>2,872</b>	<b>2,234</b>
Transfers between funds	112	(30)	(51)	(31)	-	-
<b>Net movements in funds</b>	<b>(249)</b>	<b>(96)</b>	<b>(168)</b>	<b>(125)</b>	<b>2,872</b>	<b>2,234</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward at 1 April 2019	8,801	916	1,594	1,065	2,981	15,357
<b>Total funds carried forward at 31 March 2020</b>	<b>8,552</b>	<b>820</b>	<b>1,426</b>	<b>940</b>	<b>5,853</b>	<b>17,591</b>



## Notes (continued)

### 3 Donations and legacies

	Unrestricted funds	Designated Development Fund	Restricted funds	2020-21	2019-20
	£000	£000	£000	£000	£000
National Lottery Heritage Fund	-	-	1,192	1,192	2,548
Arts Council England (NPO Grant)	-	-	329	329	332
Arts Council England (Culture Recovery Fund)	218	-	-	218	-
Arts Council England (Emergency Fund)	209	-	-	209	-
Wolfson Foundation	145	-	-	145	300
Coronavirus Job Retention Scheme	134	-	-	134	-
Northern Cultural Regeneration Fund	-	-	93	93	353
South Lakeland District Council	75	-	-	75	15
John R. Murray Charitable Trust	50	-	-	50	30
Michael Marks Charitable Trust	-	-	24	24	22
The late Doreen Reynolds	23	-	-	23	-
Sir John Fisher Foundation	-	-	22	22	23
Lancaster University	-	-	20	20	20
The late Sarah Wilkes	16	-	-	16	-
Wyfold Charitable Trust	10	-	-	10	-
Cumbria County Council	10	-	-	10	10
Old Possum's Practical Trust	-	-	5	5	-
Dr William Zachs	4	-	-	4	-
Patricia Grodd and Michael Stone	4	-	-	4	8
Delia Twamley	3	-	-	3	-
Clare and John Spedding	1	-	-	1	1
Michael Crump	-	-	1	1	-
Professor Bruce Graver	1	-	-	1	-
Gillian Newbery	1	-	-	1	-
Professor Heidi Snow	1	-	-	1	-
Nicole and Malcolm Thorogood	1	-	-	1	-
The late May Blenkinsopp	-	-	-	-	43
W.W. Spooner Charitable Trust	-	-	-	-	36
The Estate of the late Charles Plouviez	-	-	-	-	16
Tamsin Abbott	-	-	-	-	15
Children and the Arts	-	-	-	-	7
The late Dr W. H. Kelliher	-	-	-	-	5
Professor Sir Drummond Bone	-	-	-	-	2
The late Kisty Creighton	-	-	-	-	2
Cumbria Gardens Trust	-	-	-	-	2
Anonymous	-	-	-	-	1
Dr Cecilia and Nicholas Powell	-	-	-	-	1
Friends	8	-	-	8	12
Patrons	11	-	-	11	15
Gift Aid and others (£2,000 or below)	9	1	1	11	8
	<u>934</u>	<u>1</u>	<u>1,687</u>	<u>2,622</u>	<u>3,827</u>

Government grant income received in the year amounted to £739,000 (2019-20: £378,000) of which £596,000 (2019-20: £Nil) was Covid support.

## Notes (continued)

### 4 Income from charitable activities

	2020-21 £000	2019-20 £000
Admission fees	32	42
Short course programme	8	58
Publications	-	1
Less sales to subsidiary	-	(1)
	<u>40</u>	<u>100</u>

### 5 Commercial trading activity income

The charitable company has one trading subsidiary, Dove Cottage Promotions Limited, a company incorporated in England and Wales (company registration number 02091130). The charitable company owns the entire share capital of this company being 15,000 £1 ordinary shares. Dove Cottage Promotions Limited operated a book and gift shop and a café throughout the year.

A summary of the trading result of Dove Cottage Promotions Limited is shown below. Audited financial statements for the year ended 31 March 2021 are filed with the Registrar of Companies. A Gift Aid donation of the taxable profit of £Nil (2019-20: £Nil) was made to The Wordsworth Trust.

	2020-21 £000	2019-20 £000
Turnover	27	63
Cost of sales	(7)	(29)
Gross profit	<u>20</u>	<u>34</u>
Administrative expenses	(61)	(86)
Operating loss	<u>(41)</u>	<u>(52)</u>
Tax	-	-
Loss on ordinary activities after taxation	<u>(41)</u>	<u>(52)</u>
Gift aid payment	-	-
Retained loss for the year after payment of gift aid	<u>(41)</u>	<u>(52)</u>

The aggregate of the assets, liabilities and funds was:

	31 March 2021 £000	31 March 2020 £000
Assets	51	57
Liabilities	(136)	(101)
Funds	<u>(85)</u>	<u>(44)</u>

### 6 Investment income

Group	2020-21 £000	2019-20 £000
Dividends receivable	97	124
Rents receivable	73	96
	<u>170</u>	<u>220</u>

## Notes (continued)

### 7 Analysis of expenditure

<i>Group</i>		Direct costs £000	Support costs £000	2020-21 £000	2019-20 £000
Fundraising costs		94	40	134	147
Book and gift shop costs	Cost of sales	7	-	7	29
	Other	57	-	57	81
Investment management costs		12	-	12	17
Management of the let estate		68	14	82	99
		<u>238</u>	<u>54</u>	<u>292</u>	<u>373</u>
<i>Cost of charitable activities</i>					
Custodianship					
Historic buildings		26	6	32	54
Collection		217	38	255	343
		<u>243</u>	<u>44</u>	<u>287</u>	<u>397</u>
<i>Access and learning</i>					
Visitor operations		398	212	610	678
Exhibitions and publications		33	14	47	58
Education		76	27	103	117
Contemporary literature		27	2	29	28
		<u>534</u>	<u>255</u>	<u>789</u>	<u>881</u>
Total cost of charitable activities		<u>777</u>	<u>299</u>	<u>1,076</u>	<u>1,278</u>
Total expenditure		<u>1,015</u>	<u>353</u>	<u>1,368</u>	<u>1,651</u>

## Notes (continued)

### 7 Analysis of expenditure (continued)

#### Allocation of support costs

	Fundraising £000	Management of let estate £000	Charitable activities £000	2020-21 £000	2019-20 £000
Management	23	8	188	219	189
Finance	10	3	63	76	71
Information technology	5	2	33	40	32
Human resources	-	-	1	1	3
Governance	2	1	14	17	28
	<u>40</u>	<u>14</u>	<u>299</u>	<u>353</u>	<u>323</u>

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

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

	Group		Charitable company	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Audit fees	20	18	18	16
Depreciation on owned fixed assets	100	133	100	133

## Notes (continued)

### 7 Analysis of expenditure (continued)

#### Staff numbers and costs

The average number of staff employed during the year (excluding directors who are Trustees) was 38 (2019-20: 38). The Trust employs a number of seasonal and part-time staff; the average number of full-time equivalent employees was 31 (2019-20: 33). During 2020-21 a number of staff were furloughed and some voluntarily reduced their working hours temporarily. £133,846 was received from the Coronavirus Job Retention Scheme.

The total staff costs for the group were as follows:

	2020-21 £000	2019-20 £000
Wages and salaries	683	790
Employers' social security costs	58	67
Employers' pension contributions	34	37
Group total	<u>775</u>	<u>894</u>

No members of staff received emoluments totalling more than £60,000 for the year (2019-20: One).

The Trust contributes to the defined contribution pension schemes for most employees. All eligible staff are enrolled into a qualifying defined contributions pension scheme. The pension charge for the year represents contributions payable by the Trust to the pension schemes and amounted to £33,878 (2019-20: £37,194). At the end of the year £4,006 in contributions was outstanding (2019-20: £2,618).

Day-to-day management of the Trust is delegated to the Senior Management Team (SMT). The employee benefits of the SMT, including employer pension contributions for the year, were £228,341 (2019-20: £236,145). During 2020-21 as a result of the pandemic members of SMT voluntarily reduced their days to four per week for between 3 and 4 months. The salary costs of SMT are allocated on a time spent basis across the restricted and unrestricted funds.

No ex-gratia payments on termination of employment were made in the year. (2019-20: One £1,416).

The Trustees received no remuneration during the year. Travel and subsistence expenses of £450 (2019-20: £6,339) were paid to or on behalf of 1 trustee (2019-20: 12) during the year of which £80 is included in accruals at the year end. Nothing was paid in relation to travel and subsistence for the Trust's President (2019-20: £264).

#### Interest payable

	2020-21 £000	2019-20 £000
On bank loans and overdrafts	<u>17</u>	<u>24</u>

## Notes (continued)

### 8 Transfers between funds

Transfers into unrestricted funds during the year comprised:

	2020-21 £000
Investment income transferred from the Designated Development Fund	25
Investment income transferred from the Endowment Development Fund	41
Investment income transferred from the Catalyst Endowment Fund	21
Investment income transferred from the Designated Development Fund – correction from earlier year	3
Total transfers	<u>90</u>

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

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

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

Adopting a power of total return allows the Trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until a decision is made to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the Trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the Trustees made a transfer of a total of £65,000 (2019-20: £65,000) unapplied total return from both elements of the Development Fund to unrestricted income funds.

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

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

## Notes (continued)

### 8 Transfers between funds (continued)

	Investment fund £000	Unapplied total return £000	Total £000
<b>Opening value of the Endowment Development Fund</b>			
Gift component	1,261	-	1,261
Unapplied total return	-	162	162
<b>Total</b>	<b>1,261</b>	<b>162</b>	<b>1,423</b>
<b>Movements during the year</b>			
Investment return: dividends and interest	-	41	41
Investment return: realised and unrealised gains/(losses)	-	269	269
Transfer	-	2	2
Investment management charges	-	(8)	(8)
<b>Total</b>	<b>-</b>	<b>304</b>	<b>304</b>
Unapplied total return allocated to income	-	(41)	(41)
<b>Net movement during the year</b>	<b>-</b>	<b>263</b>	<b>263</b>
<b>Closing value at 31 March 2021</b>			
Gift component	1,261	-	1,261
Unapplied total return	-	425	425
<b>Total</b>	<b>1,261</b>	<b>425</b>	<b>1,686</b>

	Investment fund £000	Unapplied total return £000	Total £000
<b>Opening value of the Designated Development Fund</b>			
Gift component	712	-	712
Unapplied total return	-	108	108
<b>Total</b>	<b>712</b>	<b>108</b>	<b>820</b>
<b>Movements during the year</b>			
Investment return: dividends and interest	-	24	24
Investment return: realised and unrealised gains	-	155	155
Transfer	-	1	1
Investment management charges	-	(4)	(4)
Donations received	1	-	1
<b>Total</b>	<b>1</b>	<b>176</b>	<b>177</b>
Unapplied total return allocated to income	-	(25)	(25)
<b>Net movement during the year</b>	<b>1</b>	<b>151</b>	<b>152</b>
<b>Closing value at 31 March 2021</b>			
Gift component	713	-	713
Unapplied total return	-	259	259
<b>Total</b>	<b>713</b>	<b>259</b>	<b>972</b>

**Notes (continued)**

**9 Tangible fixed assets**

<i>Group</i>	<b>Jerwood Centre</b>	<b>Other freehold property</b>	<b>Assets under construction</b>	<b>Fixtures, fittings, equipment and motor vehicles</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i>Cost</i>					
At 1 April 2020	3,442	1,610	3,592	346	8,990
Additions	-	-	1,529	22	1,551
Disposals	-	-	-	-	-
At 31 March 2021	<u>3,442</u>	<u>1,610</u>	<u>5,121</u>	<u>368</u>	<u>10,541</u>
<i>Depreciation</i>					
At 1 April 2020	1,714	324	-	302	2,340
Charge for the year	50	31	-	19	100
Disposals	-	-	-	-	-
At 31 March 2021	<u>1,764</u>	<u>355</u>	<u>-</u>	<u>321</u>	<u>2,440</u>
<i>Net book value</i>					
At 31 March 2021	<u>1,678</u>	<u>1,255</u>	<u>5,121</u>	<u>47</u>	<u>8,101</u>
At 31 March 2020	<u>1,728</u>	<u>1,286</u>	<u>3,592</u>	<u>44</u>	<u>6,650</u>

The total of non-depreciable assets included in other freehold property at the year-end was £279,204 (2019-20: £279,204).

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

Under the terms of the National Lottery Heritage Fund grant to support the Reimagining Wordsworth project the National Lottery Heritage Fund has taken a charge over the four properties owned by the Trust which are the main focus of the project. The net book value of the properties covered by the charge is £832,783 (2019-20: £853,638).



## Notes (continued)

### 9 Tangible fixed assets (continued)

Charitable Company	Jerwood Centre	Other Freehold property	Assets under construction	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April 2020	3,442	1,610	3,592	319	8,963
Additions	-	-	1,529	22	1,551
Disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>3,442</b>	<b>1,610</b>	<b>5,121</b>	<b>341</b>	<b>10,514</b>
<b>Depreciation</b>					
At 1 April 2020	1,714	324	-	275	2,313
Charge for year	50	31	-	19	100
Disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>1,764</b>	<b>355</b>	<b>-</b>	<b>294</b>	<b>2,413</b>
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>1,678</b>	<b>1,255</b>	<b>5,121</b>	<b>47</b>	<b>8,101</b>
<b>At 31 March 2020</b>	<b>1,728</b>	<b>1,286</b>	<b>3,592</b>	<b>44</b>	<b>6,650</b>

### 10 Heritage assets

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

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

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

## Notes (continued)

### 10 Heritage assets (continued)

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

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

#### *Preservation and Management*

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

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

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

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

## Notes (continued)

### 10 Heritage assets (continued)

#### Disposal

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

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

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

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

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

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

	2020-21 £000	2019-20 £000
<b>Opening value of Heritage Assets</b>		
Purchases	2,790	2,789
Donations at valuation	655	587
Transfer from Investment Property	263	263
<b>Total</b>	<b>3,708</b>	<b>3,639</b>
<b>Acquisitions during the period</b>		
Purchases	-	1
Donations at valuation	5	68
Transfer from Investment Property	-	-
<b>Total</b>	<b>5</b>	<b>69</b>
<b>Closing value of Heritage Assets</b>		
Purchases	2,790	2,790
Donations at valuation	660	655
Transfer from Investment Property	263	263
<b>Total</b>	<b>3,713</b>	<b>3,708</b>

Donated items are valued on acquisition based on evidence from a recognised source if received with the donation or at the Curator's best estimate of current value at the time of acquisition.

	Year to 31 March			15 months to 31 March	Year to 31 December
<b>Five year financial summary of heritage asset transactions</b>	<b>2021 £000</b>	<b>2020 £000</b>	<b>2019 £000</b>	<b>2018 £000</b>	<b>2016 £000</b>
Purchases	-	1	-	-	-
Donations	5	68	81	111	46
Transfer from Investment Properties	-	-	263	-	-
<b>Total acquisitions</b>	<b>5</b>	<b>69</b>	<b>344</b>	<b>111</b>	<b>46</b>

There have been no disposals in the last five years.

Notes (continued)

**11 Investment property - UK**

<i>Group and charitable company</i>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Brought forward	4,620	4,620
Increase on revaluation	-	-
Carried forward	<u>4,620</u>	<u>4,620</u>

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

**12 Fixed asset investments**

	<b>Group</b>	<b>Group</b>	<b>Charitable company</b>	<b>Charitable company</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Ordinary £1 shares in Dove Cottage Promotions Limited	-	-	15	15
Development Fund investments	2,658	2,243	2,658	2,243
RS Woof Memorial Fund investments	261	250	261	250
Catalyst Endowment Fund investments	808	690	808	690
	<u>3,727</u>	<u>3,183</u>	<u>3,742</u>	<u>3,198</u>
<i>Group and charitable company</i>	<i>Development Fund</i>	<i>RS Woof Memorial Fund</i>	<i>Catalyst Endowment</i>	<i>Totals</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Opening market value	2,182	250	657	3,089
Additions	788	-	197	985
Disposals	(736)	-	(184)	(920)
Net investment (losses)	356	11	128	495
Closing market value	<u>2,590</u>	<u>261</u>	<u>798</u>	<u>3,649</u>
Cash on deposit	67	-	10	77
Accrued income	1	-	-	1
	<u>2,658</u>	<u>261</u>	<u>808</u>	<u>3,727</u>

All investments other than the subsidiary are listed on the London Stock Exchange. Investments in the following funds exceeded 5% of the total portfolio at 31 March 2021:

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

**13 Stocks**

<i>Group</i>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Goods held for resale	31	27

## Notes (continued)

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

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	10	15	10	13
Other taxes and social security	2	1	-	-
Prepayments	25	23	23	20
Accrued income	33	379	33	379
Amounts owed by subsidiary undertaking	-	-	132	98
	<u>70</u>	<u>418</u>	<u>198</u>	<u>510</u>

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

	Group	Group	Charitable Company	Charitable company
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade creditors	109	301	107	300
Other taxes and social security	14	16	14	16
Other creditors	9	6	9	6
Bank loan	36	-	36	-
Accruals and deferred income	78	154	76	152
	<u>246</u>	<u>477</u>	<u>242</u>	<u>474</u>

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

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

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loan				
- due between 2 and 5 years	299	284	299	284
- due after 5 years	665	716	665	716
	<u>964</u>	<u>1,000</u>	<u>964</u>	<u>1,000</u>

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

## Notes (continued)

The Catalyst Endowment Fund is an endowment fund established with the aid of Arts Council England Catalyst Funding to support the general operating costs of the Trust. In 2020-21 the Arts Council England has given the Trust permission to draw down some of this funding should it need to do so to remain financially viable. The Trust must put in place a plan to replace any funding used.

### 18 Analysis of net assets between funds

Group	Unrestricted funds		Endowment funds		Restricted funds	Total funds
	Unrestricted funds	Designated Development Fund	Development Fund	Other endowment funds		
	£000	£000	£000	£000	£000	£000
<i>Fund balances at 31 March 2021 represented by:</i>						
Fixed assets	9,597	972	1,686	1,069	6,837	20,161
Current assets	547	-	-	-	194	741
Current liabilities	(246)	-	-	-	-	(246)
Creditors falling due after one year	(964)	-	-	-	-	(964)
	<u>8,934</u>	<u>972</u>	<u>1,686</u>	<u>1,069</u>	<u>7,031</u>	<u>19,692</u>
<i>Fund balances at 31 March 2020 represented by:</i>						
Fixed assets	9,620	820	1,423	940	5,358	18,161
Current assets	412	-	-	-	495	907
Current liabilities	(477)	-	-	-	-	(477)
Creditors falling due after one year	(1,000)	-	-	-	-	(1,000)
	<u>8,555</u>	<u>820</u>	<u>1,423</u>	<u>940</u>	<u>5,853</u>	<u>17,591</u>

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

Charitable company	Unrestricted Funds		Endowment Funds		Restricted funds	Total funds
	Unrestricted funds	Designated Development Fund	Development Fund	Other endowment funds		
	£000	£000	£000	£000	£000	£000
<i>Fund balances at 31 March 2021 represented by:</i>						
Fixed assets	9,612	972	1,686	1,069	6,837	20,176
Current assets	628	-	-	-	194	822
Current liabilities	(242)	-	-	-	-	(242)
Creditors falling due after one year	(964)	-	-	-	-	(964)
	<u>9,034</u>	<u>972</u>	<u>1,686</u>	<u>1,069</u>	<u>7,031</u>	<u>19,792</u>
<i>Fund balances at 31 March 2020 represented by:</i>						
Fixed assets	9,635	820	1,423	940	5,358	18,176
Current assets	452	-	-	-	495	947
Current liabilities	(474)	-	-	-	-	(474)
Creditors falling due after one year	(1,000)	-	-	-	-	(1,000)
	<u>8,613</u>	<u>820</u>	<u>1,423</u>	<u>940</u>	<u>5,853</u>	<u>17,649</u>

### 19 Share capital

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

## Notes (continued)

### 17 Reconciliation of movement in funds

Group	Funds at 1 April 2020	Income	Expenditure	Transfers /investment gains	Funds at 31 March 2021
	£000	£000	£000	£000	£000
Unrestricted funds:					
General funds	826	1,123	(836)	87	1,200
Revaluation reserve	3,945	-	-	-	3,945
Warren Collection Fund	59	-	-	-	59
Collection Assets Fund	3,708	5	-	-	3,713
Reimagining Wordsworth - development	-	-	-	-	-
Reimagining Wordsworth - delivery	17	-	-	-	17
Designated Development Fund	820	25	(3)	130	972
Restricted funds:					
Income funds	32	402	(396)	-	38
Acquisition funds	2	-	-	-	2
Reimagining Wordsworth - development	-	-	-	-	-
Reimagining Wordsworth - capital	3,602	-	(4)	1,534	5,132
Reimagining Wordsworth - delivery	459	1,285	(58)	(1,534)	152
Capital funds	1,758	-	(51)	-	1,707
Endowment funds:					
Endowment Development Fund	1,423	41	(6)	228	1,686
RS Woof Memorial Fund	250	10	(10)	11	261
Catalyst Endowment Fund	690	21	(4)	101	808
	<u>17,591</u>	<u>2,912</u>	<u>(1,368)</u>	<u>557</u>	<u>19,692</u>

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

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

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

In 2015 the trustees designated funds to the Reimagining Wordsworth project to develop the Town End site. In January 2016 the National Lottery Heritage Fund announced it was supporting the development phase of this project which was completed in January 2018. In March 2018 the National Lottery Heritage Fund announced that it was supporting the delivery phase of the project which started in May 2018 and completes in 2020-21. Fundraising has secured the remaining funding for the project and this income is split between designated and restricted funds. The money received from the National Lottery Heritage Fund for both the development and the delivery phase of the project has been treated as restricted income.

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

The Endowment Development Fund was established by the Trust in order to build up a portfolio of investments to provide an alternative source of income. On 1st January 2013 the fund became permanent endowment. The full amount given to establish the fund is repayable in the event of a default. As a result of the financial pressures in 2020-21 due to the global pandemic and consequent lockdown the Trust received in principle permission from the body which financed the Endowment Development Fund to release its restrictions on the fund to allow the Trust to draw down some of the capital in these exceptional circumstances if required.

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

## Notes (continued)

### 20 Capital commitments

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

	31 March 2021	31 March 2020
	£000	£000
Authorised but not committed	-	-
Against which orders have been placed	545	1,282

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

### 21 Related party transactions

In aggregate Trustees, co-opted committee members, the President and members of the SMT made donations totalling £1,887 during the year (2020: £4,963). This can be split as follows:

	2020-21	2019-20
Unrestricted	1,287	2,363
Restricted	600	2,600
In kind	-	-
Total donations	1,887	4,963

### 22 Financial instruments

	Group 31 March 2021 £000	Group 31 March 2020 £000	Charitable company 31 March 2021 £000	Charitable company 31 March 2020 £000
Financial assets at amortised cost	43	394	175	489
Financial liabilities at amortised cost	1,196	1,460	1,192	1,458

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



## 23 Consolidated analysis of changes in net debt

		Group			Charitable company				
	Note	1 April 2020	Cash flow	Other non cash movements	31 March 2021	1 April 2020	Cash flow	Other non cash movements	31 March 2021
		£000	£000	£000	£000	£000	£000	£000	£000
Cash at bank and in hand		462	178	-	640	437	187	-	624
Bank loan	15	-	-	(36)	(36)	-	-	(36)	(36)
Debt due within one year		-	-	(36)	(36)	-	-	(36)	(36)
Bank loans	16	(1,000)	-	36	(964)	(1,000)	-	36	(964)
Debt due after more than one year		(1,000)	-	-	(964)	(1,000)	-	-	(964)
Total net debt		(538)	178	-	(360)	(563)	187	-	(376)