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# Coventry Heritage and Arts Trust

(A company limited by guarantee)

Trustees' Report and Consolidated Financial Statements

for the period ended 30 September 2013

Registered number: 06438936  
Registered charity number: 1124704

# **Coventry Heritage and Arts Trust**

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# **Coventry Heritage and Arts Trust**

## **Officers and Advisers**

Trustees and directors:	Mr N G Booker Mr M H Peachey
Secretary:	Mr N G Booker
Chief executive:	Mr G Hall
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:	Baker Tilly Audit Ltd 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 period ended 30 September 2013.

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.

# Coventry Heritage and Arts Trust

## Trustees' Report

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**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
- 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

Until 31 July 2013, the Trust had 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**

The Board has had in place appropriate policies for the induction of new trustees and for the continuing professional development of existing trustees.

### **Organisation**

The Trustees have been responsible for establishing clear goals for the Trust. The Board of Trustees administer the Trust. The Board has met on a quarterly basis or more frequently as required. Whilst all decision making was the responsibility of the whole Trust, Advisory Groups of Trustees undertook detailed scrutiny and provided considered advice to the Trust to aid decision making. These groups were the Finance & General Purpose Advisory Group, Communications & Development Advisory Group and the Human Resources Advisory Group.

The Chief Executive, appointed by the Trustees managed 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 operated one pension scheme that was affected by the provision of FRS17. A number of employees who transferred from Coventry City Council on the 1 July 2008 were 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 was charged to the income & expenditure account. New employees of the Trust were also entitled to become members of the scheme.

# Coventry Heritage and Arts Trust

## Trustees' Report

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### Relationship with other organisations

The Trust co-operated with Coventry City Council and the Arts Council in pursuit of its charitable objectives. The relationships were conducted in accordance with formal funding agreements signed annually. Coventry City Council provided services to the Trust under a service level agreement. Coventry City Council remained the principal source of funds for the Trust. Two of the Trustees were appointed by the City Council.

### 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.

During 2012 a review of the cultural facilities in Coventry was conducted by Coventry City Council and Pricewaterhouse Coopers. The facilities reviewed were the Coventry Heritage and Arts Trust (incorporating the Herbert Art Gallery & Museum, The Lunt Roman Fort and the Priory Visitor Centre) the Coventry Transport Museum Trust and the Belgrade Theatre.

A number of options were considered but the preferred option identified was a merger of Coventry Heritage and Arts Trust (CHAT) and Coventry Transport Museum (CTM) to form one new Trust. The Belgrade Theatre would continue to operate independently as there were differences in their operating model.

The review identified that by merging CHAT and CTM there could be a reduction of £393,000 per annum in Council grant and service fees representing a total saving of 16%.

The review also identified significant opportunities to reconfigure and market the offer from both organisations, perhaps working closely with Coventry Cathedral and other partners such as Holy Trinity Church and St. Mary's Guildhall to create a more coherent joint offer focusing on the social, cultural, and economic history of Coventry.

The formation of the new Trust was approved by Coventry City Council on 23rd October 2012. The Council, CHAT and CTM then started working collaboratively to establish the legal form and governance for the new company, achieve Charitable Status, seek Admitted Body Status, recruit to a newly established Board, agree a new grant aid agreement and prepare any other required due diligence. Gary Hall, the Chief Executive of CTM was appointed as the Chief Executive of the new Trust in March 2013.

Following a consultation process with staff and transfer discussions with the City Council, the new Trust, which is called Culture Coventry, was established in July 2013. As a result, the staff and assets of both the Coventry Heritage and Arts Trust and Coventry Transport Museum were officially transferred to Culture Coventry on 1<sup>st</sup> August 2013 and at the same time a Grant Aid Agreement was signed with Coventry City Council giving the Trust assurance of a fixed grant income until 2017. A new 30 year Lease was also agreed with the Council.

The final consolidated accounts contained herein therefore reflect the financial performance of Coventry Heritage and Arts Trust up to the point of transfer on 31<sup>st</sup> July 2013 and all subsequent transactions required to close the Company up to and including 30<sup>th</sup> September 2013.

### Financial review

Despite the considerable financial pressures on both the City Council and the Arts the Trust was grateful for their continued support. With this commitment, the Trustees 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 had continued success in raising alternative funds.

Since it was established the Trust has successfully developed its commercial offer, and has attracted significant on-going support for its vital community engagement work. It has focused on developing further, the potential of the buildings themselves and the resilience and sustainability of the Trust through additional commercial activity so that the people of the region continued to benefit from its facilities and bringing History & the Arts to life in Coventry.

# Coventry Heritage and Arts Trust

## Trustees' Report

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### Plans for future periods

With the establishment of Culture Coventry, the new Trust that now runs both The Herbert Museum & Art Gallery and Coventry Transport Museum, there is no longer a need for CHAT and it will be closed.

The remaining Trustees commend the work of the past Chief Executive, staff and those other trustees who served during the life of CHAT for their many successes during the year and previous years. We are sure that Culture Coventry will build on their achievements and that they will continue to make a real contribution to the cultural life of the region.

### Risk management

The Board of Trustees assessed the risks to which the Trust was exposed, particularly business, operational and financial risks. They agreed procedures and reporting regimes to manage and reduce many of the identified risks. Clear lines of delegation and authority to staff were established. Reviewing risk is a key element of governance, 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 N G Booker  
Mr M Peachey

Mr A S Khan resigned as a director on 31 July 2013.  
Ms S C Bains resigned as a director on 31 July 2013.  
Mr J A Blundell resigned as a director on 31 July 2013.  
Mr B R A Colquhoun resigned as a director on 31 July 2013.  
Ms M L Doyen resigned as a director on 31 July 2013.  
Mr K Railton resigned as a director on 31 July 2013.  
Mr P D Costigan resigned as a director on 31 July 2013.  
Ms M D Martin resigned as a director on 31 July 2013.  
Mr R A Shaw resigned as a director on 31 July 2013.  
Mr N J Stokes resigned as a director on 31 July 2013.  
Sir J Egan resigned as a director on 31 July 2013.  
Ms D J Wilson resigned as a director on 31 July 2013.

### Auditors

Prior to 30 September 2013, Baker Tilly Audit Limited traded as RSM Tenon Audit Limited.

# Coventry Heritage and Arts Trust

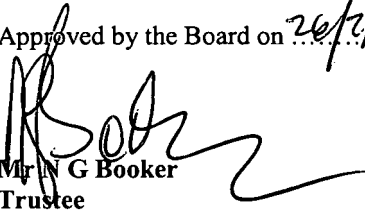
## Trustees' Report

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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 26/2/14 and signed on its behalf by:

  
Mr N G Booker  
Trustee



**Coventry Heritage and Arts Trust**  
**Independent Auditors' Report to the Trustees of Coventry Heritage and Arts Trust**  
**Period Ended 30 September 2013**

We have audited the financial statements of Coventry Heritage and Arts Trust for the period ended 30 September 2013 set out on pages 9 to 30. 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 30 September 2013, 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**  
**Period Ended 30 September 2013**

**Emphasis of matter - Going Concern**

In forming our opinion, which is not qualified with regard to going concern, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the fact that the entity transferred its trade and assets to a new entity, Culture Coventry, on 31 July 2013. This caused the entity to no longer be considered a going concern.

**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.

*Baker Tilly Audit Limited*

**Vivian Shadbolt BSc FCA**  
**Senior Statutory Auditor**

**Dated:** 28/3/14

**For and on behalf of:**  
**Baker Tilly Audit Limited**  
**Statutory Auditors**

**Charterhouse**  
**Legge Street**  
**Birmingham**  
**B4 7EU**

Prior to 30 September 2013, Baker Tilly Audit Limited traded as RSM Tenon Audit Limited.

# Coventry Heritage and Arts Trust

## Consolidated Statement of Financial Activities (including Income and Expenditure Account) for the Period Ended 30 September 2013

	Notes	Unrestricted Funds Period ended 30 September 2013 £	Restricted Funds Period ended 30 September 2013 £	Total Period ended 30 September 2013 £	Total Year ended 31 March 2012 £
<b>Incoming resources</b>					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Donations and grants	2	80,251	195,051	275,302	211,346
<i>Activities for generating funds:</i>					
Trading activities		574,305	-	574,305	380,129
Investment income	7	690	-	690	765
Incoming resources from charitable activities	4	2,248,806	561,895	2,810,701	2,315,710
<b>Total incoming resources</b>		<b>2,904,052</b>	<b>756,946</b>	<b>3,660,998</b>	<b>2,907,950</b>
<b>Resources expended</b>					
<i>Cost of generating funds:</i>					
Trading activity cost of sales	22	65,156	-	65,156	62,159
Trading activity administrative costs	22	217,313	-	217,313	218,422
Charitable activities	5	2,572,680	614,400	3,187,080	2,622,589
Governance costs	5	14,129	-	14,129	26,435
<b>Total resources expended</b>		<b>2,869,278</b>	<b>614,400</b>	<b>3,483,678</b>	<b>2,929,605</b>
<b>Net incoming resources before other recognised gains</b>		<b>34,774</b>	<b>142,546</b>	<b>177,320</b>	<b>(21,655)</b>
<b>Actuarial (deficit) / gain on defined benefit scheme</b>		<b>(38,000)</b>	<b>-</b>	<b>(38,000)</b>	<b>44,000</b>
<b>Net movement in funds</b>		<b>(3,226)</b>	<b>142,546</b>	<b>139,320</b>	<b>22,345</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		23,444	115,109	138,553	116,208
Transfer to Coventry City Council of Heritage Assets		(31,930)	(168,922)	(200,852)	-
Transfer at 31 July 2013 to Culture Coventry		11,712	(88,733)	(77,021)	-
<b>Total funds carried forward</b>	16	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,553</b>

Incoming resources and resources expended are in respect of discontinued activities.

The notes on pages 12 to 30 form part of the statutory financial statements

**Coventry Heritage and Arts Trust**  
(Registration number : 06438936)

**Consolidated Balance Sheet as at 30 September 2013**

		£	2013 £	£	2012 £
	Note				
<b>Fixed Assets</b>					
Tangible fixed assets	11	-		18,657	
Heritage assets	12	-		<u>146,077</u>	
			-		164,734
<b>Current assets</b>					
Stock		-		20,520	
Debtors	13	-		625,411	
Cash at bank and in hand		-		<u>247,158</u>	
				893,089	
<b>Creditors: Amounts falling</b>					
Due within one year	14	-		<u>(935,270)</u>	
<b>Net current liabilities</b>			-		(42,181)
			-		
<b>Net assets excluding pension asset</b>			-		122,553
Defined benefit pension scheme asset	21		-		<u>16,000</u>
<b>Net assets</b>			-		138,553
			-		
<b>Represented by</b>					
Unrestricted funds			-		23,444
Restricted funds			-		<u>115,109</u>
<b>Total funds</b>	16		-		<u>138,553</u>

These financial statements were approved on 26/3/14

and signed on its behalf by:

  
Mr N G Booker  
Trustee

The notes on pages 12 to 30 form part of the statutory financial statements

**Coventry Heritage and Arts Trust**  
(Registration number : 06438936)

**Charity Balance Sheet as at 30 September 2013**

		£	2013 £	£	2012 £
	Note				
<b>Fixed Assets</b>					
Tangible fixed assets	11	-		13,716	
Heritage assets	12	-		146,077	
Investments	22	-		1	
			-	<u>1</u>	159,794
<b>Current assets</b>					
Debtors	13	-		659,051	
Cash at bank and in hand		-		91,914	
				<u>750,965</u>	
<b>Creditors: Amounts falling</b>					
Due within one year	14	-		<u>(904,427)</u>	
<b>Net current liabilities</b>			-		(153,462)
<b>Net assets excluding pension asset</b>			-		6,332
Defined benefit pension scheme asset	21		-		16,000
<b>Net assets</b>			-		22,332
<b>Represented by</b>					
Unrestricted funds			-		(92,777)
Restricted funds			-		115,109
<b>Total funds</b>	16		-		22,332

These financial statements were approved on

26/7/14

and signed on its behalf by:

  
Mr N G Booker  
Trustee

The notes on pages 12 to 30 form part of the statutory financial statements

## **Coventry Heritage and Arts Trust**

### **Notes to the Financial Statements for the Period ended 30 September 2013**

#### **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 includes its subsidiary undertaking Coventry Heritage and Arts Enterprises Limited to 31 July 2013, when the trade and assets were transferred in Culture Coventry. 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 entity transferred trade and assets to a new entity, Culture Coventry, on 31 July 2013. This caused the entity to no longer be considered a going concern.

##### **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. Income has been recognised to 31 July 2013; the point at which it was transferred into Culture Coventry.

##### **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. Investments were transferred out of the entity with the other assets belonging to the entity at 31 July 2013.

## Coventry Heritage and Arts Trust

### Notes to the Financial Statements for the Period ended 30 September 2013

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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

Tangible fixed assets were transferred out of the entity with the other assets belonging to the entity at 31 July 2013.

#### **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.

Heritage assets were transferred out of the entity with the other assets belonging to the entity at 31 July 2013.

#### **Stock**

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

Stock was transferred out of the entity with the other assets belonging to the entity at 31 July 2013.

#### **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.

Expenditure has been included in these Financial Statements to the point of transfer on 31 July 2013.

#### **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.

Operating lease commitments were transferred with other assets belonging to the entity on 31 July 2013.

#### **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 is 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 is 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

## Coventry Heritage and Arts Trust

### Notes to the Financial Statements for the Period ended 30 September 2013

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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.

Pension scheme assets and liabilities were transferred with other assets and liabilities belonging to the entity on 31 July 2013.

#### 2. Donations and grants – voluntary income

	Period ending 30 September 2013		Year ended 31 March 2012	
	£	£	£	£
Unrestricted:				
Individual donations	16,014		21,466	
Grants	<u>64,237</u>		<u>30,256</u>	
		80,251		51,722
Restricted:				
Grants		195,051		159,624
		<u>275,302</u>		<u>211,346</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	Restricted Funds	Total Funds	Total Funds
	Period ending 30 September 2013	Period ending 30 September 2013	Period ending 30 September 2013	Year ending 31 March 2012
	£	£	£	£
MLA Funding	-	-	-	462,513
ACE Funding	-	447,624	447,624	-
Coventry City Council funding	2,198,361	-	2,198,361	1,696,684
Other funding	50,445	114,271	164,716	156,513
	<u>2,248,806</u>	<u>561,895</u>	<u>2,810,701</u>	<u>2,315,710</u>



# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../continued

### 5. Total resources expended

	Grants& donations (restricted)	ACE funding (restricted)	Other Funding (restricted)	Other funding	Governance	2013 Total	2012 Total
Costs directly allocated to charity activities	£	£	£	£	£	£	£
Staff costs	-	253,115	85,554	1,829,230	-	2,167,899	1,883,748
Premises	-	9,439	-	111,461	-	120,900	146,968
Office expenses	-	3,795	-	267,666	-	271,461	195,333
General expenses	42,665	99,488	-	72,913	-	215,066	138,650
Event / exhibition costs	96,987	4,366	-	95,721	-	197,074	130,745
Project costs	-	-	-	68,799	-	68,799	63,218
Audit fees	-	-	-	-	8,000	8,000	8,000
Legal & professional	-	-	-	-	6,129	6,129	19,422
Advertising & Marketing	3,451	15,540	-	137,426	-	156,417	73,189
Bank charges	-	-	-	1,429	-	1,429	791
Interest payable	-	-	-	(11,965)	-	(11,965)	(11,040)
<b>Total resources expended</b>	<b>143,103</b>	<b>385,743</b>	<b>85,554</b>	<b>2,572,680</b>	<b>14,129</b>	<b>3,201,209</b>	<b>2,649,024</b>

Expenditure is allocated based on actual costs incurred in relation to each activity, with the exception of staff costs, which are apportioned based on time spent.

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

### 6. Net outgoing resources for the period

Net outgoing resources for the period are stated after charging:

	Period ending 30 September 2013 £	Year ending 31 March 2012 £
Auditors' remuneration - non audit services	1,000	1,000
Auditors' remuneration - audit services	7,000	7,000
	<hr/>	<hr/>

### 7. Investment income

	Period ending 30 September 2013 £	Year ending 31 March 2012 £
Other interest	690	765
	<hr/>	<hr/>
	690	765
	<hr/>	<hr/>

### 8. Interest payable and similar charges

	Period ending 30 September 2013 £	Year ending 31 March 2012 £
Expected return on pension scheme assets	(66,000)	(61,000)
Pension scheme finance costs	54,000	50,000
	<hr/>	<hr/>
Pension scheme finance costs	(12,000)	(11,000)
	<hr/>	<hr/>

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

### 9. Employee information

#### Staff costs

	Period ending 30 September 2013 £	Year ending 31 March 2012 £
Wages and salaries	1,773,656	1,516,946
Social security costs	111,192	135,771
Pension contributions	172,589	118,260
Redundancy costs	110,462	60,771
	<u>2,167,899</u>	<u>1,831,748</u>

Average number of employees (excluding trustees) employed during the period, prior to the date of transfer:

	Number 2013	Number 2012
CEO	1	1
Media	6	6
Finance and admin	4	7
Project staff	11	13
Herbert museum	47	66
History staff	8	9
Lunt museum	6	4
Priory visitors centre	4	4
Project: Collecting Cultures	-	1
	<u>87</u>	<u>111</u>

Included within the above figures are part time employees.

There was one employee during the period prior to transfer 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 period.

### 10. Parent's unconsolidated deficit

The Charity has taken advantage of section 408 of the Companies Act 2006 from presenting its unconsolidated income and expenditure account. The unconsolidated surplus of Coventry Heritage and Arts Trust was £139,320 (2012: deficit £35,616).

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../continued

### 11. Tangible Fixed Assets

#### Group

	IT Equipment £
<b>Cost</b>	
Cost 1 April 2012	34,080
Additions	5,961
Transfers	(40,041)
As at 30 September 2013	-
<b>Depreciation</b>	
As at 1 April 2012	15,423
Charge for year	16,151
Transfers	(31,574)
As at 30 September 2013	-
<b>Net Book Value</b>	
As at 30 September 2013	-
As at 1 April 2012	18,657

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../continued

### Company

### IT Equipment £

#### Cost

As at 1 April 2012	19,257
Additions	5,961
Transfers	(25,218)
As at 30 September 2013	-

#### Depreciation

As at 1 April 2012	5,541
Charge for period	11,210
Transfers	(16,751)
As at 30 September 2013	-

#### Net Book Value

As at 30 September 2013	-
As at 1 April 2012	13,716

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../continued

### 12. Heritage Assets

Group	Artworks £
Cost and net book value at 1 April 2012	146,077
Additions	54,775
Disposals	-
Transfers	(200,852)
Cost and net book value at 30 September 2013	-

Charity	Artworks £
Cost and net book value at 1 April 2012	146,077
Additions	54,775
Disposals	-
Transfers	(200,852)
Cost and net book value at 30 September 2013	-

Additions in the period ended 30 September 2013 comprise:

Five year financial summary of heritage asset transactions	Period ended 30 September 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Period ended 31 March 2009
Additions:					
Purchases	54,775	33,948	112,129	-	-
Donations	-	-	-	-	-
Total additions	54,775	33,948	112,129	-	-
Disposals	-	-	-	-	-
Transfers	(200,852)	-	-	-	-

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 Council. It is intended that the legal title of these assets will transfer in accordance with the collections agreement.

Heritage assets were transferred to Coventry City Council under the acquisition and disposal policy for museum, archives and local history collections.

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../continued

### 13. Debtors

	Group		Company	
	Period ending 30 September 2013 £	Year ending 31 March 2012 £	Period ending 30 September 2013 £	Year ending 31 March 2012 £
<b>Amounts falling due within one year</b>				
Trade debtors	-	606,798	-	519,705
Other debtors and prepayments	-	18,613	-	18,613
Amounts owed by group undertakings	-	-	-	120,733
	<u>-</u>	<u>625,411</u>	<u>-</u>	<u>659,051</u>

All balances at 31 July 2013 were transferred to Culture Coventry see note 23.

### 14. Creditors: Amounts falling due within one year

	Group		Company	
	Period ending 30 September 2013 £	Year ending 31 March 2012 £	Period ending 30 September 2013 £	Year ending 31 March 2012 £
<b>Amounts falling due within one year</b>				
Trade creditors	-	94,605	-	81,216
Social security and other taxes	-	208,814	-	196,958
Other creditors	-	34,294	-	34,294
Accruals and deferred income	-	597,557	-	591,959
	<u>-</u>	<u>935,270</u>	<u>-</u>	<u>904,427</u>

All balances at 31 July 2013 were transferred to Culture Coventry see note 23.

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../continued

### 15. Financial commitments

#### Group and Company

#### Operating lease commitments

At 30 September 2013 the group and charitable company had annual commitments under non-cancellable operating leases as follows:

	Group		Company	
	Period ending 30 September 2013 £	Year ending 31 March 2012 £	Period ending 30 September 2013 £	Year ending 31 March 2012 £
<b>Land and buildings</b>				
Expiring within two to five years	-	11,750	-	11,750
Expiring over five years	-	4	-	4
	<u>-</u>	<u>11,754</u>	<u>-</u>	<u>11,754</u>

All operating lease commitments were transferred out of the entity on 31 July 2013.



# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

### 16. Reconciliation of movements in funds

Group	At 1 April 2012	Incoming resources	Outgoing resources	Actuarial loss on defined benefit pension scheme	Transfer of Heritage Assets (note12)	Transfer to Culture Coventry
	£	£	£	£	£	£
<b>Restricted funds</b>						
Donations and grants	115,109	195,051	(143,103)	-	(103,397)	(63,660)
Other funding	-	114,271	(85,554)	-	(28,717)	-
MLA/ACE Funding	-	447,624	(385,743)	-	(36,808)	(25,073)
	<u>115,109</u>	<u>756,946</u>	<u>(614,400)</u>	<u>-</u>	<u>(168,922)</u>	<u>(88,733)</u>
<b>Unrestricted funds</b>						
General	7,444	2,904,052	(2,844,278)	-	(31,930)	(35,288)
Pension fund reserve	16,000	-	(25,000)	(38,000)	-	47,000
<b>Total funds</b>	<u>138,553</u>	<u>3,660,998</u>	<u>(3,483,678)</u>	<u>(38,000)</u>	<u>(200,852)</u>	<u>(77,021)</u>

Company	At 1 April 2012	Incoming resources	Outgoing resources	Actuarial loss on defined benefit pension scheme	Transfer of Heritage Assets (note 12)	Transfer to Culture Coventry
	£	£	£	£	£	£
<b>Restricted funds</b>						
Donations and grants	115,109	195,051	(143,103)	-	(103,397)	(63,660)
Other funding	-	114,271	(85,554)	-	(28,717)	-
MLA/ACE Funding	-	447,624	(385,743)	-	(36,808)	(25,073)
	<u>115,109</u>	<u>756,946</u>	<u>(614,400)</u>	<u>-</u>	<u>(168,922)</u>	<u>(88,733)</u>
<b>Unrestricted funds</b>						
General	(108,777)	2,621,583	(2,561,809)	-	(31,930)	80,933
Pension fund reserve	16,000	-	(25,000)	(38,000)	-	47,000
<b>Total funds</b>	<u>22,332</u>	<u>3,378,529</u>	<u>(3,201,209)</u>	<u>(38,000)</u>	<u>(200,852)</u>	<u>39,200</u>

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

### Funds made up of:

		Total Period ending 30 September 2013 £	Total Year ending 31 March 2012 £
<i>Donations and grants:</i>			
Donations & Donation boxes	Donations	120,253	21,466
<i>Unrestricted Grants:</i>			
29 <sup>th</sup> May 1961 Trust		15,000	15,000
Various Trusts		5,170	15,256
		20,170	30,256
Heritage lottery fund	HLF Football	11,182	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	10,000
Esmee Fairbairn	Getting involved project	40,000	40,000
Arts Council	George Shaw painting	-	23,330
Arts Council Lottery	Through Other Eyes	5,495	5,511
NHL Fund & Art Fund	Collecting Cultures	24,189	27,330
Art Fund	George Shaw painting	5,000	10,000
Henry Moore Foundation	Secret Egypt	-	4,731
Museum Association	Effective Collections	-	8,638
Various purchases of Heritage Assets		-	1,117
Henry Moore Foundation	Matthew Picton	4,000	-
Arts Council	Dinosaur Exhibition	12,182	-
Various	Media Equipment	6,646	-
Alan Edward Higgs Charity	Getting involved project	10,000	-
EU funding	Count me in project	9,777	-
Arts Council GFA	Kennard Phillips	9,854	-
Arts Council England	Museums for Schools	23,027	-
BBC	Your Paintings Fund	12,000	-
Various	Grants under £1,000	11,699	-
		195,051	159,624

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

### 17. Analysis of group net assets between funds

Group	Unrestricted Funds	Restricted Funds	Total	Total
	Period ending 30 September 2013	Period ending 30 September 2013	Period ending 30 September 2013	Year ending 31 March 2012
	£	£	£	£
<b>Fund balances at 31 September 2013 are represented by:</b>				
Fixed Assets	-	-	-	164,734
Current assets	-	-	-	893,089
Current liabilities	-	-	-	(935,270)
Defined benefit pension scheme assets	-	-	-	16,000
Total net assets	-	-	-	138,553
<b>Company</b>				
Investments	-	-	-	1
Fixed assets	-	-	-	159,793
Current assets	-	-	-	750,965
Current liabilities	-	-	-	(904,427)
Defined benefit pension scheme assets	-	-	-	16,000
Total net assets	-	-	-	22,332

### 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 Period ended 30 September 2013

### 21. Pension Schemes

#### Defined benefit pension scheme ...../continued

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 30 September 2013, the assets and liabilities of the scheme have been taken to be £nil as at 1 July 2008.

The assets at 30 September 2013 have been based on employer and employee contributions since 1 July 2008 and liabilities at 30 September 2013 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.

	Period ending 30 September 2013	Year ending 31 March 2012
	£	£
The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(1,283,000)	(1,005,000)
Fair value of scheme assets	1,236,000	1,021,000
Net (liabilities)/assets	(47,000)	16,000
Transfer to Culture Coventry	47,000	-
Amounts shown in balance sheet:	-	16,000

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.

The pension scheme assets were transferred out of the entity to Culture Coventry on 31 July 2013.

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

The amounts recognised in the statement of financial activities are as follows:

	Period ending 30 September 2013	Year ending 31 March 2012
	£	£
Current service costs	150,000	184,000
Interest on obligation	54,000	50,000
Expected return on scheme assets	(66,000)	(61,000)
Effect of Curtailments	8,000	-
Total	<u>146,000</u>	<u>173,000</u>

Annual return on scheme assets: 131,000 25,000

Changes in benefit obligation are as follows:

Opening defined benefit obligation	1,005,000	785,000
Current service costs	150,000	184,000
Interest cost	54,000	50,000
Actuarial losses / (gains)	102,000	(80,000)
Members contributions	70,000	79,000
Curtailments	8,000	-
Benefits paid	(106,000)	(13,000)
	<u>1,283,000</u>	<u>1,005,000</u>

Changes in plan assets are as follows:

	Period ending 30 September 2013	Year ending 31 March 2012
	£	£
Opening fair value of scheme assets	1,021,000	798,000
Expected return	66,000	61,000
Actuarial gains / (losses)	64,000	(36,000)
Contributions by employer	121,000	132,000
Members contributions	70,000	79,000
Benefits paid	(106,000)	(13,000)
Closing fair value of scheme assets	<u>1,236,000</u>	<u>1,021,000</u>

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

	Period ending 30 September 2013	Year ending 31 March 2012
	%	%
Equities/Absolute return	42.10	68.56
Government Bonds	9.00	9.79
Other Bonds	7.80	7.84
Property	9.00	12.54
Other	2.20	1.27

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

Principal actuarial assumptions at the balance sheet date (expressed as a weighted average)	Period ending 30 September 2013 %	Year ending 31 March 2012 %
Discount rate used to determine benefit obligations	4.40	5.50
Rate of price inflation used to determine obligations	2.40	2.60
Expected return on scheme assets	5.85	6.79
Rate of salary increases to determine pension obligation	2.40	3.70
Rate of pension increase to determine benefit obligation	2.40	2.60

Mortality – current pensioners	Period ending 30 September 2013 Years	Year ending 31 March 2012 Years
Male life expectancy at 65	22.1	21.3
Female life expectancy at 65	24.8	24.2

### Mortality – future pensioners currently aged 45

	Period ending 30 September 2013 Years	Year ending 31 March 2012 Years
Male life expectancy at 65	23.9	22.8
Female life expectancy at 65	26.7	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.

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

Five year history:	Period ending 30 September 2013	Year ending 31 March 2012	Year ending 31 March 2011	Year ending 31 March 2010	Year ending 31 March 2009
	£	£	£	£	£
Benefit obligations at the end of year	(1,283,000)	(1,005,000)	(785,000)	(572,000)	(198,000)
Fair value of plan assets at end of year	1,236,000	1,021,000	798,000	582,000	203,000
(Deficit) / Surplus	(47,000)	16,000	13,000	10,000	5,000
Difference between actual and expected return on assets	(19,000)	(36,000)	(79,000)	84,000	(27,000)
Percentage of scheme assets	1.5%	3.5%	(9.9)%	14.40%	(13.30)%
Experience gains and (losses) on scheme liabilities	66,000	61,000	27,000	-	-
Percentage of scheme liabilities	5.1%	3.1%	3.4%	0.0%	0.0%
Total amount recognised in Statement of Financial Activities	38,000	44,000	(6,000)	(28,000)	82,000
Percentage of scheme liabilities	3.0%	4.4%	(0.7)%	(4.90)%	41.10%

### 22. Subsidiary Company

The charity owned 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, until 31 July 2013, when this was transferred into Culture Coventry. The subsidiary was used for non-primary purpose trading activities. All activities have been consolidated to the transfer date on a line by line basis in the SOFA. The net profit to this date is gifted to the charity. Corporate income is treated as donations. A summary of the results of the subsidiary is shown below:

	Period ended 31 July 2013 £	Year ending 31 March 2012 £
Turnover	574,305	377,658
Cost of sales	(65,156)	(62,159)
Gross profit	509,149	315,499
Administration expenses	(217,313)	(218,422)
Other operating income	870	2,471
Operating profit	292,706	99,548
Less Gift aid payments made	(292,706)	(44,587)
Net profit for the period	-	54,961

# Coventry Heritage and Arts Trust

## Notes to the Financial Statements for the Period ended 30 September 2013

...../ continued

As at 31 July 2013, Coventry Heritage Arts & Enterprises Limited had net assets of £116,219 (2012: £116,219).

### 23. Transfer of Activities

On 31 July 2013 the charity's trade, assets and liabilities were transferred to Culture Coventry, a registered charity and Company limited by guarantee.

A summary of assets and liabilities transferred by the charity were as follows:

	£	£
Tangible fixed assets		8,467
Investments		1
		<hr/> 8,468
Current Assets		
Debtors	170,598	
Cash at Bank	51,409	
	<hr/>	
	222,007	
Creditors: amounts due within one year	(222,675)	
	<hr/>	(668)
		<hr/>
Pension Liability		7,800
		(47,000)
		<hr/>
Net Liabilities Transferred		39,200
		<hr/>