

Coventry Heritage and Arts Trust

(A company limited by guarantee)

Trustees' Report and Consolidated Financial Statements

for the year ended 31 March 2012

Registered number 06438936
Registered charity number 1124704

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Coventry Heritage and Arts Trust

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Coventry Heritage and Arts Trust

Officers and Advisers

Trustees and directors	Mr J A Blundell Mr N G Booker Mr B R A Colquhoun Ms M L Doyen Mr K Railton Mr P D Costigan Ms M D Martin Mr R A Shaw Mr N J Stokes Mr M H Peachey Sir J L Egan Mr A S Khan Ms D J Wilson Ms S C Bains
Secretary	Mr L Keston
Chief executive	Mr L Keston
Registered office	The Herbert Art Gallery & Museum Jordan Well Coventry West Midlands CV1 5QP
Bankers	Yorkshire Bank Ricoh Arena Pheonix Way Coventry CV6 6GE
Auditors	RSM Tenon Audit Limited Charterhouse Legge Street Birmingham B4 7EU
Solicitors	Newsome Vaughan LLP Greyfriars House Greyfriars Lane Coventry CV1 2GW
Registered charity number	1124704

Coventry Heritage and Arts Trust

Trustees' Report

The Trustees, who are also directors of the company, present their report and the audited financial statements for the year ended 31 March 2012

Overall responsibility for the Company's activities is vested in the Management Committee, whose members also serve as the charity's Trustees. All of the Trustees are in non-executive positions

The Trustees are appointed at the Company's Annual General Meeting, casual vacancies are filled by appointment agreed by the Board following a public recruitment process

The Board of Trustees consists of a range of individuals recruited from varied backgrounds. They meet at approximately quarterly intervals to review progress, discuss and agree policy, which the officers and staff of the charity then implement

Trustees' responsibilities

Laws applicable to charitable companies in England and Wales require the Trustees and directors to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the Trustees are required to -

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

Legal structure, governance & management

The Company is limited by guarantee and therefore does not have a share capital. The liability of members is limited and details of their guarantee are detailed in the notes to the accounts. The Company is also registered as a charity (Registered number 1124704) and was incorporated on 27 November 2007

The charity is governed by its Memorandum and Articles of Association

Objectives & activities for the public benefit

The role of the Trustees is to ensure the fulfilment of the objects of the Memorandum and Articles of Association

- The Company has been established to advance the education of the public in relation to arts, culture, heritage and science, and/or
- Such other charitable purposes beneficial to the community consistent with the objects above as the Trustees shall in their absolute discretion determine (the 'objects')
- The Trustees have given due consideration to Charity Commission published Guidance on the operation of the Public Benefit requirement

The Trust carried out these objects by:

- Developing audiences through programming high quality and high profile national touring exhibitions as well as show-casing the best of its own collections and providing opportunities for the people of Coventry to develop their own creativity

Coventry Heritage and Arts Trust

Trustees' Report

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- Developing new audiences for its service, with a particular emphasis on groups at risk of exclusion, people with disabilities, minority ethnic communities and residents of disadvantaged neighbourhoods are historically under-represented among museum and gallery visitors and young people are also less likely to visit museums than other age groups
- Promoting and advancing knowledge, understanding and appreciation of the history, environment and culture of Coventry by supporting learning and enjoyment of the objects, buildings, archives and knowledge in its care The Trust's educational programmes and workshops are designed to complement formal school learning and the national curriculum, act as a tool for audience development and contribute to improving intellectual access to its collections, displays, buildings and activities for all its visitors
- Maintaining a policy of free entry to the Herbert Art Gallery & Museum to ensure maximum access to its collections and activities

The Trust has a subsidiary Company, the Coventry Heritage & Arts Enterprise Limited, which undertakes the non charitable activities based within the sites operated by the Trust Any surpluses generated by activities of the subsidiary are currently donated to the Trust to support its charitable activities

Trustee induction and training

New Trustees will undergo an orientation to brief them on their legal obligations under the charity and company law, the content of the Memorandum and Articles of Associations, the committee and decision making processes, the business plan and recent financial performance of the Trust Trustees are encouraged to attend external training events where these will facilitate the undertaking of their role

Organisation

The trustees are responsible for establishing clear goals for the Trust The board of trustees which can have up to 15 members administer the Trust The board meets on a quarterly basis

Whilst all decision making is the responsibility of the whole Trust, Advisory groups of trustees have been established in order to undertake detailed scrutiny and present considered advice to the Trust to aid decision making These groups are the Finance & General Purpose Advisory Group (meets quarterly), Communications & Development Advisory Group, (meets at least twice a year) and the Human Resources Advisory Group (meets as required)

A Chief Executive is appointed by the trustees to manage the day to day operations of the Trust To facilitate effective operations, the Chief Executive has delegated authority, within terms delegated by the trustees, for operational matters including finance, employment and heritage related activities

Pensions

The Trust operates one pension scheme that is affected by the provision of FRS17 A number of employees who transferred from Coventry City Council on the 1 July 2008 are members of the West Midlands Metropolitan Authorities Pension Fund based on their final pensionable pay The expected cost of providing these pensions as calculated periodically by professional actuaries is charged to the income & expenditure account New employees of the Trust are also entitled to become members of the scheme

Relationship with other organisations

The Trust co-operates closely with Coventry City Council and Museums Libraries & Archives Council (MLA) in pursuit of its charitable objectives The relationships are conducted in accordance with formal funding agreements signed annually Coventry City Council provides services to the Trust under a service level agreement Coventry City Council remains the principal source of funds for the Trust, providing approximately 60% of total incoming resources in the year Two of the trustees were appointed by the City Council -Councillor Abdul Khan and Councillor John Blundell

Coventry Heritage and Arts Trust

Trustees' Report

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The MLA transferred its responsibilities to Arts Council England during 2011/12 and the existing funding agreement with the Trust also transferred to Arts Council at levels already agreed with MLA. From the beginning of 12/13 the Trust entered into a new one year funding agreement with the Arts Council, and will be seeking ongoing funding from the Arts Council in future years.

Achievements & performance

The Trust has been operating three premises in Coventry - the Herbert Art Gallery & Museum, the Priory Visitor Centre and Lunt Roman Fort, since July 2008 and during the last year has continued to consolidate its initial success in building audiences, and achieving national recognition for its work.

The Trustees are pleased that despite the challenging financial climate that has had a significant impact upon the City of Coventry, that audiences numbers remained strong and we continued to enjoy public and critical acclaim for the services we offer.

The Trust delivered a significant programme of major exhibitions during the year. Most notable in this programme were Secret Egypt, which borrowed objects from the Ashmolean Museum, Manchester & Bolton Museums, and this exhibition was seen by more than 37,000 visitors. Following its success at the Herbert, this exhibition toured to other museums throughout the UK and such has been the demand, that we are continuing to plan for this exhibition to tour into 2013 and beyond. This new source of income for the Trust is being developed with additional staff support with funding provided by Arts Council.

This exhibition was followed by the BBC's Walking with Beasts which saw charging for admission to an exhibition trialled for the first time. Whilst visitor numbers were significantly lower than for Secret Egypt, the income target for this exhibition was exceeded and the Trust agreed to allow for one charge admission exhibition per year as a way of developing new income streams. A Dinosaur exhibition has been arranged for Summer 2012 and it is anticipated that this will prove extremely popular.

The final large scale exhibition of the year was local Turner Prize nominee George Shaw's show being presented and was extremely well received by large audiences. The 'Coventry connection' has proved extremely popular with our audiences and we are considering this for future programming.

The smaller scale work in Gallery 4 focussed on a variety of themes from contemporary art to traditional quilts as well as opportunities for organisations promoting the work of local artists.

The Trustees wish to commend the work of all their staff for achieving these successes despite the challenges and are pleased that significant regional, national and international attention has continued to ensure that the work of the Trust is both highly regarded and highly valued by the people of the City & the region.

Having been in discussion with the Council for a number of years regarding the true running costs of the building, during the year responsibility for maintenance of the building transferred back to the Council with the Trust retaining responsibility for minor repairs only. The Trustees are grateful that this area of concern has finally been addressed and officers of the Trust continue to work closely with the Council to ensure the buildings are maintained in first rate condition.

Financial review

Despite the considerable financial pressures on both the City Council and MLA causing them to reduce their contributions to the Trust's activities, the Trust is grateful for their continued support and is committed to ensuring a successful continuation of these partnerships.

With this commitment, the Trustees have felt confident in maintaining a policy of free entry to the Herbert Art Gallery & Museum to ensure maximum access to its collections during the year. The Trust has also continued to achieve considerable success in raising alternative funds and will continue to develop these in future.

The Trust remains mindful that it will always remain reliant on the support of Coventry City Council and will need to continue to diversify income streams as public sector funding remains under pressure.

In the few years since it was established the Trust has successfully developed its commercial offer, has attracted significant ongoing support for its vital community engagement work, and is now focussing on developing further the potential of the buildings themselves and further developing resilience and sustainability through

Coventry Heritage and Arts Trust

Trustees' Report

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additional commercial activity so that the people of the region can continue to benefit from its facilities bringing History & the Arts to life in Coventry

The Trust has an adopted Reserves Policy and is pleased that following several years of trading in uncertain political conditions that it has maintained a small operating surplus and looks forward with confidence to the future. Whilst recognising that it is a very long term ambition, the Trust has adopted a policy of accumulating reserves equivalent to three months operating costs c£500,000 in order to meet staff and legal costs in the event that there should be any requirement to cease trading.

Plans for future periods

Advance planning remains a priority for the creative programme and during 2012/13, the Trust plans a major exhibition related to Coventry City Football Club, a large scale charged admission Dinosaur exhibition and from January 2013 a significant exhibition Caught in the Crossfire dealing with issues of Peace, War and Reconciliation. Plans for 2013/14 include an exhibition from renowned illustrator and artist Quentin Blake, as well as an exhibition being planned in partnership with Birmingham museums, and the Trust is in discussion with the British Museum regarding a major exhibition for the spring of 2014.

The Trustees commend the work of their Chief Executive and staff for their many achievements during the year, and are determined to ensure that having shown what can be achieved during their early years of operation, that they will continue to make a real contribution to the cultural life of the region.

Risk management

The Board of Trustees have assessed the risks to which the Trust is exposed, particularly business, operational and financial risks. They have agreed procedures and reporting regimes to manage and reduce many of the identified risks. Clear lines of delegation and authority to staff have been established. Reviewing risk is ongoing part of the governance of the organisation, which the Board has integrated into its meetings.

Trustees and directors

The Trustees, who were also directors of the company, and who held office during the period were as follows

Mr J A Blundell
Mr N G Booker
Mr B R A Colquhoun
Ms M L Doyen
Mr K Railton
Mr P Taylor
Mr P D Costigan
Ms M D Martin
Mr R A Shaw
Mr N J Stokes
Mr M Peachey
Sir J Egan
Mr A C Skipper
Ms D J Wilson
Mr A S Khan
Ms S C Bains

Mr A C Skipper resigned as a director on 19 May 2011

Mr P Taylor resigned as a director on 10 October 2011

Mr A S Khan was appointed as a director on 19 May 2011

Ms S C Bains was appointed as a director on 11 October 2011

Coventry Heritage and Arts Trust

Trustees' Report

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Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Approved by the Board on 17 9 12 and signed on its behalf by

Mr L Keston
Company Secretary



Coventry Heritage and Arts Trust
Independent Auditors' Report to the Trustees of Coventry Heritage and Arts Trust
Year Ended 31 March 2012

We have audited the financial statements of Coventry Heritage and Arts Trust for the year ended 31 March 2012 set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, under Section 151 of the Charities Act 2011 and regulations made under that Act. 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.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 2, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and parent charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, of the state of the group's and the parent charitable company's affairs as at 31 March 2012, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Coventry Heritage and Arts Trust
Independent Auditors' Report to the Trustees of Coventry Heritage and Arts Trust
Year Ended 31 March 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, 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

Melanie Crooks
RSM Tenon Audit Limited

Melanie Crooks
Senior Statutory Auditor

Dated: 7.11.12

For and on behalf of:
RSM Tenon Audit Limited
Statutory Auditors

Charterhouse
Legge Street
Birmingham
B4 7EU

Coventry Heritage and Arts Trust

Consolidated Statement of Financial Activities (including Income and Expenditure Account) for the Year Ended 31 March 2012

	Notes	Unrestricted Funds Year ended 31 March 2012 General £	Restricted Funds Year ended 31 March 2012 £	Total Year ended 31 March 2012 £	Total Year ended 31 March 2011 £
Incoming resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations and grants	2	51,722	159,624	211,346	227,229
<i>Activities for generating funding</i>					
Trading activities		380,129	-	380,129	288,067
Investment income	7	765	-	765	29
Income resources from Charitable Activities	4	1,767,496	548,214	2,315,710	2,450,736
Total incoming resources		<u>2,200,112</u>	<u>707,838</u>	<u>2,907,950</u>	<u>2,966,131</u>
Resources expended					
Trading activity cost of sales	22	62,159	-	62,159	56,842
Trading activity administrative costs	22	218,422	-	218,422	191,577
Charitable activities	5	1,925,964	696,625	2,622,589	2,607,371
Governance costs	5	26,435	-	26,435	12,808
Total resources expended		<u>2,232,980</u>	<u>696,625</u>	<u>2,929,605</u>	<u>2,868,598</u>
Net incoming resources before other recognised gains		(32,868)	11,213	(21,655)	97,533
Actuarial gain / (deficit) on defined benefit scheme		44,000	-	44,000	(6,000)
Net movement in funds		<u>11,132</u>	<u>11,213</u>	<u>22,345</u>	<u>91,533</u>
Reconciliation of funds					
Total funds brought forward		12,312	103,896	116,208	24,675
Total funds carried forward	16	<u>23,444</u>	<u>115,109</u>	<u>138,553</u>	<u>116,208</u>

The notes on pages 12 to 27 form part of the statutory financial statements

Coventry Heritage and Arts Trust
(Registration number : 06438936)


Consolidated Balance Sheet as at 31 March 2012

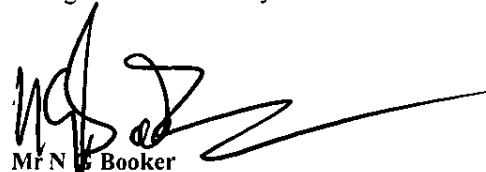
		£	2012 £	£	2011 £
	Note				
Fixed Assets					
Tangible fixed assets	11	18,657		18,536	
Heritage assets	12	<u>146,077</u>		<u>112,129</u>	
			164,734		130,665
Current assets					
Stock		20,520		22,793	
Debtors	13	625,411		788,136	
Cash at bank and in hand		<u>247,158</u>		<u>61,997</u>	
		893,089		872,926	
Creditors Amounts falling					
Due within one year	14	<u>(935,270)</u>		<u>(900,383)</u>	
Net current liabilities			(42,181)		(27,457)
Net assets excluding pension asset			122,553		103,208
Defined benefit pension scheme asset	21		<u>16,000</u>		<u>13,000</u>
Net assets			138,553		116,208
Represented by					
Unrestricted funds			23,444		12,312
Restricted funds			115,109		103,896
Total funds	16		<u>138,553</u>		<u>116,208</u>

These financial statements were approved on

17/9/12

and signed on its behalf by


Ms D J Wilson
Trustee


Mr N S Booker
Trustee

The notes on pages 12 to 27 form part of the statutory financial statements

Coventry Heritage and Arts Trust
(Registration number : 06438936)

Charity Balance Sheet as at 31 March 2012

		£	2012 £	£	2011 £
	Note				
Fixed Assets					
Tangible fixed assets	11	13,716		8,654	
Heritage assets	12	146,077		112,129	
Investments	22	<u>1</u>		<u>1</u>	
			159,794		120,784
Current assets					
Debtors	13	659,051		835,331	
Cash at bank and in hand		<u>91,914</u>		<u>-</u>	
		750,965		835,331	
Creditors Amounts falling Due within one year	14	<u>(904,427)</u>		<u>(914,167)</u>	
Net current liabilities			(153,462)		(78,836)
Net assets excluding pension asset					
			6,332		41,948
Defined benefit pension scheme asset	21		16,000		13,000
Net assets			22,332		54,948
Represented by					
Unrestricted funds			(92,777)		(48,948)
Restricted funds			115,109		103,896
Total funds	16		22,332		54,948

These financial statements were approved on 17/9/12

and signed on its behalf by

Ms D J Wilson
Trustee

Mr N G Booker
Trustee

The notes on pages 12 to 27 form part of the statutory financial statements

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

1. Accounting policies

Basis of accounting

The group have adopted the provisions of the Statement of Recommended Practice 'Accounting and Reporting by Charities (Revised 2005)'

The financial statements also comply in all material respects with applicable accounting standards. They are drawn up under the historical cost accounting rules.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking Coventry Heritage and Arts Enterprises Limited. The results of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of Paragraph 4 (1) of Schedule 1 of the Large and Medium sized Companies and Groups (Accounts & Reports) Regulations 2008 and adopted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

Going Concern

The financial statements have been prepared on a going concern basis which assumes that the group will continue to operate. The validity of this assumption is dependent upon the continuance of support from the group's funders and in response to the progress made by the group in pursuing a viable business plan including the obtaining of further grants and other funds. If the group were unable to continue to operate, adjustments would have to be made to reduce the value of the assets to their recoverable amount and to provide for any further liabilities that might arise.

Company status

The charitable company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

Income

Donations and income from trading operations are accounted for on a cash received basis. Grants receivable are recognised in relation to the year and as services are provided. Grants receivable with conditions are only recognised when the conditions attached are fulfilled.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

Designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees for particular objects. The designation is for administration purposes only and does not legally restrict the Trustees' discretion to apply the fund.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for a particular purpose. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund.

Investments

Investments are shown at cost. Further details are given in note 22.

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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Tangible fixed assets

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

IT Equipment - 33% straight line basis

Heritage assets

The company's collection of artworks is reported in the balance sheet at historic cost, less any provision for diminution in value. It is the company's policy to maintain the collection in a suitable condition for public display

The artworks are deemed to have an indeterminate life and the Trustees do not therefore consider it appropriate to charge depreciation

The Trustees management policy in respect of its heritage assets is summarised in note 12

Stock

Stock consists of goods for resale. Stocks are valued at the lower of cost and net realisable value

Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to direct management of programme funds. These include (but are not limited to) audit and the professional fees associated with constitutional and status matters

Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charitable company

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account on a straight line basis over the lease term

Pensions scheme

Retirement benefits to employees of the company are provided by the West Midlands Metropolitan Authorities Pension Fund (WMMAPF). This is a defined benefit scheme which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). The assets of the West Midlands Metropolitan Authorities Pension Fund (WMMAPF) are measured using closing market values. WMMAPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme are expected to arise from employee service in the period is charged to the operating surplus. The expected return of the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of financial activity

Further details of the pension scheme are given in note 21

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

2. Donations and grants – voluntary income

	£	2012 £	£	2011 £
Unrestricted				
Individual donations	21,466		27,397	
Grants	<u>30,256</u>		<u>-</u>	
		51,722		27,397
Restricted				
Grants		159,624		199,902
		<u>211,346</u>		<u>227,299</u>

3. Taxation

The company is an exempt charity within the meaning of Schedule 2 of the 1993 Charities Act and as such is a charity within the meaning of Section 506(1) Taxes Act 1988. Accordingly, the company is exempt from taxation in respect of income and capital gains received within categories covered by Section 505 Taxes Act 1988 or Section 256 Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

4. Incoming resources from Charitable Activities

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
MLA Funding	-	462,513	462,513	556,761
Coventry City Council funding	1,696,684	-	1,696,684	1,758,055
Other funding	70,812	85,701	156,513	135,920
	<u>1,767,496</u>	<u>548,214</u>	<u>2,315,710</u>	<u>2,450,736</u>

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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5. Total resources expended

	Basis of allocation	Grants & donations & (restricted)	MLA funding (restricted)	Other Funding (restricted)	Other funding	Governance	2012 Total	2011 Total
Costs directly allocated to charity activities	£	£	£	£	£	£	£	£
Staff costs	Allocation of staff costs	-	361,423	85,700	1,436,624	-	1,883,748	1,866,713
Premises	Actual expenditure	-	14,278	-	132,690	-	146,968	121,668
Office expenses	Actual expenditure	-	3,129	-	192,204	-	195,333	199,687
General expenses	Actual expenditure	68,203	39,185	-	31,262	-	138,650	196,936
Event / exhibition costs		69,713	24,742	-	36,290	-	130,745	138,936
Project costs		-	9,452	-	53,766	-	63,218	-
Audit fees	Actual expenditure	-	-	-	-	8,000	8,000	8,000
Legal & professional	Actual expenditure	-	-	-	-	19,422	19,422	3,835
Advertising & Marketing	Actual expenditure	10,495	10,305	-	52,389	-	73,189	94,431
Bank charges	Actual expenditure	-	-	-	-	791	791	973
Interest payable	Actual expenditure	-	-	-	(11,040)	-	(11,040)	(10,000)
Total resources expended		148,411	462,514	85,700	1,924,186	28,213	2,649,024	2,620,179

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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6. Net outgoing resources for the year

Net outgoing resources for the year are stated after charging

	2012 £	2011 £
Auditors' remuneration - non audit services	1,000	1,000
Auditors' remuneration - audit services	7,000	7,000
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7. Investment income

	2012 £	2011 £
Other interest	765	29
	<hr/>	<hr/>
	765	29
	<hr/>	<hr/>

8. Interest payable and similar charges

	2012 £	2011 £
Expected return on pension scheme assets	(61,000)	(49,000)
Pension scheme finance costs	50,000	39,000
	<hr/>	<hr/>
Pension scheme finance costs	(11,000)	(10,000)
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Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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9. Employee information

Staff costs

	2012 £	2011 £
Wages and salaries	1,516,946	1,720,930
Social security costs	135,771	118,475
Pension contributions	118,260	164,385
Redundancy costs	60,771	-
	<u>1,831,748</u>	<u>2,003,790</u>

	Number 2012	Number 2011
Average number of employees (including trustees) employed during the year		
CEO	1	1
Media	6	7
Finance and admin	7	5
MLA project staff	13	20
Herbert museum	66	53
History staff	9	10
Lunt museum	4	4
Priory visitors centre	4	4
Project Collecting Cultures	1	-
	<u>111</u>	<u>104</u>

There was one employee with emoluments within the £70,000 - £80,000 per annum bracket, for whom benefits are accruing under the Charity's defined benefit pension scheme

No trustees received remuneration or expenses during the year

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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10 Parent's unconsolidated profit

The Charity has taken advantage of section 408 of the Companies Act 2006 from presenting its unconsolidated profit or loss account. The unconsolidated deficit of Coventry Heritage and Arts Trust is £35,616

11. Tangible Fixed Assets

Group

	IT Equipment £
Cost	
Cost 1 April 2011	23,477
Additions	10,603
As at 31st March 2012	<u>34,080</u>
Depreciation	
As at 1 April 2011	4,941
Charge for year	10,482
As at 31st March 2012	<u>15,423</u>
Net Book Value	
As at 31 March 2012	<u>18,657</u>
As at 1 April 2011	<u>18,536</u>

Company

	IT Equipment £
Cost	
As at 1 April 2011	8,654
Additions	10,603
As at 31st March 2012	<u>19,257</u>
Depreciation	
Charge for year	5,541
As at 31st March 2012	<u>5,541</u>
Net Book Value	
As at 31 March 2012	<u>13,716</u>
As at 1 April 2011	<u>8,654</u>

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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12 Heritage Assets

Group	Artworks £
Cost and net book value at 1st April 2011	112,129
Additions	33,948
Disposals	-
Cost and net book value at 31st March 2012	<u>146,077</u>

Charity	Artworks £
Cost and net book value at 1st April 2011	112,129
Additions	33,948
Disposals	-
Cost and net book value at 31st March 2012	<u>146,077</u>

Additions in the year ended 31 March 2012 comprise

£33,948 purchase of a collection of artworks, photographic portfolios and books

Four year financial summary of heritage asset transactions	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
Additions			
Purchases	33,948	112,129	-
Donations	-	-	-
Total additions	<u>33,948</u>	<u>112,129</u>	<u>-</u>
Disposals	<u>-</u>	<u>-</u>	<u>-</u>

A five year financial summary of heritage asset transactions cannot be provided as the group has only traded for four years

The initial collection is provided to the Charitable company under a deed dated 30 June 2008 from Coventry City Council. These items remain the property of the Council and so are not included in these financial statements

Heritage assets which have been purchased from grants received specifically for the purpose of purchasing additions to the Museums' collection are shown in additions above. Under an agreement with Coventry City Council any additions to the collections transfer to the City. It is intended that the legal title of these assets will transfer in accordance with the collections agreement.

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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13. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year				
Trade debtors	606,798	753,893	519,705	722,268
Other debtors and prepayments	18,613	34,243	18,613	30,076
Amounts owed from group undertakings	-	-	120,733	82,987
	<u>625,411</u>	<u>788,136</u>	<u>659,051</u>	<u>835,331</u>

14. Creditors: Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year				
Bank overdraft	-	-	-	55,553
Trade creditors	94,605	47,275	81,216	46,572
Social security and other taxes	208,814	200,115	196,958	185,618
Other creditors	34,294	18,528	34,294	18,413
Accruals and deferred income	597,557	634,465	591,959	608,011
	<u>935,270</u>	<u>900,383</u>	<u>904,427</u>	<u>914,167</u>

15. Financial commitments

Group and Company

Operating lease commitments

At 31 March 2012 the group and charitable company had annual commitments under non-cancellable operating leases as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Land and buildings				
Expiring within two to five years	11,750	11,750	11,750	11,750
Expiring over five years	4	4	4	4
	<u>11,754</u>	<u>11,754</u>	<u>11,754</u>	<u>11,754</u>

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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16. Reconciliation of movements in funds

Group	At 1 April 2011	Incoming resources	Outgoing resources	Actual gain on defined benefit pension scheme	At 31 March 2012
	£	£	£	£	£
Restricted funds					
Donations and grants	103,896	159,624	(148,411)	-	115,109
Other funding	-	85,701	(85,701)	-	-
MLA Funding 20010/2011	-	462,513	(462,513)	-	-
	<u>103,896</u>	<u>707,838</u>	<u>(696,625)</u>	<u>-</u>	<u>115,109</u>
Unrestricted funds					
General	12,312	2,200,112	(2,232,980)	44,000	23,444
Designated	-	-	-	-	-
Total funds	<u>116,208</u>	<u>2,907,950</u>	<u>(2,929,605)</u>	<u>44,000</u>	<u>138,553</u>

Company	At 1 April 2011	Incoming resources	Outgoing resources	Actual gain on defined benefit pension scheme	At 31 March 2012
	£	£	£	£	£
Restricted funds					
Donations and grants	103,896	159,624	(148,411)	-	115,109
Other funding	-	85,701	(85,701)	-	-
MLA Funding 2010/2011	-	462,513	(462,513)	-	-
	<u>103,896</u>	<u>707,838</u>	<u>(696,625)</u>	<u>-</u>	<u>115,109</u>
Unrestricted funds					
General	(48,948)	1,864,570	(1,911,399)	44,000	(92,777)
Designated	-	-	-	-	-
Total funds	<u>54,948</u>	<u>2,572,408</u>	<u>(2,608,024)</u>	<u>44,000</u>	<u>22,332</u>

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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Funds made up of:

		Total 2012 £	Total 2011 £
<i>Donations and grants</i>			
Donations & Donation boxes	Donations	21,466	27,397
<i>Unrestricted Grants</i>			
29 th May 1961 Trust		15,000	-
Various Trusts		15,256	-
		30,256	-
Heritage lottery fund	HLF Football	21,621	-
Ernest Cook & Arts Council	Wild World	6,324	-
Grocers Trust	Restoration of painting of Coventry Cathedral	1,022	-
The Raine Foundation	Getting involved project	10,000	-
Esmee Fairbairn	Getting involved project	40,000	-
Arts Council	George Shaw painting	23,330	-
Arts Council Lottery	Through Other Eyes	5,511	-
NHL Fund & Art Fund	Collecting Cultures	27,330	-
Art Fund	George Shaw painting	10,000	-
Museum, Libraries, and Archives Council	Science in your world	-	2,955
Arts Council Lottery	Mohammed Ali exhibition	-	29,520
Coventry City Council	Mohammed Ali exhibition	-	5,000
Ironbridge Gorge Museum	Funding for Summer Campaign	-	7,326
Arts Council Grant	Funding for Summer Campaign	-	4,500
Henry Moore Foundation	Secret Egypt	4,731	8,500
Foyle Foundation	Secret Egypt	-	20,000
Museum Association	Effective Collections	8,638	5,642
Rowlands Trust	Learning Room – upgrade for LS2	-	1,000
MLA & Other	Various projects	-	4,526
MLA & Other	Various projects	-	8,812
Various purchases of Heritage Assets		1,117	102,121
		159,624	199,902

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

17. Analysis of group net assets between funds

Group	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total 2012 £	Total 2011 £
Fund balances at 31 March 2012 are represented by.				
Fixed Assets	18,657	146,077	164,734	130,665
Current assets	893,089	-	893,089	872,926
Current liabilities	(904,302)	(30,968)	(935,270)	(900,383)
Defined benefit pension scheme assets	16,000	-	16,000	13,000
Total net assets	23,444	115,109	138,553	116,208

Company

Investments	1	-	1	1
Fixed assets	13,716	146,077	159,793	120,783
Current assets	750,965	-	750,965	779,778
Current liabilities	(873,459)	(30,968)	(904,427)	(858,614)
Defined benefit pension scheme assets	16,000	-	16,000	13,000
Total net assets	(92,777)	115,109	22,332	54,948

18. Non-cash donations

Equipment, services and time donated to the charity during the period have not been reflected in the financial statements. The total value of non-cash donations in the period did not exceed £10,000.

19. Controlling party

There is no controlling party as defined by Financial Reporting Standard 8.

20. Company Status

The company is a private company limited by guarantee and consequently does not have a share capital. Each member is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

21. Pension Schemes

Defined benefit pension scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, with its assets being held in Funds, overseen by Administering Authorities. Coventry Heritage and Arts Trust is a member of the fund administered by the West Midlands Metropolitan Authorities Pension Fund (WMMAPF).

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

21 Pension Schemes

Defined benefit pension schemecontinued

On 1 July 2008, employees were transferred from Coventry City Council to Coventry Heritage and Arts Trust, maintaining pension rights. However, any personal liability arising up to the date of transfer remained with Coventry City Council. Therefore in calculating the amount to be recognised in the balance sheet as at 31 March 2012, the assets and liabilities of the scheme have been taken to be £nil as at 1 July 2008.

The assets at 31 March 2012 have been based on employer and employee contributions since 1 July 2008 and liabilities at 31 March 2012 on total service cost since 1 July 2008.

All benefit payments and past service costs have therefore been assumed to relate to service before 1 July 2008.

The company has applied FRS17 (allowing for the 2006 amendment) and the following disclosures relate to this revised standard.

	2012	2011
	£	£
The amounts recognised in the balance sheet are as follows.		
Present value of funded obligations	(1,005,000)	(785,000)
Fair value of scheme assets	<u>1,021,000</u>	<u>798,000</u>
Net assets	<u>16,000</u>	<u>13,000</u>
Amounts in the balance sheet:		
Liabilities	-	-
Assets	<u>16,000</u>	<u>13,000</u>
Net assets	<u>16,000</u>	<u>13,000</u>

The pension scheme assets include no assets from the company's own financial instruments. The pension scheme assets include no property occupied by, or other assets used by the company.

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

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The amounts recognised in the statement of financial activities are as follows:	2012	2011
	£	£
Current service costs	184,000	178,000
Interest on obligation	50,000	39,000
Expected return on scheme assets	(61,000)	(49,000)
Total	<u>173,000</u>	<u>168,000</u>
Annual return on scheme assets:	25,000	(30,000)
Changes in benefit obligation are as follows:		
Opening defined benefit obligation	785,000	572,000
Current service costs	184,000	178,000
Interest cost	50,000	39,000
Actuarial (gains) / losses	(80,000)	(73,000)
Members contributions	79,000	71,000
Benefits paid	(13,000)	(2,000)
	<u>1,005,000</u>	<u>785,000</u>
Changes in plan assets are as follows:	2012	2011
	£	£
Opening fair value of scheme assets	798,000	582,000
Expected return	61,000	49,000
Actuarial gains / (losses)	(36,000)	(79,000)
Contributions by employer	132,000	177,000
Members contributions	79,000	71,000
Benefits paid	(13,000)	(2,000)
Closing fair value of scheme assets	<u>1,021,000</u>	<u>798,000</u>

The company expects to contribute £130,000 to its defined benefit pension scheme in the next financial year

The major categories of scheme assets as a percentage of total scheme assets are as follows:-

	2012	2011
	%	%
Equities/Absolute return	68.56	69.55
Government Bonds	9.79	9.77
Other Bonds	7.84	7.14
Property	12.54	11.40
Other	1.27	2.14

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

Principal actuarial assumptions at the balance sheet date (expressed as a weighted average)	2012	2011
	%	%
Discount rate used to determine benefit obligations	5.50	5.50
Rate of price inflation used to determine obligations	2.60	3.00
Discount rate used to determine pension costs	5.50	5.65
Expected return on scheme assets	6.79	6.88
Rate of price inflation used to determine net pension cost	3.00	3.60
Rate of salary increases to determine pension obligation	3.70	4.00
Rate of pension increase to determine net pension cost	3.00	3.60
Rate of pension increase to determine benefit obligation	2.60	3.00
Rate of salary increase to determine net pension cost	4.00	4.10

Mortality – current pensioners	2012 Years	2011 Years
Male life expectancy at 65	21.3	21.3
Female life expectancy at 65	24.2	24.2

Mortality – future pensioners currently aged 45

	2012 Years	2011 Years
Male life expectancy at 65	22.8	22.8
Female life expectancy at 65	25.8	25.8

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns on each asset class. The expected return on assets assumption for the portfolio. This resulted in allocation to develop to the expected long-term rate of return on asset assumption for the portfolio. This resulted in the selection of the assumptions above.

Four year history:	2012 £	2011 £	2010 £	2009 £
Benefit obligations at the end of year	(1,005)	(785,000)	(572,000)	(198,000)
Fair value of plan assets at end of year	1,021	798,000	582,000	203,000
Surplus	16,000	13,000	10,000	5,000
Difference between actual and expected return on assets	(36,000)	(79,000)	84,000	(27,000)
Percentage of scheme assets	3.5%	(9.9)%	14.40%	(13.30)%
Experience gains and (losses) on scheme liabilities	61,000	27,000	-	-
Percentage of scheme liabilities	3.1%	3.4%	0.0%	0.0%
Total amount recognised in Statement of Financial Activities	44,000	(6,000)	(28,000)	82,000
Percentage of scheme liabilities	4.4%	(0.7)%	(4.90)%	41.10%

Coventry Heritage and Arts Trust

Notes to the Financial Statements for the Year ended 31 March 2012

22. Subsidiary Company

The charity owns the whole of the issued ordinary share capital, being 1 share of £1 par value of Coventry Heritage and Arts Enterprises Limited and therefore all of the voting rights represented by those shares. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the SOFA. The total net profit is gifted to the charity. Corporate income is treated as donations. A summary of the results of the subsidiary is shown below.

	Year ended 31 March 2012 £	Period ending 31 March 2011 £
Turnover	377,658	285,598
Cost of sales	(62,159)	(56,843)
	<hr/>	<hr/>
Gross Profit	315,499	228,755
Administration expenses	(263,009)	(217,923)
Other operating income	2471	2,470
	<hr/>	<hr/>
Operating profit	54,961	13,302
	<hr/>	<hr/>
Net profit	54,961	13,302
	<hr/>	<hr/>

As at 31 March 2012, Coventry Heritage Arts & Enterprises Limited had net assets of £116,219