

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

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**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY,
ITS TRUSTEES AND ADVISERS**

FOR THE YEAR ENDED 31 MARCH 2009

Trustees

Dr John Bridge, Chairman
Philip Deakin
Richard Middleton
The Duchess of Northumberland
Sir John Riddell Bt.
Lord Stevens of Kirkwhelpington

Company registered number
04584694

Charity registered number
1095435

Registered office
1 St James' Gate
Newcastle upon Tyne
NE99 1YQ

Principal operating address
The Alnwick Garden
Denwick Lane
Alnwick
Northumberland
NE66 1YU

Company secretary
WB Company Secretaries Ltd

Chief executive officer
John Lovett

Auditors
Ryecroft Glenton
Chartered Accountants &
Registered Auditors
32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

Bankers
Bank of Scotland
41-51 Grey Street
Newcastle upon Tyne
NE1 6EE

Barclays Bank
PO Box 36
Morpeth
Northumberland
NE61 3YY

Solicitors
Watson Burton LLP
1 St James' Gate
Newcastle upon Tyne
NE99 1YQ

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2009**

The Trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements of The Alnwick Garden Trust (the charitable company) for the year ended 31 March 2009. The Trustees confirm that the annual report and financial statements of the charitable company comply with current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

The charitable company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 29 October 2002. The charitable company is constituted under its Memorandum of Association and is a registered charity (number 1095435).

The principal objects of the charitable company as stated in the Memorandum of Association are the acquisition, preservation and improvement for the benefit of the public of places of historical or archaeological interest or of natural or cultivated beauty in the County of Northumberland and the provision of ready access to them by the public; and the advancement of the education of the public through such means as The Trustees think fit in accordance with the Law of Charity. The charitable company is fulfilling its charitable objectives through the development of The Alnwick Garden.

b. Method of appointment or election of Trustees

The management of the charitable company is the responsibility of the Trustees. Trustees are appointed by Members of the Trust at the Trust's annual general meeting.

The Trustees hold no shares in the charitable company but each Trustee, as a member, is a guarantor of the charitable company to an amount not exceeding £1 in the event of the charitable company being wound up.

c. Policies adopted for the induction and training of Trustees

The Trustees have established a procedure to ensure all new Trustees receive a full induction on appointment to the Board.

d. Organisational structure and decision making

The charitable company is responsible for the development of The Garden. It has delegated the management of the other day to day charitable activities of The Garden to its subsidiary company, Alnwick Garden Enterprises Limited. The charitable company is the sole member of Alnwick Garden Enterprises Limited and has the power to appoint or remove directors of that company.

The charitable activities of the subsidiary company involve dealing with admissions of visitors to The Garden, maintenance and preservation of The Garden's plants, encouragement of the arts within The Garden and education of the general public. In addition to performing these charitable functions, the subsidiary company performs some non-charitable retailing, catering and events activities. In total the non-charitable activities are self-financing and are carried out to support the development of The Garden to the public and to assist in keeping admission prices to The Garden to a minimum.

**THE ALNWICK GARDEN TRUST
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TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

The day-to-day running of the charitable company and its subsidiary company is delegated to appropriate members of staff and to the directors of the subsidiary company. Trustees exercise financial control over the activities of the subsidiary company by means of an agreed Annual Budget, substantial variations thereto having to be agreed in advance. Trustees meet quarterly to review the activities of the charitable company and its subsidiary. Between these meetings, Trustees are informed on a monthly basis of actual performance of the subsidiary.

OBJECTIVES AND ACTIVITIES

a. Policies and objectives

The vision of The Alnwick Garden is to ensure that everyone has the opportunity to experience, explore, enjoy, consider and value their natural and cultural environment through contact with The Alnwick Garden in ways that have personal meaning.

The mission of The Alnwick Garden is to develop The Garden into a transformational cultural project which will dramatically change the cultural environment for the better and to help people transform their conceptions, expectations and aspirations and that of our communities through six areas:

- Learning and Skill Development;
- Access and Activity addressing disabilities;
- Play;
- Promoting activity as a means to improving quality of life for all;
- Experience of the Arts; and
- Economic Renaissance

b. Strategies for achieving objectives

The goals of The Alnwick Garden are to:

- be a unique, contemporary, public garden of world standard;
- welcome visitors of all ages and abilities, 364 days of the year;
- contribute to the economic renaissance of Alnwick and the North East;
- stimulate the imagination and curiosity of visitors and foster aesthetic, scientific, recreational, naturalistic and humanistic values;
- offer an excellent resource for activity, skill development, learning and exploration;
- widen opportunities for young people to play;
- engage people in a broad range of arts;
- be economically sustainable as one of the UK's top visitor attractions whilst ensuring price does not prevent access;
- create a bold and imaginative, modern experience through the integration of technology, horticulture, architecture, civil engineering and art, of the highest standard; and
- operate in an environmentally responsible manner.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

c. Activities for achieving objectives

Primarily the charitable company achieves its objectives through the provision of visits to The Alnwick Garden by the public. Apart from developing the infrastructure within The Garden the charitable company actively encourages visits to The Alnwick Garden through extensive marketing. Admissions pricing is maintained at affordable levels to encourage visits. A 'Friends' scheme is used to encourage regular and repeat visits. The Garden offers much to its visitors beyond just a day visit. Both Arts and Education programmes are important to the delivery of charitable objectives and the enhancement of the visitor experience. The Garden also runs other programmes to deliver other key objectives. These include Roots & Shoots, Healthy Eating and Elderberries (older people) projects.

Prior to the start of the year under review Alnwick Garden Enterprises Ltd created a marketing strategy to maximize visitor numbers. Plans were also put in place to maximize the conversion of secondary spend from visitors.

The charitable company maintains a Fundraising department in order to raise the necessary capital funding to complete the full development of the project and fund the establishment of the aforementioned revenue projects. The charitable company has adopted financial and funding strategies to permit current capital and revenue projects to proceed. A priority for the year under review was to maximize the receipt of unrestricted funds in order to reduce short-term debt.

ACHIEVEMENTS AND PERFORMANCE

a. Review of activities

This year saw the completion of the Cherry Orchard and it was officially handed over by the contractors, Sir Robert McAlpine on 10th June 2008. It was open to the public from August and the official opening of the Orchard took place on 2nd May 2009. A number of funding applications had been made to support various activities in the weeks leading up to the official opening finalising in a wonderful Japanese dance celebration of the awakening of the blossom.

Fundraising for the year proved to be successful and support was provided from two major donors which was most welcome, given the downturn in the economy. Charitable giving through all channels has fallen this year and the general consensus across the sector is that fundraising will become more difficult for the time being.

During the year The Garden welcomed a total of 457,943 site visitors of whom 341,475 were ticketed visitors. This was less than the previous year which finished on 599,969. The main 2008 visitor season was very disappointing mostly due to the extremely poor weather throughout the whole summer period. The start of the economic recession and the increased cost of petrol also had a negative impact. The shoulder months from October to December were strong especially within the school holiday periods. Halloween activities in The Garden were well attended and the Christmas shopping experience proved a popular pull for visitors. Visitors in January were 7% ahead of budget. Overall visitor numbers finished the year well below budget and, as a result, this had a most significant impact on the financial results of both The Alnwick Garden Trust and Alnwick Garden Enterprises Ltd despite cost saving measures having been introduced during the year. As a result of last years results the current year business plan has been put together using very conservative assumptions and new strategies have been put in place to maximise revenues and reduce costs.

**THE ALNWICK GARDEN TRUST
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TRUSTEES' REPORT – CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

Independent surveys still show similar trends to past years for 2008. During the year under review:

- 74,950 children visited the garden
- At least 71% of all parties to the garden did not include children.
- The mean age of visitors at 50 was the same as in the two previous years.
- Average party size has remained at 2.82.
- 16% of visitors had or were visiting with people with a disability or long term illness.
- 51% of visitors were from outside the North East Region.

Public Benefit

From 2009 The Charities Act 2006 requires Trustees to report on their charity's public benefit. The Trustees have had due regard to the guidance published by the Charity Commission on public benefit. The charitable purposes referred to in the new legislation that apply to the charitable company are:

- The advancement of education;
- The advancement of health or the saving of lives;
- The advancement of citizenship or community development;
- The advancement of the arts, culture, heritage or science;
- The advancement of environmental protection or improvement;
- The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage.

A summary of those public benefits provided during the year under review that are recorded is as follows:

Revenue and Community projects

The Alnwick Garden run a number of community based charitable activities which are extremely popular and are well supported. The activities make use of the unique spaces within the Garden and its nurturing, supportive culture to make as much of a difference to people as possible. The organisation raises revenue funds from grant-making trusts, the Lottery, statutory bodies, individuals and other sources to run these projects. The community programme development team was radically 'downsized' through redundancies in June and with the economic downturn grant funding was difficult to secure. However the current manager has still achieved remarkable results with the charitable programmes by being 'thrifty' and working with a 'make & mend' attitude. The main programmes in 2008/09 are listed below.

Elderberries Older People's Programme

The Alnwick Garden Elderberry Project reaches out to older people who are at risk of social exclusion because of geographical, financial or disability issues. Elderberries have 535 individual members and 17 organisational members. The total attendance at Elderberry events was 2,194.

Activities this year have included:

Health & well being which took the form of monthly tea dances, salsacise, foot-care, aromatherapy, head and hand massage, complementary therapies, health walks, and opportunities for older people to meet new friends with a monthly coffee and cake session.

Education centred around garden talks, practical gardening, advice on advocacy, genealogy, local history and involvement in Ragroof Theatre production called Shall We Dance.

Craft classes included stained glass workshops, lantern making and silk painting. The stained glass workshop was a collaborative project between the elderberries and the Gallery Youth Club in Alnwick. This project saw the creation of a beautiful a stained glass window, depicting My Northumberland, which was installed in The Alnwick Garden for three months.

**THE ALNWICK GARDEN TRUST
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TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

Community involvement has gathered momentum this year; we have worked with The Comfrey Project from Newcastle to bring together older asylum seekers and refugees interested in gardening. The Gallery Youth Project, bringing young women to work with Elderberries on a joint inter-generational project. We have made firm partnerships with Rural Access and Carers Northumberland. Northumberland School Music Association has brought talented young people to entertain and meet older people. We have extended our group activities to include various residential and sheltered housing associations using the Ragroof Theatre Company as a catalyst, this project brought people of all ages together.

The full time Elderberries Manager left in June 2008 and it was decided to appoint an interim project worker who took up post in July under the direction of the learning programme manager. The Project has gone from strength to strength with the dynamic approach of the interim project worker.

The Monthly tea dances finished in February 2009 as continued funding became an issue. The substantial cost of hiring the dance floor, paying for a live band, paying a dance floor leader and covering the cost of afternoon tea could not be passed on to the Elderberry dancers, to break even the actual cost would be over £12 per person. We are keen to find a funding solution that would enable us to bring the tea dances back to The Alnwick Garden.

Arts Programme

This broad programme includes everything from small-scale project work to large ticketed evening events, and frequently includes the participation and involvement of disadvantaged groups from the wider community such as disabled young people or older people. We were lucky enough in 2008/09 to have Heritage Lottery support for our arts programme. The performances and workshops related to My Northumberland and celebrated the heritage and traditions of local communities. The *DNA Theatre Company* took audiences on a journey back in time to explore the historical events that shaped our country; over 300 people took part in this spectacular puppet play. *Lets Circus* brought young people from Morpeth High School to entertain visitors with their new circus skills; this was a very popular family workshop with over 600 people of all ages and abilities taking part. In June 50 children took part in *Don Pasquale* performed by Garden Opera, they played to over 200 people. In July we started working with Ragroof Theatre Company on an outdoor performance of *Shall We Dance*. The actors told the story of social dance from 1920 to 1960's by collecting local people's memories of their dancing days. We visited old people's homes, Over 60's groups and talked to visitors in The Garden. Local people's memories were recorded and used as the background for the actual performance. The actors worked with members of the Elderberries and pupils from Lindisfarne Middle School to teach dance sequences for the actual performance. Over 50 community members took part in the project, 500 people saw the shows. 100 people attended our evening tea dance under the stars. The Arts Officers post was made redundant in July 2008 so the arts programme continued under the direction of the Learning Programme Manager with support from project workers and volunteers.

Workshops and education outputs The Garden's arts programme uses participation in the arts as a route to learning and physical well being. Learning opportunities are offered through participation in a wide range of arts related workshops and during the year there were 59 workshops and 3 public performances with approximately 5,000 participants.

Visual Arts this year has consisted of 5 very different exhibitions. *Northern Spirituality* an outdoor exhibition by students from Newcastle College Fine Art Department, Artist in residence, *Mick Oxley* with work from Lindisfarne Middle School, a children's art exhibition for *Alnwick in Bloom*, *Momentum* a study of dance by local artist Tony Murray and a very successful exhibition by work from *HMP Acklington* showcasing the artwork from prisoners. The artwork was subsequently sold to raise money for charity.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

During this year 49,867 visitors took part in the programme, there were 2,500 workshop participants and 62 opportunities for artists.

Community The arts programme has involved local communities as audiences, participants and performers. We have presented a programme of community choirs as well as creating a platform for local performance groups. Community groups have also accessed The Garden as a resource to support their work - e.g. camera clubs, artist networks, and dance groups.

Special Projects:

Dora Frankel Contemporary Dance Company, 10 participants with an audience of 70.

Garden Opera Don Pasquale, 50 pupils from the Dukes Middle School in Alnwick worked with members of the Garden Opera Company to perform on stage.

Ragroof Theatre Company Shall We Dance (see above).

Thrift and Thread Elderberries dance project with 15 participants.

Life after Life Pupils from Queen Elizabeth High School Hexham perform at the Opening of the Cherry Blossom Festival with professional dancer Apple Xang, 100 pupils watched the performance of Life after Life in The Alnwick Garden, 120 took part in dance workshops in school and 75 people watched the performance.

Treehouse music has changed to once a month rather than every week as a result of budget constraints.

Education Programme

The Alnwick Garden has built up a very strong reputation for its education programme, and this year this programme has been further strengthened through the success of the Roots & Shoots initiative which started in 2007. Activities range from family-friendly open days to structured learning programmes for school groups and teachers.

Key achievements were:

- The Poison Garden - A total of 176,500 people joined guided tours during the year and learnt about Drug awareness.
- During the year 4,728 school children visited The Garden and took part in educational activities.
- There are now 17 community Academy schools enabling local children to make repeat visits throughout the year.
- Coffee and Crayons is a regular monthly event for parents, carers and children and goes from strength to strength, last year it created over 495 learning opportunities.
- Playweek welcomed 1,350 children to participate in play activities.
- Science Month participants totaled 2,500 with a further 700 learning opportunities in Super Science a three day workshop for schools held in October.
- Launch of Math's Challenge Guinness Book of Records for holder for the largest number of children doing a math's puzzle at the same time
- Vocational placements; 11 work placements, 8 young people on the 14 – 19 Programme with Northumberland College, 23 Art and Design apprentices from three North Tyneside High Schools, 15 young engineers who devised a sequence for the fountains within the Cascade.
- 19 school gardens created in Northumberland, 200 children and 56 teachers took part in the Roots and Shoots School programme.

Play is an important part of the gardens ethos and children are encouraged to explore every part of the garden and there are a few limited restrictions for where they cannot go. This is because the vision of the garden is to educate and offer all kinds of experiences whilst in a learning environment especially where conservation issues can be highlighted. A key aim of the garden is to encourage families to interact and play and that is evident when you realise that 74,950 children visited the garden in 2008/09 and the average family party size is 2 adults – 2 children.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

b. Factors relevant to achieve objectives

The major risks to which the charitable company is exposed have been identified, and systems have been established to mitigate those risks. Major risks are considered and reviewed at every Trustees' meeting and a full review of all risks is carried out annually at the start of each financial year.

The charitable company's risk analysis identifies many factors that can have a negative impact on the delivery of its objectives. The charitable company is very dependant on the success of its fundraising strategies and plans. It is vital that sufficient funding is available to permit the successful delivery of both Capital and Revenue projects. The charitable company is also dependant on the weather, tourism trends and regional and national marketing initiatives. In addition the charitable company is very dependant on its staff for the successful operation of all areas of activity. Staff training is vital to ensure all staff possess the necessary skills to perform their tasks and deliver to the highest possible standards.

The charitable company and its subsidiary prepare budgets in advance of every financial year. Progress against budget is then monitored at monthly meetings. Where necessary decisions are taken to ensure there are satisfactory financial outcomes. Managers and staff are provided with financial targets and their performance is monitored on a regular basis. With respect to charitable objectives all outputs are recorded in order that progress can be monitored against the plan for each Revenue project.

FINANCIAL REVIEW

a. Financial summary

Full details of the charitable company's financial position can be found in the accompanying financial statements attached to this report.

Alnwick Garden Enterprises Ltd reported a decrease in turnover from £4.28m to £3.90m. During the year under review the charitable group reported a total of £5.51m of incoming resources and a total of £6.19m of resources expended.

Since the balance sheet date Northumberland Estates have taken an assignment of loans made to the charitable company by the Bank of Scotland. This transaction was concluded on 29 October 2009. Agreement has since been reached between the charitable company and Northumberland Estates to amend the repayment terms of these loans and to reduce the interest rates applied to the loans from Northumberland Estates. Further, Northumberland Estates has agreed to provide a short-term working capital facility should it be required in the future. Trustees believe that the significant cashflow improvements mean that the Charitable Company can now see its way forward to meeting the new repayment terms thus reducing the going concern issues to a point where the Trustees believe the Going Concern Basis of accounting is appropriate.

b. Reserves policy

As with many charities which are in the development phase of their activities, The Alnwick Garden's reserves are represented by a combination of fixed assets open to the general public and assets in the course of construction to be made available to the public in accordance with the Trust's objects. At this stage, the Trustees are concentrating on fundraising to meet the financing requirements of the development phase. In due course, the Trustees will develop a reserves policy appropriate to securing the long term future of The Alnwick Garden Trust.

c. Principal funding

During the year under review £1.59m was generated through fundraising activity. Grants and donations were received from Friends, private individuals, trusts and corporate donors together with public sector funding from the European Regional Development Fund and local government sources.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT – CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

PLANS FOR THE FUTURE

Future developments

The charitable company remains committed to completing the development of The Alnwick Garden. A fundraising strategy is now in place that will allow this development to progress. The remaining features include:

The remaining five themed gardens within the main garden

- Five further themed Gardens
- The Treehouse adventure play area
- A lighting project
- Additional visitor infrastructure
- Permanent offices

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice applicable to charities.

Company and charity law applicable to charities in England/Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements the Trustees have:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent
- prepared the 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 that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT – CONTINUED
FOR THE YEAR ENDED 31 MARCH 2009**

PROVISION OF INFORMATION TO AUDITORS

So far as each of the Trustees is aware at the time the report is approved:

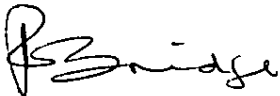
there is no relevant audit information of which the charitable company's auditors are unaware, and

the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

A resolution proposing that Ryecroft Glenton be re-appointed as auditors of the charitable company will be put to the Annual General Meeting.

This report was approved by the Trustees on 9 November 2009 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J Bridge', written in a cursive style.

Dr John Bridge
Trustee

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE ALNWICK GARDEN TRUST**

We have audited the group and parent charitable company financial statements of The Alnwick Garden Trust for the year ended 31 March 2009 which comprise the Statement of Financial Activities, Balance Sheet and Cash Flow Statement, with the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Statement of Recommended Practice: 'Accounting by Charities'.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members, as a body, 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 its members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the group's Trustees (who also act as company directors of The Alnwick Garden Trust) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' report is consistent with the financial statements. In addition, we report to you if, in our opinion, the charitable group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE ALNWICK GARDEN TRUST**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to charities, of the state of the group's and charitable company's affairs as at 31 March 2009 and of the incoming resources and application of resources of the group in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.



Ryecroft Glenton
Chartered Accountants
Registered Auditors
32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

10 November 2009

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	Restricted funds 2009 £	Unrestricted funds 2009 £	Total funds 2009 £	Total funds 2008 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	709,767	883,451	1,593,218	2,392,986
Activities for generating funds	3	-	2,545,346	2,545,346	2,828,802
Incoming resources from charitable activities	4	-	1,354,866	1,354,866	1,450,677
Other incoming resources		-	12,270	12,270	15,008
TOTAL INCOMING RESOURCES		<u>709,767</u>	<u>4,795,933</u>	<u>5,505,700</u>	<u>6,687,473</u>
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	5	-	326,825	326,825	415,012
Fundraising trading: costs of goods sold and other costs	3	-	2,346,880	2,346,880	2,594,099
Charitable activities	6	491,571	2,989,512	3,481,083	3,751,614
Governance costs	9	-	34,475	34,475	38,359
TOTAL RESOURCES EXPENDED	6	<u>491,571</u>	<u>5,697,692</u>	<u>6,189,263</u>	<u>6,799,084</u>
NET INCOMING RESOURCES/ (RESOURCES EXPENDED) BEFORE TRANSFERS		<u>218,196</u>	<u>(901,759)</u>	<u>(683,563)</u>	<u>(111,611)</u>
Transfers between funds	19	<u>(904,991)</u>	<u>904,991</u>	<u>-</u>	<u>-</u>
NET INCOME/ (EXPENDITURE)		<u>(686,795)</u>	<u>3,232</u>	<u>(683,563)</u>	<u>(111,611)</u>
NET MOVEMENT IN FUNDS FOR THE YEAR		<u>(686,795)</u>	<u>3,232</u>	<u>(683,563)</u>	<u>(111,611)</u>
Total funds at 1 April 2008		<u>688,595</u>	<u>16,660,211</u>	<u>17,348,806</u>	<u>17,460,417</u>
TOTAL FUNDS AT 31 MARCH 2009		<u><u>1,800</u></u>	<u><u>16,663,443</u></u>	<u><u>16,665,243</u></u>	<u><u>17,348,806</u></u>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 17 to 37 form part of these financial statements.

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
COMPANY NUMBER 4584694

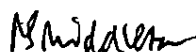
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	13		26,940,981		27,559,483
CURRENT ASSETS					
Stocks	15	191,194		207,056	
Debtors	16	122,535		228,261	
Cash at bank and in hand		22,584		52,269	
		336,313		487,586	
Creditors: amounts falling due within one year	17	(5,131,616)		(5,237,828)	
NET CURRENT LIABILITIES			(4,795,303)		(4,750,242)
TOTAL ASSETS LESS CURRENT LIABILITIES			22,145,678		2,809,241
CREDITORS: amounts falling due after more than one year	18		(5,480,435)		(5,460,435)
NET ASSETS			<u>16,665,243</u>		<u>17,348,806</u>
CHARITY FUNDS	19/20				
Restricted funds			1,800		688,595
Unrestricted funds			16,663,443		16,660,211
MEMBERS' FUNDS			<u>16,665,243</u>		<u>17,348,806</u>

Approved by the Trustees on 9 November 2009 and signed on their behalf by: -



Dr John Bridge
Trustee



Mr Richard Middleton
Trustee

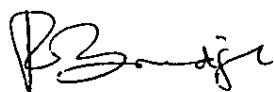
The notes on pages 17 to 37 form part of these financial statements.

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)
COMPANY NUMBER 4584694

CHARITABLE COMPANY BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009		2008	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	13		26,684,097		27,181,754
Fixed asset investments	14		2		2
			<u>26,684,099</u>		<u>27,181,756</u>
CURRENT ASSETS					
Debtors	16	73,616		105,868	
Cash at bank		43		1,251	
		<u>73,659</u>		<u>107,119</u>	
CREDITORS: amounts falling due within one year	17	<u>(4,359,928)</u>		<u>(4,311,431)</u>	
NET CURRENT LIABILITIES			<u>(4,286,269)</u>		<u>(4,204,312)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			22,397,830		22,977,444
CREDITORS: amounts falling due after more than one year	18		<u>(5,480,435)</u>		<u>(5,460,435)</u>
NET ASSETS			<u>16,917,395</u>		<u>17,517,009</u>
CHARITY FUNDS					
Restricted funds	19		1,800		682,157
Unrestricted funds			<u>16,915,595</u>		<u>16,834,852</u>
MEMBERS' FUNDS			<u>16,917,395</u>		<u>17,517,009</u>

Approved by the Trustees on 9 November 2009 and signed on their behalf by: -



Dr John Bridge
Trustee



Mr Richard Middleton
Trustee

The notes on pages 17 to 37 form part of these financial statements.

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	21	708,675	1,490,810
Returns on investments and servicing of finance	22	(404,651)	(475,681)
Capital expenditure and financial investment	23	<u>(1,087,147)</u>	<u>(700,278)</u>
CASH INFLOW/ (OUTFLOW) BEFORE FINANCING		(783,123)	314,851
Financing	23	<u>-</u>	<u>(333,333)</u>
DECREASE IN CASH IN THE YEAR		<u><u>(783,123)</u></u>	<u><u>(18,482)</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT

FOR THE YEAR ENDED 31 MARCH 2009

	2009 £	2008
Decrease in cash in the year	(783,123)	(18,482)
Cash outflow from decrease in debt	<u>-</u>	<u>333,333</u>
	(783,123)	314,851
Release of deferred charge against loan	<u>(20,000)</u>	<u>(10,000)</u>
MOVEMENT IN NET DEBT IN THE YEAR	(803,123)	304,851
Net debt at 1 April 2008	<u>(8,679,994)</u>	<u>(8,984,845)</u>
NET DEBT AT 31 MARCH 2009	24 <u><u>(9,483,117)</u></u>	<u><u>(8,679,994)</u></u>

The notes on pages 17 to 37 form part of these financial statements.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 1985.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charitable company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the charitable company alone as permitted by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

The financial statements have been prepared on the going concern basis which assumes that the charitable company and its subsidiary will continue in operation for the foreseeable future. The group had net current liabilities of £4,795,303 at 31 March 2009 mainly as a result of a capital project funding shortfall in 2004 and subsequently a capital project cost over-run. The group relied upon bank facilities totalling £5.2 million at the year end. Since the year end, the group has reached agreement with respect to the refinancing of its debts. Further details in respect of this and on the validity of the going concern assumption are provided in note 32.

Company status

The charitable company is a company limited by guarantee. The members of the company include 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.

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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The cost 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.

Funds received for expenditure on capital projects and other fixed assets are held within restricted funds until the completion of the capital project. At that point, the purpose for which the funds were received is deemed to have been satisfied and funds are transferred to unrestricted reserves.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES - CONTINUED

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charitable company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Donated services are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Gifts in kind are included at a valuation which is an estimate of the value to the charitable company.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from Friends is deferred over the period in which the Friends are entitled to obtain access to the Garden.

Government grants receivable for ongoing capital projects are generally receivable after the expenditure has been made by the charitable company. Grants receivable are recognised in these financial statements if a claim has been made by the charitable company against a known commitment by the grant provider for expenditure incurred prior to the year end.

Donations from individuals and charitable trusts are recognised when notification of payment has been received.

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.

Overheads have been allocated on the basis of management/support staff time.

Premises overheads have been allocated on the basis of premises usage.

Other overheads including office costs and depreciation have been allocated on the basis of facilities usage.

Marketing department direct costs are attributed to retail activities, costs of generating voluntary income and support costs in the ratio 1 : 1 : 2.

Fundraising costs are those incurred in seeking voluntary contributions and include all publicity and information costs along with all information supplied to visitors of the Garden. Support costs are those costs incurred directly in support of expenditure on the objects of the charitable company and include project management costs. Governance costs are those incurred in connection with compliance with constitutional and statutory requirements.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES - CONTINUED

Value added tax

Incoming resources are shown exclusive of Value Added Tax.

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Garden infrastructure	- between 46 and 50 years
Assets under construction	- are not depreciated
Land & buildings	- between 3 and 9 years
Fixtures, fittings and equipment	- between 3 and 10 years
Replaceable elements within garden infrastructure	- between 10 and 40 years

The charitable company owns donated historic and artistic sculptures. These assets have been capitalised in line with the requirements of the SORP 2005 at the best estimate of their value at the time of the donation.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks of retail goods are valued at the lower of cost and net realisable value.

Pensions

The charitable company operates a defined contribution pension scheme for its own employees and for those of its subsidiary company and the pension charge represents the amounts payable by the charitable company to the fund in respect of the year.

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

2. VOLUNTARY INCOME	Restricted funds 2009 £	Unrestricted funds 2009 £	Total funds 2009 £	Total funds 2008 £
Donations and appeals	24,978	501,418	526,396	628,400
Charitable and non-government grants	142,950	35,320	178,270	398,328
Government grants	541,839	122,045	663,884	1,112,047
Friends' subscriptions	-	207,990	207,990	217,644
Gifts in Kind	-	16,678	16,678	36,567
Voluntary income	<u>709,767</u>	<u>883,451</u>	<u>1,593,218</u>	<u>2,392,986</u>

Included in voluntary income are the following amounts received directly in support of the charitable activities of the Group:-

	Total funds 2009 £	Total funds 2008 £
Promoting Activities	139,534	300,662
Capital projects	<u>570,233</u>	<u>1,199,753</u>
	<u>709,767</u>	<u>1,500,415</u>

3. TRADING ACTIVITIES	Restricted funds 2009 £	Unrestricted funds 2009 £	Total funds 2009 £	Total funds 2008 £
TRADING INCOME				
Subsidiary trading activities	-	2,545,346	2,545,346	2,828,802
TRADING COSTS: SUBSIDIARY COSTS OF GOODS SOLD AND OTHER COSTS				
Cost of sales	-	964,876	964,876	1,165,138
Other direct costs	-	154,278	154,278	310,235
Share of indirect costs within the subsidiary	-	185,015	185,015	88,168
Staff salaries	-	913,620	913,620	916,058
Staff NI costs	-	67,564	67,564	63,437
Staff pensions	-	12,182	12,182	12,871
Share of subsidiary depreciation charge	-	49,345	49,345	38,192
	-	<u>2,346,880</u>	<u>2,346,880</u>	<u>2,594,099</u>
Net income from trading activities	<u>-</u>	<u>198,466</u>	<u>198,446</u>	<u>234,703</u>

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	Restricted funds 2009 £	Unrestricted funds 2009 £	Total funds 2009 £	Total funds 2008 £
Garden visitor income	-	1,342,048	1,342,048	1,427,116
Arts development	-	2,708	2,708	11,110
Education events	-	3,801	3,801	4,845
Promoting Activity	-	6,309	6,309	7,606
	-	<u>1,354,866</u>	<u>1,354,866</u>	<u>1,450,677</u>
5. COSTS OF GENERATING VOLUNTARY INCOME			2009 £	2008 £
Staff wages and salaries			104,812	102,932
Printing, advertising and other direct costs			143,522	179,839
Depreciation			267	443
Other costs			4,815	37,029
Share of support costs			73,409	94,769
			<u>326,825</u>	<u>415,012</u>

THE ALNWICK GARDEN TRUST
A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

**6. ANALYSIS OF RESOURCES EXPENDED
BY ACTIVITIES**

	Activities undertaken directly 2009 £	Support costs 2009 £	Total 2009 £	Total 2008 £
Costs of generating voluntary income	253,416	73,409	326,825	415,012
Subsidiary cost of goods sold and other costs	2,346,880	-	2,346,880	2,594,099
Subtotal costs of generating funds	2,600,296	73,409	2,673,705	3,009,111
Garden facilities	1,616,048	231,929	1,847,977	1,839,932
Visitor services	308,656	379,649	688,305	765,654
Education and arts	219,332	34,747	254,079	270,116
Promoting activities	50,160	23,740	73,900	121,163
Capital projects	121,286	495,536	616,822	754,749
Subtotal charitable activities	2,315,482	1,165,601	3,481,083	3,751,614
Governance costs	34,475	-	34,475	38,359
	<u>4,950,253</u>	<u>1,239,010</u>	<u>6,189,263</u>	<u>6,799,084</u>

Further analysis of activities undertaken directly is provided in notes 5, 7 & 9.

Further analysis of support costs is provided in note 8.

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

7. CHARITABLE ACTIVITIES UNDERTAKEN DIRECTLY

	Garden facilities £	Visitor services £	Education and arts £	Promoting activity £	Capital projects £	Total 2009 £	Total 2008 £
Direct costs	234,901	10,375	95,672	18,620	-	359,568	405,335
Premises costs	149,696	845	-	-	-	150,541	152,591
Repairs and maintenance	71,015	-	-	-	-	71,015	94,449
Capital project running costs	-	-	-	-	121,286	121,286	182,209
Legal, professional and consultancy	-	-	-	-	-	-	-
Bank and other interest and charges	-	11,542	-	-	-	11,542	15,367
Other staff costs	12,247	4,971	1,953	598	-	19,769	39,750
Other costs	9,148	6,354	2,007	132	-	17,641	10,353
Wages and salaries	276,279	230,933	79,490	27,069	-	613,771	535,955
National insurance	23,795	12,096	8,816	2,925	-	47,632	40,097
Pension costs	17,146	4,640	5,288	651	-	27,725	28,728
Depreciation	821,821	26,900	26,106	165	-	874,992	886,189
	<u>1,616,048</u>	<u>308,656</u>	<u>219,332</u>	<u>50,160</u>	<u>121,286</u>	<u>2,315,482</u>	<u>2,391,023</u>

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

8. SUPPORT COSTS

	Garden facilities £	Visitor services £	Education and arts £	Promoting activity £	Capital projects £	Costs of generating voluntary income £	Total 2009 £	Total 2008 £
Premises costs	27,308	52,723	(20)	(4)	(20)	(37)	79,950	126,342
Repairs and maintenance	-	238	-	-	-	-	238	530
Office costs (stationery, computer, phone etc.)	29,363	44,050	6,504	5,525	2,399	21,735	109,576	68,323
Legal, professional and consultancy	12,035	20,058	2,005	402	58,477	3,612	96,589	24,353
Bank and other interest and charges	6,666	11,109	1,111	222	406,384	2,000	427,492	545,298
Other staff costs	9,090	11,651	1,165	232	1,165	2,097	25,400	44,673
Other costs	31,753	51,051	5,105	2,243	8,252	10,024	108,428	185,608
Wages and salaries	81,144	135,241	13,524	12,118	13,523	24,343	279,893	362,437
National insurance	7,789	12,982	1,298	1,290	1,298	2,337	26,994	35,457
Pension costs	6,927	11,546	1,155	1,132	1,155	2,078	23,993	26,173
Depreciation	19,854	29,000	2,900	580	2,903	5,220	60,457	36,166
	<u>231,929</u>	<u>379,649</u>	<u>34,747</u>	<u>23,740</u>	<u>495,536</u>	<u>73,409</u>	<u>1,239,010</u>	<u>1,455,360</u>

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

9. GOVERNANCE COSTS	Total funds 2009 £	Total funds 2008 £
Auditors' remuneration: audit work	14,725	8,900
Auditors' remuneration: non-audit work	19,750	29,459
	<u>34,475</u>	<u>38,359</u>
 10. NET INCOMING RESOURCES/ (RESOURCES EXPENDED)	 2009 £	 2008 £
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charitable group	954,655	961,830
Write down on fixed assets	30,474	(136)
Operating lease payments on land	16,960	22,042
Interest payable:		
- on bank loans and overdrafts	379,128	484,263
- on other loans	25,523	44,878
Auditors' remuneration – audit work	14,725	8,900
Auditors' remuneration for non-audit work	<u>19,750</u>	<u>29,459</u>

During the year, no Trustee received any remuneration, benefits in kind or reimbursement of expenses (2008: nil)

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

11. STAFF COSTS	2009	2008
	£	£
Staff costs were as follows:		
Wages and salaries	1,888,000	1,907,566
Social security costs	151,541	157,884
Other pension costs	68,284	72,647
	<u>2,107,825</u>	<u>2,138,097</u>

The average monthly number of employees during the year was as follows:

	2009	2008
Visitor services (including seasonal staff)	18	21
Gardeners	12	10
Retail	11	11
Food & Beverage	43	45
Education and arts	4	5
Fundraising	2	2
Marketing	5	6
Finance and administration	8	9
	<u>103</u>	<u>109</u>

The number of higher paid employees was:

	2009	2008
	No.	No.
In the band £60,001 - £70,000	<u>1</u>	<u>0</u>

The Group made contributions to a defined contribution pension of £6,159 in respect of the individual.

12. TAXATION

As a registered charity, the charitable company is exempt from direct tax on its charitable activities. The subsidiary company has incurred no corporation tax liability this year (2008: nil).

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

13. TANGIBLE FIXED ASSETS GROUP	Garden infrastructure	Capital work in progress	Land & Buildings	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2008	29,034,902	496,255	236,700	831,028	30,598,885
Additions	3,205	294,351	7,518	61,553	366,627
Diminution in value	-	-	(30,474)	-	(30,474)
Transfer between asset classes	790,606	(790,606)	-	-	-
At 31 March 2009	<u>29,828,713</u>	<u>-</u>	<u>213,744</u>	<u>892,581</u>	<u>30,935,038</u>
Depreciation					
At 1 April 2008	2,355,508	-	165,169	518,725	3,039,402
Charge for the year	791,303	-	26,580	136,772	954,655
At 31 March 2009	<u>3,146,811</u>	<u>-</u>	<u>191,749</u>	<u>655,497</u>	<u>3,994,057</u>
Net book value					
At 31 March 2009	<u>26,681,902</u>	<u>-</u>	<u>21,995</u>	<u>237,084</u>	<u>26,940,981</u>
At 31 March 2008	<u>26,679,394</u>	<u>496,255</u>	<u>71,531</u>	<u>312,303</u>	<u>27,559,483</u>
CHARITABLE COMPANY	Garden	Capital	Land &	Fixtures,	Total
	Infra structure	work	Buildings	fittings &	
	£	£	£	£	£
Cost					
At 1 April 2008	29,034,902	496,255	62,754	18,731	29,612,642
Additions	3,205	294,351	-	-	297,556
Disposals	-	-	-	-	-
Transfer between asset classes	790,606	(790,606)	-	-	-
At 31 March 2009	<u>29,828,713</u>	<u>-</u>	<u>62,754</u>	<u>18,731</u>	<u>29,910,198</u>
Depreciation					
At 1 April 2008	2,355,508	-	62,754	12,626	2,430,888
Charge for the year	791,303	-	-	3,910	795,213
On disposals	-	-	-	-	-
At 31 March 2009	<u>3,146,811</u>	<u>-</u>	<u>62,754</u>	<u>16,536</u>	<u>3,226,101</u>
Net book value					
At 31 March 2009	<u>26,681,902</u>	<u>-</u>	<u>-</u>	<u>2,195</u>	<u>26,684,097</u>
At 31 March 2008	<u>26,679,394</u>	<u>496,255</u>	<u>-</u>	<u>6,105</u>	<u>27,181,754</u>

Included within fixtures, fittings and equipment are assets held for trading purposes with a net book value of £94,383 (2008: £52,860). The charitable company occupies land from the Northumberland Estates under a lease expiring in 2098. No capital payments have been made by the charitable company for this lease and no value has been attributed to the lease within these financial statements.

**THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

14. FIXED ASSET INVESTMENTS

	Shares in subsidiary £	Total £
CHARITABLE COMPANY		
MARKET VALUE		
At 1 April 2008	2	2
	<u>2</u>	<u>2</u>
At 31 March 2009	<u>2</u>	<u>2</u>
HISTORICAL COST	<u>2</u>	<u>2</u>

CHARITABLE COMPANY INVESTMENTS AT MARKET VALUE COMPRISE:

	2009 £	2008 £
Group	<u>2</u>	<u>2</u>

15. STOCKS

	Group 2009 £	2008 £	Charitable company 2009 £	2008 £
Goods for resale	<u>191,194</u>	<u>207,056</u>	<u>-</u>	<u>-</u>

16. DEBTORS

	Group 2009 £	2008 £	Charitable company 2009 £	2008 £
Due within one year				
Trade debtors	23,116	44,424	-	-
Amounts owed by group undertakings	-	-	-	-
Other debtors	52,281	122,528	52,283	89,713
Prepayments and accrued income	47,138	61,309	21,333	16,155
	<u>122,535</u>	<u>228,261</u>	<u>73,616</u>	<u>105,868</u>

THE ALNWICK GARDEN TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charitable company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	3,175,265	3,171,828	2,665,154	2,582,629
Trade creditors	371,080	497,915	-	-
Amounts owed to group undertakings	-	-	305,085	257,808
Social security and other taxes	98,356	44,158	6,358	2,021
Other creditors	1,013,783	766,963	978,733	846,427
Accruals and deferred income	473,132	756,964	404,598	622,546
	<u>5,131,616</u>	<u>5,237,828</u>	<u>4,359,928</u>	<u>4,311,431</u>

Included within group other creditors are unsecured loans from Northumberland Estates of £750,000 (2008: £100,000) repayable on demand. Interest is payable on £650,000 of this amount at a rate of 1.75% above Bank base rate.

DEFERRED INCOME

Accruals and deferred income above includes deferred income from friends' subscriptions of £107,075 (2008: £90,813), the movement of which is as follows:-

	2009	2008
	£	£
Brought forward at 1 April 2008	90,813	92,170
Release to incoming resources	(90,813)	(92,170)
Deferred in the year	107,075	90,813
Total	<u>107,075</u>	<u>90,813</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Charitable company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans	2,000,000	1,980,000	2,000,000	1,980,000
Other loans – Northumberland Estates	3,480,435	3,480,435	3,480,435	3,480,435
	<u>5,480,435</u>	<u>5,460,435</u>	<u>5,480,435</u>	<u>5,460,435</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Charitable company	
	2009	2008	2009	2008
	£	£	£	£
Repayable by instalments	666,667	501,563	666,667	501,563
Repayable other than by instalments	3,480,435	3,480,435	3,480,435	3,480,435
	<u>4,147,102</u>	<u>3,981,998</u>	<u>4,147,102</u>	<u>3,981,998</u>

**THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - CONTINUED

The loan from Northumberland Estates is repayable three years after notice of repayment is given to the charitable company which may be done at any time after 31 March 2024. The loan may not be recalled prior to that date. The loan is interest-free until 1 April 2009. After this date, interest will be added to the loan at a rate equal to the increase in the Retail Prices Index from that date up to the date at which the loan is repaid. The loan is unsecured.

Bank loans and overdrafts include overdrafts repayable on demand of £2,851,932 and a loan of £2,323,333. The loan is repayable by equal annual instalments ending within the year ended 31 March 2016 and attracts interest of 3% over the Bank of Scotland base rate.

Bank loans and overdrafts are secured over all the assets of the charitable group under a debenture dated 15 October 2004.

Bank loans and overdrafts represent 19.5 % of the secured assets of the charitable group.

Since the year end, the charitable company has refinanced its debts as disclosed further in note 32.

19. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in £	Carried forward £
UNRESTRICTED FUNDS					
General funds – charitable	15,886,131	2,250,587	3,350,812	904,991	15,690,897
General funds – trading	774,080	2,545,346	2,346,880	-	972,546
	<u>16,660,211</u>	<u>4,795,933</u>	<u>5,697,692</u>	<u>904,991</u>	<u>16,663,443</u>

THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

19. STATEMENT OF FUNDS - CONTINUED	Brought forward	Incoming resources	Resources expended	Transfers in/(out)	Carried forward
	£	£	£	£	£
RESTRICTED FUNDS					
Charitable Company					
Capital projects					
Visitor Centre and Pavilion	-	376,037	-	(376,037)	-
Treehouse	-	-	-	-	-
Play Area	250	-	-	-	250
Senses Garden	500	-	-	-	500
Cherry Orchard	619,814	194,196	(170,792)	(643,218)	-
Subtotal – capital projects	620,564	570,233	(170,792)	(1,019,255)	750
Arts	25,000	7,500	(32,500)	-	-
Education	-	27,414	(27,414)	-	-
Tourism Academy	(2,017)	-	-	2,017	-
Roots & Shoots	32,560	63,520	(96,080)	-	-
Elderberries	5,000	40,000	(45,000)	-	-
Mobility Scooter appeal	1,050	-	-	-	1,050
Other revenue projects	-	1,100	(1,100)	-	-
Charitable Company Total	682,157	709,767	(372,886)	(1,017,238)	1,800
Subsidiary Company					
Elderberries	6,438	-	(30,000)	23,562	-
Arts & Education	-	-	(67,608)	67,608	-
Tourism Academy	-	-	(21,077)	21,077	-
Total Restricted Funds - Group	688,595	709,767	(491,571)	(904,991)	1,800

Transfers from restricted funds to unrestricted funds represent completed fixed asset projects. Transfers from unrestricted to restricted funds represent additional unrestricted resources applied to these revenue projects.

The Treehouse & Visitor Centre and Pavilion were capital projects which were brought into use on 12 January 2006 and 4 April 2007 respectively. Restricted funding relating to these projects, including public sector grants received during the year, were transferred to unrestricted reserves

Development of the Cherry Orchard project commenced during 2007 and was completed in April 2008. The project was transferred to completed fixed asset projects in the current year.

The Education programme covers a diverse range of educational activities which range from family friendly open days to structured learning programmes for school groups and teachers. The education programme is funded by both restricted and unrestricted revenue.

The Tourism academy was a training project and was developed through a working coalition of employment agencies across the North East, with the aim of opening up job opportunities for unemployed people with lack of skills or learning difficulties. This project was funded by a number of private sources.

Roots and Shoots is an education project aimed at all age groups. It is funded by a number of private sources.

The Elderberries project is a project promoting lifelong learning for the over-50's to reduce isolation. The funding was received from private sources.

THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

19. STATEMENT OF FUNDS - CONTINUED

The Mobility Scooter appeal raises funds for motorised scooters to be used by disabled and elderly visitors to the Garden.

Arts development activities in the Garden were part funded by the Heritage Lottery Fund.

SUMMARY OF FUNDS

	Brought forward	Incoming resources	Resources expended	Transfers in/ (out)	Carried forward
	£	£	£	£	£
General funds	16,660,211	4,795,933	(5,697,692)	904,991	16,663,443
Restricted funds	688,595	709,767	(491,571)	(904,991)	1,800
	<u>17,348,806</u>	<u>5,505,700</u>	<u>(6,189,263)</u>	<u>-</u>	<u>16,665,243</u>

**20. ANALYSIS OF NET ASSETS
BETWEEN FUNDS**

	Restricted funds	Unrestricted funds	Total funds	Total funds
	2009	2009	2009	2008
	£	£	£	£
Tangible fixed assets	-	26,940,981	26,940,981	27,559,483
Current assets	1,800	334,513	336,313	487,586
Creditors due within one year	-	(5,131,616)	(5,131,616)	(5,237,828)
Creditors due in more than one year	-	(5,480,435)	(5,480,435)	(5,460,435)
	<u>1,800</u>	<u>16,663,443</u>	<u>16,665,243</u>	<u>17,348,806</u>

THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

21. NET CASH FLOW FROM OPERATING ACTIVITIES	2009	2008
	£	£
Net outgoing resources	(683,563)	(111,611)
Returns on investments and servicing of finance	404,651	475,681
Diminution in value of fixed asset	30,474	136
Depreciation of tangible fixed assets	954,655	961,830
Decrease in stocks	15,863	35,391
Decrease in debtors	105,725	83,816
(Decrease)/Increase in creditors	(119,130)	45,567
NET CASH INFLOW FROM OPERATIONS	<u>708,675</u>	<u>1,490,810</u>
22. ANALYSIS OF CASH FLOWS FOR HEADINGS	2009	2008
NETTED IN CASH FLOW STATEMENT	£	£
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(404,651)	(475,681)
NET CASH OUTFLOW FROM RETURNS ON		
INVESTMENTS AND SERVICING OF FINANCE	<u>(404,651)</u>	<u>(475,681)</u>
23. NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	2009	2008
	£	£
Purchase of tangible fixed assets	(1,087,147)	(702,078)
Sale of tangible fixed assets	-	1,800
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	<u>(1,087,147)</u>	<u>(700,278)</u>
FINANCING		
Repayment of other loans	-	(333,333)
NET CASH OUTFLOW FROM FINANCING	<u>-</u>	<u>(333,333)</u>

THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

24. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2008 £	Cash flow £	Other non-cash changes £	31 March 2009 £
Cash at bank and in hand	52,269	(29,685)	-	22,584
Bank overdraft	(2,838,494)	(103,438)	-	(2,941,932)
	<u>(2,786,225)</u>	<u>(133,123)</u>	<u>-</u>	<u>(2,919,348)</u>
DEBT:				
Debts due within one year	(433,334)	(650,000)	-	(1,083,334)
Debts falling due after more than one year	<u>(5,460,435)</u>	<u>-</u>	<u>(20,000)</u>	<u>(5,480,435)</u>
NET DEBT	<u><u>(8,679,994)</u></u>	<u><u>(783,123)</u></u>	<u><u>(20,000)</u></u>	<u><u>(9,483,117)</u></u>

25. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £ 68,284 (2008: £72,374). Contributions totalling £15,800 (200: £9,397) were payable to the fund at the balance sheet date and are included in creditors.

26. OPERATING LEASE COMMITMENTS

At 31 March 2009 the Group had annual commitments under non-cancellable operating leases as follows:-

	Land and buildings 2009 £	2008 £
Between 2 and 5 years	34,775	16,500
After more than 5 years	<u>-</u>	<u>5,000</u>

27. CAPITAL COMMITMENTS

At 31 March 2009 the charitable company had capital commitments as follows:

	2009 £	2008 £
Expenditure contracted for but not provided for in the financial statements	<u>nil</u>	<u>296,238</u>

**THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

28. RELATED PARTY TRANSACTIONS

The following related parties had transactions with the group during the period:

Mr J Lovett, a director of Alnwick Garden Enterprises Limited, provided consultancy work to the charitable Company relating to the development of the capital project to the value of £72,240 including expenses (2008: £ 112,000). At the year end, he was owed £ 8,370 (2008: £8,398).

Mrs J Louw, a director of Alnwick Garden Enterprises Limited, provided project management and financial consultancy work to the group to the value of £63,455 including expenses (2008: 80,978). £ 16,850 is outstanding at the year end (2008:£ 6,674).

Mr Mike Dukes, a director of Alnwick Garden Enterprises Limited, was charged £5,000 in respect of property rental by Alnwick Garden Enterprises Limited of which £1,250 was outstanding at the year end.

Various trusts of Northumberland Estates are related parties of the group. Control of these Trusts referred to throughout these accounts as “Northumberland Estates” is exercised by the Duke of Northumberland who as the husband of the Duchess of Northumberland is a connected party, by reason of the Duchess being a director of this company.

Alnwick Garden Enterprises Limited sold goods and services during the period to Northumberland Estates valued at £17,325 (2008: £16,233), of which £2,170 (2008: £2,095) was receivable at the year end and received goods and services from Northumberland Estates costing £78,456 (2008: £49,603), of which £54,156 (2008: £5,713) was owed at the year end.

Northumberland Estates has provided £750,000 of short term loans and a long term loan of £3,480,435 to the Group, further details of which may be found in notes 17 and 18.

Nicholas Craig, a director of the company, is a member of Watson Burton LLP which provided legal services valued at £12,074 (2008: £9,977) during the year, of which £8,000 (2008: £3,515) was owed at the year end.

**THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

29. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage shareholding	Description
Alnwick Garden Enterprises Ltd	England & Wales	100%	Ordinary

Alnwick Garden Enterprises Limited carries out the day to day charitable activities of the Garden and performs some non-charitable retailing, catering and functions activities. Further information is given within the Trustees' report. The results and summary of assets and liabilities of this company are as follows:

	2009	2008
	£	£
Turnover	3,900,415	4,279,423
Cost of sales	(2,004,479)	(2,110,374)
Administrative expenses	(2,524,213)	(2,768,019)
Other income	544,322	589,015
Interest payable	(9)	(23,804)
Donation to parent charitable company	-	-
Corporation tax receivable	-	-
	<u> </u>	<u> </u>
Loss for year	<u>(83,964)</u>	<u>(33,759)</u>
Total assets	824,623	1,033,881
Total liabilities	<u>(1,076,774)</u>	<u>(1,202,068)</u>
Shareholders' funds	<u>(252,151)</u>	<u>(168,187)</u>

30. PARENT COMPANY

These consolidated financial statements include the results of the parent charitable company. The gross income of this company was £1,591,957 (2008: £2,361,012) and its net expenditure for the year was £599,614 (2008: £77,842).

31. RELATED PARTY CONTROL

The charitable company is controlled by its Trustees who hold a majority of the voting rights.

**THE ALNWICK GARDEN TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

32. POST BALANCE SHEET EVENTS

Since the balance sheet date Northumberland Estates have taken an assignment of loans made to the charitable company by the Bank of Scotland. This transaction was concluded on 29 October 2009. Agreement has since been reached between the charitable company and Northumberland Estates to amend the interest and the repayment terms of these loans. Further, Northumberland Estates has agreed to provide a short-term working capital facility should it be required in the future. These agreements are in the process of being documented. Trustees believe that the significant cashflow improvements mean that the Charitable Company can now see its way forward to meeting the new repayment terms thus reducing the going concern issues to a point where the Trustees believe the Going Concern Basis of accounting is appropriate.