

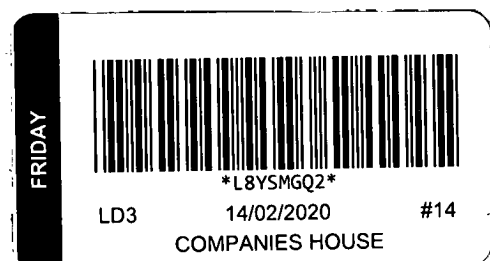
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CUMBERLAND LODGE

(A Registered Charity and Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



Company No. 05383055
Charity No. 1108677

CUMBERLAND LODGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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CUMBERLAND LODGE

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2019

Status	The organisation is a charitable company limited by guarantee, incorporated on 4 March 2005.
Governing Document	The company was established under Memorandum and Articles which established the objects and powers of the charitable company.
Company Number	05383055
Charity Number	1108677
Registered & Operating Office	Cumberland Lodge, The Great Park, Windsor, Berkshire, SL4 2HP
Trustees	<p>Baroness Usha Prashar (Chairman) CBE PC, appointed 9 January 2019 Charles Anson CVO DL (F) Sir Malcolm Evans KCMG OBE (P) Jane Furniss CBE (P) Alan Gemmell (P), appointed 10 October 2019 Paul Hampden Smith (A,F,I) John Lotherington (P), appointed 26 July 2019 Baroness Ruby McGregor Smith CBE (A,I) Simon Pearce (F,I) Baroness Pitkeathley of Caversham, OBE (P)</p> <p>Sir Stephen Wall GCMG LVO (Chairman) (F,P), resigned 9 January 2019 Lynne Berry OBE (F), resigned 1 July 2019 Salley Vickers (P), resigned 1 July 2019</p> <p>(F – Member of the Finance and General Purposes Committee) (A – Member of the Audit Committee) (I – Member of the Investment Committee) (P – Member of the Programme Committee)</p>
Honorary Treasurer	Simon Pearce
Chief Executive	Canon Dr Edmund Newell
Bankers	HSBC Bank Plc, 105 Mount Pleasant, Tunbridge Wells, Kent, TN1 1QP
Solicitors	Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH
Investment Managers	Kleinwort Hambros, 8 St James's Square, London, SW1Y 4JU
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

CUMBERLAND LODGE

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

Chairman's report

Cumberland Lodge has its roots in a time of national and international crisis, more than 70 years ago, and today, its work in bringing people together to discuss challenging issues that affect us all is perhaps more relevant than ever. That is why I am delighted to have been appointed as Chair of the Board of Trustees, to help develop this important work further.

A broad spectrum of prominent people in public life are involved in guiding and delivering this important work, together with research students from a wide range of countries, universities and academic disciplines, who we support through our scholarship programmes. What unites them is a common purpose: a desire to build more cohesive societies and develop a deeper understanding amongst people of all backgrounds, ages and perspectives, through dialogue and debate.

In the current climate of political upheaval and disruption, Cumberland Lodge has a powerful role to play in challenging silo thinking and modelling how to 'disagree well'. It encourages people to think creatively and to collaborate on innovative approaches to the pressing challenges facing society. The importance of this work cannot be overstated. By convening candid conversations that cut across sectors and academic disciplines, Cumberland Lodge is influencing and inspiring positive action by practitioners and policymakers.

Increasingly, we are striving to increase the impact and reach of this work through the creative use of digital technologies, and I look forward to developing this further during my tenure as Chair. Cumberland Lodge is working tirelessly to generate a movement of people from around the world who are committed to promoting progress towards more peaceful, open and inclusive societies. It is providing transformative experiences for young people who will become our future leaders and change-makers. You will read about some of these inspirational stories on the pages that follow.

As a charity, Cumberland Lodge relies heavily on the generosity of its funders and supporters, and the individuals and organisations who hire its facilities in Windsor Great Park, to whom we are all extremely grateful.

I look forward to working with my fellow trustees, Edmund Newell and the team at Cumberland Lodge, to nurture this growing movement for positive change, in the years to come.

CUMBERLAND LODGE

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

Chief Executive's report

Cumberland Lodge exists to empower people, through dialogue and debate, to make a positive difference to society. We actively embrace 'difficult conversations' and bring intergenerational and multi-sector perspectives, as well as an ethical dimension, to all of our work. This report provides a snap-shot of how we achieved this in 2018-2019 and of our wider influence on practitioners and policymakers across the UK and beyond.

Over 12 months, we brought together more than 500 people, of all ages, backgrounds and perspectives, to explore pressing issues relating to 'Identities and Belonging'. We explored key questions relating to our pluralistic society today: Is it possible for society to accommodate diversity peacefully? How can society foster greater cohesion across social classes and different cultures? How can pluralism be promoted positively? The outcomes of our endeavours have been disseminated widely in reports and briefings, which are now freely available online, as well as through a wide range of audio-visual resources, including podcasts, videos, audio recordings and blogs.

Alongside this series of cross-sector conferences and consultations, panel debates and retreats, we ran our highly-successful Emerging International Leaders programme on Freedom of Religion or Belief for the third year running. This programme provides an immersive experience for 50 international students from universities across the UK to explore the global human rights implications of challenging issues of religion and belief. As a result, we have already established a network of 150 young people from around the world who have expertise in this area and a commitment to promoting Freedom of Religion or Belief in their universities and home countries, both now and in the future.

We welcomed a further 104 students to our annual Commonwealth & International Student Christmas and Life Beyond the PhD conferences, which we are reshaping to focus on helping participants to explore how they can use their academic work and research skills to promote progress towards more peaceful, open and inclusive societies.

This year we expanded our Cumberland Lodge Scholarship scheme, which has supported 33 doctoral students with their public engagement, communications, event facilitation and networking skills since its introduction in 2014. We are also benefitting from the involvement of former scholars in our work. These, together with alumni from programmes such as our Emerging International Leaders, are helping to create a movement for positive change around our work and mission.

The growth of our networks is also reflected in membership of the Friends of Cumberland Lodge, which has risen from 192 to 265 in the past year. Friends are invited to a range of social and cultural events, including our ever-popular Cumberland Conversations and, this year, a garden party, and a film series to mark the 200th anniversary of the birth of Queen Victoria and Prince Albert, in our newly-created entertainment space in the basement, The Vaults. These events also help to raise money to support our charitable programmes.

In addition, we hosted residential study retreats for 3,603 students from 27 UK universities, and welcomed 114 organisations to use our facilities for conferences and meetings. Through the relationships that develop during these events, we often recruit participants for our own programme of conferences and events, and develop new strategic partnerships. This year we have also worked hard to inform the groups who use our facilities that, by doing so, they are supporting our charitable work.

CUMBERLAND LODGE

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

This report highlights the ways in which we have been responding to the challenges and opportunities of a digital society. As the development of social media encourages rapid and sometimes confrontational communication, we firmly believe in the importance of providing a space where people have the opportunity to reflect on issues and cultivate the ability to 'disagree well'. At the same time, we recognise the value of harnessing the latest digital technologies to reach and engage with more people, and to support this we have created a small multi-media studio and appointed a full-time Digital Communications Officer to expand the reach and impact of our work.

Governance

This year saw significant changes to our governance as we welcomed a new Chair of Trustees, The Right Honourable the Baroness Prashar of Runnymede. Baroness Prashar succeeds Sir Stephen Wall, who retired after 10 distinguished years of service. Sir Stephen was instrumental in driving change, and Baroness Prashar has taken up this mantle readily, already challenging us to develop our work further and become more agile in responding to the pressing issues emerging in our rapidly-changing world.

Sadly, we also said farewell to our Vice-Chair of Trustees, Lynne Berry, and to Salley Vickers, both of whom stood down after completing their ten years in office. We are extremely grateful to them both for all that they have contributed to the work of Cumberland Lodge over the years. We have since welcomed two new trustees to the Board, Alan Gemmell and John Lotherington, and we hope to be joined shortly by JP Rangaswami, each of whom brings a wide range of expertise and experience that will be invaluable, both in terms of ensuring effective scrutiny of how the charity operates and in developing our work.

Finances

Over the past year, we expended £2.3m on delivering our charitable objectives. We provided 3,603 subsidised places for students to attend study retreats, funded 16 Cumberland Lodge Scholarships, and our ongoing Amy Buller Scholarship in association with Royal Holloway, University of London. We also provided 14 travel bursaries to enable students to take part in our conferences, consultations and seminars, and free places for 21 students with limited financial means, to allow them to attend study retreats at Cumberland Lodge with their peers.

As a not-for-profit organisation, our challenge is to ensure that we generate the right level of income to support our work. Our target is to break even, with a small surplus for development purposes. Accordingly we are pleased to have achieved a small surplus in what has been a challenging year in terms of income generation. However, we are not complacent, and amid economic uncertainty around Brexit affecting conference business and a difficult fundraising environment we are looking carefully at our business model and fundraising activities, to continue to provide the resources we need to develop our work further.

People

As well as significant changes to our Board of Trustees, there have also been changes to our staff. Amongst these, Sharon Alloway stepped down as Dining Room Supervisor after working at the Lodge for 35 years, and Sue Shuttlewood retired from her role as Dining Room Assistant after 25 years of service. We also had a change of Finance Director, with the departure of Sue Brown and the arrival of Linda Webber in May 2019. Meanwhile, we have benefitted from the time and commitment of a small but growing group of volunteers, and we are extremely grateful to them for all they contribute to our work.

CUMBERLAND LODGE

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

After nearly seven years in post, it remains an honour and a privilege to work alongside a talented and dedicated team of colleagues; trustees who provide oversight, support and challenge; and an ever-expanding number of scholars, alumni and supporters who, by contributing to the life and work of this remarkable and unique institution, are helping to shape our societies for the better. As our new Chair reports in her Foreword, a movement for social progress is emerging, and I am grateful to all who are making this happen.

CUMBERLAND LODGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

Trustees' Report

The Trustees, who are the directors of the charitable company, present their report, which includes the strategic report, and the audited financial statements for the year ended 31 August 2018.

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").

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.

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. 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 2019

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.

Fundraising statement

Cumberland Lodge is registered with the Fundraising Regulator. The Charity employs a professional fundraiser who oversees all fundraising activity. In addition the fundraising consultant, who works under the direction of the Principal, adheres to a code of practice established in his contract. In the past year Cumberland Lodge has received no complaints in respect of its fundraising.

Financial review

The Trustees consider that it has been a positive year in the current economic climate. Total incoming resources of £2,869,763 represent a year on year fall of 13%. Net deficit, before gains on investments, for the year was £32,644 (2018: net gain £323,008). After investment gains, there was a positive movement on funds of £72,972 (2018: £321,168). Whilst the results represent a downturn from 2018, this was mostly due to one-off income in 2018 not repeating, and the resulting surplus is very close to 2017's net increase in funds of £70,706.

Reserves policy

As a charity whose principal activity is 'The provision of a residential conference centre in surroundings conducive to study, debate and interaction', we have determined that our most significant risk is a major catastrophe (e.g. fire) that substantially denies us the use of our principal facilities. We therefore require sufficient free reserves to continue to operate and to maintain at least a reduced programme of residential events, using off-site facilities as necessary, for up to 18 months while repairs and refurbishment take place, and for a reduced operation on-site for a further 12 months. We estimate that reserves of £2 million to £2.2 million are required, and currently hold £2.2 million in reserve for this purpose, which is greater than the cost of closing down the charity.

Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

- **Fixed assets.** Funds equal to the net book value of fixed assets have been designated separately from unrestricted reserves, recognising that these funds could not be readily converted into cash, and also that the assets represented are essential to the running of Cumberland Lodge. In 2019 the reserve is £1,655,787. In 2018 there was no separate reserve, but the value of fixed assets included in unrestricted reserves was £1,644,925.
- **Property improvements.** Cumberland Lodge is developing plans to enhance conference facilities by increasing capacity over the next four to five years. Funds set aside for this of £500,000 (2018: £nil) are to cover building work, fixtures and fittings and professional fees.

Endowment fund

An endowment fund has been established into which any surplus beyond immediate or planned needs, along with donations and legacies, can be transferred. The fund was established in order to build a sustainable source of income to reduce our reliance on our commercial conference business and to support our educational activities, including the provision of scholarships and bursaries for students and those with limited financial means.

CUMBERLAND LODGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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 Hambros was held to discuss the composition and performance of the fund and the findings reported to the Board of Trustees. The Trustees consider that given the market conditions the net gain on investments 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.

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 Finance and General Purposes Committee 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.

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. 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 2019

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; Finance and General Purposes, Audit, Investments 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, Chief Operating Officer 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, Chief Operating Officer, 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 2019

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.

Approved by the Trustees on ^{16th}~~23rd~~ January 2020 and signed on their behalf by:



Baroness Usha Prashar



Simon Pearce

CUMBERLAND LODGE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the financial statements of Cumberland Lodge for the year ended 31 August 2018 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 group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's and parent charitable company's 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.

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.

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

CUMBERLAND LODGE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2019

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 includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual 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 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.

CUMBERLAND LODGE

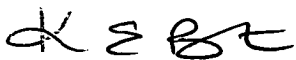
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2019

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.



Kathryn Burton (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
3 February 2020

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 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
INCOME:					
Donations, legacies and grants		39,380	23,478	62,858	139,661
Charitable activities					
Cumberland Lodge conferences		74,124	-	74,124	79,696
Student and training conferences		1,556,641	-	1,556,641	1,570,015
Other trading activities					
Accommodation income		1,033,361	-	1,033,361	1,368,265
Rents and lettings		30,945	-	30,945	37,093
Investments		88,497	-	88,497	75,892
Other income		23,337	-	23,337	11,021
Total income		2,846,285	23,478	2,869,763	3,281,643
EXPENDITURE:					
Costs of raising funds					
Trading costs		612,356	-	612,356	783,191
Investment management costs		24,100	-	24,100	20,623
Expenditure on charitable activities					
Cumberland Lodge conferences		406,915	14,150	421,065	452,953
Student and training conferences		1,829,890	14,996	1,844,886	1,701,868
Total expenditure	2	2,873,261	29,146	2,902,407	2,958,635
		(26,976)	(5,668)	(32,644)	323,008
Net (losses)/gains on investments		105,615	-	105,615	(1,840)
Net movement in funds		78,639	(5,668)	72,971	321,168
Funds brought forward		5,230,054	37,288	5,267,342	4,946,174
Funds carried forward		5,308,693	31,620	5,340,313	5,267,342

The notes on pages 18 - 29 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 2018 are shown in note 18.

CUMBERLAND LODGE

Company No. 05383055


CONSOLIDATED AND CHARITY BALANCE SHEETS

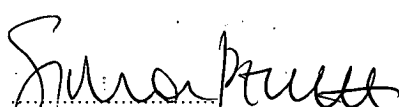
AT 31 AUGUST 2019

	Notes	2019 Group £	Charity £	2018 Group £	Charity £
FIXED ASSETS					
Tangible assets	6	1,655,787	1,655,787	1,644,925	1,644,925
Investments	7	3,304,187	3,304,187	3,020,141	3,020,141
		<u>4,959,974</u>	<u>4,959,974</u>	<u>4,665,066</u>	<u>4,665,066</u>
CURRENT ASSETS					
Stock		25,857	15,070	32,218	20,294
Debtors	8	281,802	307,383	292,121	335,173
Short term deposits and cash in hand		644,015	202,156	861,780	131,333
		<u>951,674</u>	<u>524,609</u>	<u>1,186,119</u>	<u>486,800</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	9	(571,335)	(409,303)	(583,843)	(402,031)
		<u>380,339</u>	<u>115,306</u>	<u>602,276</u>	<u>84,769</u>
NET CURRENT ASSETS					
		<u>380,339</u>	<u>115,306</u>	<u>602,276</u>	<u>84,769</u>
NET ASSETS		<u>5,340,313</u>	<u>5,075,280</u>	<u>5,267,342</u>	<u>4,749,835</u>
FUNDS					
Unrestricted general funds	12	3,152,906	2,887,873	5,230,054	4,712,547
Restricted funds	12,13	31,620	31,620	37,288	37,288
Designated funds	14	2,155,787	2,155,787	-	-
		<u>5,340,313</u>	<u>5,075,280</u>	<u>5,267,342</u>	<u>4,749,835</u>
TOTAL FUNDS		<u>5,340,313</u>	<u>5,075,280</u>	<u>5,267,342</u>	<u>4,749,835</u>

The surplus of the parent charity was £325,445. This comprises a deficit of £292,061 (2018:196,339) plus donated profits from Cumberland Lodge Enterprises Ltd of £617,506 (2018: nil).

Approved and authorised for issue on ^{23rd}_{16th} January 2020 by the Trustees and signed on their behalf by:


Baroness Usha Prashar


Simon Pearce

The notes on pages 18 - 29 form part of these financial statements.

CUMBERLAND LODGE

Company No. 05383055

STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 AUGUST 2019

	2019 £	2018 £
Net cash provided by operating activities	112,370	463,809
Cash flows from investing activities		
Investment income	88,497	75,892
Purchase of tangible fixed assets	(248,657)	(100,355)
Sale of tangible fixed assets	8,456	-
Purchase of investments	(1,113,957)	(1,085,677)
Sale of investments	935,526	855,900
Cash used in investing activities	<u>(330,135)</u>	<u>(254,240)</u>
Change in cash and cash equivalents in the year	(217,765)	209,569
Cash and cash equivalents at the beginning of the year	<u>861,780</u>	<u>652,211</u>
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>644,015</u></u>	<u><u>861,780</u></u>

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

Net income for the year	72,971	321,168
Adjustments for:		
Depreciation charge	237,795	244,923
(Gains)/ losses on disposal of fixed assets	(8,456)	6,271
(Gains)/ losses on investments	(105,615)	1,840
Income from investments	(88,497)	(75,892)
Decrease / (increase) in debtors	10,319	(25,242)
Decrease in stock	6,361	3,876
(Decrease) in creditors	(12,508)	(13,135)
Cash used in investing activities	<u><u>112,370</u></u>	<u><u>463,809</u></u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 Limited 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.

Income recognition

All income is recognised once the charity is entitled to the income, the amount of income receivable can be measured reliably and receipt is probable.

Donations and legacies

Donations and gifts are included in full in the Statement of Financial Activities when the charity is entitled to the income, the amount of income receivable can be measured reliably and receipt is probable.

Grants

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

Income from charitable activities

Income from charitable activities is recognised as earned when the related services are provided. Income from other trading activities is recognised as earned when 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 2019

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 instrument 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 2019

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 pension costs charged in the financial statements represents 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 2019

2. ANALYSIS OF EXPENDITURE	Staff Costs £	Other Costs £	Depreciation £	Total £
2019				
Charitable Activities				
Cumberland Lodge				
Conferences	318,554	77,823	24,688	421,065
Student and training				
Conferences	960,027	671,752	213,107	1,844,886
Costs of Generating Funds				
Trading costs	376,938	235,418	-	612,356
Investment costs	-	24,100	-	24,100
Group total	1,655,519	1,009,093	237,795	2,902,407
2018				
Charitable Activities				
Cumberland Lodge				
Conferences	297,598	132,651	22,704	452,953
Student and training				
Conferences	849,766	629,883	222,219	1,701,868
Costs of Generating Funds				
Trading costs	457,644	325,547	-	783,191
Investment costs	-	20,623	-	20,623
Group total	1,605,008	1,108,704	244,923	2,958,635

Included within Other Costs above were Governance costs of £15,761 (2018: £14,993) relating to Auditor's remuneration.

3. NET INCOME FOR THE YEAR	2019 £	2018 £
This is stated after charging		
Auditor's remuneration (including irrecoverable VAT):		
Audit	14,156	13,530
Other Services	1,605	1,463
	15,761	14,993
Expenses reimbursed and paid on behalf of Trustees	1,081	1,290

No Trustee received remuneration in the current or prior year.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

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:

	2019 £	2018 £
Turnover	1,039,405	1,377,922
Cost of sales and administration costs	(674,371)	(860,416)
Net profit	365,034	517,506
Brought forward – retained in subsidiary	517,506	-
Gift aided to the charity in year	(617,506)	-
Retained in subsidiary	265,034	517,506
The current assets and liabilities of the subsidiary were:		
Current assets	527,909	854,072
Current liabilities	(262,875)	(336,565)
Total net assets	265,034	517,507
Aggregate share capital and reserves	265,034	517,507

5. STAFF COSTS AND NUMBERS

	2019 £	2018 £
Staff costs were as follows:		
Salaries and wages	1,414,573	1,365,896
Social security costs	119,960	116,508
Pension contributions	120,986	122,604
	1,655,519	1,605,008
The number of employees whose emoluments for the year fell within the following bands were:		
	Number	Number
£80,001 - £90,000	1	1
£70,001- £80,000	1	-

These employees are accruing pension contributions totalling £15,578 (2018: £8,269). The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel of the Group and charity were £236,519 (2018: £244,036).

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

	2019 Number	2018 Number
The average number of employees during the year was as follows:		
Academic	6	8
House	48	51
Administration	18	17
	<u>72</u>	<u>76</u>

The full time equivalent number of staff in 2019 was 49 (2018:49).

6. FIXED ASSETS (GROUP AND CHARITY)

	Improvements to property £	Furniture, fittings & equipment £	Motor Vehicles £	Total £
Cost				
At 1 September 2018	3,259,349	1,570,932	33,409	4,863,690
Additions	39,143	184,773	24,741	248,657
Disposals	-	(39,160)	(20,270)	(59,430)
Balance at 31 August 2019	<u>3,298,492</u>	<u>1,716,545</u>	<u>37,880</u>	<u>5,052,917</u>
Accumulated depreciation				
At 1 September 2018	2,057,377	1,127,979	33,409	3,218,765
Charge for the year	122,160	110,481	5,154	237,795
Disposals	-	(39,160)	(20,270)	(59,430)
Balance at 31 August 2019	<u>2,179,537</u>	<u>1,199,300</u>	<u>18,293</u>	<u>3,397,130</u>
Net Book Value				
C/f at 31 August 2019	<u>1,118,955</u>	<u>517,245</u>	<u>19,587</u>	<u>1,655,787</u>
B/f at 1 September 2018	<u>1,201,972</u>	<u>442,953</u>	<u>-</u>	<u>1,644,925</u>

7. INVESTMENTS (GROUP AND CHARITY)

	2019 £	2018 £
Market value at 1 September	3,020,141	2,792,204
Additions	1,113,957	1,085,677
Disposals	(935,526)	(855,900)
Net gains /(losses)	<u>105,615</u>	<u>(1,840)</u>
Market value at 31 August	<u>3,304,187</u>	<u>3,020,141</u>
Historical cost as at 31 August	<u>2,842,711</u>	<u>2,658,773</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

8. DEBTORS: amounts falling due within one year	2019		2018	
	Group £	Charity £	Group £	Charity £
Accommodation debtors	209,741	136,170	245,788	139,527
Other debtors and prepayments	72,061	65,319	46,333	64,237
Amounts due from subsidiary		105,894		131,409
	<u>281,802</u>	<u>307,383</u>	<u>292,121</u>	<u>335,173</u>
9. CREDITORS: amounts falling due within one year	2019		2018	
	Group £	Charity £	Group £	Charity £
Trade creditors	56,616	56,616	52,023	51,965
Other taxation and social security	89,600	32,419	105,192	34,262
Other creditors, accruals and deferred income	425,119	320,268	426,628	315,804
	<u>571,335</u>	<u>409,303</u>	<u>583,843</u>	<u>402,031</u>
10. ANALYSIS OF DEFERRED INCOME	2019		2018	
	Group £	Charity £	Group £	Charity £
Deferred income at 1 September	314,803	209,764	311,737	207,998
Released during the year	(314,803)	(209,764)	(311,737)	(207,998)
Applied during the year	274,169	182,007	314,803	209,764
	<u>274,169</u>	<u>182,007</u>	<u>314,803</u>	<u>209,764</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

11. FINANCIAL INSTRUMENTS	2019		2018	
	Group £	Charity £	Group £	Charity £
Financial assets measured at amortised cost	925,817	509,539	1,153,901	466,506
Financial assets measured at fair value	3,304,187	3,304,187	3,020,141	3,020,141
Financial liabilities measured at amortised cost	(571,335)	(409,303)	(583,843)	(402,031)
Net financial assets measured at amortised cost	<u>3,658,669</u>	<u>3,404,423</u>	<u>3,590,199</u>	<u>3,084,616</u>

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 £
2019			
Fixed assets	25,910	1,629,877	1,655,787
Investments	-	3,304,187	3,304,187
Current assets	5,710	945,964	951,674
Current liabilities	-	(571,335)	(571,335)
Net assets at 31 August	<u>31,620</u>	<u>5,308,693</u>	<u>5,340,313</u>
2018			
Fixed assets	20,575	1,624,350	1,644,925
Investments	-	3,020,141	3,020,141
Current assets	16,713	1,169,406	1,186,119
Current liabilities	-	(583,843)	(583,843)
Net assets at 31 August	<u>37,288</u>	<u>5,230,054</u>	<u>5,267,342</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

13. ANALYSIS OF RESTRICTED FUNDS

	1 September £	Income £	Expenditure £	31 August £
2019				
Mews lighting project*	8,458	-	(500)	7,958
Chapel capital appeal*	12,117	-	(1,891)	10,226
Dining room furniture*	-	6,380	(3,524)	2,856
Basement refurbishment*	-	5,000	(130)	4,870
Art restoration fund	10,688	-	(10,688)	-
Scholarship scheme	4,225	-	(1,382)	2,843
Bursary fund	1,800	-	(373)	1,427
Conference grants	-	12,098	(10,658)	1,440
Group total	37,288	23,478	(29,146)	31,620
2018				
Mews lighting project*	8,958	-	(500)	8,458
Chapel capital appeal*	14,008	-	(1,891)	12,117
Art restoration fund	5,248	8,000	(2,560)	10,688
Scholarship scheme	4,678	-	(453)	4,225
Amy Buller scholarship donations	717	-	(717)	-
Education grant	423	-	(423)	-
Bursary fund	-	2,000	(200)	1,800
Conference grants	-	81,564	(81,564)	-
Group total	34,032	91,564	(88,308)	37,288

Capital Funds

As of 31 August 2019, these funds have been spent in full. However, expenditure is spread over the asset's useful economic life, and so remaining balances will be allocated in future financial years as depreciation, and do not represent unspent funds.

Excluding capital funds, the balance of restricted funds not spent is £5,710 (2018: £16,713).

Capital Funds*

Mews lighting - Lighting improvement within the conference rooms in the Mews.

Chapel capital appeal - Chapel refurbishment

Dining room furniture - Individual donations towards the cost of new furniture.

Basement refurbishment - Refurbishing the basement for use as a recreational space for guests.

Non-capital Funds

Art restoration fund - Restoration of Cumberland Lodge's collection of Crimea prints.

Scholarship scheme - Support for scholars from the North East of England.

Amy Buller scholarship - Covers the costs of the Amy Buller scholar.

Bursary fund - Towards the costs of students in financial hardship.

Conference grants - Grants for specific Cumberland Lodge conferences.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

14. DESIGNATED FUNDS

	Balance at 1 September 2018 £	Transfers £	Expenditure £	Balance at 31 August 2019 £
Tangible fixed assets	-	1,655,787	-	1,655,787
Property improvements	-	500,000	-	500,000
Total – Group and Charity	-	2,155,787	-	2,155,787

Tangible fixed assets

The fund represents assets which are essential for the provision of charitable activities.

Property improvements

Cumberland Lodge is developing plans to enhance conference facilities by increasing capacity over the next four to five years. Funds set aside for this of £500,000 (2018: £nil) are to cover building work, fixtures and fittings and professional fees.

15. 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, the irrecoverable part of which is included with the expenses to which it relates on the Statement of Financial Activities.

16. RELATED PARTY TRANSACTIONS

In 2019 the following transactions took place between the Charity and its wholly-owned subsidiary:

Cumberland Lodge recharged £658,637 (2018: £841,998) 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. Cumberland Lodge Enterprises Limited has paid £517,506 during 2019 in gift aid relating to profits for the year ended 31 August 2018. A further £100,000 was paid in gift aid relating to profits in the current year. Gift aid relating to 2017 was paid over in 2018, but under previous regulations was accrued for and accounted for in 2017, and so no gift aid payments were noted in 2018. Gift aid is now accounted for when paid. At 31 August 2019 an amount of £100,844 (2018: £131,409) was owed by Cumberland Lodge Enterprises Limited to its parent company, Cumberland Lodge in respect of the above transactions.

Canon Dr Edmund Newell, Chief Executive of Cumberland Lodge and a Director of Cumberland Lodge Enterprises Limited, is a Trustee of the AMAR International Charitable Foundation which held an event at Cumberland Lodge during 2018. 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 £4,111. There were no transactions with this organisation in 2019.

Canon Dr Newell is also a trustee of Beyond Conflict who held a fundraising event during the year, charged at £2,281, and Vice-Patron of Windsor Festival Society, who held two meetings during the year, billed at a total of £756. Both events were billed in accordance with standard pricing.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

During the year framed photographs for bedroom refurbishment were purchased from Dr Daren Bowyer's brother, at a discounted price of £385. Dr Bowyer is Chief Operating Officer of Cumberland Lodge and a Director of Cumberland Lodge Enterprises Ltd. The transaction was approved under standard processes.

There were no other outstanding balances with related parties as at 31 August 2019.

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:

	Land and buildings		Land and buildings	
	Group 2019 £	Charity 2019 £	Group 2018 £	Charity 2018 £
In less than one year	-	-	12,540	12,540
In two to five years	19,620	19,620	-	-
	<u>19,620</u>	<u>19,620</u>	<u>12,540</u>	<u>12,540</u>
	Office equipment		Office equipment	
	Group 2019 £	Charity 2019 £	Group 2018 £	Charity 2018 £
In less than one year	3,454	3,454	12,381	12,381
In one to two years	478	478	3,454	3,454
In two to five years	239	239	717	717
	<u>4,171</u>	<u>4,171</u>	<u>16,552</u>	<u>16,552</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

18. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (2018):

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2018 £
INCOME:				
Donations, legacies and grants		48,097	91,564	139,661
Charitable activities				
Cumberland Lodge conferences		79,696	-	79,696
Student and training conferences		1,570,015	-	1,570,015
Other trading activities				
Accommodation income		1,368,265	-	1,368,265
Rents and lettings		37,093	-	37,093
Investments		75,892	-	75,892
Other		11,021	-	11,021
Total income		3,190,079	91,564	3,281,643
EXPENDITURE:				
Costs of raising funds				
Trading costs	2	783,191	-	783,191
Investment management costs		20,623	-	20,623
Expenditure on charitable activities				
Cumberland Lodge conferences	2	369,137	83,816	452,953
Student and training conferences		1,697,376	4,492	1,701,868
Total expenditure	2	2,870,327	88,308	2,958,635
		319,752	3,256	323,008
Net gains on investments		(1,840)	-	(1,840)
Net movement in funds		317,912	3,256	321,168
Funds brought forward		4,912,142	34,032	4,946,174
Funds at 31 August 2018		5,230,054	37,288	5,267,342