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## **CUMBERLAND LODGE**

(A Registered Charity and Company Limited by Guarantee)

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**



Company No. 05383055  
Charity No. 1108677

# **CUMBERLAND LODGE**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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# CUMBERLAND LODGE

## REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2017

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<b>Status</b>	The organisation is a charitable company limited by guarantee, incorporated on 4 March 2005.
<b>Governing Document</b>	The company was established under Memorandum and Articles which established the objects and powers of the charitable company.
<b>Company Number</b>	05383055
<b>Charity Number</b>	1108677
<b>Registered &amp; Operating Office</b>	Cumberland Lodge, The Great Park, Windsor, Berkshire, SL4 2HP
<b>Trustees</b>	<p>Sir Stephen Wall GCMG LVO (Chairman) (E,N,P) Charles Anson CVO DL (E) (appointed 20 February 2017) Lynne Berry OBE (E,N) Professor Dame Sally Davies DBE FRS (resigned 10 October 2017) Sally Dewar (appointed 20 February 2017, resigned 26 June 2017) Sir Malcolm Evans KCMG OBE (P) Jane Furniss CBE (P) The Revd Robin Griffith-Jones Paul Hampden Smith (A,E) Dr Joanna Kennedy OBE FREng Professor Tom Kirkwood CBE (resigned 20 February 2017) David Lunn OBE (E,A) (resigned 4 September 2017) Baroness Ruby McGregor Smith CBE (E) (appointed 26 June 2017) Simon Pearce (E) Baroness Pitkeathley of Caversham, OBE (P) Baroness Prashar of Runnymede, PC CBE (A,N) (resigned 20 February 2017) Salley Vickers The Lord Waldegrave of North Hill, PC (resigned 26 June 2017)</p> <p>(E – Member of the Executive Committee) (A – Member of the Audit Committee) (N – Member of the Nominations Committee) (P – Member of the Programme Committee)</p>
<b>Honorary Treasurer</b>	Simon Pearce
<b>Principal</b>	Canon Dr Edmund Newell
<b>Bursar</b>	Martin Newlan
<b>Bankers</b>	HSBC Bank Plc, 105 Mount Pleasant, Tunbridge Wells, Kent, TN1 1QP
<b>Solicitors</b>	Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH
<b>Investment Managers</b>	Kleinwort Hambros, 8 St James's Square, London, SW1Y 4JU
<b>Auditors</b>	haysmacintyre, 10 Queen Street Place, London, EC4R 1AG

# CUMBERLAND LODGE

## CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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### Chairman's report

If the 1940s was a decade ravaged by warfare, it was also one in which numerous institutions were established to promote international co-operation and the betterment of society. The list includes bodies such as the United Nations, the World Bank, the National Health Service and, more modestly, the St Catharine's Foundation, now known simply by the name of its home: Cumberland Lodge.

This year we have been celebrating our 70<sup>th</sup> anniversary. It was in 1947 that King George VI granted a warrant for the Foundation to use Cumberland Lodge in Windsor Great Park for its educational 'experiment'. The experiment worked, and although Cumberland Lodge has undergone considerable change, it is still recognisably the place that its founder Amy Buller envisioned. We continue to offer a safe and tranquil environment in which challenging issues and ideas can be explored openly. The Principal's report by Ed Newell talks about our work in greater detail. It is work that remains as relevant as ever – particularly in light of the challenges that society faces today. This is why our 70<sup>th</sup> anniversary celebrations have had a seriousness of purpose about them, centred as they have been around the republication of one of our founding documents, Buller's 1943 book *Darkness over Germany*, which sets out her view of how and why, in 1930s Germany, idealistic young people were seduced by an evil ideology and why those who most hated that ideology were seemingly powerless to stand in its way. Buller's analysis of the rise of nationalism, populism and extremism has a remarkably contemporary ring about it; hence the renewed interest in her book, which has been given the 2017 subtitle *A Warning from History*. We were delighted to be able to present a copy of the new edition to our Patron, Her Majesty The Queen, during her visit to Cumberland Lodge in July. This was 74 years after a copy of *Darkness over Germany* was given to her parents, King George VI and Queen Elizabeth, by the then Bishop of Lichfield, Edward Woods, one of our founding trustees.

Over the past year we have also made considerable progress in putting into practice our five-year strategic plan, *Raising our Game*, as the Principal's report explains. Our annual series of conferences, seminars, lectures, retreats and broader educational activities are bringing together people from varied backgrounds and perspectives, particularly young people, to explore their differences and uncover their similarities. We are rigorously evaluating the impact of our activities and will grow and adapt as we learn. We have also recently commissioned an external governance review, the outcome of which will become evident next year as we ensure that our governance structures follow best practice and most effectively meet the needs of the charity.

Mindful of the future, we have also begun to build an endowment fund, with an ambitious but achievable target of raising £7.5 million within ten years. The income from this fund will be used to support our charitable activities in perpetuity. It is not designed to cover all of our operational costs, so we will continue to rely on a robust conference trade as well.

The Lodge is a multi-faceted organisation, which relies heavily upon a strong team of staff who offer remarkable hospitality, dedication and expertise, and who are committed to its charitable ethos. Seventy years on, Cumberland Lodge is as committed as ever to making a significant impact on society, and will continue to be for years to come.

# CUMBERLAND LODGE

## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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### Principal's report

It's good to be reminded that positive things came out of the dreadful events of the 1940s, including the establishment of an educational foundation here at Cumberland Lodge. As Stephen Wall's report highlights, this year we celebrated our 70<sup>th</sup> anniversary, but more importantly we made considerable progress in implementing our five-year strategic plan for 2016-21, which highlights our aspiration of becoming a 'go to' institution for tackling the causes and effects of social divisions.

Following our reorganisation in the summer of 2016, we have a team in place that is working hard to deliver the ambitious objectives of this plan and we are beginning to see the fruits of our labours. Our conferences, seminars and lectures are more focused and interconnected than they were previously, and we are consolidating our expertise as an organisation that challenges silo thinking and works towards more peaceful, open and inclusive societies. We are gaining a higher public profile and increased media coverage, and generating a wider range of impactful learning resources than ever before – including briefing documents, conference reports, podcasts, blogs and videos, all of which are publicly available through our greatly enhanced website.

We have also introduced two new streams of work over the past year: our Emerging International Leaders programme for international students; and a programme of educational work with school children, which helps them to explore ways of making the world a better place. This means that we now offer an even broader spectrum of activities, ranging from workshops for primary school pupils to inter-disciplinary conferences, facilitated discussion groups for students and high-profile seminars with leaders and influencers in public life – and it all relates to Amy Buller's founding vision of bringing people together to exchange views and think creatively about the pressing social and ethical issues of the day.

### Summary of activity

As part of our 'topline' work to inspire leaders and influencers in society, we held four conferences this year:

- Ethnic Inequalities at Work: Policy and institutional responses
- Violence against Women: A determinant of health
- Eliminating Slavery: Enhancing the police response
- Extremism: A warning from history

We also held a Cumberland Seminar on Inequality and Social Cohesion, led by Julia Unwin, former Chief Executive of the Joseph Rowntree Foundation, and a follow-up seminar to our 2016 police conference, *A Divided Society? Challenges for policing*, at Westminster Abbey.

This year's Cumberland Lodge Lecture was given by Lord (Daniel) Finkelstein, Associate Editor and political columnist at *The Times*. In *The Arrow of History*, Lord Finkelstein offered his assessment of current trends in politics and their impact on social cohesion and democracy.

We have also expanded our 'frontline' work to support and equip students and early career researchers. Our annual Commonwealth and International Student Conference focused on using the arts to promote cohesion in local communities. Once again, our Life Beyond the PhD conference supported doctoral students from universities across the country in preparing for their futures and thinking about how best to use their studies to make a positive difference in the world. The Cumberland Colloquia scheme continued to mentor early career researchers through the process of organising an academic conference, and this year we worked with an inter-disciplinary team from the universities of Cambridge, Oxford, Reading and Warwick to deliver a colloquium on Population Ethics: Interdisciplinary perspectives on birth and death, which included a public lecture by the economist Sir Partha Dasgupta, on Population Ethics and Earth's Carrying Capacity.

The Cumberland Lodge Scholarship scheme for doctoral students is now well established and attracting hundreds of applicants each year. As we welcomed our third cohort of scholars in September 2016, we also bade farewell to the first cohort to complete the two-year programme. Our former scholars, who are now based around the world, continue to be ambassadors for our work, as we seek to build a network of alumni who will maintain a lifelong involvement with us.

# CUMBERLAND LODGE

## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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The new Emerging International Leaders programme brought together 50 students, who are all studying in the UK under the Chevening and Commonwealth Scholarship schemes. The programme is supported by the Foreign and Commonwealth Office's Magna Carta Fund for Human Rights and Democracy for two years and focuses on the right to Freedom of Religion or Belief. A second cohort of 50 students will be recruited in 2017/18, and we hope to continue this area of work in years to come, if we can secure further funding.

With the appointment of a full-time Education Officer and Assistant we have been able to expand our work with schools, as well as with international students, doctoral students and early career researchers. This includes reinvigorating the 'St Catharine Sessions' we offer to visiting university groups, to encourage more students to engage with topical social and ethical issues during their time at Cumberland Lodge.

Thanks to the discovery, in the summer of 2016, that Roald Dahl had Cumberland Lodge in mind when the Big Friendly Giant was given a house in Windsor Great Park by 'Her Magister' The Queen, in his story *The BFG*, we have developed a new series of workshops for school pupils at Key Stages 1 and 2. Our BFG-themed educational programme promotes social and civic awareness amongst primary school children and equips them with the skills and confidence to become active participants in their communities. Its establishment has been supported by a gift of £2,500 from the Patron's Fund, which supports and acknowledges the work of the charities for which Her Majesty The Queen is Patron. As well as trialling a new schools workshop, we devised an educational family trail around our grounds, with the first two such events attracting more than 400 participants.

### Public engagement

The appointment of a Friends, Alumni and Outreach Officer has enabled us to expand our outreach into local communities, largely under the banner of the Friends of Cumberland Lodge scheme, membership of which grew from 116 to 179 this year.

This year, much of our public engagement work centred around our 70<sup>th</sup> anniversary as an educational foundation. Our flagship event was the launch of the new edition of Amy Buller's 1943 book, *Darkness over Germany*, at St Paul's Cathedral on 16 May. This took the form of a panel discussion on *Open Society Under Threat?*, which was organised in partnership with St Paul's Institute and attended by more than 750 people. Speakers included Dr Rowan Williams, Baroness (Elizabeth) Butler-Sloss, Professor Maiken Umbach, Lord (Nicholas) Stern and Professor Kurt Barling, with extracts from *Darkness over Germany* read by Tamsin Greig. The following day, I joined Kurt Barling to speak about *Darkness over Germany* and Cumberland Lodge at Liverpool University as part of its Open House programme of public events.

We held four Cumberland Conversations as part of this outreach: Ocean Rower with Roz Savage, the only woman to have rowed single-handedly across three oceans; The God Slot, which explored BBC Radio 4's *Thought for the Day* and Radio 2's *Pause for Thought* programmes with producer Michael Wakelin and contributors Angela Tilby and Paul Kinsella; Children at War with Professor Martin Parsons, a leading expert on the impact of war on children; and The Art of Conversation with the historian and philosopher Theodore Zeldin.

Friends and members of the wider community also attended public open mornings for five art exhibitions at Cumberland Lodge, by Paul Hobbs, Penny Warden, Lucy Temple and Mahrukh Bashir, Samantha Buckley, and Dr Romola Parish. A group of Friends also visited Christ Church, Oxford, to explore the college, cathedral and art gallery.

As Part of our 70<sup>th</sup> anniversary celebrations, I led a broadcast of BBC Radio 4's Sunday Worship on 30 April from Holy Trinity Church, Windsor, on 'Disagreeing Well'. The service focused on the story of our founder Amy Buller, her work in Germany in the 1930s and lessons we can learn from her approach to dialogue today. Music was provided by the excellent student choir of Royal Holloway, University of London.

Friends also joined trustees and members of staff for a special service of Choral Evensong at St George's Chapel, Windsor Castle, on 7 May. This was in addition to the monthly Communion service we hold in the chapel at Cumberland Lodge, to which we welcome Friends and neighbours from the Great Park.

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## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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Our 70<sup>th</sup> anniversary Summer Garden Party in July attracted more than 400 people, many of whom had not been to the Lodge before. They had the opportunity to take part in free tours of the Lodge and to find out about our educational work as a charity. We also established a Dining Club last year, to bring a wider range of people to the Lodge and strengthen our ties to the local community.

Our partnership with the Windsor Festival continues to flourish, and this year's programme included literary talks by Travis Elborough, Adrian Tinniswood, Madeleine Bunting and Sarah Gristwood.

### **Finance**

Over the past year, £2.2m was expended on our charitable activities. This included the provision of subsidised places for 15 students to attend our conferences or seminars. Another 26 free places were awarded to help students with limited financial means to attend our residential study retreats, and we continued to fund 12 Cumberland Lodge Scholars and our Amy Buller PhD Scholar.

This year our conference trade (including students joining us for subsidised residential study retreats) achieved an overnight occupancy of 15,016 'bed nights' and we welcomed 3,877 day delegates, both of which are almost identical to our 2015/16 figures. A striking feature of our income-generating activities is the high rate of repeat bookings that we continue to enjoy. Once again, we retained our five-star review on Trip Advisor.

We are extremely grateful to all those who have generously provided financial support to Cumberland Lodge through grants, sponsorship and donations this year.

### **People**

During the year ending 31 August 2017 we bade farewell to four trustees: Sally Dewar, Professor Tom Kirkwood, Baroness (Usha) Prashar of Runnymede and Lord (William) Waldegrave of North Hill. We are extremely grateful for all they have contributed to the life and work of the Lodge. We have also welcomed to the Board, Charles Anson and Baroness (Ruby) McGregor-Smith.

We are delighted that Dr Rowan Williams, Master of Magdalene College, Cambridge and former Archbishop of Canterbury, and Tariq Modood, founding Director of the University Research Centre for the Study of Ethnicity and Citizenship at the University of Bristol, have joined us as Visiting Fellows.

Amongst staff changes, Barry Tweed retired as Head of Maintenance and we welcomed Colin Baker as his successor in the new role of Buildings Manager. Helen Taylor and Katy Crowe also joined in newly created posts as Press and Communications Officer and Development Director, respectively.

### **Future plans**

The immediate priority is to continue implementing our five-year strategic plan for 2016-2021, which will include revising our governance and consolidating all that has been achieved recently in terms of expanding and refocusing our charitable work. After a period of rapid change, we are now looking forward to a time of stability, when we can reflect on what we are learning from our new activities and explore how to optimise them to best meet our charitable objectives.

Increased levels of activity come with additional costs, so another priority will be to increase our income, both through fundraising activities and by increasing the occupancy rate of our conference trade. The latter will be a particular priority for the newly created post of Chief Operating Officer, in which we hope to have somebody in place by February 2018.

# CUMBERLAND LODGE

## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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### **Concluding remarks**

Cumberland Lodge has undergone many changes over the past 70 years, though rarely at the rate we have seen in the past two years. We believe that significant changes were necessary to enable us to effectively meet the challenges of today's world that resonate so powerfully with our founding vision, as set out in Amy Buller's *Darkness over Germany*. I am pleased to report that Cumberland Lodge is now better equipped than ever to meet these challenges head-on. In doing so, I am mindful of all who contribute to our work so tirelessly: the challenge and support given by our trustees, the intellectual input of our Visiting Fellows and Scholars, and the sheer dedication, hard work and commitment of all our staff. I am grateful to everyone, and look forward to another fruitful year ahead in 2017/18.



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# CUMBERLAND LODGE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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The Trustees, who are the directors of the charitable company, present their report and the audited financial statements for the year ended 31 August 2017.

### **Objectives and activities**

Set up after the Second World War as St Catharine's Foundation, based on Christian faith and philosophy, Cumberland Lodge has as its objects:

To advance education of the public, in particular British, Commonwealth and overseas students in accordance with the principles of the Christian faith with particular reference to: the nature of human life in society; the relationship between Christian theology and philosophy and alternative religious and secular beliefs; the inter-relationship of various academic disciplines and their practical relevance.

In furtherance of those objects, the Charity aims to provide opportunities for the exchange of views and beliefs, and to explore how study and research can improve society. It does this through the provision and management of a residential conference centre in surroundings conducive to study, debate and interaction. The centre is used by a wide range of members of the public, from Britain, the Commonwealth and elsewhere, including in particular undergraduates, postgraduates and young people in training at a variety of institutions, including the Inns of Court and the National Health Service, and young people connected through international organisations.

The Trustees have set a number of objectives for the Charity:

- to widen the impact of Cumberland Lodge;
- to widen the range of visiting institutions;
- to encourage international groups;
- to increase student participation.

### **Review of significant activities and achievements including public benefit**

The Trustees have had regard to the Charity Commission's guidance on public benefit and have considered how the objects have been fulfilled, through the activities undertaken, for the public benefit.

The Charity's significant activities are outlined in detail in the Chairman's and Principal's Reports, which, as noted above, should be read in conjunction with the Trustees' Report (together "the Reports").

As is evident from the Reports, the Charity has focused on providing access to student groups, educational conferences, public conversations and exhibitions in an atmosphere that lends itself to study and reflection.

We provide facilities for universities and other institutions of higher education, learned societies, the National Health Service, Inns of Court and other similar bodies to run programmes that bring people together to discuss matters of an ethical, moral and spiritual nature which lie outside their routine programmes of work.

We also run our own conferences and external events throughout the year. Through that programme, the Charity initiates fresh debate on issues of national and international significance. We are independent and so able to promote frank exchanges of views and cross-sector co-operation on matters affecting the development of society. Although the Charity is Christian by foundation, we encourage the expression of all reasonable views, whether they be religious, moral or social. We initiated four conferences in the year, sometimes working in tandem with other organisations. Details of these events are set out in the Principal's report.

It is important to the Charity that access to the educational experience it provides is open to all who are interested. The principal beneficiaries are students and young people in training and we subsidise their visits by a programme of bursary support and reduced charges.

# CUMBERLAND LODGE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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Our own conferences bring together wide audiences from a range of backgrounds for discussion and debate. Reports of the presentations are published to people unable to attend so they can also benefit and podcasts of selected conferences are made freely available on our website. Additionally, we organise a number of lectures, discussions and exhibitions which are provided free to the public. Many local people attend the lectures and conversations, the only limiting factor being the size of the lecture room.

### Financial review

The Trustees consider that it has been a satisfactory year in the current economic climate. Total incoming resources increased by 4% to £2,870,997. Net deficit, before gains on investments, for the year was £78,532 (2016: net surplus, before gains on investments, £9,437). After investment gains, there was a positive movement on funds of £70,706 (2016: positive movement £282,535).

### Reserves

The reserves policy, which is set by the Trustees, is to hold sufficient free reserves to allow for a loss of income for at least a year. This policy is reviewed annually. At the 2017 year end free reserves (which are calculated as unrestricted reserves less those held within tangible fixed assets) were £3.116m. This is above the total expenditure for the 2016/17 financial year and represents 13 months of budgeted expenditure for the 2017/18 financial year. Free reserves are therefore in line with the reserves policy at the year end.

### Investments

Cumberland Lodge seeks to produce the best financial return within an acceptable level of risk. The investment objective for the long term is to generate a return in excess of inflation whilst generating an income to support the ongoing activities of Cumberland Lodge. The investment objective for the short term is to preserve the capital value with a moderate level of risk. Assets should be readily available to meet unanticipated cash requirements. A group of Trustees has continued to monitor the performance of investments and benchmark the results against comparable funds. An annual review meeting with Kleinwort Benson was held to discuss the composition and performance of the fund and the findings reported to the Board of Trustees. The Trustees consider that the gain on the units sold and the unrealised gain of market value on the investments held was acceptable.

### Principal risks and uncertainties

Cumberland Lodge has a formal risk management process through which the major risks to which the organisation may be exposed and has ranked these by likelihood and impact, culminating in a risk control document which is updated on a regular basis. All significant risks, together with current mitigation actions, are reviewed by the Trustees at their meetings. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

# CUMBERLAND LODGE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The principal risks and uncertainties identified by the charity are as follows:

Risk identified	Action taken to mitigate the risk
Strategic risk	Progress with regard to the strategy introduced in 2016 is reviewed at all meetings of the Executive and Trustee Boards and the financial impact is monitored in comparison with budget and financial projections.
Loss of property	Risks resulting in the loss of access to the property are mitigated by the fire safety system, insurance and discussion with the landlord. The condition of the buildings is constantly reviewed and both preventative and reactive maintenance measures are undertaken to ensure that the buildings are safe and efficient and offer appropriate facilities to all categories of users.
Insufficient funds for the organisation to operate	The five year strategy aims to increase income derived from accommodation by raising the occupancy rate and also increase the income raised through fundraising. The financial performance of the charity is regularly reviewed to ensure that the organisation has sufficient funds.
Loss of data	Trustees and Senior Management keep up to date on legal and regulation issues through attendance at training, conferences and through professional bodies to which they are affiliated. Action is taken as necessary. Electronic data back-up systems are reviewed and updated regularly.

### Structure, governance and management

#### Structure

Cumberland Lodge was incorporated on 4 March 2005, and the assets and activities of the King George VI and Queen Elizabeth Foundation of St Catharine's charity were transferred to it with effect from 1 June 2005 when the new charity and its trading subsidiary commenced operations.

The King George VI and Queen Elizabeth Foundation of St Catharine's continues as a dormant charity, holding the Royal warrant for the occupation of Cumberland Lodge. A uniting direction was issued by the Charity Commission (8 March 2006), which removed the need to account separately for the old charity.

Cumberland Lodge has a wholly-owned non-charitable trading subsidiary, Cumberland Lodge Enterprises Limited, which provides conference facilities for professional bodies, charities and other organisations. Its profits are gifted in full to its parent. The consolidated results of Cumberland Lodge and its subsidiary are shown on page 16 of the financial statements. The original charity, King George VI and Queen Elizabeth Foundation of St Catharine's, is held in trust by Cumberland Lodge as corporate trustee.

# CUMBERLAND LODGE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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### Governance

The Company is governed by its Memorandum and Articles of Association. The Trustees are directors of the company and those who served during the year and since are set out on page 2.

Four committees of the Board; Executive, Audit, Nominations and Programme, met regularly throughout the year to implement policy and exercise control. Trustees are represented on each committee. Day to day management of the charity is delegated to the Principal, Bursar and Finance Director, supported by other senior staff. There is a maximum limit to the number of years a Trustee may serve, and the Board regularly reviews the range of skills it needs. New Trustees are encouraged to undertake the induction course for new Trustees. Trustees are conscious of the need to keep up to date with current legislation and issues and are kept informed about relevant training courses.

### Remuneration of key management

The Trustees consider the Board of Trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in notes 3 and 16 to the accounts.

The pay of the Principal, Bursar, Finance Director and all staff are reviewed annually.

In view of the nature of the charity, the Trustees benchmark against pay levels in other charities. The remuneration bench-mark is the mid-point of the range paid for similar roles in similar charities and sizes.

### Statement of the Board of Trustees' responsibilities for the financial statements

The Trustees, who are also directors of Cumberland Lodge for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year and not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the Charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the year then ended.

In preparing those financial statements which give a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CUMBERLAND LODGE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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


Each of the directors, who held office at the date of approval of this Trustees' Report, has confirmed that there is no information of which they are aware which is relevant to the audit but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are made aware of such information.

### Auditors

haysmacintyre have expressed their willingness to continue in office as auditors. A resolution proposing that haysmacintyre be reappointed as auditors of the charitable company for the forthcoming year will be put to members at the Annual General Meeting.

Approved by the Trustees on 7 February 2018 and signed on their behalf by:

  
Sir Stephen Wall

  
Simon Pearce

# CUMBERLAND LODGE

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2017

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### Opinion

We have audited the financial statements of Cumberland Lodge for the year ended 31 August 2017 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 August 2017 and its net movement in funds, including the 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.

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.

### 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.

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 8 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

# CUMBERLAND LODGE

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2017

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

### Conclusions relating to going concern

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

# CUMBERLAND LODGE

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2017

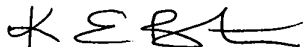
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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

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



Kathryn Burton (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre, Statutory Auditors  
7 February 2018

10 Queen Street Place  
London  
EC4R 1AG



# CUMBERLAND LODGE

Company No. 05383055

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including consolidated income and expenditure account)

AT 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
<b>INCOME:</b>					
Donations, legacies and grants		52,299	76,527	128,826	54,821
Charitable activities					
Cumberland Lodge conferences		72,050	-	72,050	68,716
Student and training conferences		1,412,557	-	1,412,557	1,319,406
Bar sales from above		102,833	-	102,833	98,230
Other trading activities					
Accommodation income		1,027,498	-	1,027,498	1,109,978
Rents and lettings		30,375	-	30,375	30,263
Investments		89,416	-	89,416	68,348
Other		7,442	-	7,442	8,364
<b>Total income</b>		<b>2,794,470</b>	<b>76,527</b>	<b>2,870,997</b>	<b>2,758,126</b>
<b>EXPENDITURE:</b>					
Costs of raising funds	2				
Trading costs		684,774	-	684,774	734,426
Investment management costs		19,622	-	19,622	16,943
Expenditure on charitable activities	2				
Cumberland Lodge conferences		325,666	68,402	394,068	304,802
Student and training conferences		1,846,855	4,210	1,851,065	1,692,518
<b>Total expenditure</b>	<b>2</b>	<b>2,876,917</b>	<b>72,612</b>	<b>2,949,529</b>	<b>2,748,689</b>
Net gains on investments		149,238	-	149,238	273,098
<b>Net movement in funds</b>		<b>66,791</b>	<b>3,915</b>	<b>70,706</b>	<b>282,535</b>
Funds brought forward		4,845,351	30,117	4,875,468	4,592,933
Funds carried forward		4,912,142	34,032	4,946,174	4,875,468

The notes on pages 19 – 28 form part of these financial statements

The statement of financial activities includes all gains and losses recognised in the year.

All amounts derive from continuing activities.

Full comparative figures for the year ended 31 August 2016 are shown in note 18.

# CUMBERLAND LODGE

Company No. 05383055

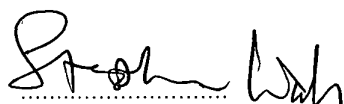
## CONSOLIDATED AND CHARITY BALANCE SHEETS

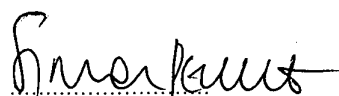
AT 31 AUGUST 2017

	Notes	2017		2016	
		Group £	Charity £	Group £	Charity £
<b>FIXED ASSETS</b>					
Tangible assets	6	1,795,764	1,795,764	1,918,551	1,918,551
Investments	7	2,792,204	2,792,204	2,648,517	2,648,517
		<u>4,587,968</u>	<u>4,587,968</u>	<u>4,567,068</u>	<u>4,567,068</u>
<b>CURRENT ASSETS</b>					
Stock		36,094	22,071	31,709	24,655
Debtors	8	266,879	546,354	299,179	582,424
Short term deposits and cash in hand		652,211	221,256	544,367	115,177
		<u>955,184</u>	<u>789,681</u>	<u>875,255</u>	<u>722,256</u>
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within one year	9	(596,978)	(431,475)	(566,855)	(413,856)
		<u>358,206</u>	<u>358,206</u>	<u>308,400</u>	<u>308,400</u>
<b>NET CURRENT ASSETS</b>					
		<u>4,946,174</u>	<u>4,946,174</u>	<u>4,875,468</u>	<u>4,875,468</u>
<b>NET ASSETS</b>					
		<u>4,946,174</u>	<u>4,946,174</u>	<u>4,875,468</u>	<u>4,875,468</u>
<b>FUNDS</b>					
Unrestricted general funds	12	4,912,142	4,912,142	4,845,351	4,845,351
Restricted funds	13	34,032	34,032	30,117	30,117
<b>TOTAL FUNDS</b>		<u>4,946,174</u>	<u>4,946,174</u>	<u>4,875,468</u>	<u>4,875,468</u>

The surplus for the parent charity was £70,706.

Approved by the Trustees and authorised for issue on 7 February 2018 and signed on their behalf by:

  
Sir Stephen Wall

  
Simon Pearce

The notes on pages 19 - 28 form part of these financial statements

# CUMBERLAND LODGE

Company No. 05383055

## STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 AUGUST 2017

	Note	2017 £	2016 £
Net cash provided by operating activities	15	145,764	201,961
<b>Cash flows from investing activities</b>			
Interest income		9	78
Investment income		89,407	68,348
Purchase of tangible fixed assets		(132,887)	(183,695)
Purchase of investments		(687,660)	(870,234)
Sale of investments		693,211	787,333
<b>Cash used in investing activities</b>		<u>(37,920)</u>	<u>(198,170)</u>
<b>Change in cash and cash equivalents in the year</b>		107,844	3,791
Cash and cash equivalents at the beginning of the year		<u>544,367</u>	<u>540,576</u>
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<u><u>652,211</u></u>	<u><u>544,367</u></u>

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Cumberland Lodge meets the definition of a public benefit entity under FRS 102. The registered office and company number can be found page 2. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

#### **Preparation of accounts on a going concern basis**

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

#### **Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiary Cumberland Lodge Enterprises on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The surplus of the parent charity was £70,706 (2016: £282,535).

#### **Income recognition**

All income is recognised once the charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

#### **Donations and legacies**

Donations and gifts are included in full in the Statement of Financial Activities when there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

#### **Grants**

Grants are recognised in full in the statement of financial activities in the year in which the charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

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

Income from charitable activities is recognised as earned as the related services are provided. Income from other trading activities is recognised as earned as the related goods are provided.

#### **Investment income**

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1. ACCOUNTING POLICIES (continued)

#### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprises the direct and allocated costs of the trading subsidiary, and investment management costs
- Expenditure on charitable activities comprises the direct and allocated costs of Cumberland Lodge conferences and student and training conferences

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure is allocated to the particular activity on a direct and indirect cost basis. The apportionment of indirect costs is based on estimates of the relative use of Lodge resources.

#### **Allocation of costs**

Expenditure is summarised under functional headings on a direct and indirect cost basis. The apportionment of indirect costs is based on estimates of the relative use of Lodge resources.

#### **Operating leases**

Rental charges are charged on a straight line basis over the life of the lease.

#### **Financial Instruments**

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### **Investments**

Investments are a form of basic financial instruments and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

#### **Fixed assets**

Fixed assets are stated at cost or deemed cost (donated valuation at estimated fair value) less accumulated depreciation and impairment losses. Assets costing more than £1,500 are capitalised.

Depreciation is calculated to write off the costs of the fixed asset by equal instalments as follows:

Motor vehicles	4 years
Furniture, fittings and equipment	3 to 10 years
Leasehold improvements	10 to 20 years

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1. ACCOUNTING POLICIES (continued)

#### **Cash**

Cash represents cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### **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.

#### **Creditors and provisions**

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

#### **Stock**

Stocks are valued at the lower of cost and net realisable value.

#### **Funds**

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed.

#### **Employee benefits**

- **Short term benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

- **Employee termination benefits**

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

- **Pension scheme**

Cumberland Lodge operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of Cumberland Lodge in an independently administered fund. The pensions costs charged in the financial statements represent the contributions payable during the year.

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

In the application of the accounting policies, Directors are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 affected current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

2. ANALYSIS OF EXPENDITURE	Staff Costs £	Other Costs £	Depreciation £	2017 Total £	2016 Total £
<b>Charitable Activities</b>					
Cumberland Lodge					
Conferences	216,892	153,347	23,829	394,068	304,802
Student and training					
Conferences	962,383	656,837	231,845	1,851,065	1,692,518
<b>Costs of Generating Funds</b>					
Trading costs	397,332	287,442	-	684,774	734,426
Investment costs	-	19,622	-	19,622	16,943
<b>Group total</b>	<u>1,576,607</u>	<u>1,117,248</u>	<u>255,674</u>	<u>2,949,529</u>	<u>2,748,689</u>

Included within Other Costs above, were Governance costs of £14,838 (2016: £16,045) relating to Auditor's remuneration.

3. NET INCOME FOR THE YEAR	2017 £	2016 £
This is stated after charging		
Auditor's remuneration (including VAT):		
Audit	13,255	13,295
Other Services	1,583	2,750
Expenses reimbursed and paid on behalf of Trustees	<u>1,125</u>	<u>577</u>

No Trustee received remuneration in the current or prior year.

## 4. SUBSIDIARIES

The wholly-owned subsidiary Cumberland Lodge Enterprises Limited is incorporated in the UK (company number: 05389873, registered office: Cumberland Lodge, The Great Park, Windsor, SL4 2HP) and provides conference facilities for professional bodies, charities and other organisations. The subsidiary pays all of its profits to Cumberland Lodge under the Gift Aid scheme. The summary financial performance of the subsidiary alone is:

	2017 £	2016 £
Turnover	1,034,469	1,116,348
Cost of sales and administration costs	(756,056)	(818,856)
Net profit	<u>278,413</u>	<u>297,492</u>
Amount gift aided to the charity	(278,413)	(297,492)
Retained in subsidiary	<u>-</u>	<u>-</u>
The current assets and liabilities of the subsidiary were:		
Current assets	529,198	521,936
Current liabilities	(529,197)	(521,935)
Total net assets	<u>1</u>	<u>1</u>
Aggregate share capital and reserves	<u>1</u>	<u>1</u>

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

### 5. STAFF COSTS AND NUMBERS

#### Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	1,345,555	1,224,950
Social security costs	114,245	103,118
Pension contributions	116,807	104,002
Redundancy payments	-	41,004
	<u>1,576,607</u>	<u>1,473,074</u>

The number of employees whose emoluments for the year fell within the following bands were:

	Number	Number
£70,001 - £80,000	1	2
£80,001 - £90,000	1	-
	<u>1</u>	<u>-</u>

Both of these employees are accruing pension contributions totalling £17,008 (2016: 2 employees, accruing £16,149). The total employee benefits (including pension contributions and employers national insurance) of the three key management personnel of the Group and charity were £227,147 (2016: three key management personnel £217,898).

	2017 Number	2016 Number
The average number of employees during the year was as follows:		
Academic	7	6
House	49	48
Administration	17	16
	<u>73</u>	<u>70</u>

The full time equivalent number of staff in 2017 was 49 (2016:46).

### 6. FIXED ASSETS (GROUP AND CHARITY)

	Improvements to property £	Furniture, fittings & equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 September 2016	3,236,887	1,366,423	33,409	4,636,719
Additions	14,525	118,362	-	132,887
	<u>3,251,412</u>	<u>1,484,785</u>	<u>33,409</u>	<u>4,769,606</u>
<b>Balance at 31 August 2017</b>				
<b>Accumulated depreciation</b>				
At 1 September 2016	1,814,635	871,813	31,720	2,718,168
Charge for the year	121,903	132,082	1,689	255,674
	<u>1,936,538</u>	<u>1,003,895</u>	<u>33,409</u>	<u>2,973,842</u>
<b>Balance at 31 August 2017</b>				
<b>Net Book Value</b>				
C/f at 31 August 2017	1,314,874	480,890	-	1,795,764
	<u>1,314,874</u>	<u>480,890</u>	<u>-</u>	<u>1,795,764</u>
B/f at 1 September 2016	1,422,252	494,610	1,689	1,918,551
	<u>1,422,252</u>	<u>494,610</u>	<u>1,689</u>	<u>1,918,551</u>



# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

7. INVESTMENTS (GROUP AND CHARITY)		2017 £	2016 £
Market value at 1 September		2,648,517	2,292,518
Additions		687,660	870,234
Disposals		(693,211)	(787,333)
Net gains		149,238	273,098
Market value at 31 August		2,792,204	2,648,517
Historical cost as at 31 August		2,431,062	2,379,195
8. DEBTORS: amounts falling due within one year	2017	2016	
	Group £	Charity £	Group £
Accommodation debtors	164,701	92,033	221,403
Other debtors and prepayments	102,178	90,626	77,776
Amounts due from subsidiary			
- Gift Aid	-	278,413	-
- Other	-	85,282	-
	266,879	546,354	299,179
			582,424
9. CREDITORS: amounts falling due within one year	2017	2016	
	Group £	Charity £	Group £
Trade creditors	86,665	84,848	118,413
Other taxation and social security	87,201	33,163	93,875
Other creditors, accruals and deferred income	423,112	313,464	354,567
	596,978	431,475	566,855
			413,856
10. ANALYSIS OF DEFERRED INCOME	2017	2016	
	Group £	Charity £	Group £
Deferred income at 1 September	237,758	159,228	171,023
Applied during the year	311,737	207,998	237,758
Released during the year	(237,758)	(159,228)	(171,023)
Deferred income at 31 August	311,737	207,998	237,758
			159,228

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

11. FINANCIAL INSTRUMENTS	2017		2016	
	Group £	Charity £	Group £	Charity £
Financial assets measured at amortised Cost	299,179	582,424	299,179	582,424
Financial assets measured at fair value	2,648,517	2,648,517	2,648,517	2,648,517
Financial liabilities measured at amortised cost	(566,855)	(413,856)	(566,855)	(413,856)
Net financial assets measured at amortised cost	2,380,841	2,817,085	2,380,841	2,817,085

Financial assets measured at amortised cost include cash, accommodation debtors and other debtors.  
Financial assets measured at fair value comprise listed investments.  
Financial liabilities measured at amortised cost include trade creditors and other creditors.

12. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	Restricted Funds £	General Funds £	Total Funds £
Fixed assets	22,966	1,772,798	1,795,764
Investments	-	2,792,204	2,792,204
Current assets	11,066	944,118	955,184
Current liabilities	-	(596,978)	(596,978)
Net assets at 31 August 2017	34,032	4,912,142	4,946,174

13. ANALYSIS OF RESTRICTED FUNDS	Balance 1 September 2016 £	Income £	Expenditure £	Balance 31 August 2017 £
Mews lighting project	9,458	-	(500)	8,958
Chapel capital appeal	15,899	-	(1,891)	14,008
Scholarship scheme	4,760	-	(82)	4,678
Amy Buller scholarship donations	-	717	-	717
Art restoration fund	-	7,500	(2,252)	5,248
Education grant	-	2,500	(2,077)	423
Conference grants	-	65,810	(65,810)	-
Group total	30,117	76,527	(72,612)	34,032

### Mews lighting project

This is a restricted fund used to improve the lighting within the conference rooms in the Mews.

### Chapel capital appeal

This is a restricted fund used to refurbish the chapel.

### Scholarship scheme

This is a restricted fund used to pay for the costs of scholars from the North East of England.

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

### **Amy Buller scholarship**

This is a restricted fund used to cover the costs of the Amy Buller scholar.

### **Art restoration fund**

This is a restricted fund used to restore the Crimea prints.

### **Education grant**

This is a restricted fund used to cover the costs of the BFG project.

### **Conference grants**

This is a restricted fund used to pay for the costs of specific conferences.

## 14. TAXATION

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity is not exempt from VAT which is included with the expenses to which it relates on the Statement of Financial Activities.

## 15. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
<b>Net income for the year</b>	70,706	282,535
<b>Adjustments for:</b>		
Depreciation charge	255,674	265,504
Gains/losses on investments	(149,238)	(273,098)
Interest income	(9)	(78)
Income from investments	(89,407)	(68,348)
Decrease/(Increase) in debtors	32,300	(4,132)
Increase in stock	(4,385)	(111)
Increase/(Decrease) in creditors	30,123	(311)
<b>Net cash provided by operating activities</b>	<u>145,764</u>	<u>201,961</u>

## 16. RELATED PARTY TRANSACTIONS

In 2017 the following transactions took place between the Charity and its wholly-owned subsidiary:

Cumberland Lodge recharged £739,903 (2016: £804,020) to Cumberland Lodge Enterprises Limited during the year, in respect of operating expenses.

Cumberland Lodge Enterprises Limited gift aids 100% of its taxable profits to the parent company. The gift aid donation in the current year was £278,413 (2016: £297,492).

At 31 August 2017 an amount of £363,965 (2016: £368,937) was owed by Cumberland Lodge Enterprises Limited to its parent company, Cumberland Lodge in respect of the above transactions.

Canon Dr Edmund Newell is a Trustee of the AMAR International Charitable Foundation which held an event at Cumberland Lodge during the year. The event was charged in accordance with Cumberland Lodge standard pricing and the total income earned by Cumberland Lodge Enterprises Limited from the booking totalled £10,351 (excluding vat).

There were no other outstanding balances with related parties as at 31 August 2017.

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

### 17. OPERATING LEASES

At the year end, the Group and Charity were committed to the following future minimum lease payments in respect of operating leases:

	<b>Land and buildings</b>		<b>Land and buildings</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In less than one year	32,910	32,910	26,220	26,220
In one to two years	15,540	15,540	18,810	18,810
In two to five years	-	-	9,540	9,540
	<u>48,450</u>	<u>48,450</u>	<u>54,570</u>	<u>54,570</u>
	<b>Office equipment</b>		<b>Office equipment</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In less than one year	12,381	12,381	12,381	12,381
In one to two years	12,381	12,381	12,381	12,381
In two to five years	4,170	4,170	16,074	16,074
	<u>28,932</u>	<u>28,932</u>	<u>40,836</u>	<u>40,836</u>

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

### 18. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (2016):

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2016 £
<b>INCOME:</b>				
Donations, legacies and grants		38,661	16,160	54,821
Charitable activities				
Cumberland Lodge conferences		68,716	-	68,716
Student and training conferences		1,319,406	-	1,319,406
Bar sales from above		98,230	-	98,230
Other trading activities				
Accommodation income		1,109,978	-	1,109,978
Rents and lettings		30,263	-	30,263
Investments		68,348	-	68,348
Other		8,364	-	8,364
<b>Total income</b>		<u>2,741,966</u>	<u>16,160</u>	<u>2,758,126</u>
<b>EXPENDITURE:</b>				
Costs of raising funds	2			
Trading costs		734,426	-	734,426
Investment management costs		16,943	-	16,943
Expenditure on charitable activities	2			
Cumberland Lodge conferences		293,282	11,520	304,802
Student and training conferences		1,690,247	2,271	1,692,518
<b>Total expenditure</b>	2	<u>2,734,898</u>	<u>13,791</u>	<u>2,748,689</u>
Net gains on investments		273,098	-	273,098
<b>Net movement in funds</b>		<u>280,166</u>	<u>2,369</u>	<u>282,535</u>
Funds brought forward		4,565,185	27,748	4,592,933
Funds at 31 August 2016		<u>4,845,351</u>	<u>30,117</u>	<u>4,875,468</u>