

THE ARKWRIGHT SOCIETY LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2017

THE ARKWRIGHT SOCIETY LIMITED

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THE ARKWRIGHT SOCIETY LIMITED
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2017

Registered charity name	The Arkwright Society Ltd
Charity number	515526
Company registration number	1630237
Principal address and	Cromford Mill
Registered office	Cromford
	Matlock
	Derbyshire
	DE4 3RQ
President	The Duke of Devonshire KCVO CBE DL
Trustees	D H Williams – Chair
	J Burgess
	T Rogers
	Prof C Wrigley
	Dr S Rawlinson
	M Atkinson
	G Pickup
	G Lewins
	T Shaw (appointed 14 April 2016, resigned 27 July 2017)

THE ARKWRIGHT SOCIETY LIMITED
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2017

Auditor	BHP LLP, Chartered Accountants 2 Rutland Park Sheffield S10 2PD
Bankers	Lloyds TSB plc Compton Ashbourne Derbyshire DE6 1DY
Solicitors	Geldards LLP Number One Price Place Pride Park Derby DE24 8QR
Architect	Purcell Miller Tritton 35 King Street Bristol BS1 4DZ
Quantity surveyor	N Winter ARICS Roger Rawlinson Associates 3 Greenhill Wirksworth Derbyshire DE4 4EN
Honorary engineering advisor	R C A Eastwood BSc C Eng FICE F I Struct E M Cons E Eastwood & Partners St Andrews House 23 Kingsfield Road Sheffield S11 9AS
Senior management team	S McLeod – Chief Executive (resigned 30 June 2017) D Jones – Finance Manager S Gill – Operations Director S Wallwork – Commercial Director

THE ARKWRIGHT SOCIETY LIMITED
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

Chairman's Message

The progress and development of the Arkwright Society has continued this year and the benefits of the hard work of the last few years are starting to bear fruit.

As with all organisations, change and evolution are ever continuous and it is as part of this change, that I have to announce the departure of CEO Sarah McLeod who is moving to become CEO of Wentworth Woodhouse in South Yorkshire. Sarah's vision, determination and drive have done so much to guide the Arkwright Society through troubled times, to become a vital and vibrant organisation, whose future is now far more positive and certain. The Arkwright Society will always be grateful to her for dedication and commitment over the past 16 years,

Her vision for the development of Building 17 has resulted in the Arkwright Society being awarded a Europa Nostra award for heritage conservation, one of only two UK sites to be presented this award. The awards panel commented:

"This project represents a good adaptive reuse of a notable site of industrial heritage and is a key component of an important ensemble of buildings. Had it been demolished or left to further deteriorate, it would have been a scar on this World Heritage site".

"The adaptive reuse of this building, which incorporates respectful and reversible interventions, addressed problems of contamination with innovative research. The result is a building with a social function that offers the perfect gateway to the World Heritage site of the Derwent Valley Mills".

"The interpretive activities and materials for children are a great addition to the site and its educational function is significant for the entire World Heritage site".

Such prestigious recognition is a well-deserved reward to Sarah and the team she has built here at Cromford. We wish her great success in her new role.

A new management team is now in place to move the Society forward and plan for the next stage of the Society's growth. This team is:

Simon Wallwork – Commercial Director

Simon Gill – Operations Director

Debbie Jones – Chief Financial Officer / CML Director

Hannah Steggles – Head of Heritage

The Trustees and management intend to continue with the development of the Master plan and develop the site to the award winning standard achieved with the Building 17 project.

I would like to thank all Trustees, management, members and volunteers for their support and contribution to the Arkwright Society over the past year and look forward to another year of significant progress.



David Williams
Chairman
4 October 2017

THE ARKWRIGHT SOCIETY LIMITED
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2017. The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Since the charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, Governance and Management

At present the charity is managed by its Trustee body, the Board of Trustees. This body meets up to ten times each year and has up to 12 members. Within the Board of Trustees there are three sub committees: nominations, audit and remuneration that meet as required. The Board of Trustees appointed an advisory committee known as the Consultative Council made up of representatives of Vice Presidents, retired Trustees and nominated constituencies to advise it on financial and other issues related to the delivery of the corporate plan, which was disbanded at the AGM in 2015.

The trust has a number of Project Committees which manage the Lumsdale Project and Building 17; working parties are established from time to time to deal with short term schemes.

In April 1994 the then Council of Management established a trading company, Cromford Mill Ltd, and appointed Directors to manage it. These meet on a regular basis and from time to time report to the Board of Trustees.

The responsibility for recommending the appointment of Trustees to the Board rests with the Nominations Committee of the Board; this committee has agreed terms of reference, comprises 4 or 5 trustees and is normally chaired by the Chair of Trustees.

Trustees are appointed on the basis of an analysis of the current skills of the Board and the need to strengthen its ability to direct the affairs of the Trust, and the individual ability of any nominee to meet any perceived gap in skills and other qualities they may bring to the Trust.

On appointment, trustees will receive a substantial induction pack including information on their duties as directors of a charitable company.

Internal Control

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of financial management and other necessary controls. They are also responsible for safeguarding the assets of the charity and to this end must ensure that reasonable steps are taken for the prevention and detection of fraud and any other irregularities. The trustees have appointed a Head of Internal Controls to strengthen their governance arrangements.

The Trustees accept that it is their responsibility to ensure that proper records are maintained and accurate financial information is collected and retained and that the charity complies with the relevant laws and regulations.

The charity's Trustees recognise that whatever system is put in place it must be seen as managing rather than eliminating the risk of failure to achieve the charity's objectives and can only provide reasonable rather than absolute reassurance in these matters.

THE ARKWRIGHT SOCIETY LIMITED

TRUSTEES' REPORT - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2017

inscribed by UNESCO, attract widespread interest which those who enjoy the stewardship of such heritage must respect by providing interpretation of the highest quality and extensive public access.

The Society also has social and environmental agendas which commit it to the provision of training; work experience; the recycling of materials and a sustainable transport policy and these aspirations will inform the delivery of its conservation and educational programmes.

The Society delivers its charitable objects through a range of activities many of which are long established. Its principal educational provision is made through the annual programme of lectures and visits and by participation in the national Heritage Open Days Programme and, locally, in the Derwent Valley Mills World Heritage Site Partnership Discovery Days. Every day, except Christmas Day, tours of the Cromford Mills are provided for visitors and booked parties and each of the Society's projects offers its own educational service.

Annual Performance Review

The Arkwright Society has seen a significant step forward in its development over the past year with the completion of the Building 17 project helping to improve its financial performance. The full benefit of these changes will reflect more fully over the coming financial year (2017-18).

The challenge to build the visitor numbers and maximise other commercial opportunities is still work in progress but with new initiatives and a more focused marketing approach to be implemented, the opportunities for further growth are significant.

Site Operations

A very successful year for site operations with Building 17 now fully let and all other available units both retail and office fully occupied. This will significantly improve the financial performance over the coming year and has been achieved well ahead of expectations.

The tenant mix is diverse and therefore not reliant on one particular sector which is a real strength. With a waiting list of clients for both office and workspace in Building 17 complex the demand for space is looking robust for the site.

Other significant progress include:

- Terminated the serviced contract with Total Parking Solutions and bought our own parking machines
- An Environmental audit, carried out by Consultant Liz Pasteur on a volunteer basis, looking at energy usage, waste control and recycling. This has resulted in better recycling for general and food waste, and a new recycling centre in the car park, to eliminate waste storage in the yard
- Site Toilets were fully refurbished to provide new baby change, disabled and a shower facilities
- New finger boards and orientation signs installed across the site
- New gates to the two main entrances were bought and installed through a conservation grant
- New steel grill installed over the culvert in the yard, replacing a rickety old fence
- The main site café kitchen was closed for a week in March 2017 to refurbish the interior, including installation of new washable wall finishes and sealing the floors
- Sale of Old Carriage House at auction in November 2016.

Heritage / Volunteering

Visitor numbers have grown since the opening of the Visitor Centre and the Arkwright experience and visitor response has been positive.

Admission numbers to the Visitor Centre and Arkwright experience whilst growing are still behind initial forecasts. In light of this and in consultation with Heritage Lottery Fund, DC Research consultants were engaged to review the current pricing and admissions approach. As a result of their findings, a new pricing policy has subsequently been

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TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity and its subsidiary Cromford Mill Ltd face;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

As in prior years this work has identified that financial sustainability is the major financial risk for both the charity and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, regular liaison with the bank, and active management of trade debtors and creditors balances to ensure sufficient working capital by the Trust and its subsidiary company.

Attention has also been focussed on non-financial risks arising from fire, health and safety, and food hygiene. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place, and regular awareness training for staff working in these operational areas.

Remuneration policy for senior staff

The board of directors of The Arkwright Society, who are the Trust's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis.

All directors give their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 12 to the accounts.

The Terms and Conditions of the senior staff are reviewed annually, usually in October, by the Remuneration Committee wholly made up of Trustees. The Committee operates within the framework of the following principles:

- Ability to attract staff of the right calibre and experience
- Ability to retain such staff
- Affordability within the Society's financial resources

Salaries and conditions are considered in the context of the local market having regard to the particular skills and knowledge required to manage a substantial building preservation trust in the charitable sector and in a commercial environment.

Whilst there is an annual review, there is no commitment to increase salaries or improve conditions, balancing affordability and the need to remain competitive.

Objectives and activities

The Society has adopted the following mission statement in respect of its work on the Cromford Mills site much of which applies to the Society's work in general:

The Arkwright Society is committed to the regeneration of the Cromford Mills site and to the reuse of the buildings in ways that will provide them with a sustainable future and which offers year round employment that will contribute positively to the local economy. At the same time the Society is aware of the international significance of the historic buildings in its care and in dealing with them is conscious of its obligation to use the highest standards of repair and conservation practice. The Society acknowledges that monuments of such universal importance,

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TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

introduced for 2017-18, including the kiosk being moved to direct customers through one main entrance point, allowing staff to engage directly with all visitors and promote the tours and visitor experience more directly.

It should be noted that this new pricing and admissions policy is currently under review as initial analysis suggests that not having a combined ticket is diluting the admissions revenue per head as they are not encouraged to do both the Visitor Centre and a tour.

Tour numbers have remained consistent but are currently split between the new audio tours and guided tours. The new audio tours are proving popular.

Reviews of the guided tours are positive and visitors find them informative and feel they enhance their understanding of the site and its historic importance.

Our volunteer tour guides and visitor information guides continue to do a wonderful job in enhancing our visitor's enjoyment and are invaluable support to the Arkwright Society.

Education and Learning

The Sandford award winning offer has continued to attract schools to the site and plans are in place to grow and develop the offer further providing schools and other educational institutions a broader educational offer.

Conferencing & Events

Conferencing continues to add positively to the turnover and profitability has moved forward this year. Contracts with Derbyshire County Council and Derby University have helped build the demand for conferencing bookings. Other such arrangements are being progressed and new marketing initiatives and market opportunities explored. A varied and broad calendar of events took place throughout the year to attract non-business visitors.

Membership

Arkwright Society membership has remained consistent and the offer package has been reviewed to improve the appeal but a new marketing initiative is required to encourage new members and grow membership going forward.

Cromford Mill Ltd

The trading company of the Arkwright Society, Cromford Mill Ltd had a mixed year performance wise.

The catering operations of Wheatcroft's Wharf and Arkwright's café have progressed this year with an overall growth in sales between the two operations.

Wheatcroft's Wharf café performed exceptionally well and continued to show significant sales growth over the year, a pattern which has continued in to the new financial year. It has been tougher trading for Arkwright's café but with a new management team and better focus a return to sales growth will be possible over the coming year.

Trading in the yard area has been more challenging, with the new retail outlet in the Building 17 visitor centre proving disappointing in its performance. Sales achieved were significantly behind budgeted expectations and after a review of the performance the shop was closed at the end of March 2017 and the offering integrated in to the main Mill shop which will improve the bottom line performance from the retail operations in the coming year.

Public benefit

The Trustees confirm that they have given careful consideration to the Charity Commission's general guidance on public benefit.

The public benefits derived from the Society's activities include:

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TRUSTEES' REPORT - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2017

- The advancement of education and specifically the provision of guided tours for the site and village for adult and school parties throughout the year, the provision through retail outlets of specialist texts relating to industrial heritage and local history literature, the development of archive material to assist educational research, the provision of programmes of lectures, visits and events on and to sites of historical interest; the annual provision of a joint lecture with the University of Derby on an environmental/heritage theme delivered by learned authority in the field; the provision through the Cromford Venture Centre of activities to promote confidence, self esteem and skill development for under privileged children.
- The advancement of arts, heritage and culture specifically the Society's commitment to the regeneration of the Cromford Mills site and to the reuse of buildings in ways which will provide them with a sustainable future; public access to the Society's main sites for their enjoyment of these sites; membership of and support of the Derwent Valley Mills World Heritage Site Partnership and its attendant committees on which the Society is represented; the Society's membership and promotion of the European Route of Industrial Heritage for which Cromford Mill is a designated anchor point; participation in the Heritage Open Days programme and locally in the Derwent Valley Mills Discovery Weeks, and delivery of an extensive annual events programme promoting the arts, culture and heritage.
- The advancement, protection and improvement of the natural environment specifically the acquisition, management and regeneration of Dunsley Meadows designated as Derbyshire Dales first Local Nature Reserve, the management of Slinger Woods an established Site of Specific Interest (SSSI) designated by English Nature (now Natural England) and a Special Area of Conservation (SAC) designated by the European Union, maintenance and management of Lumsdale, a bequest to the Society and a valley of outstanding natural beauty and industrial heritage interest on the north side of Matlock.

Financial review

Reserves Policy

The Trustees have considered the reserves held by the Arkwright Society as at 31 March 2017. The Society needs reserves to enable it to develop its long term aims as well as ensuring the continuation of current activities. It is the Trustees' ambition to hold free reserves in cash which will be sufficient to cover three months operating costs.

In order to meet their responsibilities, the Trustees have reviewed the requirements and risks faced by the Society both in the short and medium term.

Total funds at the year end stood at £5,499k (2016: £5,651k) of which £372k (2016: £597k) were unrestricted funds.

The unrestricted reserves are £372k but as shown in the accounts the unrestricted reserves already invested in the tangible fixed assets are in excess of this figure. Accordingly the free reserves of the charity, being those reserves available to the Trustees for future commitment can be seen to be -£1,082k. This recognises that the mill site was originally acquired with long term loans that are still being repaid. It is the Trustees long term aim to establish free reserves sufficient to enable a sustainable operation of the mill but until the restoration of the site is complete, that level cannot be quantified.

Key Financial Indicators

Notes 3 to 7 detail income which totals £1,507k (2016: £2,644k). Within these:

- Income from other trading activities increased by £65k to £640k (2016: £575k).
- Income from charitable activities increased by £314k to £508k (2016: £194k). Other incoming resources totalled £34k (2016: £40k).

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TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

Key Financial Indicators - continued

- Income from donations and legacies fell by £1,509k to £325k (2016: £1,834k) as the restricted Building 17 funding for the capital project comes to an end.

Notes 8 and 9 detail costs of raising funds and charitable activities which total £1,657k (2016: £1,384k). Within these:

- Governance costs total £16,820 (2016:£14,560).
- Losses on disposal of fixed assets were £3,613 (2016:£10,541).

Net expenditure for the year totalled £153k, a decrease of £1,403k over the previous year's net income of £1,250k.

The overall result on unrestricted funds was net expenditure of £226k in 2017 compared to net expenditure of £240k in 2016.

At the year end reserves consisted of restricted funds of £5,127k and £372k in unrestricted funds.

Going Concern

The Trustees have prepared financial forecasts for future years from the end of March 2017 building upon the actual results seen so far in 2017/2018. Whilst these forecasts do show continued improvements in the underlying financial performance of the group they do identify that the group may have difficulties in meeting existing debt repayment commitments during 2018/19 and 2019/20. The Trustees have highlighted this to the groups bankers and other funders, specifically the Architectural Heritage Fund and the Heritage Lottery Fund who have all indicated their willingness to work with the group to deliver a more resilient business and financing model that will provide increased confidence in the group's ability to service debts. The Trustees believe that appropriate agreements will be reached and that on this basis it is appropriate to prepare the accounts on a going concern basis. The financial statements do not include the adjustments that might be required should this not be the case.

Plans for the future

The trustees are working with the newly appointed management team to review all aspects of the Society to include but not limited to:

- preparing an Estate Strategy to ensure the most efficient use of all property held
- pro-actively marketing the site to create a greater awareness of what the site has to offer
- broadening the visitor experience to appeal to the Heritage & Education markets
- delivering a calendar of events which will appeal to a more diverse range of visitors
- recruiting a Head of Catering to drive forward sales and control costs of the two catering outlets
- reviewing the offering of the retail outlet to increase profitability and customer appeal.

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of the Arkwright Society Ltd for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of Charities SORP2015 (FRS 102);

THE ARKWRIGHT SOCIETY LIMITED
TRUSTEES' REPORT - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

Trustees' responsibilities in relation to the financial statements – continued

- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- prepare 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 adequate 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 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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 auditor is aware of that information.

Auditor

A resolution proposing that BHP LLP be re-appointed as auditor will be put to the Annual General Meeting.

On behalf of the Board



D Williams

Chairman

4 October 2017

We have audited the group and individual financial statements of The Arkwright Society Ltd for the year ended 31 March 2017 which comprise the consolidated Statement of Financial Activities, the consolidated and individual Balance Sheets, the consolidated Statement of Cash Flows and the related notes. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on pages 9 and 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017, 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 (applicable to smaller entities); 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 based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

THE ARKWRIGHT SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARKWRIGHT SOCIETY LTD- CONTINUED

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the group's ability to continue as a going concern. The conditions outlined in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Matters on which we are required to report by exception

In light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Jane Marshall (Senior Statutory Auditor)
for and on behalf of BHP LLP
Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

4 October 2017.

BHP LLP, is eligible to act as an auditor in terms of section 1212 of the Companies Act

THE ARKWRIGHT SOCIETY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income & endowments from:					
Donations & legacies	3	29,044	296,049	325,093	1,834,470
Other trading activities	4	640,728	-	640,728	575,677
Investment income	5	-	110	110	146
Charitable activities	6	498,166	9,808	507,974	194,051
Other incoming resources	7	32,923	1,000	33,923	40,405
Total income & endowments		1,200,861	306,967	1,507,828	2,644,749
Expenditure on:					
Raising funds	8	621,180	-	621,180	511,909
Charitable activities	9	802,091	233,585	1,035,676	872,224
Total expenditure		1,423,271	233,585	1,656,856	1,384,133
Net (expenditure)/income		(222,410)	73,382	(149,028)	1,260,616
Other recognised gains and losses					
Realised loss on disposal of fixed assets		(3,612)	-	(3,612)	(10,541)
Net movement in funds		(226,022)	73,382	(152,640)	1,250,075
Reconciliation of funds					
Total funds brought forward 1 April 2016		597,784	5,053,397	5,651,181	4,401,106
Total funds carried forward 31 March 2017		371,762	5,126,779	5,498,541	5,651,181

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

THE ARKWRIGHT SOCIETY LIMITED
BALANCE SHEETS
AS AT 31 MARCH 2017

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Fixed assets					
Tangible assets	14	883,065	873,360	733,715	716,557
Heritage assets	15	5,611,147	5,678,699	5,611,147	5,678,699
Investments	16	-	-	2	2
		6,494,212	6,552,059	6,344,864	6,395,258
Current assets					
Stocks	17	43,938	40,275	6,344	6,344
Debtors	18	216,922	339,920	226,783	355,034
Cash at bank and in hand	19	313,521	385,982	301,637	347,884
		574,381	766,177	534,764	709,262
Creditors : amounts falling due within one year	20	(718,343)	(620,266)	(643,596)	(545,761)
Net current (liabilities)/assets		(143,962)	145,911	(108,832)	163,501
Total assets less current liabilities		6,350,250	6,697,970	6,236,032	6,558,759
Creditors : amounts falling after more than one year	21	(813,986)	(1,006,999)	(700,594)	(869,959)
Accruals and deferred income	22	(37,723)	(39,790)	-	-
Net assets	26	5,498,541	5,651,181	5,535,438	5,688,800
Funds					
Restricted funds	24	5,126,779	5,053,397	5,126,779	5,053,397
Unrestricted income funds	25	371,762	597,784	408,659	635,403
Total funds		5,498,541	5,651,181	5,535,438	5,688,800

Included in unrestricted funds is a revaluation reserve of £792,867 (2016: £892,867).

Included in restricted funds is a revaluation reserve of £24,901 (2016: £24,901).

The financial statements were approved by the Board and signed by the Chairman of the committee on 4 October 2017.



D Williams

Chairman

Company Registration Number 1630237

THE ARKWRIGHT SOCIETY LIMITED
STATEMENT OF CASH FLOWS
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Net cash flow from operating activities	31	157,912	1,666,842
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(151,634)	(1,997,973)
Interest received		110	146
Receipts from sales of tangible fixed assets		96,388	245,459
Net cash flow from investing activities		(55,136)	(1,752,368)
Cash flow from financing activities			
Receipts from issues of new long term loans		-	657,000
Receipts from government grants		-	41,340
Repayment of long term loans		(159,101)	(432,351)
Interest paid		(31,127)	(50,119)
Net cash flow from financing activities		(190,228)	215,870
Net (decrease)/increase in cash and cash equivalents		(87,452)	130,344
 Cash and cash equivalents at start 1 April 2016	 19	 118,808	 (11,536)
Cash and cash equivalents at start 31 March 2017	19	31,356	118,808

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies

General information and basis of preparation

The Arkwright Society is a registered charity and company in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are detailed in the trustees' report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern

The accounts show a total deficit for the year of £152,640, including a deficit on unrestricted funds of £226,022. The charitable group had no free reserves.

The Trustees have prepared financial forecasts for future years from the end of March 2017 building upon the actual results seen so far in 2017/2018. Whilst these forecasts do show continued improvements in the underlying financial performance of the group they do identify that the group may have difficulties in meeting existing debt repayment commitments during 2018/19 and 2019/20. The Trustees have highlighted this to the groups bankers and other funders, specifically the Architectural Heritage Fund and the Heritage Lottery Fund who have all indicated their willingness to work with the group to deliver a more resilient business and financing model that will provide increased confidence in the group's ability to service debts. The Trustees believe that appropriate agreements will be reached and that on this basis it is appropriate to prepare the accounts on a going concern basis. The financial statements do not include the adjustments that might be required should this not be the case.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Cromford Mill Limited on a line-by-line basis. A separate Statement of Financial Activities, and income and expenditure account, for the charity itself are not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

The charity receives grant funding, which is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies – continued

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity 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.

Resources expended and irrecoverable VAT

All resources expended are recognised once there is a legal or constructive obligation to make a payment it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Raising funds comprise the costs of commercial trading;

Charitable activities include the costs of activities undertaken to further the purposes of the charity;

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative costs. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Fixed assets

Both the freehold and leasehold property are held at market value. The property is periodically subject to revaluations, the details of which are included in note 14.

Heritage assets

Heritage assets are recognised on the balance sheet and initially measured at cost when purchased or if donated, their valuation. Assets are subsequently stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Acquisitions only arise when donated to the charity or if it is believed that they will further the charity's objectives. Once acquired they will be preserved by the charity in order to keep their historical, artistic, scientific, technological, geophysical or environmental qualities to such a high level as to contribute to knowledge and culture. A register of all assets held by the charity is available and the assets themselves are accessible to the public with prior agreement. Heritage assets are to be held for the foreseeable future.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings – 25% reducing balance or 5 years straight line
Motor vehicles – 25% reducing balance

Included in fixtures and fittings is a picture held at its original cost of £2,500. This asset has not been depreciated because it is the opinion of the trustees that the asset is not impaired by the passage of time and in consequence any element of depreciation would be immaterial.

1. Accounting policies – continued

Freehold and long leasehold buildings and heritage assets are not depreciated because the buildings are maintained in good condition so that their value is not impaired by the passage of time and in consequence any element of depreciation would be immaterial. The Trustees perform annual impairment reviews in accordance with the requirements of FRS 102 to ensure that the carrying value is not greater than the recoverable amount.

Assets in the course of renovation are not depreciated. A valuation will be performed in 2017 following completion of the second phase of the Building 17 project.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

Operating lease agreement

Rentals applicable to operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

2. Statement of financial activities for 2016

	Unrestricted funds £	Restricted funds £	Total 2016 £
Income & endowments from:			
Donations & legacies	216,878	1,617,592	1,834,470
Other trading activities	575,677	-	575,677
Investment income	-	146	146
Charitable activities	194,051	-	194,051
Other incoming resources	24,820	15,585	40,405
Total incoming resources	1,011,426	1,633,323	2,644,749
Expenditure on:			
Raising funds	511,909	-	511,909
Charitable activities	728,688	143,536	872,224
Total resources expended	1,240,597	143,536	1,384,133
Net (expenditure)/income	(229,171)	1,489,787	1,260,616
Other recognised gains and losses			
Realised loss on disposal of fixed assets	(10,541)	-	(10,541)
Net movement in funds	(239,712)	1,489,787	1,250,075
Reconciliation of funds			
Total funds brought forward 1 April 2015	837,496	3,563,610	4,401,106
Total funds carried forward 31 March 2016	597,784	5,053,397	5,651,181

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
3. Donations & legacies				
Donations and gifts received	27,127	4,612	31,739	58,424
Grants receivable	1,917	291,437	293,354	1,776,046
	<u>29,044</u>	<u>296,049</u>	<u>325,093</u>	<u>1,834,470</u>
4. Other trading activities				
Fundraising events	11,359	-	11,359	26,037
Cromford Mill Limited sales	629,369	-	629,369	549,640
	<u>640,728</u>	<u>-</u>	<u>640,728</u>	<u>575,677</u>
5. Investment income				
Bank interest receivable	-	110	110	146
	<u>-</u>	<u>110</u>	<u>110</u>	<u>146</u>
6. Charitable activities				
Visitor services	123,370	9,808	133,178	26,516
Property services	289,264	-	289,264	129,829
Education and tours	85,532	-	85,532	37,706
	<u>498,166</u>	<u>9,808</u>	<u>507,974</u>	<u>194,051</u>

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
7. Other incoming resources				
Arkwright's attic sales	-	-	-	15,165
Gift Aid	-	-	-	3,313
Car Park income	32,923	-	32,923	18,888
Other income	-	1,000	1,000	2,478
Management charges	-	-	-	561
	<u>32,923</u>	<u>1,000</u>	<u>33,923</u>	<u>40,405</u>
8. Raising funds				
Cromford Mill Limited	<u>621,180</u>	<u>-</u>	<u>621,180</u>	<u>511,909</u>
9. Charitable activities				
Visitor services	168,430	-	168,430	194,497
Property services	389,266	-	389,266	307,022
Conservation and building services	9,098	2,527	11,625	25,144
Heritage site management	218,477	28,754	247,231	225,614
Building 17	-	202,304	202,304	93,987
Matlock Civic Association	-	-	-	11,400
Governance costs (note 10)	16,820	-	16,820	14,560
	<u>802,091</u>	<u>233,585</u>	<u>1,035,676</u>	<u>872,224</u>
10. Governance costs				
Auditor's remuneration	13,020	-	13,020	11,260
Accounting services	3,500	-	3,500	3,000
Taxation services	300	-	300	300
	<u>16,820</u>	<u>-</u>	<u>16,820</u>	<u>14,560</u>
11. Net income/(expenditure) for the year is stated after charging:			2017	2016
			£	£
Depreciation			21,999	9,948
Auditor's remuneration				
- audit of the financial statements			13,020	11,260
- accounting services			3,500	3,000
- taxation services			300	300
Loss on disposal of fixed assets			3,612	10,541

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

12. Staff costs and key management personnel remuneration

Total staff costs were as follows:

	2017 £	2016 £
Wages and salaries	662,152	602,097
Social security costs	45,877	40,390
	<u>708,029</u>	<u>642,487</u>

Particulars of employees:

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2017 Number	2017 FTE	2016 Number	2016 FTE
Tourism and visitor services	6	6	6	6
Site maintenance	4	4	4	4
Catering and retail	20	20	15	15
Administration and support	4	4	4	4
	<u>34</u>	<u>34</u>	29	29

The total amount of employee benefits received by key management personnel is **£132,500** (2016: £116,500). The Trustees considers its key management personnel comprise the Chief Executive Officer, Finance Manager and the Site Manager.

No trustee received any remuneration, benefits or reimbursement of expenses from the company (2016: £nil).

No employee received remuneration of more than £60,000 during the year (2016: £nil).

13. Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

14. Tangible fixed assets

Group	Cromford Wheatcroft @ cost £	Freehold Property Valuation £	Fixtures & fittings Cost £	Leasehold property Valuation £	Total £
Cost or valuation					
At 1 April 2016	150,382	174,333	285,628	385,000	995,343
Additions	-	-	31,704	-	31,704
At 31 March 2017	150,382	174,333	317,332	385,000	1,027,047
Depreciation					
At 1 April 2016	5,624	-	116,359	-	121,983
Charge for the year	7,519	-	14,480	-	21,999
At 31 March 2017	13,143	-	130,839	-	143,982
Net book value					
At 31 March 2017	137,239	174,333	186,493	385,000	883,065
At 31 March 2016	144,758	174,333	169,269	385,000	873,360

Charity	Freehold Property Valuation £	Fixtures & fittings Cost £	Leasehold property Valuation £	Total £
Cost or valuation				
At 1 April 2016	174,332	267,153	385,000	826,485
Additions	-	29,911	-	29,911
At 31 March 2017	174,332	297,064	385,000	856,396
Depreciation				
At 1 April 2016	-	109,928	-	109,928
Charge for the year	-	12,753	-	12,753
At 31 March 2017	-	122,681	-	122,681
Net book value				
At 31 March 2017	174,332	174,383	385,000	733,715
At 31 March 2016	174,332	157,225	385,000	716,557

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

14. Tangible fixed assets - continued

Freehold property consists of Grace Cottage, Cromford Lock up, Land at Slinger Cottage, Lumsdale Fishponds, Dunsley Meadows and the car park.

Leasehold property consists of Cromford Wharf and Cromford Station. The freehold and leasehold property are included at valuations provided by J Alexander FRICS in December 2011. The trustees confirm in their opinion the market value as at 31 March 2017 remains comparable.

Comparable historic cost for assets held at valuation

	2017	2016
	£	£
Freehold	153,500	153,500
Leasehold	197,599	197,599

15. Heritage assets

Group & Charity	Assets in the course of renovation At cost	Assets held at valuation	Assets held at cost	Total
Cost or valuation	£	£	£	£
At 1 April 2016	4,254,165	1,424,534	-	5,678,699
Additions	119,930	-	-	119,930
Disposals	-	(100,000)	-	(100,000)
Transfers	(4,374,095)	-	4,374,095	-
	-	1,324,534	4,374,095	5,698,629
Depreciation				
At 1 April 2016	-	-	-	-
Charge for the year	-	-	87,482	87,482
	-	-	87,482	87,482
Net book value				
At 31 March 2017	-	1,324,534	4,286,613	5,611,147
At 31 March 2016 – as restated	4,254,165	1,424,534	-	5,678,699

Heritage assets comprise the industrial buildings at Cromford Mill including Building 17 which completed its renovation during the year. The oldest buildings date back to the second half of the 18th century.

Some heritage assets were subject to an independent, professional valuation at December 2014. The valuation was undertaken by Sanderson Weatherall on an open market value.

The trustees have had due regard to a property valuation prepared by Sanderson Weatherall LLP in December 2014 and confirm on this basis that in their opinion the market value as at 31 March 2017 remains comparable.

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

16. Investments

Investment in subsidiary undertaking

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Cost at 1 April 2016 and 31 March 2017	-	-	2	2

The investment comprises 100% of the share capital of Cromford Mill Limited, the charity's trading subsidiary. The aggregate capital and reserves of that company at 31 March 2017 were **-£86,496** (2016: -£37,620), and its result for the year was a loss of **£48,876** (2016: profit of £526).

During the year the charity received rent of **£6,000** (2016: £28,667), management charges of **£nil** (2016: £561), recharged expenses of **£20,829** (2016: £61,724) and loan interest of **£539** (2016: £539) from Cromford Mill Limited.

At 31 March 2017 Cromford Mill Limited owed the charity **£35,747** (2016: £15,117 owed by the charity) which includes a loan repayable on demand, with interest calculated at bank base rate plus 2%. The loan is secured over the stock held by Cromford Mill Limited.

17. Stocks

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Stocks	43,938	40,275	6,344	6,344

18. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	16,072	46,409	16,072	46,409
Amounts owed by group undertakings	-	-	-	15,117
Other debtors	168,670	261,074	178,538	261,071
Prepayments	32,180	32,437	32,173	32,437
	216,922	339,920	226,783	355,034

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

19. Cash and cash equivalents

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Cash at bank and in hand	313,521	385,982	301,637	347,884
Less: bank overdrafts	(282,165)	(267,174)	(247,408)	(248,301)
	31,356	118,808	54,229	99,583

20. Creditors: Amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	345,419	327,628	299,455	308,755
Architectural Heritage Fund loan re Building 17	100,000	68,888	100,000	68,888
Amounts owed by group undertakings	-	-	35,747	-
Trade creditors	169,988	139,133	144,992	117,254
Taxation and social security	28,948	26,813	7,315	7,899
Other creditors	28,184	14,832	24,711	11,735
Accruals	45,804	42,972	31,376	31,230
	718,343	620,266	643,596	545,761

21. Creditors: Amounts falling due after more than one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	428,986	496,999	315,594	359,959
Architectural Heritage Fund loan re Building 17	385,000	510,000	385,000	510,000
	813,986	1,006,999	700,594	869,959

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

21. Creditors: Amounts falling due after more than one year (continued)

The bank loans and overdrafts totalling **£774,405** (2016: £824,627) are secured on assets of the charity as follows:-

- A 1st legal charge over commercial freehold property known as Old Trout Farm (Excl No 10), Cromford Mill, Cromford Matlock, Derbyshire dated 23/11/1988.
- A 1st legal charge over commercial freehold property known as Cromford Colour Mills, Cromford, Derbyshire dated 18/11/1988.
- A 1st legal charge over commercial freehold property known as 10 The Old Trout Farm, Cromford Mill, Cromford, Matlock, Derbyshire dated 19/10/1994.
- A 1st legal charge over residential freehold property known as Grace Cottage, Station Rd, Cromford, Matlock, Derbyshire dated 28/5/1999.
- An unlimited debenture dated 19/12/2001 incorporating a fixed and floating charge over the assets of the society.

22. Accruals and deferred income

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Government grants received	39,790	41,340	-	-
Government grants released in year	(2,067)	(1,550)	-	-
	<u>37,723</u>	<u>39,790</u>	<u>-</u>	<u>-</u>

23. Financial instruments

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Financial assets measured at amortised cost	<u>498,263</u>	<u>693,465</u>	<u>510,100</u>	<u>670,481</u>
Financial liabilities measured at amortised cost	<u>1,429,393</u>	<u>1,542,648</u>	<u>1,245,041</u>	<u>1,364,856</u>

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

24. Restricted funds

Group and charity	Balance at 1 April 2016 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 March 2017 £
Building 17					
Building 17 development & project fund	4,803,237	193,598	(202,405)	-	4,794,430
Lumsdale project					
Lumsdale project	15,201	108,582	(28,754)	-	95,029
Cromford station					
Cromford station	139,438	-	-	-	139,438
Dunsley Meadows					
Dunsley Meadows	53,474	1,011	(140)	-	54,345
Slinter Land					
Slinter Land	30,000	-	-	-	30,000
Cromford Hydro scheme					
Cromford hydro scheme	2,007	-	-	-	2,007
Other					
Sundry projects	215	1,110	-	-	1,325
Arkwright's attic	495	1,508	(1,508)	-	495
Arkwright's books and artefacts	4,008	-	-	-	4,008
Slinter Woodland project	2,371	-	-	-	2,371
Guide resources fund	1,083	158	(150)	-	1,091
Education materials	1,868	1,000	(628)	-	2,240
	<u>5,053,397</u>	<u>306,967</u>	<u>(233,585)</u>	<u>-</u>	<u>5,126,779</u>

The Restricted Funds represent monies donated or raised for a specific project of the charity. The purposes of the main Restricted Funds are given below.

The Building 17 development fund aims to develop a World Heritage Site and Gateway.

The Lumsdale project funds are for the continued preservation and archaeological works in Lumsdale.

Cromford Station is now completely refurbished and tenants in situ.

The Dunsley Meadows fund is for the acquisition and management of Dunsley Meadows, an ancient hay meadow local Nature Reserve.

Slinter Land of £30,000 remains following the sale of Slinter Cottage.

The Cromford Hydro Scheme aims to explore the possibility of renewable energy at the site by the installation of technology in order to generate hydro-electricity.

Other restricted funds include:

Arkwright's Attic sells donated goods and generates funds to be used for restricted purposes.

The Slinter Woodland project fund represents the funds obtained and expended in the continued management of the Slinter Woodland site as a 'Site of Specific Scientific Interest' SSSI.

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

25. Unrestricted income funds

	Balance at 1 April 2016 £	Incoming resources £	Outgoing resources £	Revaluations/ Transfers £	Balance at 31 March 2017 £
General funds - charity	634,446	563,268	(789,140)	85	408,659
General funds - subsidiary	(37,621)	629,369	(628,645)	-	(36,897)
Group general funds	596,825	1,192,637	(1,417,785)	85	371,762
Designated funds					
New site gates	959	2,870	(4,780)	951	-
Boiler replacement	-	-	(1,023)	1,023	-
PC & laptops	-	-	(704)	704	-
Cromford café refit	-	-	(1,021)	1,021	-
Conference room upgrade	-	-	(968)	968	-
Academic fund	-	-	-	-	-
Private donors fund	-	5,354	(407)	(4,947)	-
Wharf development	-	-	(195)	195	-
	959	8,224	(9,098)	(85)	-
	597,784	1,200,861	(1,426,883)	-	371,762

Transfers from designated to general funds occur when a fixed asset is acquired and the charity is able to use that asset on an unrestricted basis for any charitable purpose.

26. Analysis of net assets between funds

Current year - 2017

	Restricted income funds					Unrestricted income funds £	Total funds £
	Dunsley Meadows £	Cromford Station £	Slinter Cottage £	Other Restricted funds £	Total Restricted funds £		
Fixed assets	45,000	140,000	30,000	4,396,516	4,611,516	1,882,696	6,494,212
Net current assets/(liabilities)	9,345	59,438	-	831,480	900,263	(1,044,225)	(143,962)
Long term liabilities	-	(60,000)	-	(325,000)	(385,000)	(428,986)	(813,986)
Accruals and deferred income	-	-	-	-	-	(37,723)	(37,723)
	54,345	139,438	30,000	4,902,996	5,126,779	371,762	5,498,541

Prior year - 2016

	Restricted income funds					Unrestricted income funds £	Total funds £
	Dunsley Meadows £	Cromford Station £	Slinter Cottage £	Other Restricted funds £	Total Restricted funds £		
Fixed assets	45,000	140,000	30,000	4,254,165	4,469,165	2,082,894	6,552,059
Net current assets/(liabilities)	8,474	59,438	-	1,026,320	1,094,232	(948,321)	145,911
Long term liabilities	-	(60,000)	-	(450,000)	(510,000)	(496,999)	(1,006,999)
Accruals and deferred income	-	-	-	-	-	(39,790)	(39,790)
	53,474	139,438	30,000	4,830,485	5,053,397	597,784	5,651,181

THE ARKWRIGHT SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

27. Company limited by guarantee

Constitution

The Arkwright Society is constituted as a company limited by guarantee (Company Registration No 1630237) and is a charity registered for charitable purposes with the Charity Commission (Charity Registration No 515526).

Liability of members

In the event of the Society being wound up during the period of membership or within the year following, the company members are required to contribute an amount not exceeding £1.

28. Related Party Transactions

During 2013 the Duke of Devonshire, the President of the charity, made a loan to the charity of £35,000, £10,000 remained repayable as at 31 March 2017 and 2016. The loan is interest free.

A café employee is the daughter of a trustee and two employees are a son and daughter of two separate members of the senior management team their aggregate earnings totalled **£6,414** (2016: £3,937).

29. Contingent liability

The charity has a possible obligation to repair and reinstate an aqueduct which was formally part of the Cromford Mill site. Derbyshire County Council (DCC) are unable to agree with Derbyshire Dales District Council (DDDC) and Historic England (HE) on the height at which the aqueduct should be reinstated. The liability has been estimated at £295,000 and is contingent on an agreement being reached between DDC and DDDC/HE at some point in the future.

Grant income recognised in the financial statements remains subject to monitoring from relevant regulatory bodies in subsequent years. Non-compliance with the terms and conditions of grants could result in grant monies being clawed back.

Retentions in respect of building projects total £nil (2016: £33,000) and are payable on the completion of remedial work post year end.

30. Capital commitments

The group had capital commitments totalling £nil (2016: £nil) at the year end.

31. Reconciliation of net income/expenditure to net cash flow from operating activities

	2017 £	2016 £
Net income/(expenditure) for year	(152,640)	1,250,075
Interest received	(110)	(146)
Interest paid	31,127	50,119
Depreciation of tangible fixed assets	109,481	16,677
Amortisation of government grant	(2,067)	(1,550)
Loss on sale of tangible fixed assets	3,612	10,541
Increase in stock	(3,663)	(6,419)
Decrease in debtors	122,998	357,298
Increase/(decrease) in creditors	49,174	(9,753)
Net cash flow from operating activities	157,912	1,666,842