

CUMBERLAND LODGE

(A Registered Charity and Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

Company No. 05383055
Charity No. 1108677



CUMBERLAND LODGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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CUMBERLAND LODGE

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2021

Status	The organisation is a charitable company limited by guarantee, incorporated in England and Wales 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 Prashar of Runnymede, CBE PC (Chairman) Charles Anson CVO DL (F19, B) Jane Furniss CBE (P, B) Alan Gemmell OBE (P, F20) Paul Hampden Smith* (A, F19, F20) John Lotherington (P, B) Simon Pearce* (F19, F20) (Honorary Treasurer) Baroness Pitkeathley of Caversham*, OBE (P, F20) (Vice Chair) Jayaprakasa Rangaswami (A, P,B) Stephen Harvey (from 14 October 2021) David Matthews (from 14 October 2021) (F19 – Member of the Finance and General Purposes Committee until October 2020; F20 from October 2020) (A – Member of the Audit Committee) (P – Member of the Programme Committee until 15 October 2020) (B – Member of the Business Development Committee from 16 October 2020) *term of office extended to provide continuity during the pandemic</p>
Chief Executive	Canon Dr Edmund Newell
Bankers	HSBC Bank Plc, 105 Mount Pleasant, Tunbridge Wells, Kent, TN11 1QP
Solicitors	Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH
Investment Managers	CCLA, Senator House, 85 Queen Victoria Street London EC4V 4ET
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

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CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Chairman's Report

The past year will be remembered not only for the devastating impact of the COVID-19 pandemic, but for the way in which it brought people together online. Harnessing the power of the internet proved invaluable for keeping many of us connected through months of physical separation, and enabled convening organisations such as Cumberland Lodge to continue operating. However, as a charity whose purpose and business model depend upon bringing people together physically, the pandemic raised some fundamental questions - would the appetite for face-to-face meetings return once lockdowns and other restrictions were lifted? Are online gatherings likely to replace physical events in the long term?

What we have witnessed here as life begins to return to normal is a strong desire for people to meet in person. We are therefore optimistic about our future in the 'new normal'. What's more, having now convened numerous online events, we are convinced that meeting face-to-face is preferable. We know from years of experience how much can be achieved when people meet together, not only in a conference room, but over the dinner table, in the bar, or on a walk in the park.

However, we also recognise that hybrid events are here to stay. They are practically convenient, and the ability to involve international participants and those unable to be here in person has proved invaluable. The pandemic has accelerated a process that was already taking place, and we are fortunate to have previously invested in the equipment and technical expertise to enable us to move seamlessly into this new way of working.

The past year has been demanding for all involved in running charities. I am grateful to my fellow Trustees, who have given freely of their time and expertise over the past year. In particular, I would like to thank Paul Hampden Smith, Simon Pearce and Jill Pitkeathley who agreed to remain on the Board beyond their term of office to help us on through the crisis period. In preparation for their departure in 2022, we have recently welcomed Stephen Harvey and David Matthews as Trustees, and I look forward to working with them in hopefully less demanding times ahead.

I also wish to thank the staff, who have worked tirelessly over the past year. Their commitment to our charitable purposes and to delivering a high-quality service to our clients is what makes Cumberland Lodge so special, and I hope that what follows gives a glimpse of this. I hope, too, that this report demonstrates the impact of our work and the desire to develop it further as we approach our 75th anniversary in 2022.

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CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Chief Executive's Report

The past year has been challenging, to say the least. What I hope comes across in this report, however, is that as a result of a tremendous team effort we have come through it successfully. Despite not being able to hold residential events, we were able to maintain the momentum of the Cumberland Lodge Programme — a key aspect of our charitable work — by moving much of it online; and despite a year of almost no commercial income, careful financial management means that we have reserves available both to support us through continuing uncertainty due to the pandemic and to begin to rebuild — although our development plans have been affected by the overall financial impact of the pandemic, and new funding streams will need to be sought to support future development.

Cumberland Lodge Programme

Despite the constraints due to COVID-19, we delivered five conferences over the past year, four of which were moved online because of the pandemic: Faith and Belief 2040 (online, November 2020), the Commonwealth and International Students' Christmas Conference (online, December 2020), Climate Futures: Youth Perspectives (online, March 2021), the Police Conference Towards Justice: Law Enforcement & Reconciliation, (online, June 2021), and Life Beyond the PhD (at Cumberland Lodge, August 2021). We also held a follow-up consultation on the Climate Futures: Youth Perspectives conference (June 2020) and released two reports: Black Lives Matter (published 8 October 2020), a summary report from our Dialogue & Debate mini-series in July 2020, and Faith and Belief 2040 (published 24 June 2021). During the year we ran 11 Dialogue & Debate webinars and a series of three webinars in advance of the 2021 Police Conference. Our Annual Dialogue, organised in partnership with Goodenough College, was also moved online.

Supporting the local community

As ever, we have delivered a range of events with our supporters and local community in mind, which were particularly important given the social isolation caused by lockdowns. Over the year four Cumberland Conversations took place online. We also ran a fundraising special interest art event, The Artists of Nice, led by the former Bishop of St Albans, the Rt Revd Christopher Herbert. In September 2020 the première of the cantata Conference of the Birds, composed by Danyal Dhondy and commissioned by our friends from Cantata Dramatica, took place on the back lawn, also to raise funds for Cumberland Lodge. For much of the year we continued to run a Sunday service of Morning Prayer on behalf of the Royal Chapel in the Great Park, with which we have a close association.

Re-emerging from the pandemic

The need to rebuild is immediate, having moved from employing over 70 permanent and regular casual staff in 2019 to around 40 by the summer of 2021. We have thought carefully about staffing levels and roles needed going forward and have taken the opportunity to make some significant changes. After a consultation process, permanent staff have moved to 'annualised hours' contracts, which gives us far greater flexibility in terms of how staff are deployed to meet the ups and downs of activity levels, and much better cost control. This will be of significant long-term benefit. We are now looking to strengthen how we manage digital technology, for our own purposes and to ensure those who use our facilities are able to operate effectively in a hybrid environment of meeting in-person and on-line. This will be essential, as the way people meet and interact has fundamentally changed during the pandemic and will almost certainly continue.

Another change has been to involve a greater number of volunteers in our work, and we are immensely grateful to those who generously give of their time and expertise to help us in this way. During the period of closure, our new team of volunteer archivists and librarians have worked hard to reorganise our archive and collection of books, with the objective of making them accessible to a wider range of people than is currently possible. Such an exercise would not have been possible had we not been able to spread out books and papers across the Lodge for sorting for several months.

The closure provided a rare opportunity to undertake an extensive maintenance and redecoration programme. The Cumberland and Prince Christian dining rooms and the top floor of the Lodge have been completely redecorated, and a considerable amount of highly disruptive plumbing work has taken place. Overall, the Lodge is in extremely good decorative order, providing a comfortable and attractive venue for our own events and for external users.

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CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Financial situation

In terms of finances, we began the pandemic with healthy reserves, and despite sustaining heavy losses during the initial stage of the pandemic in the last financial year 2019-20, we have managed to break even this financial year. Much of this, however, has been due to income which will not recur, including insurance payments, support from the Government's furlough scheme, and business recovery grants. Although, as I write this, the future remains uncertain, not just because of the pandemic, but also due to inflationary pressures and the possibility that our investments may have peaked in value. Current levels of reserves provide a measure of protection against these uncertainties, but not enough to support new initiatives.

With this in mind, we plan to forge more strategic partnerships where working together will not only be of mutual benefit in terms of increasing the impact of our work and that of our partners, but is likely to attract external funding. We will also reach out to those we have not approached before who might wish to support our work and enable it to grow.

Staff changes

Over the past year we have said farewell to Sarah Birch (Sales and Marketing Manager), Jan Bock (Programme Director), Charlotte Booth (Events Manager), Daren Bowyer (COO and Deputy Chief Executive), Natalie Brooks (Dining Room Supervisor), James Cooper (Night Porter and Bartender), Andrzej Makosz (Night Supervisor), Rachel Swaney (Housekeeping Supervisor), and Helen Taylor (Head of Communications). Recent appointees include Malcolm Gadd (Night Porter), Nicola Hine (Communications Manager), Danny Martin (Night Porter), Gareth Powell (Programme Manager), Tabitha Price (Duty Manager) and Raz Sorica (Electrician), while Alison Taggart re-joined us as Duty Manager and Sally Craig and Jayne Webb were promoted to the roles of Dining Room Supervisor and Housekeeping Supervisor respectively.

While it has been sad to say farewell to so many people over the past year and to lose considerable expertise and experience, the new arrivals bring new skills and ideas into the mix, which is important as we look to develop as we move beyond the pandemic. As ever, I am so grateful to my colleagues for all that they contribute to the life and work of the Lodge, and in particular for their commitment and adaptability over the past year, and positive attitude amid the frustration and uncertainty caused by the pandemic.

Looking ahead

Only a few months ago we had hoped that we were past the worst effects of the pandemic. The Lodge was full of returning groups and we achieved a small surplus in the first quarter of 2021-22. However, the emergence of the Omicron variant leaves in a further period of uncertainty. What we do know however, is that we have emerged from 2020-21 in leaner form, better adapted to weather the storm, and despite it all, able to approach our 75th anniversary in 2022 with optimism. The financial hit, while significant, was not catastrophic, and we were able to retain sufficient reserves to support us through continued uncertainty, whilst we continue to diversify our income. We have a strong programme of activities planned, and are able to deliver these in person or virtually. Projects are underway which focus on the societal impacts of climate change, drawing young people from disadvantaged backgrounds into our work, and engaging with schools at a national level. Our priority now is to find the resources to ensure we maximise the opportunities of these exciting and important projects.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Trustees' Report (incorporating the Strategic Report and Directors' 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 2021.

The Charity's significant activities are outlined in detail in the Chairman's and Chief Executive's Reports, which 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 Chief Executive'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.

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In a 'normal' year, 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 also attend the lectures and conversations. For most of the financial year we were very restricted in the ways in which we could reach our audiences, but we made the most of our studio facilities and virtual conferencing to continue our work. Since the relaxation of lockdown restrictions from May 2021 we have gradually returned to live events and have a full programme of activities planned to take place at Cumberland Lodge during 2021-22.

Fundraising statement

Cumberland Lodge is registered with the Fundraising Regulator. In the past year Cumberland Lodge has received no complaints in respect of its fundraising (2020: none).

Financial review

When the pandemic started to impact on our activities in March 2020, our main sources of income simply disappeared. We cut costs where possible, in all reducing our operating costs by around a third. Although a small number of redundancies was inevitable, we took an early decision not to replace leavers unless essential, and to support remaining staff, some of whom have been with us for many years, by topping up furlough payments to maintain earnings. Once we were able to re-open, although we could not accommodate our usual numbers, we saw many of our long-term clients return, and indeed welcomed some completely new clients, attracted by our very special setting.

Whilst none of us can predict the continued impact of the pandemic, we are grateful that we have been able to continue our work both virtually and more recently in person, retained most of our staff, and covered much of our lost income. Careful investment of reserves built up over many years, together with insurance cover and government support have significantly reduced the impact of what would otherwise have seen an operating deficit of £1.8 million over the 18 months since March 2020.

We remain cautious, but also feel able to plan 2021-22 as a year both of recovery and celebration as we mark our 75th anniversary and plan for the future.

The operating deficit for 2020-21 of £542,472 (2020: £712,637) reflects the very restrictive conditions enforced on our activities due to the pandemic. However, Government COVID-19 support, including furlough grants, and a business interruption insurance claim provided a better outcome than anticipated when the £900,000 reserve was set aside last year. Investment growth in the year of £542,716 (2020: £66,941) enabled a very small net growth in total funds of £244 (2020 reduction of £645,696).

Reserves policy

As a charity whose principal activity is 'The provision of a residential conference centre in surroundings conducive to study, debate and interaction', the intervention of the COVID-19 pandemic has forced us, in common with many other charities, to reconsider our reserves policy. In a more normal year, most of our income is derived from groups attending conferences at the Lodge, and so the effects of the virus have drastically reduced our main regular sources of income.

We require reserves in order to meet our charitable purposes, both directly and indirectly, through supporting our commercial operations and maintaining our heritage property, Cumberland Lodge, which respectively provide income and the primary venue for our charitable activities.

Designated funds

At the time of finalising our 2019-20 financial statements, in February 2021, we forecast a substantial loss in 2020-21, and accordingly designated a fund of £900,000 to cover this. Since this date an insurance test case has enabled us to re-visit a claim for business interruption, we have benefitted from additional local authority support, furlough was extended, and our investments continued to grow throughout the year. We were also able to start re-opening to client groups from May 2021. As a result, the financial outcome for the year was

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

considerably better than expected, producing an operating deficit of £542,472, which has been almost exactly covered by growth of £542,716 in our investments, which have performed very strongly.

We have been fortunate to receive one-off support to protect against what would otherwise have been a substantial financial hit as a result of the pandemic. However, although we are now seeing many clients return, some of these groups are in smaller numbers, and the global impact of the pandemic is not yet over. If there is a further wave there is no guarantee that we will be able to rely on the same sources of government support, and it is unlikely that our investments will grow at the same high rate seen during this year, which saw a 10-year high for the CCLA COIF fund in which they are held. The insurance protection from which we benefitted this year is no longer available in new policies. Accordingly, the Trustees feel that a return to former levels of activity is sufficiently uncertain to justify retaining the £900,000 designated against losses in 2019-20, but that a more appropriate place for it is as part of the general reserve. The designated fund has therefore been released.

In respect of our duties as custodians of the buildings here at Cumberland Lodge, the Trustees consider that it is prudent to retain a property fund, available both for capital improvements and repairs and maintenance. Two years ago, £500,000 was designated for this purpose. A decennial survey of the buildings was completed during 2020-21. This identified some larger-scale structural repairs which will need to be undertaken, and work has begun to identify suppliers and obtain quotations. During the year £33,870 was spent on repairs and maintenance beyond regular upkeep. The remaining fund will be released gradually over the next 10 years to enable the work to be completed.

A further designated fund recognises that a proportion of our funds is tied up in fixed assets which are not readily convertible to cash. At 31 August 2021 the required sum was £1,217,468 (2020: £1,432,586).

Undesignated funds

Previously, we determined that our most significant risk was a major catastrophe (e.g. fire) that substantially denies us the use of our principal facilities. Consequently, we required 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.

This risk remains key, as it is fundamental to being able to fulfil all three of our main purposes. Our estimate of these costs remains at £2-£2.2 million (2020: £2-£2.2 million). This sum is greater than the estimated costs of closure.

As explained above in the context of designated funds, the COVID-19 pandemic has prompted us to reconsider whether we should make some allowance for continued risk of forced closure and / or temporary income reduction as a result of the pandemic. Accordingly, we believe that the level of undesignated, unrestricted funds at £2,950,593 (2020: £1,823,390) is appropriate for the organisation at this time of uncertainty, providing £0.8 - £1 million further protection against lost income. This represents five to seven months' budgeted costs.

Endowment fund

Given the economic uncertainty ahead it is felt that now is not the appropriate time to restrict the use of funds unnecessarily and so the plans for an endowment fund seeded by the Charity's own funds have been put aside for at least the forthcoming year.

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

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FOR THE YEAR ENDED 31 AUGUST 2021

value with a moderate level of risk. Assets should be readily available to meet unanticipated cash requirements. Investment performance is reported to the Board and is monitored by the Trustee group as a whole. The Trustees consider that the net gain on investments was very satisfactory.

Principal risks and uncertainties

Cumberland Lodge has a formal risk management process through which the major risks to which the organisation may be exposed are identified, 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
Inadequate income	COVID-19 restrictions have now been lifted, and early signs of a return to more usual levels of occupancy and income are encouraging, although the spread of the Omicron variant has slowed this down. Booking trends are closely monitored, including comparison with the order book in earlier years. Work continues to diversify income streams, under the remit of our Business Development Committee. A strategic review of fundraising is currently in progress and the Finance and General Purposes Committee is specifically tasked with cost scrutiny.
Forced closure	Further COVID-19 or other pandemic restrictions are not inconceivable. Event contracts have been re-worked this year to give us more protection in this situation, and the reserves policy has been adapted to increase our reserve cover. Reserves are sufficient to enable partial continuation and recovery in the event of a fire.
Withdrawal of Royal Warrant	The Charity occupies Cumberland Lodge by Royal Warrant, which is subject to the grant of the Monarch. Both the conditions of the Royal Warrant and the Charity's Objects are fundamental to the Charity's activities and compliance is carefully monitored by the Trustees.
Loss of premises	Risks resulting in the loss of access to the building 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.

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 2021

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.

During the year three committees of the Board (Finance and General Purposes, Audit, and Business Development) met to implement policy and exercise control. Trustees are represented on each committee. An additional Task Group was formed specifically to monitor response to the pandemic. This has now been disbanded.

New Trustees are proposed by existing Trustees to the whole board via a nomination process. The board considers their suitability in light of current vacancies and the balance of skills and diversity of existing Trustees. Nominations are subject to election.

During the financial year day-to-day management of the Charity was delegated to the Chief Executive, Chief Operating Officer and Finance Director, supported by other senior staff. Since the Chief Operating Officer's departure in October 2020, day-to-day management is delegated to the Chief Executive, Finance Director and a new post of Hospitality Director, filled by Merrill Ryan (formerly General Manager). There is a maximum limit to the number of years a Trustee may serve, although this may be extended in exceptional circumstances, 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 that 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 4 and 17 to the accounts.

The pay of the key management personnel and all staff is reviewed annually.

In view of the nature of the Charity, the Trustees benchmark against pay levels in other charities. The remuneration benchmark 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;

CUMBERLAND LODGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

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- 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.

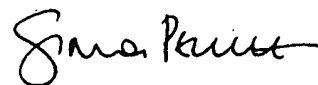
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

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 27th January 2022 and signed on their behalf by:



Baroness Usha Prashar



Simon Pearce

CUMBERLAND LODGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2021

Independent auditor's report to the members of Cumberland Lodge

Opinion

We have audited the financial statements of Cumberland Lodge for the year ended 31 August 2021 which comprise the 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 August 2021 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Chairman's Report, the Chief Executive's Report and the Trustees' 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.

CUMBERLAND LODGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the 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' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 10, 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's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group's and the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group's and the parent and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to Health and Safety Acts and GDPR and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as include the Companies Act 2006 and the Charities Act 2011, and consider other factors such as payroll tax and VAT.

CUMBERLAND LODGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2021

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual account combinations or with unusual descriptions; and
- challenging assumptions and judgements made by management in their critical accounting estimates

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.

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

Date: 8 February 2022

10 Queen Street Place, London EC4R 1AG

CUMBERLAND LODGE

Company No. 05383055

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including consolidated income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
INCOME:					
Donations, legacies and grants	2	423,500	26,490	449,990	215,908
Charitable activities					
Cumberland Lodge conferences		20,975	-	20,975	38,099
Student and training conferences		184,609	-	184,609	998,658
Other trading activities					
Accommodation income		287,412	-	287,412	535,974
Rents and lettings		35,928	-	35,928	19,613
Investments		94,020	-	94,020	107,362
Other income	2	307,556	-	307,556	21,424
Total income		1,354,000	26,490	1,380,490	1,937,038
EXPENDITURE:					
Costs of raising funds					
Trading costs		138,570	2,908	141,478	389,517
Expenditure on charitable activities					
Cumberland Lodge conferences		332,955	738	333,693	456,070
Student and training conferences		1,446,977	814	1,447,791	1,804,088
Total expenditure	3	1,918,502	4,460	1,922,962	2,649,675
		(564,502)	22,030	(542,472)	(712,637)
Gains on investments, net of charges		542,716	-	542,716	66,941
Net movement in funds		(21,786)	22,030	244	(645,696)
Funds brought forward		4,655,977	38,640	4,694,617	5,340,313
Funds carried forward		4,634,191	60,670	4,694,861	4,694,617

The notes on pages 18 - 31 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 2020 are shown in note 20.

CUMBERLAND LODGE

Company No. 05383055

CONSOLIDATED AND CHARITY BALANCE SHEETS

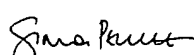
AT 31 AUGUST 2021

	Notes	2021		2020	
		Group £	Charity £	Group £	Charity £
FIXED ASSETS					
Tangible assets	7	1,217,468	1,217,468	1,432,586	1,432,586
Investments	8	3,543,696	3,543,696	3,370,980	3,370,980
		<u>4,761,164</u>	<u>4,761,164</u>	<u>4,803,566</u>	<u>4,803,566</u>
CURRENT ASSETS					
Stock		16,245	7,948	19,369	9,903
Debtors	9	154,636	168,624	122,633	157,316
Short term deposits and cash in hand		383,339	133,062	239,827	72,545
		<u>554,220</u>	<u>309,634</u>	<u>381,829</u>	<u>239,764</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	10	(620,523)	(427,537)	(490,778)	(352,413)
		<u>(66,303)</u>	<u>(117,903)</u>	<u>(108,949)</u>	<u>(112,649)</u>
NET CURRENT LIABILITIES					
		<u>(66,303)</u>	<u>(117,903)</u>	<u>(108,949)</u>	<u>(112,649)</u>
NET ASSETS		<u>4,694,861</u>	<u>4,643,261</u>	<u>4,694,617</u>	<u>4,690,917</u>
FUNDS					
Unrestricted general funds	12/13	2,950,593	2,898,993	1,823,390	1,818,189
Restricted funds	12/14	60,670	60,670	38,640	40,141
Designated funds	15	1,683,598	1,683,598	2,832,587	2,832,587
		<u>4,694,861</u>	<u>4,643,261</u>	<u>4,694,617</u>	<u>4,690,917</u>
TOTAL FUNDS		<u>4,694,861</u>	<u>4,643,261</u>	<u>4,694,617</u>	<u>4,690,917</u>

The deficit of the parent charity was £47,655. This comprises a deficit of £51,357 (2020: £799,395) plus donated profits from Cumberland Lodge Enterprises Ltd of £3,702 (2020: £415,033).

Approved and authorised for issue on 27th January 2022 by the Trustees and signed on their behalf by:


.....
Baroness Usha Prashar


.....
Simon Pearce

The notes on pages 18 - 31 form part of these financial statements.

CUMBERLAND LODGE

Company No. 05383055

STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 AUGUST 2021

	2021 £	2020 £
Net cash provided by operating activities	(305,163)	(490,840)
Cash flows from investing activities		
Investment income	94,020	107,362
Purchase of tangible fixed assets	(17,173)	(20,858)
Sale of tangible fixed assets	1,828	-
Purchase of investments	(150,000)	(3,019,749)
Sale of investments	520,000	3,019,897
Cash used in investing activities	<u>448,675</u>	<u>86,652</u>
Change in cash and cash equivalents in the year	143,512	(404,188)
Cash and cash equivalents at the beginning of the year	<u>239,827</u>	<u>644,015</u>
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>383,339</u></u>	<u><u>239,827</u></u>

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

Net (deficit) /income for the year	244	(645,696)
Adjustments for:		
Depreciation charge	230,463	244,059
(Gains)/ losses on disposal of fixed assets	-	-
(Gains)/ losses on investments	(542,716)	(66,941)
Income from investments	(94,020)	(107,362)
(Increase) / decrease in debtors	(32,003)	159,169
Decrease in stock	3,124	6,488
Increase / (decrease) in creditors	129,745	(80,557)
Cash used in investing activities	<u><u>(305,163)</u></u>	<u><u>(490,840)</u></u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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) (Second Edition, effective 1 January 2019), (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 COVID-19 pandemic forced periods of closure and restricted activity upon us. Although the relaxation of restrictions has meant a swift return to more normal levels of activity for us, we are very aware that the pandemic is not over and that a return to restrictions may be more difficult for us to weather than previously, as government support may not be as generous, insurance is unlikely to cover loss of income, and our investment growth may have peaked. However, as the order book is recovering, and we have sufficient reserves to weather any difficulties for at least 12 months ahead, the Trustees consider there to be no material uncertainties regarding going concern, and so the going concern basis is considered to be appropriate.

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, including donations and legacies, is recognised once 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.

Grants include Government grant income relating to the Coronavirus Job Retention Scheme (CJRS) and are recognised as receivable in line with the period that the expense has been incurred.

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 2021

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.

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 Cumberland Lodge's 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 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 net of costs (which are deducted at source) 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 2021

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, which do not fall to be recognised as restricted funds.

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 2021

2. INCOME	2021	2020
Voluntary income	£	£
Donations, legacies and grants	37,273	37,592
Coronavirus Job Retention Scheme grant	345,645	178,316
Coronavirus local authority support grants	67,072	-
	<u>449,990</u>	<u>215,008</u>

Other income

Business interruption insurance claim	300,000	-
Other income	7,556	21,424
	<u>307,556</u>	<u>21,424</u>

3. ANALYSIS OF EXPENDITURE	2021 Direct costs	2021 Support costs	2021 Total	2020 Total
	£	£	£	£
Fundraising	7,554	-	7,554	37,897
Charitable activities	892,412	881,518	1,773,930	2,222,261
Trading	67,106	74,372	141,478	389,517
Group total	<u>967,072</u>	<u>955,890</u>	<u>1,922,962</u>	<u>2,649,675</u>

	Trading	Fundraising	Charitable activities	2021 Total	2020 Total
Direct costs	£	£	£	£	£
Advertising & promotion	640	-	2,450	3,090	1,690
Bank & finance costs	2,176	-	-	2,176	103
Cumberland Lodge conference costs	-	-	6,993	6,993	57,003
Hospitality costs	5,830	-	51,610	57,440	241,046
IT equipment & support	-	-	200	200	0
Office supplies	325	-	182	507	597
Professional fees	5,849	7,554	-	13,403	14,355
Repairs & maintenance	75	-	887	962	7,503
Scholarship scheme	-	-	9,711	9,711	12,611
Staff costs	52,211	-	820,167	872,378	935,655
Travel & subsistence	-	-	212	212	1,883
Group total	<u>67,106</u>	<u>7,554</u>	<u>892,412</u>	<u>967,072</u>	<u>1,272,446</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

	Trading	Fundraising	Charitable activities	2021 Total	2020 Total
	£	£	£	£	£
Support costs					
Administration	1,375	-	16,308	17,683	35,136
Advertising & promotion	590	-	6,988	7,578	13,543
Bank & finance costs	324	-	3,841	4,165	5,534
Buildings costs	12,843	-	152,226	165,069	194,303
Depreciation	17,931	-	212,532	230,463	244,057
IT equipment and support	3,450	-	40,890	44,340	59,778
Motor expenses	352	-	4,171	4,523	3,920
Office supplies	758	-	8,985	9,743	19,249
Professional fees	1,517	-	17,984	19,501	26,587
Repairs & maintenance	5,174	-	61,321	66,495	60,212
Staff costs	30,016	-	355,771	385,787	714,559
Travel & subsistence	42	-	501	543	351
Group total	74,372	-	881,518	955,890	1,377,230

Included within professional fees above were Governance costs of £17,157 (2020: £16,440) relating to Auditor's remuneration.

4. NET INCOME FOR THE YEAR	2021	2020
	£	£
This is stated after charging		
Auditor's remuneration (including irrecoverable VAT):		
Audit	15,540	14,862
Other Services	1,617	1,578
	<u>17,157</u>	<u>16,440</u>
Expenses reimbursed and paid on behalf of Trustees	<u>-</u>	<u>542</u>

No Trustee received remuneration in the current or prior year.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

5. 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:

	2021 £	2020 £
Turnover	203,545	556,452
Cost of sales and administration costs	(151,943)	(402,751)
Net profit	51,602	153,701
Brought forward – retained in subsidiary	3,702	265,034
Gift-aided to the Charity in year	(3,702)	(415,033)
Retained in subsidiary	51,602	3,702
The current assets and liabilities of the subsidiary were:		
Current assets	309,564	194,060
Current liabilities	(427,468)	(190,358)
Total net assets	51,602	3,702
Aggregate share capital and reserves	51,602	3,702

6. STAFF COSTS AND NUMBERS

	2021 £	2020 £
Staff costs were as follows:		
Salaries and wages	1,063,811	1,407,852
Social security costs	96,171	122,202
Pension contributions	98,183	120,160
	1,258,165	1,650,214
The number of employees whose emoluments for the year fell within the following bands were:	Number	Number
£70,001 - £80,000	0	1
£80,001 - £90,000	1	1

These employees are accruing pension contributions totalling £8,702 (2020: £19,371). The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel of the Group and Charity were £233,657 (2020: £236,207).

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

	2021 Number	2020 Number
The average number of employees during the year was as follows:		
Programme	5	8
Hospitality	28	32
Buildings & maintenance	5	5
Administration	6	8
	<u>44</u>	<u>53</u>

This analysis has been revised for 2021 (and 2020's comparative adjusted) to better reflect the structure of the organisation, and to include only permanent members of staff. The full-time equivalent number of staff in 2021 was 35 (2020: 45).

7. FIXED ASSETS (GROUP AND CHARITY)

	Improvements to property £	Furniture, fittings & equipment £	Motor Vehicles £	Total £
Cost				
At 1 September 2020	3,301,484	1,734,411	37,880	5,073,775
Additions	17,173	-	-	17,173
Disposals	-	3,428	-	3,428
Balance at 31 August 2021	<u>3,318,657</u>	<u>1,730,983</u>	<u>37,880</u>	<u>5,087,520</u>
Accumulated depreciation				
At 1 September 2020	2,300,533	1,316,178	24,478	3,641,189
Charge for the year	121,031	103,247	6,185	230,463
Disposals	-	1,600	-	1,600
Balance at 31 August 2021	<u>2,421,564</u>	<u>1,417,825</u>	<u>30,663</u>	<u>3,870,052</u>
Net Book Value				
C/f at 31 August 2021	<u>897,093</u>	<u>313,159</u>	<u>7,217</u>	<u>1,217,468</u>
B/f at 1 September 2020	<u>1,000,951</u>	<u>418,233</u>	<u>13,402</u>	<u>1,432,586</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

8. INVESTMENTS (GROUP AND CHARITY)			2021	2020
			£	£
Listed investments:				
Market value at 1 September			3,370,980	3,304,187
Additions			150,000	3,019,749
Disposals			(520,000)	(3,019,897)
Net gains /(losses)			542,716	66,941
Market value at 31 August			<u>3,543,696</u>	<u>3,370,980</u>
Historical cost as at 31 August			<u>2,478,492</u>	<u>2,848,492</u>
9. DEBTORS: amounts falling due within one year	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Accommodation debtors	60,100	48,124	29,977	12,867
Other debtors and prepayments	94,536	94,535	92,656	92,454
Amounts due from subsidiary	-	25,965	-	51,995
	<u>154,636</u>	<u>168,624</u>	<u>122,633</u>	<u>157,316</u>
10. CREDITORS: amounts falling due within one year	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	25,317	25,317	27,598	27,598
Other taxation and social security	44,712	17,705	46,411	54,956
Other creditors, accruals and deferred income	550,494	384,514	416,769	269,859
	<u>620,523</u>	<u>427,537</u>	<u>490,778</u>	<u>352,413</u>
11. ANALYSIS OF DEFERRED INCOME	2021		2020	
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income at 1 September	227,717	134,943	274,169	182,007
Released during the year	(227,717)	(134,943)	(274,169)	(182,007)
Applied during the year	438,954	280,825	227,717	134,943
Deferred income at 31 August	<u>438,954</u>	<u>280,825</u>	<u>227,717</u>	<u>134,943</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

12. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	Restricted Funds £	General Funds £	Total Funds £
2021			
Fixed assets	23,695	1,193,773	1,217,468
Investments	-	3,543,696	3,543,696
Current assets	36,975	517,245	554,220
Current liabilities	-	(620,523)	(620,523)
Net assets at 31 August	<u>60,670</u>	<u>4,634,191</u>	<u>4,694,861</u>
2020			
Fixed assets	2,908	1,429,678	1,432,587
Investments	-	3,370,980	3,370,980
Current assets	35,732	346,097	381,829
Current liabilities	-	(490,778)	(490,777)
Net assets at 31 August	<u>38,640</u>	<u>4,655,977</u>	<u>4,694,619</u>

13. ANALYSIS OF UNRESTRICTED GENERAL FUNDS

	1 September £	Surplus/ (loss) £	Gains/ (losses) £	Transfers £	31 August £
Group					
2021					
General funds	<u>1,823,390</u>	<u>(564,502)</u>	<u>542,716</u>	<u>1,148,989</u>	<u>2,950,593</u>
2020					
General funds	<u>3,152,906</u>	<u>(719,657)</u>	<u>66,941</u>	<u>(676,800)</u>	<u>1,823,390</u>
Charity					
2021					
General funds	<u>1,818,189</u>	<u>(612,401)</u>	<u>542,716</u>	<u>1,148,989</u>	<u>2,898,993</u>
2020					
General funds	<u>2,887,873</u>	<u>(458,323)</u>	<u>66,941</u>	<u>(676,800)</u>	<u>1,818,189</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

14. ANALYSIS OF RESTRICTED FUNDS

	1 September £	Income £	Expenditure £	31 August £
2021				
Mews lighting project*	7,458	-	(500)	6,958
Chapel capital appeal*	8,318	-	(1,908)	6,410
Dining room furniture*	5,926	530	-	6,456
Basement refurbishment*	4,370	-	(500)	3,870
Scholarship scheme	1,830	-	-	1,830
Bursary fund	10,738	-	(738)	10,000
Conference grants	-	5,960	(814)	5,146
Project funding	-	20,000	-	20,000
Group total	38,640	26,490	(4,460)	60,670
2020				
Mews lighting project*	7,958	-	(500)	7,458
Chapel capital appeal*	10,226	-	(1,908)	8,318
Dining room furniture*	2,856	3,070	-	5,926
Basement refurbishment*	4,870	-	(500)	4,370
Scholarship scheme	2,843	-	(1,013)	1,830
Bursary fund	1,427	10,000	(689)	10,738
Conference grants	1,440	13,715	(15,155)	-
COVID-19 food parcels	-	13,249	(13,249)	-
Group total	31,620	40,034	(33,014)	38,640

Capital funds

As of 31 August 2021, 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 £36,975 (2020: £13,068).

Capital funds* comprise:

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 comprise:

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

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

Conference grants — Grants for specific Cumberland Lodge conferences.

Project funding — Support for preliminary work on social mobility for young people from disadvantaged backgrounds

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

15. DESIGNATED FUNDS

	Balance at 1 September 2020 £	Transfers £	Balance at 31 August 2021 £
Tangible fixed assets	1,432,587	(215,119)	1,217,468
Property fund	500,000	(33,870)	466,130
COVID-19 impact fund	900,000	(900,000)	-
Total – Group and Charity	2,832,587	(1,148,989)	1,683,598

Tangible fixed assets

The fund represents assets which are essential for the provision of charitable activities. Funds transferred represent depreciation charged and the sale of an asset during the year.

Property fund

In respect of our duties as custodians of the buildings here at Cumberland Lodge, the Trustees consider that it is prudent to retain a property fund, available both for capital improvements and repairs and maintenance. Last year, £500,000 was designated for this purpose, and of this £33,870 has been spent. A detailed 10-year maintenance and repairs plan is kept and updated as quotations are sought and work carried out.

COVID-19 impact fund

This fund was set aside last year to cover the anticipated impact of losses during the pandemic. This was not required during the year, due to various source of one-off income; accordingly the balance has been undesignated and has been included in undesignated funds, where it is held to protect against continuing market uncertainties due to the pandemic.

16. 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.

17. RELATED PARTY TRANSACTIONS

In 2021 the following transactions took place between the Charity and its wholly-owned subsidiary:

Cumberland Lodge recharged £141,478 (2020: £389,517) 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 £3,702 during 2021 in gift aid relating to profits for the year ended 31 August 2020. No gift aid relating to profits in the current year was paid during the year. At 31 August 2021 an amount of £51,602 (2020: £51,995) was owed by Cumberland Lodge Enterprises Limited to its parent company, Cumberland Lodge in respect of the above transactions.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Until 3 July 2021, Canon Dr Edmund Newell, Chief Executive of Cumberland Lodge and a Director of Cumberland Lodge Enterprises Limited, was a Trustee of the AMAR International Charitable Foundation which held an event at Cumberland Lodge during 2020-21. The event was charged in accordance with Cumberland Lodge standard pricing and the income earned by Cumberland Lodge Enterprises Limited from the booking totalled £19,629 (2020: £7,165). No balance in relation to this remained unpaid at the year end (2020: nil).

Canon Dr Edmund Newell is Vice-Patron of Windsor Festival Society, with whom there were no transactions during the year (2020: income of £277). No balance in relation to this remained unpaid at the year end (2020: nil).

There were no other transactions with related parties during the year ended 31 August 2021 (2020: nil).

18. 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 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
In less than one year	9,810	9,810	-	-
In one to five years	-	-	19,620	19,620
	<u>9,810</u>	<u>9,810</u>	<u>19,620</u>	<u>19,620</u>
	Office equipment		Office equipment	
	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
In less than one year	239	239	478	478
In one to five years	-	-	239	239
	<u>239</u>	<u>239</u>	<u>717</u>	<u>717</u>

19. POST BALANCE SHEET EVENT

At the year end, we were hopeful of a gradual return to normal levels of activity as the world recovered from the COVID-19 pandemic. Activity in the early months of 2021-22 appeared to bear this out, with a surplus being generated in the first quarter. Most of our regular clients were re-booking for events in 2021-22, and we were attracting some new clients, as people sought safe opportunities to hold face-to-face events. However, since the spread of the Omicron variant, we have seen a reduction in expected revenue in December and cancellations affecting bookings into 2022. In 2020-21 we were able to cut costs and benefit from pandemic relief in the form of furlough and government grants, as well as claim on business interruption insurance. We also saw substantial growth in our investments.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

If the pandemic continues to affect income, the picture will be rather different in 2021-22, as none of these options is likely to offer much in the way of support. It is likely that 2021-22 will produce a deficit, which may take some time to turn around. We are fortunate in having sufficient reserves to cover at least a year ahead, and consequently the Trustees are of the opinion that it is still appropriate to prepare the financial statements on a going concern basis. Nevertheless, the future remains uncertain, and we will continue to focus on diversifying income and developing a long-term fundraising strategy.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

20. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (2020):

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £
INCOME:				
Donations, legacies and grants		189,589	26,319	215,908
Charitable activities				
Cumberland Lodge conferences		24,384	13,715	38,099
Student and training conferences		998,658	-	998,658
Other trading activities				
Accommodation income		535,974	-	535,974
Rents and lettings		19,613	-	19,613
Investments		107,362	-	107,362
Other		21,424	-	21,424
Total income		<u>1,897,004</u>	<u>40,034</u>	<u>1,937,038</u>
EXPENDITURE:				
Costs of raising funds	3			
Trading costs		376,268	13,249	389,517
Expenditure on charitable activities	3			
Cumberland Lodge conferences		453,270	2,800	456,070
Student and training conferences		1,787,123	16,965	1,804,088
Total expenditure	3	<u>2,616,661</u>	<u>33,014</u>	<u>2,649,675</u>
		(719,657)	7,020	(712,637)
Net gains on investments		<u>66,941</u>	<u>-</u>	<u>66,941</u>
Net movement in funds		(652,716)	7,020	(645,696)
Funds brought forward		<u>5,308,693</u>	<u>31,620</u>	<u>5,340,313</u>
Funds at 31 August 2020		<u><u>4,655,977</u></u>	<u><u>38,640</u></u>	<u><u>4,694,617</u></u>