

Hestercombe Gardens Trust
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 December 2020

Company Number: 03287766
Charity Registered in England and Wales Number: 1060000

Hestercombe Gardens Trust

Contents

For the Year Ended 31 December 2020

	<u>Page</u>
Reference and Administrative Details	1
Trustee Directors' Report	2 – 9
Independent Auditors' Report	10 – 13
Consolidated Statement of Financial Activities	14
Balance Sheet and Consolidated Balance Sheet	15 – 16
Statement of Cash Flows and Consolidated Statement of Cash Flows	17
Notes to Financial Statements	18 – 39

Hestercombe Gardens Trust

Reference and Administrative Details

For the Year Ended 31 December 2020

Trustee Directors

David Yiend (Chairman)
Godfrey Davis, FCA
Dr Marion Harney, FHEA
Cllr Marcia Hill
Jo Matthews, MSc
Catherine O'Sullivan, MSc
Catherine Pease, MA (Cantab), AADip, RIBA
Annie Prebensen, BSc, MBA, CFA
Rupert Taylor, BSc Hons, FCCA
Josephine Waley-Cohen

Secretary

Nicholas Francombe LLB

Chief Executive Officer

Philip White MBE

Charity Number

1060000

Company Number

03287766

Principal Address and Registered Office

Hestercombe Gardens
Cheddon Fitzpaine
Taunton
Somerset
TA2 8LG

Auditors

Albert Goodman LLP
Goodwood House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

Bankers

Triodos Bank NV
Deanery Road
Bristol
BS1 5AS

HSBC Bank Plc
17 North Street
Taunton
Somerset
TA1 1NA

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

Solicitors

Clarke Willmott LLP
Blackbrook Gate
Taunton
Somerset
TA1 2PG

Hestercombe Gardens Trust
Trustee Directors' Report
For the Year Ended 31 December 2020

The Trustees, who are also directors for the purposes of the Companies Act, present their report and the financial statements of the charity for the year ended 31 December 2020, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

References and Administrative Details

Administrative information is given in a separate section at the front of these accounts.

Directors and Trustees

The directors of the Company are the Charity's trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year and since the year end are as follows:

Sir Andrew Burns KCMG	(Resigned 4 December 2020)
David Yiend	(Chairman) (Appointed 24 April 2020)
Godfrey Davis, FCA	
Dr Marion Harney FHEA	
Cllr Marcia Hill	
Jo Matthews, MSc	
Catherine O'Sullivan, MSc	
Catherine Pease, MA (Cantab), AADip, RIBA	
Annie Prebensen, BSc, MBA, CFA	
Rupert Taylor, BSc Hons, FCCA	
Cllr Gemma Verdon, F.Inst.Pa	(Resigned 24 April 2020)
Josephine Waley-Cohen	

None of the Trustees have any beneficial interest in the Company. All of the Trustees are members of the Company and guarantee to contribute £10 in the event of a winding up.

Structure Governance and Management

The Company is governed by its memorandum and articles of association and is limited by guarantee.

The articles of association provide that there must be between seven and eleven trustees; with Taunton Deane Borough Council nominates one trustee. The appointment of replacement trustees is at the discretion of the Company in general meeting.

It is the policy of the Trust to seek to appoint as trustees leaders in their field with a keen interest in the objectives of the Trust and to obtain a balance of skills. All appointments are made in line with Charity Commission guidelines. All newly appointed trustees follow an induction process and there is a programme of ongoing trustee training.

Structure Governance and Management (cont'd)

The Trustees have responsibility for setting the policy for achieving the objectives of the Trust; this is then carried out by the Chief Executive and the executive management team. The commercial activities, including the running of events, functions and weddings, catering and retail activities are carried out through a wholly owned subsidiary, Hestercombe Gardens Limited. The day-to-day management of trading operations is overseen by General Manager Richard Mira who is a director of Hestercombe Gardens Limited. The profits arising from these activities are returned to the Trust in furtherance of its objectives.

In December 2020, Sir Andrew Burns KCMG retired after 16 years as Chairman and Trustee of HGT and was succeeded by David Yiend, previously CEO at AB Foods Agri Division.

The Risk Register is regularly reviewed and updated by both Trustees and the executive management team in line with the strategic plans and ambitions of the Trust.

The Trustees are very conscious of their duty to promote public access to Hestercombe, to manage the heritage assets in a socially inclusive way and to continue to grow Hestercombe into a site of national and international importance and an economic and cultural driver of regional prosperity. Their policy is to remunerate all their staff fairly in accordance with good practice, observing appropriate legislation eg regarding the minimum wage, diversity etc at the same time ensuring the health, safety, and personal advancement of all staff, while operating in a financially prudent and sustainable way.

All Trustees of Hestercombe Gardens Trust serve as volunteers and are unpaid; some claim travel expenses when attending meetings. A Remuneration and Nominations Committee, composed of at least two Trustees, meets twice a year to consider senior executive pay and reports to Trustees at each full meeting of Trustees. Remuneration for the Chief Executive is set by the Committee with advice from the Trust's financial advisor and is benchmarked against comparable roles as far as this is possible.

The remuneration of the four full-time (General Manager, Finance Manager, Head Gardener and Marketing & Communications Manager) and one part-time (Art Director/Curator) senior executive staff is set by the Chief Executive in accordance with their individual contracts and reported to the Remuneration Committee.

Objectives and Activities

The principal objects of the Trust are:

For the education and benefit of the public to:

- (1) reclaim, restore, preserve, enhance and develop the landscape, gardens and buildings of heritage, horticultural or architectural interest associated with Hestercombe; and
- (2) maintain develop enhance and preserve and provide public access to archives databases and collections relating to landscapes, gardens, and buildings of heritage, horticultural or architectural interest; and
- (3) undertake and support educational work and research and provide resources for the public relating to landscapes, gardens, and buildings of heritage, horticultural or architectural interest.

The vision of the charity is for Hestercombe to be a place where creative ideas grow and its mission is to build on our heritage of innovation, culture, creativity and green care by developing our public spaces to generate opportunities for health and happiness for everyone. We connect people to the research, study and enjoyment of arts and the natural environment that is locally rooted with international reach.

Objectives and Activities (cont'd)

2020 started as we hoped to continue; in January 2020 we had 4,860 visitors, the highest number ever for the beginning of the year. The weather in February was not kind and income was below budget but on 29th February we celebrated the 300th anniversary of the birth of Coplestone Warre Bampfylde, designer of Hestercombe's Landscape garden. A formal lunch for eighty guests was followed by the opening of a year-long exhibition celebrating his life, with paintings generously loaned from private collections, the V&A, the Whitworth Art Gallery and the Courtauld Gallery, the centrepiece of which was a magnificent life size equestrian self portrait painted by Bampfylde in 1747 loaned by Andrew Brownsword CBE.

The Trust received its first ever donation from an American foundation towards the cost of exhibiting the Bampfylde painting and a generous donor acquired, on Hestercombe's behalf, one of only four known portraits of Bampfylde when it came up for sale in March, in San Francisco.

House and Wider Estate

Three weeks after the exhibition opened, on 22nd March, the House and gardens closed and the following day the country went into lockdown as a consequence of the COVID-19 pandemic. Of the 63 staff on Hestercombe's books 55 were immediately placed on furlough leaving a skeleton staff of eight, including just two gardeners to manage the 50 acres of historic gardens.

Preliminary work to clear the area of the C17th Water garden, the first stage in its restoration, was halted as contractors left the site. Undaunted, Hestercombe's architects were commissioned to produce a Masterplan for the estate as part of our planning for the future restoration and development of the 220 acre Hestercombe Farm acquired with the support of the National Heritage Memorial Fund in September 2018. An application for planning permission to develop Hestercombe House had been submitted in September 2019 and negotiations continued throughout the first half of 2020 with statutory consultees, Historic England.

Ash dieback was first noticed in July in the gardens, which inevitably led to five trees being felled later in the year. Ash trees comprise a significant proportion of Hestercombe's 90 acres of woodland and this is likely to be a continuing problem.

During lockdown the first of several tranches of subscription renewal letters were sent to members of Hestercombe as we endeavoured to maintain the loyalty of our supporters and the valuable income that they provided. Hestercombe's members proved to be remarkably resilient and less than 10% failed to renew.

Weddings, of which 33 had been booked in 2020, form an important constituent of Hestercombe's trading income but by now had all been cancelled, with many couples re-booking for 2021.

During this period every aspect of the business was examined in detail to try to identify efficiencies and potential cost reductions. This eventually led to five full time and two part time members of staff being made redundant. We received a significant boost from a successful bid to the National Lottery Heritage Fund when the Trust received £122,000 in emergency funding.

At the beginning of September we were able to open the House and Gallery once more and the Bampfylde Hall was repurposed as a restaurant with, for the first time, full table service. The waiting staff were supported by the latest technology of tablets and QR codes enabling direct contact with the kitchen and chefs.

As part of efforts to secure Hestercombe's financial security discussions with Somerset County Council are progressing well to relieve the charity of its long term £340,000 loan in exchange for providing a range of social benefits to the local community including free school visits. As further funding became available the Trust applied once more to the National Lottery Fund for a Culture Recovery Grant of £258,400 to cover core costs between October 2020 and April 2021. Our application was successful and the first payment, comprising 49% of the funding, was made in November; the second payment being received in March 2021. Talks also continued throughout the year with Somerset West and Taunton Council on the settlement of an £80,000 development loan; and discussions, as at April 2021, are still on-going.

On 14th October a tiering system to aid the control of COVID-19 was introduced. Somerset, and therefore Hestercombe, was placed in Tier 1; this was increased to Tier 2 between 2nd-25th December; and Tier 3 from 26th-30th December when the site had to revert to take-away food only.

Tier 4, when all seating had to be removed, was introduced on 31st December and on the 5th January 2021 the country went once more into full lockdown, following which the gardens were not able to open again until 17th March.

In this context, and alongside the need to anticipate the 'post-COVID' landscape and the succession of David Yiend to Sir Andrew Burns as chair of trustees, it is appropriate that the executive and trustees review HGT's strategy. This will be completed in the first half of 2021.

Achievements and Performance

As the review of 2020 alludes, much of our focus this year was on short-term operational issues: ensuring the safety and wellbeing of our staff, volunteers and visitors to Hestercombe; as well as very practical financial challenges linked to both the enforced closure of Hestercombe as well as radically different operating conditions. In this context, progress against longer term strategic ambitions and goals was inevitably limited.

Much of our long-term, strategic ambition came together in Growing Hestercombe's Communities, the £4.9m application to the National Lottery Heritage Fund (NLHF) that was made in the summer of 2019 and was, unfortunately, unsuccessful. Central to our 2020 plans had been a review of the approach set out in Growing Hestercombe's Communities, taking into account feedback from NLHF, with the aim of resubmitting a bid. Understandably little progress against this goal was made in 2020.

Following the 2019 award of a Countryside Stewardship grant of £310,000 from Rural Payments Agency, we have made substantial progress on the restoration of the Water garden, a key component of the historic landscape and central to our strategic objective of restoring the estate.

We are hopeful that discussions with Somerset County Council to relieve us of our loan will be successful and, if so, should be formalised by mid 2021. This, supports our strategic objectives to reduce borrowing as well as supporting the Trust's commitment to provide public benefit through increased access, outreach and education.

Despite all the tribulations of the pandemic Hestercombe still managed a total of 50,479 visitors in 2020 compared with the all-time high of 83,667 in 2019. Members also showed continuing confidence with 4,361 paid up memberships at the end of the year, a drop of 12% from the same time in 2019 but much less than might have been expected. Gift Aid, an important component of the Trust's income, was considerably down, undoubtedly a by-product of visitors having to book and pay online.

Public Benefit and Engagement

Throughout most of 2020 the gardens were maintained by only two gardeners but Hestercombe was able to reopen on 10th June, providing take-away food only, although the House remained closed. Enthusiasm was such that the gardens received 4,000 visitors in the first 15 days even though, in order to manage staff costs, they were only open for five days a week; day tickets were limited and only available on a pre-booked timed basis. A combination of a feature on BBC Gardeners' World and a healthy appetite for visiting gardens following three months of lockdown led, in June, to a 300% increase in visits to the website compared to June 2019, up from 53,000 to 161,000.

2020's programme of exhibitions and events had to change due to the Covid-19 pandemic. This meant postponing some of the programme, but it also gave us the opportunity to build a revised programme of work with artists outdoors. We were able to open and extend the exhibition Most Admirably Improved by Art, including artists Charlotte Hodes, Rebecca Partridge, Kelly Richardson, Fiona Hingston together with C.W. Bampfylde.

In June we hosted Sir Richard Long, the renowned sculptor, for two days when he created a remarkable work, Jackdaw Line, in the Landscape garden, with another 7 outdoor commissions by artists John England, Philippa Lawrence, Sarah Bennett, Lucy Soni, Jo Lathwood, Megan Calver, and Gabriele Hode which were all installed by early September. Gallery talks and seminars went online.

The archival show based on C.W. Bampfylde's tercentenary has been extended and will continue throughout 2021.

Financial Review

In common with all similar enterprises the Trust suffered a substantial loss of revenues as a result of the Covid pandemic in 2020. The gardens were closed to visitors for extensive periods and all trading income sources were severely reduced. Total revenues amounted to £1.846m down from £2.149m in 2019 and the Trust was heavily indebted to the National Heritage Lottery Fund, the government's business support grants, Job retention Scheme, Arts Council, Countryside Stewardship scheme and other grants and donations which altogether made up £818K of the total income:

National Lottery Heritage Fund	£248,200
Arts Council	£28,875
Countryside Stewardship	£158,981
Other Grants and Donations	£43,988
Job Retention Scheme Grants	£251,987
Other Covid Business support Grants	£64,275
Donations and Legacies	£22,625
Total	£818,931

Visitor numbers inevitably dropped, and admissions income was almost 40% lower than in 2019 at £202k. Membership income from the Friends of Hestercombe actually increased by nearly £20k to £287k and the Trust is indebted to members for their support at this difficult time.

Trading income dropped from £1.384m to just £539k and the trading subsidiary made the first loss in its history as a result. Forward bookings for weddings and a resumption of a more normal trading environment are forecasted to return the trading company to profitability, so that it can once again contribute to the cost of the Trust's charitable activities.

Hestercombe Gardens Trust

Trustee Directors' Report

For the Year Ended 31 December 2020

The lack of income from trading forced many difficult decisions upon the Trust and as a result, most unfortunately, 5 full time and 2 part time staff were made redundant during the year. Costs were cut across all expense headings, and all but the most essential were either cancelled or deferred. Overall, the Trust spent £648k on its trading activities (2019 £1.020m) and £1.057m on its charitable activities (2019 £1.238m).

The Trust as a whole reported a surplus for the year of £141k (2019 £108k) but despite this the cash flow for the year was negative £33k when taking into account working capital movements, interest and repayments on loans and capital expenditure.

The Trust's balance sheet now records total assets of £10.422m (2019 £10.280m) reflecting the investment across the years in its heritage assets

Reserves policy

The current reserves policy reflects the long term nature of the charity and the investment that has needed to be made to protect it. Long term aspirations and potential income generation has been put before the building up of unrestricted reserves in the short term. The result of this is that there is a deficit in freely available reserves (unrestricted reserves less fixed assets net of long term debt) of £475k (2019: £399k) at the year end.

Auditors

The auditors, Albert Goodman LLP, are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Statement of trustees' responsibilities

The Trustees (who are directors of the Hestercombe Gardens Trust Limited for the purposes of company law) are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland (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 accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements; and

Hestercombe Gardens Trust

Trustee Directors' Report

For the Year Ended 31 December 2020

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

Statement as to disclosure to our auditors

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report of which the group's auditor is unaware; and
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all the steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

By order of the Trustees.

Cllr Marcia Hill
Trustee
Hestercombe Gardens Trust

16 July 2021

Hestercombe Gardens Trust

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2020

Opinion

We have audited the financial statements of Hestercombe Gardens Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2020, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company Statement of Cash Flows, 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 Generally Accepted Accounting Practice, including Financial Reporting Standard 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 December 2020 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society's ability to continue as a going concern for a period of at least twelve months from the original financial statements were authorised for use.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of the report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

Hestercombe Gardens Trust

Independent Auditors' Report to the Trustees and Members For the Year Ended 31 December 2020

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, which includes the Directors' 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 included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

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 parent 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 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

Hestercombe Gardens Trust

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2020

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with trustees and other management, and from our commercial knowledge and experience of the heritage charity and hospitality sectors;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charities Act 2011, data protection, anti-bribery, employment, environmental, Food hygiene legislation and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Hestercombe Gardens Trust

Independent Auditors' Report to the Trustees and Members For the Year Ended 31 December 2020

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators including the Health and Safety Executive, and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the group and parent 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 group and parent charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and parent charitable company and the group and parent charitable company's members as a body and the parent charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Hake FCCA (Senior Statutory Auditor)
for and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

22 July 2021

Hestercombe Gardens Trust

Consolidated Statement of Financial Activities (including an Income & Expenditure account)

For the Year Ended 31 December 2020

				2020			2019
		Unres-	Res-	Total	Unres-	Res-	Total
	Notes	tricted	tricted		tricted	tricted	
		£	£	£	£	£	£
Income from:							
Grants, donations and legacies	2	341,165	477,766	818,931	55,655	111,491	167,146
Charitable activities	3	488,219	-	488,219	598,045	-	598,045
Other trading activities	4	539,167	-	539,167	1,384,005	-	1,384,005
Investments	5	2	-	2	5	-	5
Total income		1,368,553	477,766	1,846,319	2,037,710	111,491	2,149,201
Expenditure on:							
Trading costs	6	648,079	-	648,079	1,019,788	-	1,019,788
Charitable activities	6	760,748	296,121	1,056,869	1,165,056	72,553	1,237,609
Total expenditure		1,408,827	296,121	1,704,948	2,184,844	72,553	2,257,397
Net income/(expenditure) for the year		(40,274)	181,645	141,371	(147,134)	38,938	(108,196)
Transfer between funds	20	162,481	(162,481)	-	57,340	(57,340)	-
Net movement in funds for the year		122,207	19,164	141,371	(89,794)	(18,402)	(108,196)
Reconciliation of funds							
Total funds brought forward		10,278,433	1,940	10,280,373	10,368,227	20,342	10,388,569
Total funds carried forward		10,400,640	21,104	10,421,744	10,278,433	1,940	10,280,373

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Hestercombe Gardens Trust – Company Registration Number: 03287766**Balance Sheet and Consolidated Balance Sheet**

As at 31 December 2020

		2020		2019	
		£	£	£	£
	Notes	Group	Charity	Group	Charity
Fixed assets					
Tangible fixed assets	11	342,847	342,847	381,143	381,143
Heritage assets	12	10,658,523	10,658,523	10,729,410	10,729,410
Investment property	13	965,268	965,268	698,268	698,268
Investments	14	-	1	-	1
		<u>11,966,638</u>	<u>11,966,639</u>	<u>11,808,821</u>	<u>11,808,822</u>
Current assets					
Stock	15	41,029	-	52,405	928
Debtors	16	178,516	191,649	143,118	128,444
Cash at bank and in hand		123,163	88,353	62,315	16,066
		<u>342,708</u>	<u>280,002</u>	<u>257,838</u>	<u>145,438</u>
Liabilities:					
Creditors: amounts falling due within one year	17	(817,254)	(690,627)	(654,758)	(542,359)
Net current liabilities		<u>(474,546)</u>	<u>(410,625)</u>	<u>(396,920)</u>	<u>(396,921)</u>
Amounts falling due after more than one year	18	(1,070,348)	(1,070,348)	(1,131,528)	(1,131,528)
Total net assets		<u>10,421,744</u>	<u>10,485,666</u>	<u>10,280,373</u>	<u>10,280,373</u>
The funds of the charity:					
Unrestricted funds:					
General funds	20	10,400,640	10,464,562	10,278,433	10,278,433
Restricted funds	20	21,104	21,104	1,940	1,940
Total charity funds		<u>10,421,744</u>	<u>10,485,666</u>	<u>10,280,373</u>	<u>10,280,373</u>

Hestercombe Gardens Trust – Company Registration Number: 03287766

Balance Sheet and Consolidated Balance Sheet

As at 31 December 2020

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes on pages 18 – 39 form part of these accounts.

Approved by the Board on 16 July 2021 and signed on their behalf by:

David Yiend
Trustee

Hestercombe Gardens Trust**Statement of Cash Flows and Consolidated Statement of Cash Flows**

For the Year Ended 31 December 2020

	Notes	2020		2019	
		£	£	£	£
		Group	Charity	Group	Charity
Cash flows from operating activities					
Net income/(expenditure) for the year		141,371	205,293	(108,196)	(108,196)
Adjustments to cash flows from non-cash items:					
Depreciation and amortisation	11	73,893	73,893	67,919	67,919
Finance Income	5	(2)	(2)	(5)	(5)
Finance expense		46,379	46,379	35,051	35,051
		<u>261,641</u>	<u>325,563</u>	<u>(5,231)</u>	<u>(5,231)</u>
Working capital adjustments					
Decrease/(increase) in stocks	13	11,376	928	(2,601)	-
(Increase)/decrease in debtors	14	(35,398)	(63,205)	(2,290)	65,661
Increase in creditors	15	25,556	11,328	40,358	216
		<u>263,175</u>	<u>274,614</u>	<u>30,236</u>	<u>60,646</u>
Cash flows from investing activities					
Purchase of tangible fixed assets	11	(35,597)	(35,597)	(74,031)	(74,031)
Purchase of heritage assets	12	(179,347)	(179,347)	(48,823)	(48,823)
Purchase of investment property	13	(16,766)	(16,766)	(13,716)	(13,716)
Interest received	5	2	2	5	5
		<u>(231,708)</u>	<u>(231,708)</u>	<u>(136,565)</u>	<u>(136,565)</u>
Cash flows from financing activities					
Interest paid	7	(46,379)	(46,379)	(35,051)	(35,051)
Repayment of loans and hire purchase	18	(18,194)	(18,194)	(40,455)	(40,455)
		<u>(64,573)</u>	<u>(64,573)</u>	<u>(75,506)</u>	<u>(75,506)</u>
Net decrease in cash and cash equivalents		<u>(33,106)</u>	<u>(21,667)</u>	<u>(181,835)</u>	<u>(151,425)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>(86,587)</u>	<u>(132,836)</u>	<u>95,248</u>	<u>18,589</u>
Cash and cash equivalents at the end of the reporting period		<u>(119,693)</u>	<u>(154,503)</u>	<u>(86,587)</u>	<u>(132,836)</u>
Cash & Cash equivalents reconciliation:					
Cash at bank		<u>(119,693)</u>	<u>(154,503)</u>	<u>(86,587)</u>	<u>(132,836)</u>
Total cash & cash equivalents at the end of the reporting period		<u>(119,693)</u>	<u>(154,503)</u>	<u>(86,587)</u>	<u>(132,836)</u>
Analysis of cash and cash Equivalents					
Cash in hand		123,163	88,353	62,315	16,066
Overdraft facility repayable on demand		<u>(242,856)</u>	<u>(242,856)</u>	<u>(148,902)</u>	<u>(148,902)</u>
Total cash & cash equivalents at the end of the reporting period		<u>(119,693)</u>	<u>(154,503)</u>	<u>(86,587)</u>	<u>(132,836)</u>

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Hestercombe Gardens Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) and all amounts are presented in £ sterling.

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Hestercombe Gardens Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of the Hestercombe Gardens Trust Limited and Hestercombe Gardens Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

A separate Statement of Financial Activities or income and expenditure account, for the Charity itself has not been presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

Going concern

As set out in the Trustees' report, since the year end the Trust's operations have been significantly impacted by the Covid-19 global pandemic in 2020.

All activities bar essential maintenance ceased from the start of lockdown in March 2020 until the gardens re-opened on a limited basis, with appropriate social distancing measures, in June. The Trust made use of the government furlough scheme and undertook significant and appropriate cost reductions to mitigate the impact of lost revenue. The Trust is indebted to the National Lottery Heritage Fund for the support it received both from its emergency and culture recovery funds as these, together with government business support grants, have enabled the Trust to continue to pursue its objectives and look to the future with confidence.

The Trustees have reviewed management accounts for 2021 and budgets for 2021 and 2022 with appropriate stress testing and consideration of available working capital. Having done so the Trustees are satisfied that the Trust continues to be a going concern and hence the going concern basis of accounting adopted in these accounts is appropriate.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured. Where income has not been received for gift aid claims relating to donations received in the year, income is accrued.

Income from grants and government grants, where 'capital' or 'revenue', is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Where no conditions are attached to grant income they are recognised within grants, donations and legacies and where conditions relating to performance of services are attached, grant income is recognised income from charitable activities within the Statement of Financial Activities.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from charitable activities includes membership and admissions income. Membership income is accounted for in full in the year that the membership commences. Admission income is recognised on a cash basis, in the year the income is physically received.

Income from other trading activities is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

1.4 Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.5 Expenditure

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Raising funds is expenditure incurred in generating the trading subsidiary funds and from trading activities carried out by the trust relating to Hestercombe House activities.

Charitable activity expenditure comprises 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 costs of an indirect nature necessary to support them. Support costs include finance, administration, governance and CEO costs and are allocated to the trust charitable services equally.

1.6 Operating leases

The Trust classifies the lease of property as operating leases as title remains with the lessor. Rental charges are charged on a straight line basis over the term of the lease.

1.7 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Trust.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Tangible fixed assets are normally capitalised where the value of an asset or group of related assets exceeds £500. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Plant and equipment	3, 5, 10, 20 or 25 years straight line
---------------------	--

1.9 Heritage assets

Heritage assets are held in pursuit of overall objectives in relation to the enjoyment and preservation of heritage. Land, buildings and artwork are recognised at cost or, where donated, at the prevailing current market value at the time of donation. In the opinion of the Trustees the heritage assets have a residual value in excess of cost and therefore no depreciation is charged in the accounts, however they are reviewed annually for impairment with any such impairment passing through the SOFA. Expenditure that is required to preserve or prevent further deterioration of heritage assets is recognised in the SOFA as it is incurred.

1.10 Investment properties

Investment properties are initially measured at cost and subsequently at fair value at the reporting date, with all gains and losses passing through the SOFA.

1.11 Debtors

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

1.12 Stock

Stock consists of shop stock for resale, ingredients for the tea room and publication stocks. Stock is valued at the lower of cost and net realisable value, after making allowances for obsolete and slow moving stock.

1.13 Cash at bank and in hand

Cash at bank and cash 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.

1.14 Creditors

Creditors are recognised where the charity 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Defined contribution pension

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as staff pension expense through the profit and loss when they are due.

1.16 Taxation

As a registered charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is recoverable by the company, and is therefore excluded within the relevant costs in the Statement of Financial Activities. The charity subsidiary is also able to recover Value Added Tax and is therefore excluded within the relevant costs in the Statement of Financial Activities

1.17 Financial instruments

The charity only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the charitable company are as follows;

Financial assets – trade and other debtors, accrued income, amounts owed by group undertakings and other debtors are basic financial instruments, and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, amounts owed to group undertakings, bank loans, accrued expenses and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

1.18 Concessionary loan

The Trust obtained a concessionary loan in a previous year to further its charitable aims free of interest. The loan is initially recognised at transactions value and subsequently measured to reflect the repayments and if necessary any impairments. The loan is recognised in the balance sheet within creditors less than one year and creditors more than one year as 'other loans' in line with the repayment term of the loan.

1.19 Finance lease

The Trust classifies the lease of equipment as a finance lease as substantially all the risks and rewards are retained by the Trust. The equipment is recognised as an asset and the finance loan recognised as a liability in the balance sheet. Payments made under finance leases are charged to the liability in the balance sheet.

2 Grants, donations and legacies

	Unres- tricted funds £	Res- tricted funds £	2020 Total £	Unres- tricted funds £	Res- tricted funds £	2019 Total £
Grants						
National Lottery	-	248,200	248,200	-	9,109	9,109
Heritage Fund						
National Heritage	-	-	-	-	18,113	18,113
Memorial Fund						
Arts Council	-	28,875	28,875	-	32,440	32,440
Countryside Stewardship		158,981	158,981			
Leader grant	-	-	-	-	16,960	49,600
Appeal - HOTSW						
Interpretation	-	-	-		17,267	17,267
Other grants	7,313	36,675	43,988	-	11,000	11,000
Exceptional government funding						
Coronavirus JRS grant	251,987	-	251,987	-	-	-
Other Covid grants	64,275	-	64,275	-	-	-
	323,575	472,731	796,306	-	104,889	137,529
Donations and legacies	17,590	5,035	22,625	55,655	6,602	62,257
	341,165	477,766	818,931	55,655	111,491	199,786

The group has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under “exceptional government funding”.

The group furloughed some of its staff under the governments CJRS. The funding received of £251,987 relates to staff costs which are included within note 9 as appropriate.

3 Charitable activities

	Unres- tricted funds £	Res- tricted funds £	2020 Total £	Unres- tricted funds £	Res- tricted funds £	2019 Total £
Friends of Hestercombe subscriptions	286,570	-	286,570	267,271	-	267,271
Admissions	201,649	-	201,649	330,774	-	330,774
	488,219	-	488,219	598,045	-	598,045

4 Other trading activities

	Unres- tricted funds £	Res- tricted funds £	2020 Total £	Unres- tricted funds £	Res- tricted funds £	2019 Total £
Shop sales	59,367	-	59,367	144,967	-	144,967
Café sales	246,429	-	246,429	515,150	-	515,150
Column room sales	12,689	-	12,689	88,873	-	88,873
Function and events income	48,817	-	48,817	441,640	-	441,640
Property income	13,960	-	13,960	17,400	-	17,400
Education income	23,764	-	23,764	10,258	-	10,258
Other income	34,422	-	34,422	39,544	-	39,544
Rental income	8,167	-	8,167	12,000	-	12,000
Hestercombe House income	91,552	-	91,552	114,173	-	114,173
	539,167	-	539,167	1,384,005	-	1,384,005

5 Investment income

	Unres- tricted funds £	Res- tricted funds £	2020 Total £	Unres- tricted funds £	Res- tricted funds £	2019 Total £
Bank interest	2	-	2	5	-	5

6 Expenditure

Expenditure on raising funds

	Staff costs £	Other direct costs £	2020 Total £	Staff costs £	Other direct costs £	2019 Total £
Trading costs	485,284	162,795	648,079	573,632	446,156	1,019,788
	485,284	162,795	648,079	573,632	446,156	1,019,788

Charitable activities

	Staff costs £	Other direct costs £	2020 Total £	Staff costs £	Other direct costs £	2019 Total £
Visitor centre management & marketing	112,226	148,817	261,043	125,188	229,257	354,445
Restoration / maintenance of Gardens	207,950	136,624	344,574	243,012	159,611	402,623
Support costs	185,194	176,632	361,826	186,660	154,965	341,625
Hestercombe House expenses	27,223	62,203	89,426	39,420	99,496	138,916
	532,593	524,276	1,056,869	594,280	643,329	1,237,609

7 Net income/(expenditure) for the year

This is stated after charging:

	Charity		Subsidiary		Total	
	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£
Depreciation of owned assets						
- Plant and equipment	73,893	67,919	-	-	73,893	67,919
Interest payable	46,379	35,051	-	-	46,379	35,051
Auditors' remuneration for:						
Audit services	4,500	4,100	1,500	1,100	6,000	5,200
Accounting services	4,563	2,750	1,013	813	5,576	3,563
	<u>73,893</u>	<u>67,919</u>	<u>1,500</u>	<u>1,100</u>	<u>6,000</u>	<u>5,200</u>

8 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2019: £nil). There were no reimbursed expenses paid (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2020	2019
Management	2	1
Finance and admin	12	13
Gardens	9	8
Shop and ticket office	12	12
Catering	21	28
	<u>56</u>	<u>62</u>

Employment costs	2020	2019
	£	£
Wages and salaries	936,346	1,037,875
Social security costs	56,274	76,612
Other pension costs	25,257	26,659
	<u>1,017,877</u>	<u>1,141,146</u>

During the year, total costs of £14,980 were paid in respect of seven employee redundancies (2019:Nil). The amounts were full and final with no outstanding amounts due at the balance sheet date.

The number of employees whose annual emoluments were £60,000 or more were:

	2020	2019
	number	number
£80,000 - £90,000	<u>1</u>	<u>1</u>

The key management personnel of the group comprise those of the Trust and the key management personnel of its wholly owned subsidiary Hestercombe Gardens Limited. The key management personnel of the group comprise the directors and the Chief Executive Officer. The total employee benefits, including employer NI and employer pension contribution, of the key management personnel of the Trust were £164,055 (2019: £167,461).

10 Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £25,257 (2019 - £26,659).

Contributions totalling £2,650 (2019 - £3,352) were payable to the scheme at the end of the year and are included in other creditors.

11 Tangible fixed assets

Group	Plant & Equipment £	Total £
Cost		
At 1 January 2020	859,513	859,513
Additions	35,597	35,597
	<hr/>	<hr/>
At 31 December 2020	895,110	895,110
	<hr/>	<hr/>
Depreciation		
At 1 January 2020	478,370	478,370
Charge for the year	73,893	73,893
	<hr/>	<hr/>
At 31 December 2020	552,263	552,263
	<hr/>	<hr/>
Net book value		
At 31 December 2020	342,847	342,847
	<hr/>	<hr/>
At 1 January 2020	381,143	381,143
	<hr/>	<hr/>

The above assets are all held by the charity.

12 Heritage assets

	Artwork	Freehold Land and Buildings	Total
	£	£	£
Cost			
At 1 January 2020	54,048	10,675,362	10,729,410
Transfer to investment property	-	(250,234)	(250,234)
Additions	12,495	166,852	179,347
	<u>66,543</u>	<u>10,591,980</u>	<u>10,658,523</u>
At 31 December 2020	<u>66,543</u>	<u>10,591,980</u>	<u>10,658,523</u>
Summary of heritage asset transactions	2020	2019	2018
Purchases and transfers			
Artwork	12,495	7,748	46,300
Freehold land and buildings	166,852	41,075	10,634,287
	<u>179,347</u>	<u>48,823</u>	<u>10,680,587</u>
Transfers out			
Artwork	-	-	-
Freehold land and buildings	250,234	-	-
	<u>250,234</u>	<u>-</u>	<u>-</u>
Total reductions	<u>250,234</u>	<u>-</u>	<u>-</u>

Land and buildings relate to the Hestercombe estate which consists of the formal gardens and properties as well as a farm. The properties and gardens are managed and maintained by the estate manager with a team of gardeners and maintenance staff and volunteers. Under the guidance of the management team they perform work that ensures the gardens are true to the original vision.

Artwork consists of paintings that are linked to the estate and are held for public display. The paintings are assessed when purchased and any required restoration work performed at that time.

13 Investment property

	Investment property
As at 1 January 2020	698,268
Additions	16,766
Transfer	250,234
	<hr/>
At 31 December 2020	965,268
	<hr/> <hr/>

The Trustees consider the value in the accounts represents the open market value of the properties at the year end.

14 Investments

	Total 2020 £	Charity	Total 2019 £
Hestercombe Gardens Limited Ordinary shares of £1 each	1		1
	<hr/> <hr/>		<hr/> <hr/>

Hestercombe Gardens Limited (company no 04732755) was incorporated on 13 April 2003 as a wholly owned trading subsidiary of Hestercombe Gardens Trust. The parent charity holds 100% of the issued share capital and 100% of the voting rights of the subsidiary trading company.

The principal activities of the company are the operation of a retail outlet and a café at Hestercombe Gardens and the hosting of events, private functions and conferences.

The registered office is the same as that of the Trust, detailed on page 1.

The subsidiary donates any taxable profits to Hestercombe Gardens Trust, and files audited accounts with the Registrar of Companies.

Hestercombe Gardens Trust
Notes to the Financial Statements
For the Year Ended 31 December 2020

A summary of the trading results is shown below:

	2020	2019
	£	£
Turnover	375,468	1,202,630
Cost of sales	(605,978)	(929,530)
Gross profit	(230,510)	273,100
Administrative expenses	(88,277)	(267,666)
Other operating income	254,865	-
Operating profit and profit before tax	(63,922)	5,434
Gift aid to Hestercombe Gardens Trust	-	(5,434)
Retained in subsidiary	-	-
The assets and liabilities were:		
Current assets	182,244	195,023
Current liabilities	(246,165)	(195,022)
Total net assets	(63,921)	1
Called up share capital	1	1
	1	1

15 Stocks

	Group	2020	Group	2019
	£	Charity	£	Charity
		£		£
Goods for resale	41,029	-	52,405	928

16 Debtors

	Group	2020	Group	2019
	£	Charity	£	Charity
		£		£
Trade debtors	25,057	18,408	20,866	7,152
Prepayments and accrued income	153,459	148,457	122,252	118,103
VAT	-	24,784	-	3,189
	178,516	191,649	143,118	128,444

17 Creditors: Amounts falling due within one year

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	99,767	89,303	129,010	97,179
Other creditors and deferred income	208,851	50,311	132,812	50,997
Accruals	66,002	44,999	50,885	39,422
Bank loans	18,965	18,965	25,662	25,662
Bank overdrafts	242,856	242,856	148,902	148,902
Taxation and social security	40,575	9,201	76,932	10,208
Amounts owed to group undertakings	-	94,754	-	79,434
Other loans	134,410	134,410	85,056	85,056
Hire Purchase	5,828	5,828	5,499	5,499
	<u>817,254</u>	<u>690,627</u>	<u>654,758</u>	<u>542,359</u>

Deferred Income

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Deferred income at 1 January 2020	125,718	46,289	118,764	43,963
Released from previous years	(115,298)	(35,869)	(107,270)	(32,469)
Resources deferred in the year	194,211	37,348	114,224	34,795
	<u>204,631</u>	<u>47,768</u>	<u>125,718</u>	<u>46,289</u>

At the balance sheet date the trust was holding funds received in advance from venue hire and rental and memberships received in advance.

The hire purchase liability is secured over the asset to which it relates.

18 Creditors: Amounts falling due in more than one year

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Bank loans	115,325	115,325	112,821	112,821
Other loans	250,508	250,508	285,385	285,385
Hire purchase	7,777	7,777	13,607	13,607
Bank loans > 5 years	663,912	663,912	667,056	667,056
Other loans > 5 years	32,826	32,826	52,659	52,659
	<u>1,070,348</u>	<u>1,070,348</u>	<u>1,131,528</u>	<u>1,131,528</u>

There are two bank loans due in more than 5 years which are repayable over a 25 year term, ending in July 2043 and over a 20 year term ending in September 2039. Interest on these loans are variable at the Royal Bank of Scotland plc base rate + 3.0%. The 20 year term bank loan was received during 2018 to fund the purchase of an investment property.

The Trust has created a fixed legal charge over the freehold properties of Hestercombe Gardens Trust and a debenture has been created in favour of the bank to secure bank borrowings of £512,273 at the year end (2019 - £515,993).

The other loan due in more than 5 years is a loan, taken out in 2018, is to repaid over 10 years with a fixed rate of interest of 2.75%.

19 Contingent liabilities

In the event that Hestercombe House is sold prior to November 2023, further charges may be payable, the value of which depends upon the length of time that the asset has been held and expenditure on the asset since completion of the sale, decreasing from £500,000 to £50,000.

The amounts potentially repayable are secured by a legal charge in favour of Somerset County Council.

Grants received from the National Heritage Memorial Fund amounting to £5,931,000 as at 31 December 2018 may become subject to partial repayment in the event grant aided assets are sold. The amounts potentially repayable are secured by a legal charge in favour of the National Heritage Memorial Fund.

20 Summary of movement in funds

	Opening balance £	Incoming resources £	Resources expended £	Transfers & reversal of depreciation £	Closing balance £
Unrestricted funds - Group					
General	10,278,433	1,368,553	(1,408,827)	162,481	10,400,640
	10,278,433	1,368,553	(1,408,827)	162,481	10,400,640
Restricted funds - Group					
	Opening balance £	Incoming resources £	Resources expended £	Transfers £	Closing balance £
Gallery	-	58,800	(53,118)	-	5,682
Buy a Brick	-	500	(500)	-	-
National Lottery Heritage Fund	-	122,000	(122,000)	-	-
-Heritage Emergency	-	126,200	(119,953)	-	6,247
-Culture Recovery	-	158,981	-	(158,981)	-
Countryside Stewardship	-	550	(550)	-	-
Appeal - Rook Wood	-	485	-	-	2,425
Michael Farrington propogating house	1,940	6,750	-	-	6,750
Historic England	-	500	-	(500)	-
The Clark Foundation	-	3,000	-	(3,000)	-
Richard Broyd Trust	-				
	1,940	477,766	(296,121)	(162,481)	21,104

20 Summary of movement in funds (cont'd)

	Opening balance £	Incoming resources £	Resources expended £	Transfers & reversal of depreciation £	Closing balance £
Unrestricted funds - Charity					
General	10,278,433	811,478	(787,830)	162,481	10,464,562
	10,278,433	811,478	(787,830)	162,481	10,464,562

	Opening balance £	Incoming resources £	Resources expended £	Transfers £	Closing balance £
Restricted funds - Charity					
Gallery	-	58,800	(53,118)	-	5,682
Buy a Brick	-	500	(500)	-	-
National Lottery					
Heritage Fund					
-Heritage Emergency	-	122,000	(122,000)	-	-
-Culture Recovery	-	126,200	(119,953)	-	6,247
Countryside					
Stewardship	-	158,981	-	(158,981)	-
Appeal - Rook Wood	-	550	(550)	-	-
Michael Farrington					
propogating house	1,940	485	-	-	2,425
Historic England	-	6,750	-	-	6,750
The Clark Foundation	-	500	-	(500)	-
Richard Broyd Trust	-	3,000	-	(3,000)	-
	1,940	477,766	(296,121)	(162,481)	21,104

20 Summary of movement in funds (cont'd)

Prior year - 2019

	Opening balance £	Incoming resources £	Resources expended £	Transfers £	Closing balance £
Unrestricted funds - Group and Charity					
General	10,368,227	2,037,710	(2,184,844)	57,340	10,278,433
	10,368,227	2,037,710	(2,184,844)	57,340	10,278,433

	Opening balance £	Incoming resources £	Resources expended £	Transfers £	Closing balance £
Restricted funds - Group and Charity					
Gallery	-	43,440	(43,440)	-	-
Buy a Brick	-	1,100	(1,100)	-	-
Heritage Lottery Fund - Parks and Gardens	15,342	9,109	(24,451)	-	-
The Tanner Trust	5,000	-	-	(5,000)	-
Leader Grant	-	16,960	-	(16,960)	-
Appeal - HOTSW Interpretation	-	17,267	-	(17,267)	-
Commemorative Trees	-	3,562	(3,562)	-	-
National Heritage Memorial Fund	-	18,113	-	(18,113)	-
Michael Farrington propagating house	-	1,940	-	-	1,940
	20,342	111,491	(72,553)	(57,340)	1,940

20 Summary of movement in funds (cont'd)

General unrestricted funds are available to spend on activities that further the purposes of the charity.

The gallery funding was provided by the Arts Council and Taunton Deane Borough Council to develop the Gallery within Hestercombe House.

The Buy a Brick and Commemorative Trees funds are remembrance funds that were fully spent in the year.

The Heritage Emergency Fund and Culture Recovery Fund are grants from the National Lottery Heritage Fund that are to fund fixed costs to support the charity through the Covid-19 pandemic.

Countryside Stewardship grant was received for the restoration of the water gardens. The project is ongoing at the year end.

The Appeal – Rook Wood are donations related to this appeal that have been fully spent during the year.

The Michael and Madeleine Farrington donations are towards the propagating house project which did not commence before the year end.

The Historic England grant is for the repair of the closet tower roof. This work had not been undertaken during the year so the funds have been carried forward.

The Clark Foundation and Richard Broyd Trust donations were all towards the purchase of some artwork. As the artwork has been purchased and there are no restrictions being placed on the use of the artwork the funds have been transferred to unrestricted funds.

21 Analysis of assets between funds – Group

	Fixed assets	Cash at bank and in hand	Other net current liabilities	Creditors more than one year	Total
	£	£	£	£	£
Unrestricted funds	11,966,638	102,059	(597,709)	(1,070,348)	10,400,640
Restricted funds	-	21,104	-	-	21,104
As At					
31 December 2020	11,966,638	123,163	(597,709)	(1,070,348)	10,421,744

Analysis of assets between funds – Charity

	Fixed assets	Cash at bank and in hand	Other net current liabilities	Creditors more than one year	Total
	£	£	£	£	£
Unrestricted funds	11,966,639	67,249	(498,978)	(1,070,348)	10,464,562
Restricted funds	-	21,104	-	-	21,104
As At					
31 December 2020	11,966,639	88,353	(498,978)	(1,070,348)	10,485,666

Prior year – 2019 – Group and Charity

	Fixed assets	Cash at bank and in hand	Other net current liabilities	Creditors more than one year	Total
	£	£	£	£	£
Unrestricted funds	11,808,821	60,375	(459,235)	(1,131,528)	10,278,433
Restricted funds	-	1,940	-	-	1,940
As At					
31 December 2019	11,808,821	62,315	(459,235)	(1,131,528)	10,280,373

The analysis for the Trust is identical to the Group in 2019 with the exception of the unrestricted funds, where investments represent £1, cash at bank £16,066 and other net current liabilities £412,987.

22 Income and expenditure account of the Trust

The company has taken advantage of Section 408 of the Companies Act and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

Prior to gift aid amounts received from the subsidiary, Hestercombe Gardens Trust has net incoming resources for the year of £205,293 (2019: net outgoing resources of £113,630) based on income of £1,289,244 (2019: £946,571).

23 Related party transactions

The charity has taken advantage of the exemption in FRS 102 "Related Party Disclosures" from disclosing transactions with other members of the group.

There were no other related party transactions other than with members of the group (2019: none).

24 Contingent liabilities

The charity is involved in negotiations in respect of a tenanted part of the Trust's holding in relation to notices and counter notices in place for parcels of land and an ongoing dispute regarding the supply of water. Whilst the trustees would hope to conclude such matters through negotiation it may be that ultimately resolution is only possible through arbitration or the courts. The ultimate outcome will determine the parties' responsibilities for both their own and the other party's costs. The trustees have taken legal advice and believe that the charity has a strong case in respect of all the matters and has the prospect of recovering costs already incurred. Given the nature of the matters involved and the range of possible outcomes it is not possible to reliably quantify the likely outcome in terms of timing or of the financial implications.

25 Financial instruments

	Group	2020	Group	2019
	£	Charity	£	Charity
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost	250,336	208,777	146,201	86,138
Financial liabilities measured at amortised cost	1,645,311	1,708,099	1,585,307	1,620,806
Item of income, expenditure, gain or losses				
	Income	Expense	Net gains	Net losses
	£	£	£	£
2020 - Group & Charity				
Financial assets that are debt instruments measured at amortised cost	-	-	-	-
Financial liabilities measured at amortised cost	-	46,379	-	-
2019 - Group & Charity				
Financial assets that are debt instruments measured at amortised cost	-	-	-	-
Financial liabilities measured at amortised cost	-	35,051	-	-

The total interest income for financial assets not measured at fair value through profit or loss is £nil (2019 - £nil). The total interest expense for financial liabilities not measured at fair value through profit or loss is £43,379 (2019 - £35,051).