



(a charitable company limited by guarantee)

**Annual Report**  
**for the year ended 31 March 2019**

**Registered Company Number: 1654806**

Cultura Trust  
(a charitable company limited by guarantee)

Annual Report

for the year ended 31 March 2019

Contents

Reference and administrative details.....	1
Trustees' report for the year ended 31 March 2019.....	2
Independent auditor's report to the members of Cultura Trust.....	10
Statement of financial activities (including income and expenditure account) for the year ended 31 March 2019.....	13
Balance sheet as at 31 March 2019.....	14
Accounting policies.....	15
Notes to the accounts for the year ended 31 March 2019 .....	18

# **Cultura Trust**

## **(a charitable company limited by guarantee)**

### **Reference and administrative details**

Charity number: 513055  
Company number: 1654806  
Registered office: The Rivergreen Centre, St Mary's Park, Stannington, Northumberland NE61 6BL

#### **Our advisors**

Independent auditors: UNW LLP, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE  
Bankers: Unity Trust Bank plc, Nine Brindley Place, Birmingham, B1 4JE  
Solicitors: Sintons LLP, The Cube, Barrack Road, Newcastle upon Tyne, NE4 6DB

### **Directors and trustees**

The directors of the charity are its trustees for the purpose of charity law. The trustees and senior management serving at any time during the year and those since the year end were as follows:

#### **Trustees**

Mr A Banford  
Mr D Butterworth (resigned 8 October 2018)  
Mr P Bromley  
Mr P Candler DL (Chairman)  
Ms B Gubbins  
Ms D Jenkins  
Ms C MacKenzie  
Mr M Moody (resigned 30 April 2019)  
Mr C Mullin  
Prof R Pickard  
Mr B Speker OBE DL

#### **Senior management**

Graham Bell Director  
Richard Beattie Finance Manager

# **Cultura Trust**

## **(a charitable company limited by guarantee)**

### **Trustees' report for the year ended 31 March 2019**

The trustees present their report and accounts for the year ended 31 March 2019.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the 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) (effective 1 January 2015).

#### **Objectives and Activities**

The objects of the charity, as set out in its memorandum and articles, are to promote a high standard of planning and architecture in or affecting the area of benefit, to educate the public in the geography, history, natural history and architecture, and to secure the preservation, protection, development and improvement of buildings and other features of historic architecture or public interest in the area of benefit.

The charitable company's objectives are to provide independent professional advice and services in the public interest, working towards improvement of, and appreciation for the environment of the North of England (in these circumstances being defined as the North East of England, North Yorkshire and Cumbria) including the acquisition, restoration and beneficial re-use of historic buildings. As far as possible, all activities are undertaken in partnership, often bringing together public bodies and community groups.

The Trust continues to combine consultancy with the development of historic property. During this financial year the Trust has provided advice on a number of problematic sites across its area of operation, as set out below.

Activities during the year continued to cover all aspects of the Trust's diverse roles, including conservation area character appraisals, conservation plans, feasibility studies, options appraisals, skill training and community development assistance. The Trust has successfully continued to deliver a wide range of services and projects in accordance with its aims and objectives.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'. All work undertaken by the Trust seeks to offer public benefit, either through improvement or protection of local built environment, contribution to heritage led regeneration, access to skill training or capacity building of skills within local communities.

#### **Volunteers**

The Trust is very involved in local communities and occasionally relies upon volunteers. The number of volunteers involved in some projects can vary from an individual working on a specific task such as archiving up to three dozen or more involved in a project, for which we wish to record our thanks to them for helping us achieve even more in our charitable aims.



## **Cultura Trust** **(a charitable company limited by guarantee)**

### **Trustees' report for the year ended 31 March 2019 (continued)**

#### **Achievements and Performance**

2018-19 has been a landmark year for the Trust by any measure, even against the background of over 50 years of operation and several transformations. There is much to report.

The civil society movement has changed out of all recognition since the 1960s when the Trust was launched, but the relationship between economic and social wellbeing and the historic environment is as much a reflection of society's values now as it was in 1965 when the Trust was launched.

At a strategic level, the headline of the year was the Trust's director being the UK National Co-ordinator for 2018 European Year of Cultural Heritage, which was an extraordinary opportunity that by 2019 was shown to have been an unqualified success. The Trust was one of 33 country co-ordinators, so the international and national profile and contribution of the Trust was greater than anything it had previously achieved. The national launch events in England, Wales and Scotland (the latter being attended by an EU Commissioner) in 2017/18 all demonstrated that the Trust had the credibility and capability to expand its role in 2018/19 and beyond: an independent review of all participating country programme websites rated the Trust's UK dedicated programme website in the top four, and by the end of the year the Trust had supported over 600 events – which was more, for example, than either The Netherlands or Ireland. The Year proved to be one of the most successful ever held across Europe, the kudos of which the Trust was able to share and build upon. Exceeding all expectations justified maintaining the momentum to enable cultural heritage has an influence across all policy agendas. This has helped the Trust to develop beyond its hitherto more narrowly defined historical core work in heritage protection.

It was therefore fortuitous that the 2018 Year coincided with the Trust's comprehensive organisational review, made possible with a generous grant (one of the largest of its type nationally at the time) from the Heritage Lottery Fund. The quantum leap made possible by 2018 of expanded horizons, capacity building and profile-raising opened up the opportunity for the Trust to interpret resilience with entrepreneurial ambition rather than mitigation of risk. Advice from business mentors and an array of specialist consultants was distilled into a new forward plan for 5-7 years, adopted in January 2019, which will take that period to fully roll out. As the Trust's plans were being prepared for a spring relaunch, it was interesting to see in March 2019 that the relaunched Heritage Lottery Fund as National Lottery Heritage Fund had adopted a number of the strategic shifts in emphasis the Trust would be introducing, especially a central focus on people and benefits as the motivation for heritage, rather than vice versa. By the end of the year, as the realignment for the Trust moved from formulation to implementation, the two grant-supported project posts ended and the lessons learned from the experience were captured in an evaluation review.

The working relationship with the European Commission in 2017/18 led to a grant-enabled exhibition in Europe House in London presenting the surprisingly unusual perspective of the value of the Roman Frontiers (which run from the Irish Sea to the Black Sea) to modern-day society. The Commission Representation in Scotland then supported a variation of the exhibition, illustrating the Antonine Wall, to tour relevant sites from coast to coast as part of European Heritage Days / Doors Open Days in September 2018, which the Trust organised in collaboration with Scottish Civic Trust and eight venue partners including the Maid of the Loch on Loch Lomond, the Library of Innerpefferay and Cramond Kirk.

The cross-border working relationships within the UK and across Europe strengthened the strategic position of the Trust's future direction and its imminent development proposals for its Camp Farm at Maryport. The Trust concluded its ambitious comprehensive vision for the farm in October 2018. As a '21<sup>st</sup> century model

## **Cultura Trust** **(a charitable company limited by guarantee)**

### **Trustees' report for the year ended 31 March 2019 (continued)**

farm', the vision is driven by education, training and employability across all disciplines including World Heritage Site management and interpretation of the Roman archaeology, managing climate change through agriculture, biodiversity and renewable energy, and reviving the traditional skills used in the construction and operation of the 19<sup>th</sup> century model farm. The project embodies all that has emerged from the Resilient Heritage review of the Trust, and will inform preparation of the new 10-year management plan for the Hadrian's Wall section of the World Heritage Site. It will prove to be a timely contribution to the emerging imperative for cultural heritage to play its part in responding to climate change.

Indeed, the Trust is already leading in its responsibilities to climate change – first, by the way it will decentralise and become more locally project based, and with two of its properties already working towards significant carbon reductions. Gayle Mill, completed in 2008, has historic and contemporary turbines powered by hydro-electricity, and biomass heating that can be fuelled by surplus timber off-cuts from processing. During the year the main phase of work at Warwick Bridge Corn Mill commenced which includes refurbishment of the entire 19<sup>th</sup> century water powered cornmilling installation alongside introduction of new hydro-electric power. The Trust's aim is an exemplar of a circular economy centred on local skills, employment, products and on-site power generation. As an extension of the Trust's commitment to collaboration with its local communities, complementing the Resilient Heritage organisational review, the Trust secured funding from the Architectural Heritage Fund to explore the potential for community share investment in its projects. It concluded that the Warwick Bridge cornmill was well placed to be the first venture for the Trust into this important, still evolving, facility for the public to become direct stakeholders in Trust-developed initiatives. 2019/20 will see the venture launched.

Thinking holistically that projects are about all beneficial resources, not just funding, means the Trust considers community stakeholders, volunteers and help-in-kind all to be complementary, contributing to net gains for society, economy and climate. Both mill projects have from the outset involved local people and volunteers. At Gayle Mill, the need for the Trust by March 2018 to regain vacant possession from the organisation which had held a licence to operate it, was a fraught experience, impeding the Trust's aim to work through local management agreements; nevertheless, dedicated volunteers continue to help at the mill until it can reopen.

The new forward plan adopted by trustees set a trajectory of change over 5-7 years, but anticipation of the new mission opened up immediate opportunities. In February 2019 the Trust began participating in a new three-year Horizon 2020 European programme with partners from Austria, Slovakia, Spain and Portugal. Continuing the theme of climate change, the 'PRO-Heritage' project will raise awareness about and develop training in improved performance for historic buildings, including techniques and specification which reduce their carbon footprint in capital works and operation. This complements the Trust's existing role on the executive of the European Federation for Architectural Heritage Skills, which is expected to lead to an increased involvement in this important field in the years ahead. There is growing concern that the next generation of young people are not taking up careers in the skills needed to care for the historic environment.

For decades, the Trust has been a member of Europa Nostra, Europe's leading cultural heritage organisation. That involvement increased when the director joined the Council, then, after eight years, he joined the board in June 2018. This has already led to a significantly higher profile for the Trust through Europa Nostra's widely acclaimed awards scheme where the director has presented awards around Europe, but also in being on the expert advisory panel for the 7 Most Endangered programme (Europe's most significant endangered historical sites). Working with the European Investment Bank Institute on mission visits, applying first-hand

## **Cultura Trust**

### **(a charitable company limited by guarantee)**

#### **Trustees' report for the year ended 31 March 2019 (continued)**

experience from the Trust's projects, he has helped devise deliverable solutions combining conservation and financial planning. The relationship with Europa Nostra has also begun to reveal a common realisation of the emerging importance of digital cultural heritage, which features in the Trust's forward plan.

The expanding horizons of the Trust during the year have added to the long-established strengths of the Trust's core work. The Trust has provided conservation and design advice to Copeland Borough Council for many years. During the year it supported the Council with induction of the new conservation officer but has continued providing design advice on major developments in the pre-application and planning application process. The Trust also has a longstanding relationship with Carlisle City Council, which this year included drafting conservation area characterisation, designation and management policies. The Trust undertook a unique assessment in the late 1990s of the 76-mile-long Settle-Carlisle Railway Conservation Area, so it was a homecoming and fascinating return to review the section of the conservation area within Carlisle's jurisdiction. Similarly, the Trust has worked with Gateshead Council for many years and here too, there was a return to conservation planning in familiar territory.

In future the Trust will concentrate more on its own projects and working in partnership than on commissions, except where these are negotiated because there is a clear working relationship and public benefit, exemplified by several important projects featured during the year. The almshouses at Trafalgar Square in Sunderland moved into the third phase of comprehensive repairs to address persistent damp problems. This has been a technical and logistical challenge, co-ordinating flat-by-flat working with relocating elderly residents to minimise disruption. The Trust helped with financial planning and fundraising too; over £2m has been invested. Other projects applying the Trust's independent professional expertise have included almshouses at Kirkleatham, historic lighthouses in Whitehaven, the castle which gave its name to Barnard Castle, and the Tyne Theatre and Opera House. All are special.

The year opened with an archaeology conference organised by the Trust but with a twist. It was hosted by students at Netherhall School in Maryport for professionals, bringing everyone together in a unique forum to explore what is known, and what is not yet known, about the Trust's Roman site and, just as importantly, the value of cultural heritage to society today. It would prove to be a stimulus for a shift in emphasis during the year, and an influence on the Trust's forward plan for the years ahead, that young people should not only be in the audience but taking a formative hand in the Trust's charitable activities.

#### **Financial Review**

Full details of income and expenditure for the year are set out in the Statement of Financial Activities set out on page 13.

The operating surplus for the year to March 2019 of £1k reflected another tough but stable year for the Trust. Delays in projects, outside the control of the Trust, continue to have a negative impact of the Trust's performance, but work on consultancy projects helped to achieve a satisfactory result for the year.

The Trust continued with the capital project at Warwick Bridge which has resulted in significant grants being awarded during the year. Consequently these sums together with the balance of sums already ring fenced for third parties meant that the overall cash position appears robust, however creditors at the year-end were higher than normal to reflect these liabilities. The restricted funds of £nil held at the year-end amounted to £181,029 of cash offset by £181,029 of deferred income. The trading position has made the core cash

## Cultura Trust

(a charitable company limited by guarantee)

### Trustees' report for the year ended 31 March 2019 (continued)

position tough during the year, however secured contracts in the foreseeable future, together with close monitoring of the cash position does provide a cautiously optimistic outlook.

#### Reserves

The charity holds both restricted and unrestricted reserves and aims to match funding to expenditure before significant costs are incurred. The trustees seek to keep a minimum of 13 weeks running costs (around £65k) and a maximum of one years running costs as free reserves (i.e. not tied up in fixed assets). Unrestricted free reserves at 31<sup>st</sup> March amounted to a deficit of £140k. This deficit includes the loan taken to purchase the corn mill at Warwick Bridge. This loan was reviewed in the summer of 2017 and a further facility of £98k was granted on a as needed basis. These additional funds were taken in the late summer of 2018 to aid cash flow timings between paying contractors and being reimbursed grants. The Trust continues to work to improve its cost recovery on charitable activities that will allow it to build reserves to desired levels.

#### Investments

The investment powers are set out in the company's governing document. The charity holds investments with a view to generating income streams. The Trust's long-term strategy is to use its capacity to develop historic property to build a portfolio of investment assets, generating income from a mix of lettings and sales, which will contribute to the Trust's core operational costs and purposes.

#### Risk assessment

The main risks faced by the Trust in its day to day operations are set out below. Risks are also assessed by project, and the risk score used to guide decision making and delegation of decision making within the Trust. Risks are further mitigated by the process of review and scrutiny by the board in advance of projects being undertaken.

The trustees consider the major risks to which the charity is exposed are:-

Risk	Anticipated outcome from risk	Controls
<b>Property risk</b>		
That Trust property, held as a Heritage Asset under the protection of the Trust, is damaged	Trust is liable to repair damage	Insurance cover in place.
That a member of the public is injured on Trust property	Trust is liable for compensation	Trust maintains public liability insurance. Tenants of properties responsible for public safety, and so any claim would be against them in the first instance.
That the design of a renovation project is defective	Trust is liable to incur financial cost in putting right the defect caused	Trust uses professional teams with a proven track record of similar projects, and works in partnership with users/funders/statutory bodies throughout the design phase. All sub-contracted staff must provide evidence of Professional Indemnity Insurance and contracts are subject to a defects liability period.



**Cultura Trust**  
(a charitable company limited by guarantee)

**Trustees' report for the year ended 31 March 2019 (continued)**

<b>Funding risk</b>		
Projects may overrun, incurring excessive staff time for which income cannot be recovered, or may involve expenditure not anticipated at the start but required to deliver the outcome	Project results in financial cost to the Trust	Individual larger projects are subject to individual risk assessment at inception, and are monitored throughout the life of the project. "Normal" consultancy subject to management controls monitoring spend and progress.
Outcomes on projects may not be met	Grants awarded may be clawed back by funders	Assessed individually (see above) to ensure outcomes are realistic to project.
<b>Staff</b>		
Key staff leave the Trust	Trust unable to fulfil commitments, or generate new work	All projects have a second member of staff assigned to them to ensure continuity. Annual appraisal process and staff away day seeks to involve staff in direction, thus making the Trust a good place to work.
Staff employed may not be fully utilised on income generating work	Income generated does not cover operating costs of Trust	Staff plan determined by management (at least) 3 months ahead. Underutilised staff are redeployed where possible onto alternative chargeable work. Gaps in the plan trigger increased business development.
Actions of staff may be detrimental to Trust	Reputation of Trust is damaged by either public actions of staff or by sub-standard work being submitted to clients	Staff are aware of expected code of conduct on Trust business, and disciplinary procedures are included in all staff contracts. Reports are subject to Quality Control review by any of the Directors before being sent out to clients. The Trust carries Professional Indemnity Insurance as a protection against action by clients.

**Plans for future periods**

The Trust has now updated its strategic plan, as part of the Resilience project now completed.

During 2019/20 the Trust aims to:

- Respond to market conditions to seek to retain expertise in-house as conditions within planning and conservation local authority services change;
- Develop new projects with private (non-Local Authority) funding to address identified needs and gaps;
- Develop increased web presence linked to social media;
- Develop and implement a broader-based fundraising strategy;
- Build reserves and improve financial performance.

## **Cultura Trust**

### **(a charitable company limited by guarantee)**

#### **Trustees' report for the year ended 31 March 2019 (continued)**

- The capital project at Warwick Bridge has allowed the Trust to enter into a major capital project for the next two years.
- The Resilience Heritage grant has allowed the Trust to evaluate all income streams together with reviewing the infrastructure of the workings of the Trust.

#### **Structure, Governance and Management**

The company, which is incorporated in England, is governed by its memorandum and articles of association. It is also a registered charity. The operation of the company is overseen by the board of trustees.

##### **Trustees**

The trustees of the charity are also directors of the company as defined in the Companies Act 2006 and are listed above. They are appointed to the board either by invitation following nomination, or in response to public invitation to ensure a good range of geographical representation, skill and experience. Prospective trustees are interviewed before an offer of appointment is made. Induction of new trustees provides a thorough introduction to the Trust through meetings with the directors and staff, and a review of governing documents, business plan, budget and programme of work.

There has been no formal trustee training undertaken during the year, although the board continue to review the skills represented and continue to recruit new members accordingly.

The board meet quarterly and there is a sub-committee covering audit and remuneration that meets twice during the year. A scheme of delegation approved by trustees in December 2000 delegates day-to-day operational decisions to the Trust's director and senior management within a risk management framework as agreed with the board.

None of the trustees receives remuneration or other benefits from their work with the charity. Any future payments to any trustee for specific services will be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

##### **Trustees' responsibilities in relation to the financial statements**

Company law requires the directors 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Trustees' report for the year ended 31 March 2019 (continued)**

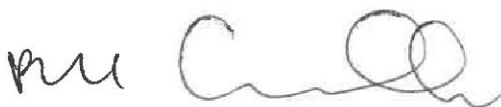
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The directors 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 2006. The directors 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.

**Provision of information to auditors**

So far as each director is aware, there is no relevant audit information of which the charity's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**On behalf of the Board**

A handwritten signature in black ink, appearing to read 'P Candler', written over a horizontal line.

**P Candler**  
Chairman  
18 December 2019

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Independent auditor's report to the members of**  
**Cultura Trust**

**Opinion**

We have audited the financial statements of Cultura Trust for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# **Cultura Trust**

## **(a charitable company limited by guarantee)**

### **Independent auditor's report to the members of North of England Civic Trust (continued)**

#### **Respective responsibilities of trustees and auditor**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report 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.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the charitable 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 in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees report.

## **Cultura Trust** **(a charitable company limited by guarantee)**

### **Independent auditor's report to the members of North of England Civic Trust (continued)**

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company's or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our auditor's report.

#### **Who are we reporting to**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)**

**For and on behalf of UNW LLP (Statutory Auditor)**

Chartered Accountants & Statutory Auditor

Newcastle upon Tyne

18 December 2019

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Statement of financial activities (including income and expenditure account) for the year ended 31 March 2019**

	Notes	Unrestricted funds	Restricted funds	Total 2019	Total 2018
		£	£	£	£
<b>Income and endowment from:</b>					
Charitable activities	1	223,730	895,630	<b>1,119,360</b>	348,688
Investments		42,171	-	<b>42,171</b>	34,387
Other		10,238	-	<b>10,238</b>	12,642
<b>Total</b>		<b>276,139</b>	<b>895,630</b>	<b>1,171,769</b>	<b>395,717</b>
<b>Expenditure on:</b>					
Charitable activities	2	275,099	895,630	<b>1,170,729</b>	393,868
<b>Total</b>		<b>275,099</b>	<b>895,630</b>	<b>1,170,729</b>	<b>393,868</b>
<b>Net income/ (expenditure)</b>		<b>1,040</b>	<b>-</b>	<b>1,040</b>	<b>1,849</b>
Revaluation of heritage assets	6	160,668	-	<b>160,668</b>	-
Revaluation of investment property	8	(514,998)	--	<b>(514,998)</b>	
<b>Net movement in funds</b>		<b>(353,290)</b>	<b>-</b>	<b>(353,290)</b>	
<b>Reconciliation of funds</b>					
Funds brought forward at 1 April		1,994,960	-	1,994,960	1,993,111
<b>Fund balances carried forward</b>	<b>12</b>	<b>1,641,670</b>	<b>-</b>	<b>1,641,670</b>	<b>1,994,960</b>

The charity had no recognised gains and losses other than those noted above. All operations are continuing.

There is no difference between the reported result for the year stated above and its historical cost equivalents.

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Balance sheet as at 31 March 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Tangible fixed assets</b>	5		<b>2,600</b>		3,438
<b>Heritage Assets</b>	6		<b>1,530,000</b>		1,369,332
<b>Investments</b>	8		<b>250,002</b>		765,000
<b>Current assets</b>					
Debtors due after 1 year	9	<b>17,671</b>		17,671	
Debtors due within 1 year	9	<b>275,051</b>		157,546	
Cash at bank and in hand		<b>220,976</b>		311,307	
<b>Total current assets</b>		<b>513,698</b>		486,524	
<b>Creditors: amounts falling due within one year</b>	10	<b>(654,630)</b>		(494,334)	
<b>Net current liabilities</b>			<b>(140,932)</b>		(7,810)
<b>Total assets less current liabilities</b>			<b>1,641,670</b>		2,129,960
<b>Creditors: amounts falling due after one year</b>	11		-		(135,000)
<b>Net assets</b>			<b>1,641,670</b>		1,994,960
<b>Funds</b>					
Restricted funds	12		-		-
Unrestricted funds					
Revaluation reserve	12	<b>466,256</b>		820,586	
General reserve	12	<b>1,175,414</b>		1,174,374	
<b>Total unrestricted funds</b>			<b>1,641,670</b>		1,994,960
<b>Total funds</b>			<b>1,641,670</b>		1,994,960

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements on pages 13 to 26 were approved by the board of trustees on 18 December 2019 and were signed on their behalf by:



**P Candler, Chairman**

**Company Number 01654806**

# **Cultura Trust**

## **(a charitable company limited by guarantee)**

### **Accounting policies**

#### **Basis of preparation**

The financial statements have been 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 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 (FRS102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The accounts are presented in £ sterling, which is considered to be the functional currency, and are rounded to the nearest £.

Cultura Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policies below.

#### **Going concern**

The trustees have reviewed the budgets and forecasts, and after appropriate enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### **Income**

Donations and core grants receivable are accounted for when received or when receipt is probable. Investment income is included when receivable.

#### **Consultancy income**

Income represents amounts chargeable to clients for services provided during the year excluding VAT. Income is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of work performed. Income is not recognised where the right to receive payment is contingent on events outside the control of the charity.

Unbilled income is included in debtors as 'amounts recoverable on contracts'. Amounts billed on account in excess of the amounts recognised as income are included in creditors.

#### **Long term capital projects**

Expenditure in respect of renovation and refurbishment of historic buildings is charged to the statement of financial activities in the period in which the expenditure is incurred, on an accruals basis and is not capitalised.

#### **Support costs**

Support costs represent indirect costs attributed to the charitable activities of the Trust. Staff costs are allocated between different charitable activities in accordance with the time spent on each activity. Support costs include audit fees and the cost of trustees meetings.

# **Cultura Trust**

## **(a charitable company limited by guarantee)**

### **Accounting policies (continued)**

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Assets costing under £200 are not capitalised.

Depreciation is provided at rates calculated to write off the cost of each asset, less estimated residual values, over its expected useful life as follows:

Furniture, fittings and equipment	-	10% - 33%
Chattels and historic objects	-	Nil

#### **Heritage Assets**

Heritage assets are held for their historic importance and cultural benefit. They are acquired where trustees feel it is in the public interest for the Trust to take ownership and would only be disposed of in cases where the long term viability of the asset was assured. The assets are managed by the Trust to keep them safe for the benefit of future generations, which may include repairs and alterations to the assets in accordance with legislation and approvals attached to listed buildings. Assets are accessible to the public by arrangement. Based upon the residual value of the assets, and their long life, depreciation is not provided. Assets are held on the balance sheet at valuation at date of acquisition, with valuations updated periodically to reflect capital works undertaken, if appropriate.

#### **Investment properties**

Properties held by the Trust are held for their long-term investment potential and to secure their survival for the future and are not depreciated.

Investment properties are held at fair value at the balance sheet date. The difference between original cost to the Trust and valuation is shown as a revaluation reserve within the general reserve. Costs incurred in the renovation and refurbishment of historic buildings are not capitalised.

#### **Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

#### **Cash**

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

#### **Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Accounting policies (continued)**

**Financial instruments**

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

**Fund accounts**

The unrestricted fund represents the income and expenditure incurred in the day to day running of the charitable company. The restricted fund represents grants and donations received for specific capital projects undertaken by the charitable company.

**Pension costs**

The charitable company contributes to the employees' personal pension schemes. Contributions are charged to the Statement of Financial Activities in the period in which the related payroll costs are incurred.

**Operating leases**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the income and expenditure account as incurred.

**Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors do not consider there were any significant areas of judgement that were required in applying the company's accounting policies as set out above.

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019**

**1 Charitable Activities**

	2019 Unrestricted	2019 Restricted	2019 Total	2018 Total
	£	£	£	£
Grants and donations (see below)	110,539	895,630	1,006,169	281,036
Consultancy income	113,191	-	113,191	67,652
<b>Total</b>	<b>223,730</b>	<b>895,630</b>	<b>1,119,360</b>	<b>348,688</b>

Donor	Description	2019 Unrestricted	2019 Restricted	2019 Total	2018 Total
		£	£	£	£
Allerdale Borough Council	Camp Farm, Maryport	-	-	-	2,500
Architectural Heritage Fund	Camp Farm, Maryport	25,000	-	25,000	4,593
Arts Council	Warwick Bridge Corn Mill	-	2,000	2,000	18,000
BIG Lottery	Port Carlisle	-	-	-	4,332
County Durham Community Foundation	Barnard Castle Walls	2,500	-	2,500	-
European Commission	Horizon 2020 project	-	3,611	3,611	-
English Heritage/ Historic England	Warwick Bridge Corn Mill	-	-	-	7,224
Groundwork	Warwick Bridge Corn Mill	1,000	-	1,000	-
The Headley Trust	Warwick Bridge Corn Mill	-	11,840	11,840	-
Heritage Lottery Fund	Camp Farm, Maryport	16,661	-	16,661	-
	Resilience Fund	65,378	-	65,378	38,577
	Warwick Bridge Corn Mill	-	843,102	843,102	140,752
Maryport Town Council	Camp Farm, Maryport	-	-	-	250
National Trust in England	European Year of Culture	-	-	-	20,000
<b>Balance carried forward</b>		<b>110,539</b>	<b>860,553</b>	<b>971,092</b>	<b>236,248</b>



**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**1. Charitable Activities (continued)**

Donor	Description	2019	2019	2019	2018
		Unrestricted	Restricted	Total	Total
		£	£	£	£
Balance brought down		110,539	860,553	<b>971,092</b>	236,248
Northumberland County Council	Woodhorn Church	-	-	-	1,350
Pilgrim Trust	Warwick Bridge Corn Mill	-	-	-	35,000
Rural Development Programme for England	Warwick Bridge Corn Mill	-	35,077	<b>35,077</b>	3,684
Senhouse Museum	Camp Farm, Maryport	-	-	-	500
Miscellaneous Donations		-	-	-	4,274
		<b>110,539</b>	<b>895,630</b>	<b>1,006,169</b>	281,036

**2 Expenditure on Charitable activities**

	Direct costs	Staff costs	Support costs	Total	Total
	£	£	£	2019	2018
				£	£
Consultancy	92,545	60,578	77,965	<b>230,998</b>	279,963
Building projects	811,443	56,094	72,194	<b>939,731</b>	113,905
Costs of charitable activities	<b>903,898</b>	<b>116,672</b>	<b>150,159</b>	<b>1,170,729</b>	393,868

**3 Support costs**

	2019	2018
	£	£
Staff costs	<b>83,962</b>	81,922
General office costs	<b>61,460</b>	67,546
Depreciation	<b>838</b>	1,392
Audit fee	<b>3,800</b>	3,350
Cost of trustees' meetings	<b>99</b>	275
	<b>150,159</b>	154,485

Included within General office costs are payments made of £8,750 (2018: £8,631) in relation to commitments under operating leases.

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**4 Staff costs**

	2019 £	2018 £
Staff costs comprise the following:		
Wages and salaries	<b>182,191</b>	158,950
Social security costs	<b>10,109</b>	8,973
Other pension costs	<b>8,334</b>	8,531
	<b>200,634</b>	176,455

The average number of persons employed during the year was 7 (2018: 7). In 2019 there were no employees with emoluments above £60,000 (2018: 0). None of the trustees (2018: 0) received, or were entitled to receive any remuneration for their services to the charitable company. 2 of the trustees (2018: 2) received a total of £275 (2018: £275) for travel expenses during the year.

**Key management personnel**

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees for planning, directing and controlling the activities of the charity. During 2018/19 they were:

G Bell

R Beattie

The total employee benefits of the key management personnel of the charity were £100,466 (2018: £89,544).

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**5 Tangible fixed assets**

	<b>Furniture, fixtures and equipment</b>	<b>Painting</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 April 2018	34,500	1,352	35,852
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>34,500</b>	<b>1,352</b>	<b>35,852</b>
<b>Depreciation</b>			
At 1 April 2018	32,414	-	32,414
Charge for the year	838	-	838
Disposals	-	-	-
<b>At 31 March 2019</b>	<b>33,252</b>	<b>-</b>	<b>33,252</b>
<b>Net book value</b>			
<b>At 31 March 2019</b>	<b>1,248</b>	<b>1,352</b>	<b>2,600</b>
At 31 March 2018	2,086	1,352	3,438

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**6 Heritage Assets**

	<b>2019</b> <b>£</b>
At 1 April 2018	1,369,332
Assets acquired including acquisition costs	-
Revaluations	160,668
<b>Valuation at 31 March 2019</b>	<b>1,530,000</b>

The heritage property assets were revalued by Edwin Thompson LLP in November 2018 on an open market basis.

**7 Heritage Assets – Summary of transactions**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Donations	-	-		
Purchases	-	-	137,332	
Transferred from Investment Properties	-	-	275,000	
Revaluations	160,668	-		
Disposals	-	-		
Proceeds from disposals	-	-		

**8 Investment Properties**

	<b>2019</b> <b>£</b>
<b>Valuation at 31 March 2018</b>	<b>765,000</b>
Revaluations	(514,998)
<b>Valuation at 31 March 2019</b>	<b>250,002</b>

**Properties were valued independently as follows:**

Eagle & Exchange Buildings were valued in July 2018 by Kevin Carrick at current open market rental yield.

The historic cost of revalued investment property is £219,414 (2018: £219,414).

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**9 Debtors**

	2019	2018
	£	£
Rental income due after more than one year	17,671	17,671
Trade debtors	28,790	47,263
Prepayments and accrued income	246,261	110,283
	<b>292,722</b>	<b>175,217</b>

**10 Creditors: amounts falling due within one year**

	2019	2018
	£	£
Loan from AHF	135,000	-
Interest due on loan	9,244	5,850
Trade creditors	218,945	42,159
Other creditors	103,798	84,573
Other taxation and social security	3,671	2,798
Accruals and deferred income	183,972	358,954
	<b>654,630</b>	<b>494,334</b>

Other creditors reflects the liability that the Trust has to pay to third parties using the monies received in March 2015 from Hadrian's Wall Trust and the North East Federation of Civic Societies.

Included within accruals and deferred income is deferred income as follows:

	2019
	£
<b>Brought forward at 1 April 2018</b>	<b>340,814</b>
Deferred during the year	125,605
Released during the year	(340,814)
<b>Carried forward at 31 March 2019</b>	<b>125,605</b>

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**11 Creditors: amounts falling due after one year**

	2019	2018
	£	£
Loan from AHF	-	135,000
	-	135,000

The loan from the Architectural Heritage Fund (AHF) is secured by a charge on Exchange Buildings in Sunderland. The loan is repayable in December 2019 and carries interest at 6.5%, but is being refinanced.

**12 Reconciliation of movement in funds**

	Unrestricted funds	Restricted funds	Total
	£	£	£
At 1 April 2018	1,994,960	-	1,994,960
Net incoming resources for the year	1,040	-	1,040
Revaluations	(354,330)	-	(354,330)
<b>At 31 March 2019</b>	<b>1,641,670</b>	<b>-</b>	<b>1,641,670</b>

	Unrestricted funds	Restricted funds	Total 2019
	£	£	£
<b>Represented by:</b>			
Tangible fixed assets	2,600	-	2,600
Heritage assets	1,530,000	-	1,530,000
Investment properties	250,002	-	250,002
Current assets	332,669	181,029	513,698
Current liabilities	(473,601)	(181,029)	(654,630)
Long term liabilities	-		-
<b>Total net assets as at 31 March 2019</b>	<b>1,641,670</b>	<b>-</b>	<b>1,641,670</b>

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**13 Commitments under operating leases**

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as set out below:

	2019	2018
	£	£
<b>Operating leases which expire:</b>		
Within one year	<b>10,393</b>	16,018
Within two to five years	<b>5,256</b>	8,214
In more than five years	-	-

**14 Related party transactions**

During the year the Trust contracted with Historic Property Restoration Limited, a company that is related by a common director, Mr M Moody, for the refurbishment of Warwick Bridge Corn Mill. During the year the Trust paid £679,856 to HPR, of which £155,140 was outstanding at the year end.

Whitehaven Harbour Commissioners, a company related by the common director Ms C MacKenzie, commissioned a piece of work from the Trust totalling £11,050. £3,050 was recognised as income during the year, all of which is outstanding at the year end.

The Trust paid Ms B Gubbins £2,575 during the year as a consultant on one of the Trust's projects, a role unconnected to her role as trustee.

All related party transactions were at normal market rates on an arms length basis.

**15 Capital Commitments**

The Trust had an outstanding capital commitment of £469,814 at 31 March 2019 (2018: £nil) in relation to the refurbishment of Warwick Bridge Corn Mill with Historic Property Restoration as noted above.

**16 Taxation**

The company is a registered charity which is exempt from UK income tax, corporation tax and capital gains tax as long as the income it receives is applied for charitable purposes.

**Cultura Trust**  
**(a charitable company limited by guarantee)**

**Notes to the accounts for the year ended 31 March 2019 (continued)**

**17 Contingent liabilities**

The Trust's capital funding for projects carried out at Eagle, Exchange, Gayle and Warwick Bridge is subject to clawback / repayment should the Trust dispose of the properties. The amounts vary according to the length of time passed since completion of each project and other circumstances. As the Trust holds all properties to secure their long term future, there are no plans to sell any of the properties concerned.