

Culture Coventry
(A Company Limited By Guarantee)

FINANCIAL STATEMENTS

for the year ended

31 March 2019



Company Registration No. 08359113
Charity Registration No. 1152899

Culture Coventry

(A Company Limited By Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES

J W Elliott
K Railton
R A Shaw
R T A Medwell
M Coulon

REGISTERED OFFICE

The Herbert Art Gallery & Museum
Jordan Well
Coventry
CV1 5QP

AUDITORS

RSM UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

BANKERS

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

HSBC Bank plc
Harry Weston Road
Binley
Coventry
West Midlands
CV3 2SH

COMPANY REGISTRATION NUMBER

08359113

CHARITY REGISTRATION NUMBER

1152899

Culture Coventry

(A Company Limited By Guarantee)
CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

The 2018 / 2019 year was one where Culture Coventry Trust continued to embed the new structures that were implemented in the previous year and which have proved to be successful in establishing the financial stability that is needed in order to grow the business and cultural offer into the future.

The 2018 – 2022 Business Plan recognised the various phases that the business needed to transition through in order to secure longer term sustainability, whilst building resilience to withstand any inevitable fluctuations – whether that be from within the sector or wider market and commercial challenges. Accordingly, the Trustees are extremely pleased with the results from the first year of this reset strategy, which clearly demonstrate an established stability from which new income generating strategies are being subsequently implemented.

To this end, the Trustees remain grateful to all of those who support the work of Culture Coventry, particularly Coventry City Council and the Arts Council England who are major funding partners. The Trustees would also like to pay special thanks to the 29th May Charity, who have generously agreed to work with and support the Trust through the first three years of this business strategy.

Clearly, the achievements of the Trust, such as are referred to below, demonstrate how the organisation continues to be innovative in the range of exhibitions and programmes that it schedules, whilst also continuing to reach out and connect with a range of audiences through a widening breadth of artistic challenge and presentation.

The year ahead will realise and address another series of challenges, as the Trust has already begun to introduce new and crucial income strategies such as the introduction of a charging structure to Coventry Transport Museum, recognising that this museum is a destination venue that can generate revenue in order to maintain and expand upon a collection that is of national and international significance.

Similarly, there are a number of capital improvement projects that are also being delivered to ensure that the Trust is suitably positioned for the UK City of Culture 2021, wherein the Trust will be looking to programme exhibitions and events that draw wider audiences into the city to celebrate it being at the centre of the country's cultural offer.

As always, I would also like to extend my thanks and sincere appreciation to the staff and volunteers of Culture Coventry, for their continued commitment to bringing a vibrant cultural offer to life, during a time where the challenges of organisational sustainability are being managed within a context of some vast opportunities to grow into new and exciting areas of delivery and partnerships.

Finally, the year has also been one for the establishment of the re-structured governance and Board representation within the Trust, with Board members exploring some new and innovative partnerships and possibilities going forward. Therefore, I would also like to express my sincere appreciation to the Board for their continued support and dedication to the journey!

Roger Medwell
Chairman
Culture Coventry

Culture Coventry

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TRUSTEES' REPORT

The trustees submit their report and the financial statements of Culture Coventry for the year ended 31 March 2019.

The company was incorporated on 14 January 2013, registered with the Charity Commission in February 2013 and commenced trading on 1 August 2013.

The charity is a company limited by guarantee not having a share capital. It is governed by its Memorandum and Articles of Association.

PRINCIPAL ACTIVITIES AND OBJECTS OF THE CHARITY

The principal activities and objects of the Trust are:

- To support, promote, maintain and operate, for the benefit of the public, a road transport museum that permanently preserves road transport objects manufactured in the United Kingdom, with particular reference to the unique contribution made to these industries by the City of Coventry and the West Midlands Region.
- To provide a high quality arts and heritage service for the people of Coventry and visitors to the city through the management, care and display of the city's collections and the creation of an engaging programme of public exhibitions, events and activities.
- To encourage our users to connect and engage with Coventry's rich heritage through interpreted objects and archives, to inspire creativity, enjoyment and learning, and create an understanding of the city and its communities.
- To provide a broad range of opportunities to access Coventry's arts and heritage collections through permanent displays, temporary exhibitions, public events, learning and outreach programmes and online digital resources.
- To work in active partnership with our funders and with community, learning, heritage and business organisations to develop the diversity and impact of our activities for the benefit of the people of Coventry and visitors to the city.
- To ensure that, in everything it does, the Trust secures equality of opportunity for all communities through the diversity and range of its activities. The Trust particularly seeks to engage with those groups that traditionally are under-represented as users of arts and heritage services on grounds of gender, age, disability, class, race or sexual orientation.
- To ensure that the Trust always fulfils its performance obligations to those bodies who support it financially and to those that provide guidance, help and support through museums and other sectors in general.

CHARITABLE PURPOSE

The Trust manages the collections in its care on behalf of its owners, Coventry City Council. The company, also a registered charity, exists to manage the collections held within its care on behalf of the collection owners, Coventry City Council. The collections are designated as being of national importance by the Arts Council England.

The mission and objectives of the Trust are as follows:

Mission:

To be recognised as dynamic and innovative museums that give our visitors a fresh perspective on the story of Coventry, and create ambassadors on a local, national and international level.

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TRUSTEES' REPORT

CHARITABLE PURPOSE (continued)

Objectives:

In order to fulfil our mission, we will embrace the following objectives:

- To proudly portray the story of Coventry locally, nationally and internationally, so that visitors to the City gain a full appreciation of how Coventry's innovative spirit echoes throughout history, and continues to influence the world in which we live.
- Care for and display the City's collections in engaging ways that inspire visitors to further connect with Coventry's rich history and its ambitions for the future.
- Opportunities for learning are woven into the fabric of everything we do.
- Staff, stakeholders, investors, visitors, volunteers and the local community are given every opportunity to contribute to the life of the Museums, and their future success.
- Create opportunities for economic growth and maximising funding opportunities, so the Museums are financially sustainable and contribute to the regeneration of the City.
- To be acknowledged by our peers as a dynamic organisation, that seizes opportunities with an entrepreneurial spirit, and actively contributes to the development of the museum sector.

The local authority acquires objects through purchase, donation or loan – the prime means being through donation, which accounts for over 90% of the collection. Decisions on acquisitions are made to ensure balance in the collecting arrangements and to ensure that all objects acquired can be properly cared for.

The vast majority of the exhibits are retained, as far as is reasonably possible, in original condition so that visitors can understand the changing dynamics of materials used in production processes and are displayed in settings that authenticate a sense of time and place. The archive also contains a vast range of original material that provides relevant support for the displays and an invaluable resource for researchers and historians.

PUBLIC BENEFIT

The benefit to the public is significant and increasing. The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

Culture Coventry Trust, through the collections it manages and shares with the public, facilitates a range of learning experiences and in so doing shares knowledge to audiences, researchers and sector peers.

ORGANISATIONAL STRUCTURE

The Board of Trustees leads and maintains full and effective control of the company and accepts ultimate responsibility for directing the affairs of the company, ensuring that it is continually meeting its stated objectives within a financially sustainable business plan. The Board is responsible for matters of key strategic importance, financial policy, acquisitions and partnership development.

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TRUSTEES' REPORT

TRUSTEES

The trustees during the year under review and up to the date of this report were:

R. Medwell	Chair
Cllr. F. Abbott	(resigned 7 August 2018)
M. Coulon	
B. Cund	(resigned 7 September 2018)
J. W. Elliott	
Cllr R. P. Lakha	(resigned 6 August 2018)
Cllr. J. McNicholas	(resigned 6 August 2018)
A. G. Pare	(resigned 8 March 2018)
K. Railton	
Cllr. T. Sawdon	(resigned 6 August 2018)
R. A. Shaw	
Cllr. A. Skipper	(resigned 7 August 2018)
G. Willcocks	(resigned 5 September 2018)

As the charitable company is limited by guarantee, not having any share capital, none of the trustees held any interest in the shares in the charitable company or hold any right to subscribe for shares.

STRATEGIC REPORT

ACTIVITIES AND ACHIEVEMENTS DURING THE YEAR

The four sites managed by Culture Coventry – Coventry Transport Museum; the Herbert Art Gallery and Museum; the Lunt Roman Fort; and the Old Grammar School, attracted 598,227 visits throughout the 2018/19 year, which represented a slight reduction on the previous year's total of 604,123.

In April 2018 the Trust achieved Arts Council England National Portfolio Status and subsequently set out a new creative vision for the Herbert Art Gallery and Museum that centres around excellence in co-curation and contemporary art, whilst Coventry Transport Museum set out a strategy to become a destination venue that focused on visitor experiences created through immersive and interactive STEAM based programming.

Coventry Transport Museum presented two exhibitions that created content from community participation. The first exhibition – *Buses*, included family learning activity within an interactive context for audiences of all ages, through the capture and sharing of local people's stories and photographs. The exhibition was created from the museum's permanent collection of buses and attracted a mixture of bus enthusiasts and family groups.

The second exhibition – *Taxis*, was co-curated with international artist Patrick Murphy as a continuation of a previous exhibition 'Cartist', and exhibited the historical development of taxis to include some international exhibits. Patrick worked with local taxi drivers to create a wall piece (Coventry Knowledge), a play on the London Knowledge, a map that showed all the historical locations of car manufacturing sites.

Links with local industry also resulted in the donation of around £90k of machinery from Bailey Machinery Sales Ltd, to enable the technicians to carry out routine conservation work in house.

Similarly, a new partnership with the Institute of Engineering and Technology (IET) and the nationally branded 'Robot Day' worked collaboratively to deliver *Robot Day (Coventry)*. This local brand was hugely successful with 200 secondary school pupils involved in an inspiration day at the museum along with over 7,000 visitors to the actual festival. This was a highly successful event and the organisation learned a lot about its capacity to host and deliver large scale public events of this nature.

The Herbert Art Gallery and Museum's programme centred around co-curation and digital formats as a means of creating art and engaging audiences with high quality contemporary art.

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TRUSTEES' REPORT

The year commenced with a collaborative exhibition undertaken with Wolverhampton Art Gallery and their high-profile *Pop Art* collection, wherein the Herbert was able to provide space to show the entirety of the collection, the largest outside of London, in an innovative way that was very well received by audiences and peers alike.

The summer show *Play!* was the third edition of a large-scale popular culture programme that brings together collections and partnerships with related industries and contributions from audiences. This exhibition piloted the use of digital media as both a way to commission an artistic output in the form of Ludic Rooms, *Play Nests*; and a way to engage audiences and non-audiences in dialogue. An online catalogue allowed people to contribute their own stories and images of toys and games and audiences were able to upload their images either in the exhibition or when they returned home. The exhibition also worked with local gaming company, Rare, who contributed £10k towards the exhibitions and associated engagement programme.

The Herbert further developed its relationship with the Courtauld Institute through the presentation of *Cezanne*, which resulted in an increase in the number of schools participating in painting workshops, whilst also creating opportunities for students in Coventry to participate in the national ARTiculate programme.

The success of a partnership with *Artists Rooms - Anselm Kiefer*, explored a framework of engagement that aligns the participant with the creative programme. Accordingly, emerging artist Jonny Bark as artist in residence at Blue Coat School, worked with twelve six form pupils to explore the themes and context of Kiefer's work and draw parallels to contemporary society. The resulting work was exhibited alongside Kiefer's work, such that participants realised an enhanced sense of achievement and aspiration.

The Culture Coventry sites hosted thirty thousand pupil visits to its venues during 2018/19 and the Trust was once again successful in receiving Museum and Schools funding, ensuring that schools from all the city's neighbourhoods were able to access the learning service via subsidised transport costs. Brose Ltd continued to provide generous sponsorship to the learning team at Coventry Transport Museum, as a means of developing and delivering engineering-based programming.

The Lunt Roman Fort continued to host school visits from all around the city and wider region and is currently developing an outreach strategy to meet demand during its closed season. The Media team's flagship project, *Creative Bridges* also secured funding for another 3 years with an emphasis on sector development.

Finally, the Trust continued to grow its base of volunteers to support programming, visitors and access. Specific training was provided to support working practices in providing Gallery Explainer activity alongside object handling, with a view to further developing and growing the role and strategic importance of volunteers to the museum and gallery experience within the Trust.

FINANCIAL REVIEW

Income for the year was £3,873,000 compared to £3,845,000 in the previous year, whilst the total expenditure was £4,660,000 compared to £5,623,000 in the previous year. This resulted in an operating deficit for the year of £787,000, before accounting for pension fund actuarial adjustments, compared to a deficit of £1,778,000 in the previous year.

The charity's wholly owned trading subsidiary, Culture Coventry Ventures Limited (CCV), continues to carry out non-charitable trading activities for the Trust. The principal activity of CCV is the management of the retail, conference and catering offers, along with other approved associated trading activity. The company generated a £68,000 surplus in the year, which compared with a surplus of £67,000 in the previous year.

Therefore, as at 31 March 2019 the group had total funds of £2,748,000 compared to £2,631,000 in the year ending 31 March 2018. Unrestricted charitable funds were in deficit by £623,000, compared to a deficit of £1,089,000 in the previous year. This excluded the pension scheme liability of £1,864,000, which compared with a liability of £2,304,000 in the previous year.

The company's assets continued to be used for the company's objectives of providing facilities for arts and heritage, and the company continued to be grateful for the generous support that it receives from its major sponsors and donors, so that the Trustees consider that the company has sufficient funds to meet its objectives.

The accounting policies used to produce the Trust's financial statements are shown on pages 15 to 17.

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TRUSTEES' REPORT

All movements in fixed assets are shown in Note 7 to the accounts.

GOING CONCERN

The Trustees consider that the Trust's assets are available and adequate to fulfil its obligations and that the accounts comply with the current statutory requirements and with the requirements of the Trust's governing document.

SUPPORT FROM OTHER ENTITIES

Coventry City Council is aligned with the overarching objectives of the Trust. Coventry City Council grant is detailed in Note 2 of the financial statements.

VOLUNTEERS

The Trust has continued to utilise and benefit from the services of volunteers throughout the year and is very grateful for the keen and active support provided by them.

INVESTMENT POLICY

Currently investments are held in high interest deposit accounts for ease of access to allow use for charitable purposes. This is the most effective way of ensuring an investment return whilst allowing maximum liquidity.

TRUSTEE INDUCTION AND TRAINING

New trustees are nominated by members of the board of trustees and appointed where they have the necessary skills to contribute to the charity's management and development. When new trustees are appointed they are given an introduction to the work of the trust and provided with the information they need to fulfil their roles, which includes information about the role of trustees and charity law.

RISK MANAGEMENT

The Board has a Business Risk Register incorporated within its Business Planning protocols and the Trustees seek to consider, review and update this accordingly at their Board meetings along with the impact and likelihood of realisation. The Risk Register also identifies any mitigating measures being taken to avert such risks and the Board seek to track the implementation and mitigating impact of such measures.

We confirm that the major risks to which the charity is exposed, as identified by the trustees have been reviewed and systems have been established to mitigate those risks.

A risk facing the business is the maintenance of adequate funding for the charity's pension liabilities. The financial statements report the share of the Local Government Pension Scheme deficit (£1,864k) on the Charity's balance sheet in line with the requirements of FRS 102. The risk is mitigated by an agreed deficit recovery plan with the West Midlands Pension Fund.

RESERVES POLICY

The restricted reserves for the year are detailed in Note 13 to the accounts. The Trustees, through the development of the Charity's business planning, have considered the level of reserves appropriate to the risks, opportunities and future contingencies faced by the charity. Based on this review, the Trustees believe the charity should look to grow free reserves to £250,000.

As at 31 March 2019, the Charity's unrestricted reserves, excluding the accounting entries required under Financial Reporting Standard 102 relating to the Charity's share of the pension scheme liabilities, were in deficit by £623,000 (2018: deficit of £1,089,000). The Trustees will continue to explore opportunities to increase their free reserves to the target figure above.

THIRD PARTY INDEMNITY PROVISION FOR TRUSTEES

Qualifying third party indemnity provision is in place for the benefit of all trustees of the charity.

AUDITORS

RSM UK Audit LLP has indicated its willingness to continue in office.

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TRUSTEES' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

On behalf of the board



R T A Medwell
Trustee

Date: 13/12/2019

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TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees (who are also directors of Culture Coventry 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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;
- 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 business.

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

Opinion

We have audited the financial statements of Culture Coventry (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Statement of Cashflows and notes to the financial statements, 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 group's and the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 group's or parent 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.

Other information

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 other 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.

Opinions 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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CULTURE COVENTRY
(continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

- adequate accounting records have not been kept by the parent charitable company, 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, 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 group's and parent 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 group or parent charitable company 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 provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Oxtoby (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date 18 Dec 2019

Culture Coventry

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 March 2019

	Notes	Unrestricted funds	Restricted funds	Total funds 2019	Total funds 2018 as restated
		£000's	£000's	£000's	£000's
Income from:					
Donations and legacies		30	-	30	64
Charitable activities:					
Coventry City Council	2	1,856	-	1,856	1,998
Other charitable activity income	2	872	266	1,138	892
Other trading activities		849	-	849	891
Total income		<u>3,607</u>	<u>266</u>	<u>3,873</u>	<u>3,845</u>
Expenditure on:					
Raising funds:					
Commercial activities	3	(620)	-	(620)	(824)
Charitable activities	3	(2,917)	(1,123)	(4,040)	(4,799)
Total expenditure	3	<u>(3,537)</u>	<u>(1,123)</u>	<u>(4,660)</u>	<u>(5,623)</u>
Net income/(expenditure)		70	(857)	(787)	(1,778)
Transfers between funds		-	-	-	-
		70	(857)	(787)	(1,778)
Other recognised gains and losses:					
Actuarial gain on defined benefit pension scheme	16	904	-	904	128
Net movement in funds		<u>974</u>	<u>(857)</u>	<u>117</u>	<u>(1,650)</u>
Reconciliation of funds:					
Funds at 1 April 2018 restated		(3,229)	5,860	2,631	4,281
Funds at 31 March 2019		<u>(2,255)</u>	<u>5,003</u>	<u>2,748</u>	<u>2,631</u>
The Statement of Financial Activities includes all gains and losses in the financial period. All income and expenditure derive from continuing operations.					
The net movement in funds dealt with in the financial statements of the parent undertaking were:					
		<u>906</u>	<u>(857)</u>	<u>49</u>	<u>(1,718)</u>

Income of the parent charity for the year ended 31 March 2019 was £3,024,000 (2018: £2,954,000).

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BALANCE SHEETS

as at 31 March 2019


Company Registration No. 08359113

	Notes	Group		Charity	
		2019 £000's	2018 as restated £000's	2019 £000's	2018 £000's
FIXED ASSETS					
Tangible assets	7	5,261	6,096	5,072	5,890
Investments	8	-	-	70	70
		<u>5,261</u>	<u>6,096</u>	<u>5,142</u>	<u>5,960</u>
CURRENT ASSETS					
Stocks	9	96	117	1	1
Debtors	10	152	478	323	564
Cash at bank and in hand		520	504	305	430
		<u>768</u>	<u>1,099</u>	<u>629</u>	<u>995</u>
CREDITORS					
Amounts falling due within one year	11	(788)	(1,750)	(762)	(1,674)
NET CURRENT LIABILITIES		<u>(20)</u>	<u>(651)</u>	<u>(133)</u>	<u>(679)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,241</u>	<u>5,445</u>	<u>5,009</u>	<u>5,281</u>
CREDITORS					
Amounts falling due after more than one year	12	(629)	(510)	(629)	(510)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>4,612</u>	<u>4,935</u>	<u>4,380</u>	<u>4,771</u>
Defined benefit pension scheme liability	16	(1,864)	(2,304)	(1,864)	(2,304)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY		<u>2,748</u>	<u>2,631</u>	<u>2,516</u>	<u>2,467</u>
RESERVES					
Restricted funds	13	5,003	5,860	5,003	5,860
Unrestricted funds		(623)	(1,089)	(623)	(1,089)
Pension fund	14	(1,864)	(2,304)	(1,864)	(2,304)
Non charitable trading funds		232	164	-	-
Total unrestricted funds		<u>(2,255)</u>	<u>(3,229)</u>	<u>(2,487)</u>	<u>(3,393)</u>
TOTAL FUNDS		<u>2,748</u>	<u>2,631</u>	<u>2,516</u>	<u>2,467</u>

The company's surplus for the year was £49,000 (2018: loss £1,718,000).

The financial statements on pages 12 to 33 were approved by the board of directors and authorised for issue on and are signed on its behalf by:

R T A Medwell



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CONSOLIDATED STATEMENTS OF CASHFLOWS for the year ended 31 March 2019

	Notes	Group	
		2019 £000's	2018 as restated £000's
CASHFLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	20	604	(1,347)
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(38)	(28)
NET CASH USED IN INVESTING ACTIVITIES		(38)	(28)
CASHFLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(511)	(160)
Proceeds from borrowings		-	1,190
Repayments of obligations under finance leases		(39)	(89)
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES		(550)	941
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		16	(434)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		504	938
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		520	504
ANALYSIS OF CASH AND CASH EQUIVALENTS			
		Group	
		2019 £000's	2018 £000's
Cash at bank and in hand		520	504
TOTAL CASH AND CASH EQUIVALENTS		520	504

Culture Coventry

(A Company Limited By Guarantee)

ACCOUNTING POLICIES

LEGAL STATUS OF THE CHARITY

Culture Coventry (Charity) is an incorporated charity and is registered at the Charity Commission in England and Wales. The Charity is governed by its Memorandum and Articles of Association.

The address of the Charity's registered office and principal place of business is The Herbert Art Gallery & Museum, Jordan Well, Coventry, CV1 5QP.

The group consists of Culture Coventry and its one subsidiary.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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 and the Companies Act 2006.

The financial statements are prepared in Sterling which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £'000, except where otherwise indicated.

Culture Coventry meets the definition of a public benefit entity under FRS 102.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the Charity and its subsidiary undertaking. Intra group profits are eliminated on consolidation. The consolidation is carried out on a line by line basis. A separate Statement of Financial Activities (SOFA), or Income and Expenditure Account for the Charity itself is not presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

GOING CONCERN

The charitable group has unrestricted funds in deficit of £391,000 (2018: deficit of £925,000) (before accounting for the group's share of its pension scheme deficit) and has net current liabilities of £20,000 (2018: net current liabilities £651,000) at 31 March 2019.

The charity has outstanding loans with Coventry City Council totalling £629,000 (2018: £1,140,000), regular communication with Coventry City Council on these loans occurs to ensure they are managed within expectations.

In light of the commitment from Coventry City Council, the charitable group has access to sufficient cash to continue to meet its liabilities as they fall due over the period of 12 months from the date of approval of these financial statements. The Trustees have agreed a recovery plan to generate unrestricted funds to eliminate the deficit noted above. On this basis, the Trustees consider the charitable group to be a going concern.

TANGIBLE FIXED ASSETS

Fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Refurbishment cost	over 10 years
Fixtures and fittings	over 5 years
Computer equipment	over 3 years

STOCKS

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to the net realisable value. Provision is made for obsolete and slow-moving items.

FUND ACCOUNTING

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the group.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Culture Coventry

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ACCOUNTING POLICIES

INCOME

All income is included in the Statement of Financial Activities ('SOFA') when the Group is entitled to the income, there is probability of receipt and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations and legacies are included in full in the Statement of Financial Activities when receivable.
- Investment income is included when receivable.
- Income from charitable trading activities are accounted for when earned.
- Income from grants, where related to performance and specific deliverables, are accounted for as the Group earns the right to consideration by its performance.
- Income from grants, where not related to performance, are accounted for upon notification.

EXPENDITURE

Expenditure is recognised on an accruals basis as a liability is incurred or when the Group is deemed to have a legal or constructive obligation which will result in a probable transfer of economic benefits. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Raising funds comprise the costs associated with attracting donations and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage.

LEASED ASSETS AND OBLIGATIONS

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the SOFA so as to produce a constant periodic rate of interest on the remaining balance of the liability.

All other leases are operating leases and the annual rentals are charged to the SOFA on a straight line basis over the lease term.

RETIREMENT BENEFITS

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising are recognised immediately in the Statement of Financial Activities.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in the Statement of Financial Activities.

The amount recognised in the Balance Sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

INVESTMENTS

Investments are stated at cost and are subsequently measured at cost less any accumulated impairment losses.

Culture Coventry

(A Company Limited By Guarantee)

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a complex nature. Such financial instruments, except for investments classified at fair value through the SOFA, are initially recognised at transaction value and subsequently measured at their settlement value.

DEBTORS

Trade, group and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

CASH AT BANK AND IN HAND

Cash at bank and cash in hand includes cash and monies on short term deposit, at the bank and other short term liquid investments with original maturities of three months or less.

CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the Group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount allowing for any trade discounts due.

TAXATION

The Trust is a Registered Charity and undertakes activities which, under present legislation, are not subject to Corporation Tax. The Trust's subsidiary is not a Registered Charity and undertakes trading activities within the meaning of the Taxes Acts and is liable to Corporation Tax. However, the subsidiary gift aids all its taxable profits to the Trust. As a consequence, no provision is made for the payment of Corporation Tax either current or deferred.

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1 PRIOR PERIOD ADJUSTMENT

	1 April 2017 £000's	31 March 2018 £000's
Reconciliation of funds		
Funds as previously reported	4,185	2,463
Adjustments arising:		
Inclusion of fixed asset	224	206
Inclusion of finance lease	(128)	(38)
	<u>4,281</u>	<u>2,631</u>
Funds as restated		
	<u>4,281</u>	<u>2,631</u>
		2018 £000's
Reconciliation of net expenditure for the previous financial period		
Net expenditure as previously reported		(1,850)
Depreciation charge on leased asset		(17)
Removal of rental charge		96
Inclusion of hire purchase interest costs		(7)
		<u>(1,778)</u>
Net expenditure as restated		<u>(1,778)</u>

	31 March 2018 as previously stated £000's	31 March 2018 as restated £000's	Prior period adjustment £000's
Raising funds:			
Commercial activities	896	824	(72)
Fixed assets			
Fixtures, fittings and computer equipment	55	261	206
Creditors			
Obligations under finance leases	-	(38)	(38)
Funds			
Non-charitable trading funds	(4)	164	168
	<u>(4)</u>	<u>164</u>	<u>168</u>

In 2015 the charity's subsidiary company acquired plant and machinery under a finance agreement which had been treated as an operating lease in error, as the lease payments were charged to the profit and loss account, when an asset and liability should have been accounted for. The position has been corrected in the prior period with the asset and liability recognised in the balance sheet, a reversal of the operating lease charge and adjustment of interest and depreciation

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

2 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £000's	Restricted Funds £000's	Total Funds 2019 £000's	Total Funds 2018 £000's
Coventry City Council Funding	1,856	-	1,856	1,998
Arts Council England Funding	400	63	463	-
Heritage Lottery Fund - Revenue	-	-	-	115
Major Partnership Museums Project	-	44	44	272
DCMS Funding	-	40	40	-
Other Funding	472	119	591	505
	<u>2,728</u>	<u>266</u>	<u>2,994</u>	<u>2,890</u>

3 EXPENDITURE

	Staff costs £000's	Depreciation £000's	Other costs £000's	Total 2019 £000's	Total 2018 as restated £000's
Costs of raising funds – commercial activities	276	-	344	620	824
Charitable activities:					
Direct costs	2,075	-	-	2,075	2,555
Allocated support costs	-	856	1,109	1,965	2,244
	<u>2,351</u>	<u>856</u>	<u>1,453</u>	<u>4,660</u>	<u>5,623</u>

	2019 £000's	2018 £000's
Allocated support costs:		
Heat and light	193	170
Advertising and promotions	321	245
Printing and stationery	23	67
Telephone	10	17
Insurance	22	9
Vehicle storage	132	94
Repairs and maintenance	150	167
Depreciation	856	856
Other expenditure	236	568
Governance costs	22	51
	<u>1,965</u>	<u>2,244</u>

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

4 NET EXPENDITURE FOR THE YEAR

	2019 £000's	2018 as restated £000's
Net expenditure for the year is stated after charging:		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period:		
owned assets	856	856
leased assets	17	17
Operating lease rentals:		
Plant and machinery	16	29
Land and buildings	132	116
Auditors' remuneration - statutory audit	17	22
- accountancy services	3	3
	<u> </u>	<u> </u>

5 EMPLOYEES

	2019 No.	2018 No.
The average monthly number of persons employed by the Group during the year was:		
Total staff (actual/full time equivalent)	117/76	132/85
	<u> </u>	<u> </u>
Staff costs for the above persons:	2019 £000's	2018 £000's
Wages and salaries	2,017	2,181
Social security costs	129	165
Pension costs	205	637
	<u> </u>	<u> </u>
	2,351	2,983
	<u> </u>	<u> </u>

In 2019 no employees received emoluments over £60,000. In 2018 one employee received emoluments in the range of £80,000 - £89,999 and one employee received emoluments in the range of £90,000 – £99,999.

The employer pension contribution for these staff members was paid at the rate disclosed in note 16.

Key management personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Charity. Remuneration for key management personnel, including employers' national insurance contributions and contributions to the defined benefit pension scheme, amounted to £60,416 (2018: £209,458).

No trustees received any remuneration during the year ended 31 March 2019 (2018: £nil) nor were reimbursed any expenses.

No trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year or the previous period.

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

6 TAXATION

As the company has attained charitable status, the trustees consider that there is no income subject to corporation tax for the year ended 31 March 2019.

7 TANGIBLE FIXED ASSETS

Group (as restated)	Museum refurbishment costs £000's	Fixtures, fittings and computer equipment £000's	Total £000's
Cost:			
1 April 2018	8,321	560	8,881
Additions	-	38	38
	<u>8,321</u>	<u>598</u>	<u>8,919</u>
31 March 2019	<u>8,321</u>	<u>598</u>	<u>8,919</u>
Depreciation:			
1 April 2018	2,486	299	2,785
Charge for the year	832	41	873
	<u>3,318</u>	<u>340</u>	<u>3,658</u>
31 March 2019	<u>3,318</u>	<u>340</u>	<u>3,658</u>
Net book value:			
At 31 March 2019	<u>5,003</u>	<u>258</u>	<u>5,261</u>
At 31 March 2018	<u>5,835</u>	<u>261</u>	<u>6,096</u>

The net book value of fixtures, fittings and computer equipment includes £189,000 (2018: £206,000) in respect of assets held under finance leases and hire purchase contracts.

Culture Coventry

(A Company Limited By Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

7 TANGIBLE FIXED ASSETS (continued)

Charity	Museum refurbishment costs £000's	Fixtures, fittings and computer equipment £000's	Total £000's
Cost:			
1 April 2018	8,321	300	8,621
Additions	-	38	38
31 March 2019	8,321	338	8,659
Depreciation:			
1 April 2018	2,486	245	2,731
Charge for the year	832	24	856
31 March 2019	3,318	269	3,587
Net book value:			
At 31 March 2019	5,003	69	5,072
At 31 March 2018	5,835	55	5,890

8 FIXED ASSET INVESTMENTS

	Group		Charity	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Investment in subsidiary undertaking	-	-	70	70

The Charity holds 100% of the ordinary equity share capital of Culture Coventry Ventures Limited, a company incorporated in England, registration number 05263892. The Charity's registered office is The Herbert Art Gallery & Museum, Jordan Well, Coventry, CV1 5QP.

The principal activity of Culture Coventry Ventures Limited is the operation of retail facilities and provision of services on behalf of Culture Coventry.

Culture Coventry Ventures Limited entered into a Gift Aid arrangement to donate taxable profits to the charitable company.

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

8 FIXED ASSET INVESTMENTS (continued)

A summary of the results is shown below.

	Culture Coventry Ventures Ltd Year ended 31 March 2019 £000's
Turnover	847
Cost of sales	(778)
	<hr/>
Gross profit	69
Other operating expenses	-
Interest payable	(1)
	<hr/>
Net profit	68
	<hr/>
Retained in subsidiary	68
	<hr/> <hr/>
Balance sheet position at 31 March 2019:	£000's
Fixed assets	189
Current assets	336
Current liabilities	(223)
	<hr/>
Net assets	302
	<hr/> <hr/>

9 STOCKS

	Group 2019 £000's	2018 £000's	Charity 2019 £000's	2018 £000's
Shop stock	84	99	1	1
Catalogue stock	12	18	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	96	117	1	1
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Culture Coventry

(A Company Limited By Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

10 DEBTORS

	Group		Charity	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Trade debtors	53	194	27	137
Amount due from subsidiary undertaking	-	-	198	147
Prepayments and accrued income	99	284	98	280
	<u>152</u>	<u>478</u>	<u>323</u>	<u>564</u>

11 CREDITORS: Amounts falling due within one year

	Group		Charity	
	2019 £000's	2018 as restated £000's	2019 £000's	2018 £000's
Other loans	-	630	-	630
Obligations under finances leases	-	38	-	-
Trade creditors	132	192	116	151
Other taxation and social security	89	110	84	113
Other creditors	-	32	-	31
Accruals and deferred income	567	748	562	749
	<u>788</u>	<u>1,750</u>	<u>762</u>	<u>1,674</u>

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

Analysis of movements in deferred income:

	Group and charity 2019 £000's	Group and charity 2018 £000's
1 April 2018	603	540
Income released in year	(603)	(540)
Income deferred in the year	<u>131</u>	<u>603</u>
31 March 2019	<u>131</u>	<u>603</u>

Deferred income represents conference income received in advance and Council Grant income received in advance.

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

12 CREDITORS: Amounts falling due after one year

	Group		Charity	
	2019 £000's	2018 £000's	2019 £000's	2018 £000's
Other loans	629	510	629	510

Summary of loans at 31 March 2019:

Lender	Final Repayment date	Type	Interest rate	Due within one year £'000	Due in more than one year £'000
Coventry City Council	2020	Facility Term Loan	Fixed - 2.4%	-	320
Coventry City Council	Repayable on demand	On Demand Revolving Loan	Fixed - 2.4%	-	307

At 31 March 2019, the charity had unsecured loans with Coventry City Council of £0.6m.

The Facility Term Loan is repayable, excluding interest of £60,500 per quarter until January 2019 and £127,525 per quarter until January 2020.

The On Demand Revolving Loan is repayable on demand.

13 RESTRICTED FUNDS

	Balance at 31 March 2018 £000's	Income £000's	Expenditure £000's	Balance at 31 March 2019 £000's
Donations and grants	25	135	(160)	-
Arts Council England	-	47	(47)	-
DCMS Funding	-	40	(40)	-
Heritage Lottery Funding / European Request Development Fund Refurbishment	5,835	-	(832)	5,003
Heritage Lottery Funding – Revenue	-	-	-	-
Major Partnership Museums	-	44	(44)	-
	5,860	266	(1,123)	5,003

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

13 RESTRICTED FUNDS (continued)

Donations and grants

Various cash donations and grants to support the activities of the Trust.

Arts Council England

Funds received to support and further develop fundraising and sponsorship programmes, improvements to the conferencing facilities and developing the Lunt Roman Fort.

Heritage Lottery Funding / European Request Development Fund – Refurbishment of Museum and Old Grammar School

Funds received to finance the refurbishment of the Coventry Transport Museum site. Under the terms of the funding agreement, the Trustees of the National Heritage Memorial Fund have taken security over the leasehold property under development.

Major Partnership Museums

The Arts Council's funding to focus on building the resilience of museums by creating partnerships with other cross-sector bodies to make best use of the resources available.

RESTRICTED FUNDS AT 31 MARCH 2018

	Balance at 31 March 2017 £000's	Income £000's	Expenditure £000's	Balance at 31 March 2018 £000's
Donations and grants	79	15	(69)	25
Arts Council England	87	73	(160)	-
Esme Fairbairn	35	15	(50)	-
Heritage Lottery Funding / European Request Development Fund Refurbishment	6,667	-	(832)	5,835
Heritage Lottery Finding – Revenue	-	115	(115)	-
Major Partnership Museums	20	272	(292)	-
	<u>6,888</u>	<u>490</u>	<u>(1,518)</u>	<u>5,860</u>

14 PENSION FUND

	2019 £000's	2018 £000's
1 April 2018	(2,304)	(2,711)
(Charge)/credit in the year	(464)	279
Actuarial gain on defined benefit pension scheme	904	128
	<u>(1,864)</u>	<u>(2,304)</u>
At 31 March 2019		

Culture Coventry

(A Company Limited By Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

15 ANALYSIS OF NET ASSETS/(LIABILITIES) BETWEEN FUNDS

	Unrestricted funds £000's	Restricted funds £000's	Total funds £000's
GROUP			
Tangible fixed assets	258	5,003	5,261
Current assets	768	-	768
Current liabilities	(788)	-	(788)
Long term liabilities	(629)	-	(629)
Defined benefit pension scheme liability	(1,864)	-	(1,864)
	<u> </u>	<u> </u>	<u> </u>
Net assets/(liabilities) at 31 March 2019	<u>(2,255)</u>	<u>5,003</u>	<u>2,748</u>

	Unrestricted funds £000's	Restricted funds £000's	Total funds £000's
CHARITY			
Tangible fixed assets	69	5,003	5,072
Investments	70	-	70
Current assets	629	-	629
Current liabilities	(762)	-	(762)
Long term liabilities	(629)	-	(629)
Defined benefit pension scheme liability	(1,864)	-	(1,864)
	<u> </u>	<u> </u>	<u> </u>
Net assets/(liabilities) at 31 March 2019	<u>(2,487)</u>	<u>5,003</u>	<u>2,516</u>

ANALYSIS OF NET ASSETS/(LIABILITIES) BETWEEN FUNDS AS AT 31 MARCH 2018

	Unrestricted funds £000's	Restricted funds £000's	Total funds £000's
GROUP (as restated)			
Tangible fixed assets	261	5,835	6,096
Current assets	1,074	25	1,099
Current liabilities	(1,750)	-	(1,750)
Long term liabilities	(510)	-	(510)
Defined benefit pension scheme liability	(2,304)	-	(2,304)
	<u> </u>	<u> </u>	<u> </u>
Net assets/(liabilities) at 31 March 2018	<u>(3,229)</u>	<u>5,860</u>	<u>2,631</u>

Culture Coventry

(A Company Limited By Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

15 ANALYSIS OF NET ASSETS/(LIABILITIES) BETWEEN FUNDS (continued)

	Unrestricted funds £000's	Restricted funds £000's	Total funds £000's
CHARITY			
Tangible fixed assets	55	5,835	5,890
Investments	70	-	70
Current assets	970	25	995
Current liabilities	(1,674)	-	(1,674)
Long term liabilities	(510)	-	(510)
Defined benefit pension scheme liability	(2,304)	-	(2,304)
Net assets/(liabilities) at 31 March 2018	<u>(3,393)</u>	<u>5,860</u>	<u>2,467</u>

16 PENSION COMMITMENTS

The Charity participates in a pension scheme operated by West Midlands Metropolitan Authorities Pension Fund. The assets of the scheme are held separately from those of the Charity.

Pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The most recent valuation was at 31 March 2016. The total contributions made for the year ended 31 March 2019 was £109,000 (2018: £1,091,000), of which employer's contributions totalled £29,000 (2018: £993,000) and employee's contributions totalled £80,000 (2018: £98,000).

In addition to the above, the following information is required to be disclosed in accordance with the adoption of FRS 102 in relation to the part of the West Midlands Metropolitan Authorities Pension Fund attributable to the Charity. The last full funding valuation of this scheme was carried out at 31 March 2016. A qualified actuary updated the results of that valuation at 31 March 2019 to obtain the figures stated below. Twenty one staff transferred to the company from Coventry City Council on 1 April 2003. The Projected Unit Method has been used.

The major financial assumptions used by the actuary were:

	At 31 March 2019 %	At 31 March 2018 %
Rate of increase in salaries	3.9	3.8
Rate of increase of pensions in payment	2.4	2.3
Discount rate	2.4	2.6
Inflation assumption	2.4	2.3

Culture Coventry

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

16 PENSION COMMITMENTS (continued)

The mortality assumptions used in the valuation of the pension liabilities were:-

	31 March 2019	31 March 2018
Post retirement mortality assumptions:		
Retiring today		
Males	20.9	21.9
Females	23.2	24.3
Retiring in 20 years		
Males	22.6	24.0
Females	25.0	26.6

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	Fair value at 31 March 2019 £'000	Fair value at 31 March 2018 £'000
Equities	8,830	9,269
Gilts	1,148	1,060
Other bonds	583	555
Property	1,366	1,117
Cash	795	357
Other	2,537	2,145
Total fair value of assets	15,259	14,503
Present value of scheme liabilities	(17,123)	(16,807)
Net pension liability	(1,864)	(2,304)

	31 March 2019 £'000	31 March 2018 £'000
Changes in present value of the defined benefit obligation:		
Opening defined benefit obligation	16,807	16,526
Current service cost	399	585
Interest cost	424	459
Contributions by scheme participants	80	98
Change in financial assumptions	840	(515)
Change in demographic assumptions	(964)	-
Benefits paid	(492)	(406)
Past service costs, including curtailments	29	60
Closing defined benefit obligation	17,123	16,807

Culture Coventry

(A Company Limited By Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

16 PENSION COMMITMENTS (continued)

	2019 £'000	2018 £'000
Change in the fair value of plan assets:		
Opening plan assets	14,503	13,815
Interest on assets	365	396
Return on assets less interest	780	(387)
Other actuarial losses	-	-
Contributions by employer	29	993
Contributions by scheme participants	80	98
Benefits paid	(492)	(406)
Administration expenses	(6)	(6)
Closing plan assets	15,259	14,503

The total return on the fund assets was £1,145,000 (2018: £9,000).

	2019 £'000	2018 £'000
Analysis of actuarial gain on defined benefit pension scheme:		
Return on fund assets in excess of interest	780	(387)
Change in financial assumptions	(840)	515
Change in demographic assumptions	964	-
Actuarial gain	904	128

Analysis of amount charged to Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	399	585
Administration expenses	6	6
Net interest on the defined liability	59	63
Past service costs, including curtailments	29	60
Total operating charge	493	714

17 CAPITAL COMMITMENTS

The Group and Charity had capital commitments at 31 March 2019 of £ nil (2018: £nil).

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for the year ended 31 March 2019

18 COMMITMENTS UNDER OPERATING LEASES

	2019 £000's	2018 £000's
At 31 March 2019 the Group and Charity had total future minimum lease payments under non-cancellable operating leases as follows:		
Plant and machinery:		
Amounts due within 12 months	6	23
Amounts due between 2 and 5 years	-	6
	<u>6</u>	<u>29</u>
Land and buildings:		
Amounts due within 12 months	139	116
Amounts due between 2 and 5 years	555	472
Amounts due after more than 5 years	417	500
	<u>1,111</u>	<u>1,088</u>

19 COMPANY LIMITED BY GUARANTEE

The company is limited by guarantees amounting to £10 for each member organisation.

20 RECONCILIATION OF NET EXPENDITURE TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Group	
	2019 £000's	2018 as restated £000's
NET EXPENDITURE FOR THE YEAR AS PER THE STATEMENT OF FINANCIAL ACTIVITIES	(787)	(1,778)
Adjustments for:		
Depreciation	873	873
FRS 102 pension adjustments	464	(279)
Movement in stocks	21	6
Movement in debtors	326	(144)
Movement in creditors	(293)	(25)
	<u>604</u>	<u>(1,347)</u>
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	604	(1,347)

21 RELATED PARTY TRANSACTIONS

During the year the Charity made recharges of £161,000 (2018: £453,957) to Culture Coventry Ventures Limited and made purchases of £nil (2018: £14,012) from Culture Coventry Ventures Limited. At 31 March 2019, the Charity was owed £198,000 (2018: £148,000) by the company.

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22 PRIOR YEAR SOFA (as restated)

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2018 £'000
Income from:			
Donations and legacies	64	-	64
Charitable activities:			
Coventry City Council	1,998	-	1,998
Other charitable activity income	402	490	892
Other trading activities	891	-	891
Total income	3,355	490	3,845
Expenditure on:			
Raising funds:			
Commercial activities	(824)	-	(824)
Charitable activities	(3,281)	(1,518)	(4,799)
Total expenditure	(4,105)	(1,518)	(5,623)
Net expenditure	(750)	(1,028)	(1,778)
Other recognised gains and losses:			
Actuarial gain on defined benefit pension scheme	128	-	128
Net movement in funds	(622)	(1,028)	(1,650)
Reconciliation of funds:			
Funds at 1 April 2017	(2,648)	6,888	4,240
Funds at 31 March 2018	(3,270)	5,860	2,590

23 FINANCIAL INSTRUMENTS

	Group		Charity	
	2019	2018 as restated	2019	2018
	£'000	£'000	£'000	£'000
The carrying amount of the Group's and Charity's financial instruments at 31 March were:				
Financial assets:				
Debt instruments measured at amortised cost	53	194	225	284
Financial liabilities:				
Measured at amortised cost	1,197	1,547	1,176	1,468

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24 CRITICAL 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.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The judgements (apart from those involving estimation) that have the most significant effect on the amounts recognised in the financial statements are disclosed below.

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee.