

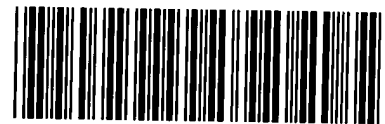
# **CUMBERLAND LODGE**

(A Registered Charity and Company Limited by Guarantee)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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Company No. 05383055  
Charity No. 1108677

# **CUMBERLAND LODGE**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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# CUMBERLAND LODGE

## REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2018

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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) (F,P) Charles Anson CVO DL (F) Lynne Berry OBE (F) Prof Dame Sally Davies DBE FRS FMedSci (resigned 10 October 2017) Sir Malcolm Evans KCMG OBE (P) Jane Furniss CBE (P) The Revd Robin Griffith-Jones (resigned 7 February 2018) Paul Hampden Smith (A,F,I) Dr Joanna Kennedy OBE FREng (resigned 7 February 2018) David Lunn OBE (F,A) (resigned 4 September 2017) Baroness Ruby McGregor Smith CBE (A,I) Simon Pearce (F,I) Baroness Pitkeathley of Caversham, OBE (P) Salley Vickers (P)</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>
<b>Honorary Treasurer</b>	Simon Pearce
<b>Principal</b>	Canon Dr Edmund Newell
<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 2018

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### **Chairman's report**

At the end of his eight years as Governor of California, Ronald Reagan penned a poem. It describes eight years of often frenetic, and certainly varied and demanding, activity. But at the end of the poem, as Reagan looks out of his office window, he remarks that, 'the elm in the park looks just the same'.

So it is with Cumberland Lodge, in a way, as I look back at the end of ten years as Chair of the Trustees. The property itself, the Great Park, the committed and perceptive patronage of Her Majesty the Queen, the quality and dedication of the staff: all these things have changed very little. I also believe that our DNA, as a charity, is still readily discernible, despite a period of significant change.

The Lodge itself has continued to be a distinctive venue under the leadership of two Principals, Alastair Niven and Ed Newell. We are in a continuous – and often costly – process of renewing the fabric and interiors so that the thousands of people who pay to come to the Lodge each year, and hence support our charitable work, find the familiar atmosphere and welcome that they have come to expect, but with modernised facilities and communications. Martin Newlan, who retired this year after 16 years as Bursar, played a notable part in imagining and managing what needed to be done.

But, as Ed Newell's report describes, what we *are* is what we *do*. And that is where we, as a registered charity, have changed. Our conference programme is now firmly focussed on addressing the root causes and effects of social divisions. Thanks to the hard work and dedication of the staff, as well as the environment of the Lodge itself, people from widely different backgrounds, and with widely differing views, find common ground here, both on the issues they discuss and at a personal level. The challenge for us now is to find ways to build on that common ground, to sustain the personal relationships established and to capture the lessons and maximise the impact of what we do. We have expanded our Programme Department to help us do just that, and we are also developing both our communications and our alumni outreach.

The late Geoffrey Howe used to say that, 'money is the root of all progress'. That is why we rely on hiring out our facilities to visiting groups to fund our charitable activities. But this commercial arm has to serve the charity, and not the other way around. We have been able to count on generous funding from a number of trusts, foundations and individuals over the years, not least thanks to the skill and network of our development consultant, Christopher Mann. We need to expand, and indeed we are already busy developing, our fundraising capacity, to be better placed to meet the objectives I have described above.

Ten years on, our Board is smaller than it was, in accordance with the recommendations of the Charity Commission, and all its members have enthusiastically taken on the additional commitments that this responsibility brings. I have been lucky to be a Trustee of this wonderful charity, in the company of very talented and committed colleagues. My successor as Chair, Baroness Usha Prashar, has a long and distinguished background in public life and almost as long an involvement with the work of the Lodge. Her expertise and enthusiasm will find a ready echo in the impressive people who, under Ed Newell's leadership, make Cumberland Lodge the inspiring place that it is and has always been.

# CUMBERLAND LODGE

## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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### Principal's report

What is Cumberland Lodge? This might seem like an innocuous question, but it's not one that is easy to answer. Cumberland Lodge means different things to different people. If one visited only at weekends, the impression would be that we are an educational institution seeking to broaden the outlook and social conscience of students through study retreats - and that is certainly an important aspect of our work. A regular midweek visitor could be forgiven for thinking that we are simply a conference centre, and of course our conference trade is vital as our main source of income. However, at the heart of our work as an educational charity is our mission to empower people to promote social progress through rigorous dialogue and debate. This is fundamental to who we are and what we do, and it goes right back to our founding vision. We do this by providing an open and inclusive environment in which challenging issues and ideas can be explored candidly and constructively, by people of all backgrounds, generations and perspectives.

Over the past year we have worked hard, not only to address some of the most pressing issues facing society today, but to articulate our core purpose and learning outputs with greater volume and clarity. To help achieve this we have introduced an annual theme to our programme of events and educational activities. The inaugural theme that shaped our events for 2017-18 was 'Freedom', more of which anon.

Expressing who we are with clarity is one challenge, thanks to the breadth of our activities, but another is to ensure that we maximise the social impact of what we do. For this reason we have introduced a trifold approach to disseminating the learning points, creative ideas and recommendations from our major events to the wider public, and to leaders and influencers with a view to influencing policy. The aim is to follow each of our residential, roundtable conferences with an independent report and a Cumberland Consultation. The latter is a smaller gathering of conference representatives and other key players in the field, which delves more deeply into key issues identified at the conference and draws out priorities and best practice. These, in turn, form the basis of a subsequent, policy-focused seminar in Westminster, London. Our Westminster Seminars present actionable findings and recommendations directly to policymakers, parliamentarians and other people of influence for more detailed discussion.

With our annual theme and new ways of working in mind, it is good to report on another busy year in which much was achieved by our hard-working and dedicated staff, trustees, scholars and visiting fellows, together with the many speakers and participants who took part in our events and educational activities. If you would like to know more about specific events or activities we undertook in 2017-18, please visit our website: [cumberlandlodge.ac.uk](http://cumberlandlodge.ac.uk).

### 'Freedom' series

Our successful 2017-18 series explored 'Freedom' and its place in peaceful, open and inclusive societies, through a diverse programme of interdisciplinary conferences, seminars, study retreats and public events. It addressed challenging questions such as:

- What causes people to exploit, discriminate against and curtail the freedom of others?
- How can we safeguard the rights of people everywhere to express who they are and what they believe?
- How is extremism threatening our fundamental freedoms?
- And how much of our freedom are we willing to surrender for the sake of greater security?

The series opened in October 2017, towards the end of our 70<sup>th</sup> anniversary year, with a Westminster Seminar held in the House of Commons, to present key findings and recommendations for improving the police and multi-agency response to modern slavery from our conference on 'Eliminating Slavery: Enhancing the Police Response'. This was followed in November by our cross-sector conference, 'A Generation without Hate', in which educationalists, frontline practitioners, charity leaders, academics, grant-makers and advocacy groups discussed ways of combatting hateful behaviour amongst young people. Creative ideas that were generated by this conference were subsequently explored at a Consultation led by Baroness Prashar at Cumberland Lodge, and submitted to the All Party Parliamentary Group on Hate Crime enquiry on 'How do we build community cohesion when hate crime is on the rise?'

In February 2018, our 'Freedom and Sexuality' conference, organised in partnership with The Kaleidoscope Trust, brought together international students, global advocates, charity leaders, academics and policy influencers to discuss progress on LGBTIQ+ rights in the Commonwealth. A conference statement was

# CUMBERLAND LODGE

## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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submitted to the Commonwealth Heads of Government meeting held in London in April, backed by a supporting letter from Sir Elton John. Our annual police conference in April, 'Freedom Restrained? Public Protection, Fear and Policing', provided an opportunity for senior police officers, charity leaders, lawyers, academics and civil servants to discuss the interplay between public security concerns and the fear of threats to civil liberties. This was followed, in March 2018, by a reflective retreat on 'Freedom in Captivity', led by Terry Waite. It explored ways of making solitude a liberating experience and drew on Terry's own experience of five years solitary confinement whilst held hostage in Beirut.

In addition to our 'Freedom' series events, we held a further Consultation on 'What Motivates Extremism?' in November 2017, led by Professor Harvey Whitehouse, to explore key issues raised in the summary report from our 70<sup>th</sup> anniversary conference, 'Extremism: a Warning from History.'

### **Work with schools and students**

Over the course of the year, about 4,000 students came to Cumberland Lodge, mostly for residential, weekend study retreats. We also invited international students from across the UK to our annual 'Commonwealth and International Student Christmas' conference in December 2017, to explore what freedom means in different parts of the world. We also continued to deliver our successful Emerging International Leaders Programme for 50 international postgraduate students studying in the UK, with the support of the Foreign and Commonwealth Office. Participants gathered for three retreats on different aspects of Freedom of Religion or Belief, including both the human rights and faith perspectives.

In September 2017, we welcomed our fourth cohort of Cumberland Lodge Scholars. In addition to the six scholarships already offered to doctoral students from universities across the UK, we launched a seventh scholarship in collaboration with the Council for At-Risk Academics (CARA), which is now supporting a scholar from Syria who is studying at the University of Kent. By mentoring and actively involving Scholars in our work over two years, we equip and inspire them with the skills, awareness and networks that they will need to proactively work towards social progress as tomorrow's leaders and experts.

We hosted two 'Life Beyond the PhD' conferences this year: one in September 2017 and another in August 2018. Together, they brought 92 PhD students and early career researchers, from across the UK, to the Lodge, to share their experiences of doctoral study, take part in training, and explore the social value of their research. In 2018 we trialled a new, five-day format for the conference, having previously run it over four days, and this proved to be very popular. Meanwhile, we also mentored a committee of five academics and early career researchers from universities across the UK, to produce our annual, two-day Cumberland Colloquium in September 2017, together with a resource pack and post-conference report for delegates, on the theme of 'Social Cohesion in Times of Uncertainty'.

In March 2018, we welcomed secondary school pupils from Langley Academy in Slough to compete in the finals of their Research and Debate Club competition, and members of our Education team joined the judging panel for their presentations. This was part of our ongoing partnership with Langley Academy, which seeks to encourage young people to engage critically with topical issues outside of their normal areas of study. In July, we also renewed our partnership with the National Citizenship Service (NCS) by delivering a programme of workshops and creative activities during the summer holidays, to provide young people with the confidence and skills to boost their CVs or UCAS (Universities and Colleges Admissions Service) statements. This involved working with 80 young people, aged 15 to 17, from Ditton Park Academy in Slough.

### **Public engagement**

Our range of public outreach and engagement events continues to expand, and they are well supported by the growing number of Friends of Cumberland Lodge. This year's Shakespeare study retreat, led by Salley Vickers, Sir Stanley Wells and Paul Edmondson, explored *A Midsummer Night's Dream*. Over the course of the year we brought hundreds of people to the Lodge for our regular series of Cumberland Conversations, with the humanitarian and author Terry Waite, the publisher Alexandra Papadakis, the musician and music therapist Adrian Snell, and Nell Gifford, the founder of Gifford's Circus, as our guest speakers.

We also continued to provide a series of literary events for the Windsor Festival in September 2017, each relating to our work and heritage. In *The Sixth Victim*, author Tessa Harris discussed crime novels with our

# CUMBERLAND LODGE

## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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Education Officer, Rachel Smillie, who also discussed our *BFG* connections with Ann Alston in *Wales of the Unexpected*. I was in conversation with Andrew Gant, former Director of Music at the Chapel Royal, in *Ideas of Music*, and again with Kurt Barling in a separate event that explored Amy Buller's 1943 book *Darkness over Germany*, the pioneering work that led to establishment of the educational foundation at Cumberland Lodge.

In October 2017, Kurt Barling and I were joined by Dr Maren Lickhardt of Innsbruck University to discuss the 2017 edition of *Darkness over Germany* at the Culture Bite Festival. In 2018, *Darkness over Germany* was also published for the first time in the United States of America, and as an audio-book available online, read by the actress Tamsin Grieg. Meanwhile, in early 2018, we published *Moral and Spiritual Dilemmas in Challenging Times*, a study guide to *Darkness over Germany* with The Council of Christians and Jews (CCJ), to encourage groups to delve into divisive issues such as nationalism, populism and extremism from a faith perspective. The guide draws on conversations that Amy Buller had with Nazi Party members and public figures to highlight the challenges of addressing these issues in communities today. Guest contributors included: the former Archbishop of Canterbury, Dr Rowan Williams; Senior Rabbi of Masorti Judaism, Rabbi Jonathan Wittenberg; and the novelist and speaker, and Cumberland Lodge trustee, Salley Vickers.

In August, we welcomed 120 primary school children from the local area, with their parents and carers, for our Family Storytelling Days. We worked in partnership with Empathy Lab, an educational charity that encourages empathy in children through literature, to offer a range of storytelling activities over two days, with help from children's authors Bali Rai and Shoo Rayner, and input from Dr Ann Alston, an expert on *The BFG* and Senior Lecturer in English at the University of the West of England. Alumni from our Emerging International Leaders programme also participated, by sharing international stories and folk tales with participants.

### Governance

Mindful of the increasing regulatory demands placed on charities and their trustees, we undertook a governance review in 2017, with help from the National Council for Voluntary Organisations (NCVO). As a result, it was decided to streamline the Board, by reducing the number of trustees from 19 to 11, and to invite a Cumberland Lodge Scholar to join it. Following the NCVO's recommendations, we have also introduced an annual strategy meeting, and increased the number of Board meetings from two to four a year. This new schedule ensures that Board meetings dovetail with our four sub-committees - the Programme Committee (which oversees our core activities), the Finance and General Purposes Committee, the Investment Committee, and the Risk and Audit Committee - and that all trustees are members of at least one of these sub-committees. We are confident that our new governance system is in line with best practice, and tailored well to our particular needs.

### Finances

In 2017-18, we spent £2.2 million on carrying out our charitable activities. We provided 37 subsidised places for students to enable them to attend our events, including full expenses for 35 international students from UK universities to attend our 'Freedom and Sexuality' conference in February 2018. We also offered 14 free places on residential study retreats at the Lodge, for students with limited financial means, and funded 13 Cumberland Lodge Scholars, plus our ongoing Amy Buller PhD Scholarship with Royal Holloway, University of London.

Meanwhile, our conference trade, income from which supports our charitable work, achieved an overnight occupancy of 16,094 'bed nights' and we welcomed 4,168 day delegates. These figures both represent a significant rise on our 2016-17 figures, which were 15,016 and 3,877, respectively. They include the students who joined us for subsidised, residential study retreats, and the guests from all our other external bookings, for professional events, medical training courses, corporate events, third sector events or special events such as weddings. Once again, we retained our five-star review rating on Trip Advisor.

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

### People

During the past year there have been some significant changes in personnel. In February, Martin Newlan retired after 16 years of service as Bursar and Deputy Principal. Martin has been replaced by Dr Daren Bowyer, in the newly-configured role of Chief Operating Officer and Deputy Principal. Daren was previously Chief Executive of the Newbury and District Agricultural Society and Director of the Royal Berkshire Show. Shortly afterwards, our

# CUMBERLAND LODGE

## PRINCIPAL'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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long-standing Programme Director, Dr Owen Gower, left to become Director of the UK Council of Graduate Education. His successor, Dr Jan-Jonathan Bock, joined us from a Research Fellowship at the Woolf Institute, Cambridge.

In the Summer, Jane Whaley retired as Domestic Bursar, having been at the Lodge for almost 36 years. Jane was made a member of the Royal Victorian Order in recognition of her long and distinguished service, in The Queen's 2018 Birthday Honours. Her successor, Merrill Ryan, joined us in September with over 30 years' experience in the hospitality sector. In the same month, Sharon Alloway also stepped down as Dining Room Supervisor after 35 years of service.

In September 2017, we also said farewell to Kitty O'Lone, our inaugural, three-year Amy Buller Scholar, and welcomed Amber Pierce, who is studying a PhD in Holocaust studies at Royal Holloway, University of London, as her successor. In the course of the year, Professor Dame Sally Davies, the Revd Robin Griffiths-Jones, Dr Joanna Kennedy and David Lunn stepped down as trustees. We are extremely grateful to them for all that they have contributed to the life and work of the Lodge. We also welcomed Sir Stuart Etherington, Chief Executive of the NCVO, and Kim Samuel, Founder of The Samuel Centre for Social Connectedness, as Visiting Fellows.

### **Future plans**

Looking to the future, we continue to develop new streams of work. This includes: establishing a forum for our annual theme to be addressed by representatives of both traditional and new media; developing a UK-German forum for discussing common issues of national interest; and introducing a leadership development programme run in collaboration with the US-based Aspen Institute. We are also planning to upgrade our audio-visual facilities, both to improve the participant experience of our events and to enable us to reach a wider, external audience through digital communications. In the coming year we will be replacing our existing dining furniture with high-quality stacking chairs and folding tables. Not only will this improve the experience of those who dine at the Lodge, but it will enable us to be more flexible in how we use our three dining areas. Meanwhile, our 2018-19 'Identities & Belonging' series of conferences, consultations, seminars, retreats and workshops is already well underway and details can be found online at: [cumberlandlodge.ac.uk/identities-belonging](http://cumberlandlodge.ac.uk/identities-belonging).

### **Concluding remarks**

Finally, as mentioned in his introductory message, Sir Stephen Wall steps down as Chair of Trustees in January 2019, to be succeeded by Baroness (Usha) Prashar of Runnymede. On behalf of so many people associated with Cumberland Lodge, I would like to take this opportunity to thank Stephen for all that he has done for our unique institution. Through a judicious balance of challenge, support and wise counsel, Stephen has been instrumental in guiding our development as an organisation over the past decade. Stephen has also been a highly effective ambassador, opening the door for many significant connections and opportunities. Stephen will be greatly missed, but we very much hope that his association with Cumberland Lodge will continue well beyond his final Board meeting.



# CUMBERLAND LODGE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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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 2018

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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.

### **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 increased by 14% to £3,281,643. Net surplus, before losses on investments, for the year was £323,008 (2017: net deficit, before gains on investments, £78,532). After investment losses/gains, there was a positive movement on funds of £321,168 (2017: £70,706).

### **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 2018 year end free reserves (which are calculated as unrestricted reserves less those held within tangible fixed assets) were £3.6m. This is above the total expenditure for the 2017/18 financial year and represents 15.5 months of budgeted expenditure for the 2018/19 financial year. The Trustees are mindful that the level of reserves held is above the annual income of the charity and are considering what action should be taken.

### **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 loss 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.

# CUMBERLAND LODGE

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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

<b>Risk identified</b>	<b>Action taken to mitigate the risk</b>
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 2018

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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; 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 2018

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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 9 January 2019 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 2018

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### 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 charitable company's affairs as at 31 August 2018 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.

### 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](http://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 2018**

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### **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 2018

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#### 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, Statutory Auditors  
9<sup>th</sup> January 2019

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 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
<b>INCOME:</b>					
Donations, legacies and grants		48,097	91,564	139,661	128,826
Charitable activities					
Cumberland Lodge conferences		74,538	-	74,538	72,050
Student and training conferences		1,467,715	-	1,467,715	1,412,557
Bar sales from above		107,458	-	107,458	102,833
Other trading activities					
Accommodation income		1,368,265	-	1,368,265	1,027,498
Rents and lettings		37,093	-	37,093	30,375
Investments		75,892	-	75,892	89,416
Other		11,021	-	11,021	7,442
<b>Total income</b>		<b>3,190,079</b>	<b>91,564</b>	<b>3,281,643</b>	<b>2,870,997</b>
<b>EXPENDITURE:</b>					
Costs of raising funds	2				
Trading costs		783,191	-	783,191	684,774
Investment management costs		20,623	-	20,623	19,622
Expenditure on charitable activities	2				
Cumberland Lodge conferences		369,137	83,816	452,953	394,068
Student and training conferences		1,697,376	4,492	1,701,868	1,851,065
<b>Total expenditure</b>	<b>2</b>	<b>2,870,327</b>	<b>88,308</b>	<b>2,958,635</b>	<b>2,949,529</b>
Net (losses)/gains on investments		(1,840)	-	(1,840)	149,238
<b>Net movement in funds</b>		<b>317,912</b>	<b>3,256</b>	<b>321,168</b>	<b>70,706</b>
Funds brought forward		4,912,142	34,032	4,946,174	4,875,468
Funds carried forward		<u>5,230,054</u>	<u>37,288</u>	<u>5,267,342</u>	<u>4,946,174</u>

The notes on pages 19 – 30 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 2017 are shown in note 18.

# CUMBERLAND LODGE

Company No. 05383055

## CONSOLIDATED AND CHARITY BALANCE SHEETS


AT 31 AUGUST 2018

	Notes	2018		2017	
		Group £	Charity £	Group £	Charity £
<b>FIXED ASSETS</b>					
Tangible assets	6	1,644,925	1,644,925	1,795,764	1,795,764
Investments	7	3,020,141	3,020,141	2,792,204	2,792,204
		<u>4,665,066</u>	<u>4,665,066</u>	<u>4,587,968</u>	<u>4,587,968</u>
<b>CURRENT ASSETS</b>					
Stock		32,218	20,294	36,094	22,071
Debtors	8	292,121	335,173	266,879	546,354
Short term deposits and cash in hand		861,780	131,333	652,211	221,256
		<u>1,186,119</u>	<u>486,800</u>	<u>955,184</u>	<u>789,681</u>
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within one year	9	(583,843)	(402,031)	(596,978)	(431,475)
		<u>602,276</u>	<u>84,769</u>	<u>358,206</u>	<u>358,206</u>
<b>NET CURRENT ASSETS</b>					
		<u>5,267,342</u>	<u>4,749,835</u>	<u>4,946,174</u>	<u>4,946,174</u>
<b>NET ASSETS</b>					
		<u>5,267,342</u>	<u>4,749,835</u>	<u>4,946,174</u>	<u>4,946,174</u>
<b>FUNDS</b>					
Unrestricted general funds	12	5,230,054	4,712,547	4,912,142	4,912,142
Restricted funds	13	37,288	37,288	34,032	34,032
<b>TOTAL FUNDS</b>		<u>5,267,342</u>	<u>4,749,835</u>	<u>4,946,174</u>	<u>4,946,174</u>

The deficit of the parent charity was £196,339.

Approved and authorised for issue on 9 January 2019 by the Trustees and signed on their behalf by:

  
Sir Stephen Wall

  
Simon Pearce

The notes on pages 19 - 30 form part of these financial statements

# CUMBERLAND LODGE

Company No. 05383055

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

AT 31 AUGUST 2018

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	Note	2018 £	2017 £
<b>Net cash provided by operating activities</b>	15	463,809	145,764
<b>Cash flows from investing activities</b>			
Interest income		-	9
Investment income		75,892	89,407
Purchase of tangible fixed assets		(100,355)	(132,887)
Purchase of investments		(1,085,677)	(687,660)
Sale of investments		855,900	693,211
<b>Cash used in investing activities</b>		<u>(254,240)</u>	<u>(37,920)</u>
<b>Change in cash and cash equivalents in the year</b>		209,569	107,844
Cash and cash equivalents at the beginning of the year		<u>652,211</u>	<u>544,367</u>
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<u><u>861,780</u></u>	<u><u>652,211</u></u>

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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### 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 deficit of the parent charity was £196,339 (2017:surplus of £70,706).

#### **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 2018

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### 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 2018

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### 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 2018

2. ANALYSIS OF EXPENDITURE	Staff Costs £	Other Costs £	Depreciation £	Total £
<b>2018</b>				
<b>Charitable Activities</b>				
Cumberland Lodge				
Conferences	297,598	132,651	22,704	452,953
Student and training				
Conferences	849,766	629,883	222,219	1,701,868
<b>Costs of Generating Funds</b>				
Trading costs	457,644	325,547	-	783,191
Investment costs	-	20,623	-	20,623
<b>Group total</b>	<b>1,605,008</b>	<b>1,108,704</b>	<b>244,923</b>	<b>2,958,635</b>
<b>2017</b>				
<b>Charitable Activities</b>				
Cumberland Lodge				
Conferences	216,892	153,347	23,829	394,068
Student and training				
Conferences	962,383	656,837	231,845	1,851,065
<b>Costs of Generating Funds</b>				
Trading costs	397,332	287,442	-	684,774
Investment costs	-	19,622	-	19,622
<b>Group total</b>	<b>1,576,607</b>	<b>1,117,248</b>	<b>255,674</b>	<b>2,949,529</b>

Included within Other Costs above, were Governance costs of £14,993 (2017: £14,838) relating to Auditor's remuneration.

3. NET INCOME FOR THE YEAR	2018 £	2017 £
This is stated after charging		
Auditor's remuneration (including VAT):		
Audit	13,530	13,255
Other Services	1,463	1,583
	<b>14,993</b>	<b>14,838</b>
Expenses reimbursed and paid on behalf of Trustees	<b>1,290</b>	<b>1,125</b>

No Trustee received remuneration in the current or prior year.

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

### 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:

	2018 £	2017 £
Turnover	1,377,922	1,034,469
Cost of sales and administration costs	(860,416)	(756,056)
Net profit	517,506	278,413
Amount gift aided to the charity	-	(278,413)
Retained in subsidiary	517,506	-
The current assets and liabilities of the subsidiary were:		
Current assets	854,072	529,198
Current liabilities	(336,565)	(529,197)
Total net assets	517,507	1
Aggregate share capital and reserves	517,507	1

### 5. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	1,365,896	1,345,555
Social security costs	116,508	114,245
Pension contributions	122,604	116,807
	1,605,008	1,576,607
The number of employees whose emoluments for the year fell within the following bands were:	Number	Number
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1

This employee is accruing pension contributions totalling £8,269 (2017: 2 employees, accruing £17,008). The total employee benefits (including pension contributions and employers national insurance) of the four key management personnel of the Group and charity were £244,036 (2017: three key management personnel £227,147).



# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

	2018 Number	2017 Number
The average number of employees during the year was as follows:		
Academic	8	7
House	51	49
Administration	17	17
	<u>76</u>	<u>73</u>

The full time equivalent number of staff in 2018 was 49 (2017:49).

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

	Improvements to property £	Furniture, fittings & equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 September 2017	3,251,412	1,484,785	33,409	4,769,606
Additions	14,208	86,147	-	100,355
Disposals	(6,271)	-	-	(6,271)
<b>Balance at 31 August 2018</b>	<u>3,259,349</u>	<u>1,570,932</u>	<u>33,409</u>	<u>4,863,690</u>
<b>Accumulated depreciation</b>				
At 1 September 2017	1,936,538	1,003,895	33,409	2,973,842
Charge for the year	120,839	124,084	-	244,923
<b>Balance at 31 August 2018</b>	<u>2,057,377</u>	<u>1,127,979</u>	<u>33,409</u>	<u>3,218,765</u>
<b>Net Book Value</b>				
C/f at 31 August 2018	<u>1,201,972</u>	<u>442,953</u>	<u>-</u>	<u>1,644,925</u>
B/f at 1 September 2017	<u>1,314,874</u>	<u>480,890</u>	<u>-</u>	<u>1,795,764</u>

### 7. INVESTMENTS (GROUP AND CHARITY)

	2018 £	2017 £
Market value at 1 September	2,792,204	2,648,517
Additions	1,085,677	687,660
Disposals	(855,900)	(693,211)
Net (losses)/gains	<u>(1,840)</u>	<u>149,238</u>
Market value at 31 August	<u>3,020,141</u>	<u>2,792,204</u>
Historical cost as at 31 August	<u>2,658,773</u>	<u>2,431,062</u>

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

8. DEBTORS: amounts falling due within one year	2018		2017	
	Group £	Charity £	Group £	Charity £
Accommodation debtors	245,788	139,527	164,701	92,033
Other debtors and prepayments	46,333	64,237	102,178	90,626
Amounts due from subsidiary				
- Gift Aid	-	-	-	278,413
- Other	-	131,409	-	85,282
	<u>292,121</u>	<u>335,173</u>	<u>266,879</u>	<u>546,354</u>
9. CREDITORS: amounts falling due within one year	2018		2017	
	Group £	Charity £	Group £	Charity £
Trade creditors	52,023	51,965	86,665	84,848
Other taxation and social security	105,192	34,262	87,201	33,163
Other creditors, accruals and deferred income	426,628	315,804	423,112	313,464
	<u>583,843</u>	<u>402,031</u>	<u>596,978</u>	<u>431,475</u>
10. ANALYSIS OF DEFERRED INCOME	2018		2017	
	Group £	Charity £	Group £	Charity £
Deferred income at 1 September	311,737	207,998	237,758	159,228
Applied during the year	314,803	209,764	311,737	207,998
Released during the year	(311,737)	(207,998)	(237,758)	(159,228)
Deferred income at 31 August	<u>314,803</u>	<u>209,764</u>	<u>311,737</u>	<u>207,998</u>

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

11. FINANCIAL INSTRUMENTS	2018		2017	
	Group £	Charity £	Group £	Charity £
Financial assets measured at amortised Cost	1,153,901	466,506	919,090	767,610
Financial assets measured at fair value	3,020,141	3,020,141	2,792,204	2,792,204
Financial liabilities measured at amortised cost	(583,843)	(402,031)	(596,978)	(431,475)
Net financial assets measured at amortised cost	3,590,199	3,084,616	3,114,316	3,128,339

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 £
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	37,288	5,230,054	5,267,342
2017			
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	34,032	4,912,142	4,946,174

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

### 13. ANALYSIS OF RESTRICTED FUNDS

	1 September £	Income £	Expenditure £	31 August £
<b>2018</b>				
Mews lighting project	8,958	-	(500)	8,458
Chapel capital appeal	14,008	-	(1,891)	12,117
Scholarship scheme	4,678	-	(453)	4,225
Amy Buller scholarship donations	717	-	(717)	-
Art restoration fund	5,248	8,000	(2,560)	10,688
Education grant	423	-	(423)	-
Bursary fund	-	2,000	(200)	1,800
Conference grants	-	81,564	(81,564)	-
<b>Group total</b>	<b>34,032</b>	<b>91,564</b>	<b>(88,308)</b>	<b>37,288</b>
<b>2017</b>				
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)	-
	<b>30,117</b>	<b>76,527</b>	<b>(72,612)</b>	<b>34,032</b>

#### 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.

#### 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.

#### Bursary fund

This is a restricted fund used to cover the costs of students in financial hardship.

#### Conference grants

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

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

### 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

	2018 £	2017 £
Net income for the year	321,168	70,706
Adjustments for:		
Depreciation charge	244,923	255,674
Loss on disposal of fixed asset	6,271	-
Losses/(gains) on investments	1,840	(149,238)
Interest income	-	(9)
Income from investments	(75,892)	(89,407)
(Increase)/Decrease in debtors	(25,242)	32,300
Decrease/(Increase) in stock	3,876	(4,385)
(Decrease)/Increase in creditors	(13,135)	30,123
Net cash provided by operating activities	463,809	145,764

### 16. RELATED PARTY TRANSACTIONS

In 2018 the following transactions took place between the Charity and its wholly-owned subsidiary:

Cumberland Lodge recharged £841,998 (2017: £739,903) 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 £0 (2017: £278,413).

At 31 August 2018 an amount of £131,409 (2017: £363,695) 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 £4,111 (2017: £10,351) excluding vat.

There were no other outstanding balances with related parties as at 31 August 2018.

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

### 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	Charity	Group	Charity
	2018	2018	2017	2017
	£	£	£	£
In less than one year	12,540	12,540	32,910	32,910
In one to two years	-	-	15,540	15,540
	<u>12,540</u>	<u>12,540</u>	<u>48,450</u>	<u>48,450</u>
	Office equipment		Office equipment	
	Group	Charity	Group	Charity
	2018	2018	2017	2017
	£	£	£	£
In less than one year	12,381	12,381	12,381	12,381
In one to two years	3,454	3,454	12,381	12,381
In two to five years	717	717	4,170	4,170
	<u>16,552</u>	<u>16,552</u>	<u>28,932</u>	<u>28,932</u>

# CUMBERLAND LODGE

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

### 18. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (2017):

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2017 £
<b>INCOME:</b>				
Donations, legacies and grants		52,299	76,527	128,826
Charitable activities				
Cumberland Lodge conferences		72,050	-	72,050
Student and training conferences		1,412,557	-	1,412,557
Bar sales from above		102,833	-	102,833
Other trading activities				
Accommodation income		1,027,498	-	1,027,498
Rents and lettings		30,375	-	30,375
Investments		89,416	-	89,416
Other		7,442	-	7,442
<b>Total income</b>		<b>2,794,470</b>	<b>76,527</b>	<b>2,870,997</b>
<b>EXPENDITURE:</b>				
Costs of raising funds	2			
Trading costs		684,774	-	684,774
Investment management costs		19,622	-	19,622
Expenditure on charitable activities	2			
Cumberland Lodge conferences		325,666	68,402	394,068
Student and training conferences		1,846,855	4,210	1,851,065
<b>Total expenditure</b>	<b>2</b>	<b>2,876,917</b>	<b>72,612</b>	<b>2,949,529</b>
Net gains on investments		149,238	-	149,238
<b>Net movement in funds</b>		<b>66,791</b>	<b>3,915</b>	<b>70,706</b>
Funds brought forward		4,845,351	30,117	4,875,468
Funds at 31 August 2017		<u>4,912,142</u>	<u>34,032</u>	<u>4,946,174</u>