

The Wordsworth Trust

Trustees' report and consolidated
financial statements

Registered charity number 1066184

Registered company number 03442086

For the year to 31 March 2023

wordsworth
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Trustees' Annual Report

The Trustees are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2023. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

The Wordsworth Trust is registered with the Charity Commission, registration number 1066184, and is a company limited by guarantee, registration number 03442086. The charitable company is governed by its Memorandum and Articles of Association. The Trust was incorporated on 30 September 1997 and the registered address is Dove Cottage, Grasmere, Cumbria, LA22 9SH. The Trustees' Annual Report also contains the information required under the Companies Act 2006 for a Directors' Report.

The Trust is honoured to have as Royal Patron, His Royal Highness the former Prince of Wales.

The Honorary President of the Trust during the year was The Rt Hon Lord Smith of Finsbury PC.

Chair	Professor Sir Drummond Bone
Hon. Treasurer	Gesa Blackmore ACA, CPA
The Robert Woof Director	Michael McGregor
Company Secretary	Philip Stone (appointed 1 st June 2023) Amanda Pickup FCA (retired 1 st June 2023)

Trustees who served during the year

Professor Sir Drummond Bone
Professor Simon Bainbridge
Ms Gesa Blackmore (previously Brinkmann) ACA, CPA
Professor Donna Chambers (appointed 20th July 2023)
Dr Amy Concannon
Mrs Mary Chuck (retired 24th April 2022)
Ms Judith Cooke
Dr Paul Davies
Dr Anna Fleming
Mrs Johanna Goode (retired 31st January 2023)
Mr David Heal
Mr Jonathan Johnson OBE (appointed 20th July 2023)
Professor David McKitterick
Ms Lisa Peter (appointed 20th July 2022)
Tim Robertson
Ms Anne Young (appointed 20th July 2022)

The Trustees are the members of the charitable company and act as Directors for the purposes of company law. In the event of the charitable company being wound up, the guarantee of each member is limited to £1.

In accordance with the Articles of Association trustees retire and, if eligible, will offer themselves for re-appointment at the forthcoming Annual Retirement Meeting. There are no trustees retiring this year.

Trustees' annual report *(continued)*

Objectives and Activities

The Wordsworth Trust has been keeping Wordsworth's memory alive at Dove Cottage since it was founded over 130 years ago.

During this time, the Wordsworth Trust has acquired many of the other historic buildings that neighbour Dove Cottage, secured the great majority of Wordsworth's manuscripts, established an archive, library and fine art collection dedicated to Romanticism and the cultural history of the Lake District, and created the Jerwood Centre, a conservation and research centre, so that these holdings can remain at Dove Cottage, one of the world's most important literary sites.

In 2019, the Wordsworth Trust began a major transformation of its site, previously known as 'Dove Cottage and the Wordsworth Museum'. The project was completed in May 2021 when the site reopened with a new brand, 'Wordsworth Grasmere'.

The Wordsworth Trust's purposes are set out in its Memorandum and Articles of Association, and can be summarised as:

1. to provide a living memorial to William Wordsworth and his contemporaries by looking after Dove Cottage and its environs, and by preserving and developing a permanent collection; and
2. to advance public knowledge and enjoyment of the works of Wordsworth and the literature and culture of the Romantic period (c.1770–1850) through a wide range of public activities.

The Wordsworth Trust's aims are the same in their intent as these purposes. They provide public benefit through the advancement of education, heritage, culture and the arts, and thereby meet the definition of 'charitable purposes' in the 2011 Charities Act.

Wordsworth wrote poetry 'to console the afflicted; to add sunshine to daylight by making the happy happier; to teach the young and the gracious of every age to see, to think and feel'. Our activities are inspired by this vision: of a world in which anyone, anywhere, can enrich their life through Wordsworth's ideas and philosophy, regardless of means or background. In carrying them out, we have therefore taken due regard of the Charity Commission's public benefit guidance.

Our activities, and the criteria that we use to measure their success, are reported in detail under 'Achievements and Performance'. While certain activities are aimed at specific beneficiary groups, most are open to anyone; they take place all year round, some are free of charge and in some instances, charges are waived for people with limited financial means.

Trustees' annual report *(continued)*

Our public impact in numbers

	12 months to 31 March 2023	12 months to 31 March 2022	Variance
General visits to Wordsworth Grasmere	25,492	17,471	46%
Participation in activities for young people in formal education (counted in student-days)			
Secondary, primary and pre-school	4,883	4,733	3%
Higher education – short courses	457	55	731%
Higher education – other	194	30	547%
Teacher development opportunities	33	28	18%
Total	5,567	4,846	15%
Participation in informal learning activities			
Activities aimed at elderly / vulnerable adults	638	388	64%
Activities aimed at young people (excluding family activities)	313	176	78%
Events and activities for families ⁱ	2,055	1,384	48%
Activities for general audiences	802	537	49%
Talks, poetry readings and other events (excluding family events) ⁱⁱ	2,233	1,878	19%
Total	6,041	4,363	38%
Participation in digital activities			
Formal education	43	174	-75%
Informal learning ⁱⁱ	1,320	2,321	-43%
Website (unique views)	180,917	206,812	-13%
Views of videos on YouTube channel ⁱⁱⁱ	81,057	107,277	-24%
Social media followers (as of 31 March 2023)	57,514	54,302	6%
Total	320,851	370,886	-13%
Research visits (counted in research-days)	150	121	24%
Publications			
New titles published in year	4	-	n/a
Publication sales	2,868	1,632	76%
Participants in vocational training (starting in year) ^{iv}	9	8	13%
Volunteers ^v	14	19	-26%

ⁱ Includes 183 family members taking part in self guided activities at Wordsworth Grasmere. These are therefore also included in the figure of 25,492 general visits.

ⁱⁱ Attendances at digital events might be understated because it is only possible to count devices logged in, not the number of people using the device.

ⁱⁱⁱ In previous years included all online videos.

^{iv} Excludes work experience placements.

^v People who did volunteer work on a regular basis and / or a sustained period of time.

Trustees' annual report *(continued)*

Achievements and Performance

1. Overview of progress against strategy

2022/23 represented the first full year of opening Wordsworth Grasmere following the removal of remaining Covid restrictions by the UK Government. Like many organisations in the cultural sector, we found it to be a challenging year. Physical Covid barriers had disappeared, but many people remained cautious about visiting indoor attractions. A significant reduction in overseas visitors to the UK also affected attendance, as did the cost of living crisis. Although visitor numbers increased by 46%, this was from a very low base in the previous year, when we operated at much reduced capacity. In common with most attractions nationally, visitor numbers and income remained well-below pre-pandemic levels.

Also, like many employers, we faced the challenge of recruiting in a tight labour market, which meant that we were unable to adopt our usual 7-day opening for much of the year. Early research into post-Covid visitor behaviour suggested that there has been a shift in the way that people consume culture; what is not clear is whether this is a temporary blip or a paradigm shift.

On a more positive note, feedback from those who did visit Wordsworth Grasmere was overwhelmingly positive. One visitor described it as 'one of the best museum experiences in my life'. Further endorsement came through us winning or being shortlisted in a number of national and regional awards.

Recognising that we need to prepare for the eventual recovery of the international travel market, we hosted the Visit Britain India team at Wordsworth Grasmere in collaboration with Cumbria Tourism. We also secured funding from the Department for International Trade, enabling us to attend Destination Britain North America in Washington D.C.

With our main 'resource engine' stuttering we explored new ways of generating income to support our charitable activities. We secured funding from the National Lottery Heritage Fund's Steps to Sustainability programme, which gave us access to specialist expertise, peer networks and seed funding to develop new ideas. On the basis that luxury markets have held up well in the recession, we explored the development of bespoke, exclusive experiences to promote to high-spending visitors. Acutely conscious also of the cost of living crisis, we introduced an additional ticket concession in the form of a seniors rate.

More positively, we were finally able to host an official opening of Wordsworth Grasmere in June. This provided a welcome opportunity to renew acquaintance with our supporters in person rather than on screen. Importantly, it also gave us the opportunity to thank publicly the many organisations and individuals who made the Reimagining Wordsworth project, and the creation of Wordsworth Grasmere, possible. A highlight of the occasion was a reading by one of our Dove Cottage Young Poets, celebrating the continuum of creativity from Wordsworth to the poets of the present day.

Another cause for celebration was the Cumbria Museum Consortium's successful application to Arts Council England for National Portfolio funding for the period 2023–2026. Given that the Arts Council received a record number of applications, it was particularly pleasing that we were successful, enabling us to continue the activities through which we enrich the lives of people of all ages, throughout Cumbria and beyond.

To mark HM The Queen's Platinum Jubilee, we planted a yew tree as our contribution to the Queen's Green Canopy project, and gave Dove Cottage a purple makeover as part of 'The Light District', an Initiative of South Lakeland District Council. Following the sad passing of HM the Queen in September, Wordsworth Grasmere closed on the day of her funeral as a mark of respect.

Trustees' annual report (*continued*)

Achievements and performance (*continued*)

2. Public benefit

a) Measuring our performance

We monitor our activities by beneficiary group, as shown in the table on page 3. As well as the statistical measures shown here, we talk to our beneficiaries and invite their feedback to ensure that we are meeting their needs and aspirations. This year, we created a new Community Panel of local advisors, to help us make informed decisions about our programme.

b) Wordsworth Grasmere

As reported in our overview, this was the first full year of opening for Wordsworth Grasmere. We continued to animate the site with volunteers giving costumed poetry readings, and added to our already rich programme of daily activities. Gallery Tours, Behind the Scenes Tours, Sketching and Loose Leaf Poetry were supplemented by Noticing Nature, which combined a woodland walk with poetry readings and creative writing.

A highlight of our exhibitions programme was 'Refuge from the Ravens – Wordsworth rewritten by homeless Britain'. A project originated by Zwiebelfish CIC, Refuge from the Ravens featured the work of people with experience of homelessness, and other vulnerable people, responding to Wordsworth and Coleridge's seminal 1798 volume *Lyrical Ballads* in poetry, art and song.

In early 2023 our attention turned to the early visitors to the Lake District. The exhibition 'To the Lakes!' encouraged 21st century visitors to put themselves in the shoes (and the clothes) of these intrepid early tourists, exploring how the tourist experience changed dramatically during Wordsworth's lifetime – partly due to the increasing popularity of his poetry.

Our Community Gallery played host to a number of exhibitions during the year. In 'Custodians of Nature', artists from Prism Arts, inspired by Dorothy and William Wordsworth's love of nature, invited us to consider the question: 'are you responsible custodians of nature?' Over the summer we displayed an interpretative dance piece inspired by Wordsworth's poem 'The Solitary Reaper'. It was created by Anansi Theatre Company, a Midlands-based team of creative women of colour.

A joint project with Leeds University, 'Experiments in Land and Society', resulted in the re-interpretation and re-landscaping of several outdoor spaces on site, as well as a visitor map of the Garden-Orchard and successful programmes with schools and communities.

Wordsworth Grasmere continued to be a popular location for press and media visits, with comedians to the fore during the year. Lucy Porter and Sarah Kendall visited in June and Susan Calman in July, the latter filming 'Susan Calman's Grand Day Out', which was broadcast on Channel 5 in December.

Also in December we held our Grasmere Residents Afternoon, an annual celebration of William and Dorothy Wordsworth's arrival at Dove Cottage. It was the first year since 2018 that this event was held in Dove Cottage.

c) Formal education

Rebuilding relationships with schools post-lockdown was a major focus of our work and we managed to maintain our high level of engagement, seeing an increase of 3% in student days. Whilst site-based visits were slower to return, a number of Cumbrian schools took up our offer of a free outreach session in conjunction with their visit to Wordsworth Grasmere, enabling the education team to build stronger relationships with the children.

Trustees' annual report *(continued)*

Achievements and performance *(continued)*

An increasing focus of our work with schools is the environment and the impact of climate change. For example, we ran a number of sessions on the topic of biodiversity, linked to the 'Experiments in Land and Society' project. Children took part in a range of activities inspired by the Wordsworths' writings, including the creation of biodiverse outdoor spaces at their schools.

2022/23 saw us welcome back to Wordsworth Grasmere many universities and colleges from the UK and North America, following a pandemic-induced hiatus. This resulted in a seven-fold increase in student days. For many, the experience was profound, offering, fresh perspectives and moments of revelation: 'I came in expecting adventure. Embracing a break from the world. I hoped for clarity, wanted compassion and art ... I expected it... but I didn't expect to receive it all tenfold...'.

d) Informal learning

'Informal learning' encompasses a broad range of activity, led by freelance writers and artists as well as our own team. Much of it is targeted at people with particular needs, for example those living with or caring for someone with dementia, people with long-term health conditions, those in remote rural communities, refugees and asylum seekers.

Participation in our informal activities in 2022/23 was 39% higher than the previous year, due to us being able to run more in-person sessions for young people, families and older adults. Activities included 'What are Words Worth' and 'Poetry Tea Party' reading groups, writers groups and 'Poetry & Paint' workshops. These took place throughout Cumbria, from Burgh-by Sands in the north to Kendal in the south, from Maryport in the west to Shap in the east.

We also welcomed people from further afield. For example, Tyneside-based Equal Arts came to Grasmere for a 3-day exploration of Wordsworth Grasmere and our Thomas Bewick collection. Subsequently, they were invited to respond to a selection of watercolours in our collection, linked to the 'To the Lakes!' exhibition.

As with formal education, our informal learning also linked to 'Experiments in Land and Society', with workshops in villages of the Northern Fells exploring biodiversity through the changing names and habitats of species, eliciting creative responses to the Wordsworths' writings. 'Living Letters' and 'Poetry & Paint' sessions, outreach discussions with students, talks and visits, all demonstrated how effectively we can use our collection off as well as on site.

In February we hosted our third residential with refugees and asylum seekers – this time from Afghanistan – in partnership with the Children's Society and the Glenthorne Quaker Centre. One participant commented: 'Basically, it helped me to remember that 'Let nature be your teacher ... It is the best moments of my life'. We also delivered several 'Warm Spot' community initiatives and piloted a project with the Beacon Counselling Trust, a charity that supports people with gambling related harms and those bereaved by suicide.

e) Families and young people

Our continuing efforts to make Wordsworth Grasmere a family-friendly destination for families and young people were rewarded with a 64% increase in attendances at onsite and offsite activities. Our new Dove Cottage Wendy House (complete with fabric wood panelling) has been a welcome addition to our Learning Space and has proved a big hit with our younger patrons. Also popular were our Make and Play sessions, and new Sensory Superhero Packs. Our Learning Space also played host to a new After School Drama Club, working with young performers from Grasmere Primary School on a short play based on Wordsworth's poem 'Lucy Gray'.

Trustees' annual report (*continued*)

Achievements and performance (*continued*)

Dove Cottage Young Poets, a group of 14–21 year-olds mentored by a published poet, performed at the 2022 Kendal Poetry Festival and Elizabeth Reid was the Festival's Young Poet in Residence. The Young Poets also produced a pamphlet of their work which was distributed to festival goers. The Untrodden Ways Poetry Club (for 11–14 year-olds in Barrow and the Furness area) continued successfully following its move to Dowdales School in Dalton-in-Furness. Both Dove Cottage Young Poets and Untrodden Ways visited Dove Cottage in July and enjoyed a day of writing, walking and sharing ideas.

We visited many libraries over the course of the year with our 'Rucksack of Rhymes' sessions and Trees Craft and Poetry activity. We ran three Twilight Tales sessions in October and our Georgian Christmas Family Workshop, with wreath making, clog dancing, pomander making and poetry writing was very positively received.

f) Events

Continuing the positive trend, we saw a 19% increase in audiences for our events with more than 2,000 attendances during the year.

We continued with 'Go to the poets...', our monthly online contemporary poetry reading hosted by poet Kim Moore, which featured a diverse mix of new and established voices from the UK and abroad. Our audience was also international, with people joining us from the USA, India and elsewhere. In March we hosted the Poetry Business International Book and Pamphlet Competition Winners Reading, showcasing both the 2021 and 2022 winners. Our monthly Romanticism talks covered an impressive range of topics, including disability and Romantic women writers, the Romantic ridiculous, the Wordsworths and gardening, and the Wordsworths and India.

Our regular poetry groups for adults, Dove Cottage Poets and Discover Poetry, continued to run monthly online, with the former moving to a hybrid format. A highlight for Dove Cottage poets was a workshop and joint reading with our poet in residence Rommi Smith in September. Other events included a guided walk with geologist Tom Garner to coincide with GeoWeek, and an all-day writing workshop on Gardens, Mosses and Manuscripts with local author Karen Lloyd.

g) Contemporary Poetry

The Poet Laureate, Simon Armitage, returned to Grasmere for his first large-scale in-person reading since 2019. Simon's work also featured in *The Poets at Dove Cottage*, an anthology of work by former Poets in Residence and regular readers at the Wordsworth Trust, which was published by the Poetry Business. We once again supported the Kendal Poetry Festival, running workshops for children and young people. We also deepened our association with the Michael Marks Awards for Poetry Pamphlets, partnering on a new Environmental Poet of the Year Award and publishing the winning pamphlet.

After a two-year delay due to Covid, Dr Rommi Smith joined us as our Poet in Residence, reading, writing, researching and running a number of highly popular schools workshops. Work created by Rommi during her residency included a re-reading of '*I wandered lonely as a cloud*' – and Dorothy Wordsworth's journal entry about the subject – in the context of liberation narratives.

h) Digital Activities

Our social media presence continues to grow, with a 6% increase in followers. However, digital engagement overall declined by 13%, as we delivered more of our events in person following the removal of Covid restrictions.

Trustees' annual report (*continued*)

Achievements and performance (*continued*)

The website benefited from new videos promoting our activities for schools and students, and the 'Wordsworth and Romanticism' blog, under the careful direction of Lynn Shepherd, continues to grow as a digital repository of Romantic scholarship.

h) Other performance measures

Once again we benefited from many generous gifts to our collection. These included watercolours, drawings and prints by Anthony Vandyke Copley Fielding, Julius Caesar Ibbetson, James Burrell Smith, William Green, Ferdinand Becker, Lady Mary Lowther and John Pearson (gifts of the W.W. Spooner Charitable Trust), and watercolours by John 'Warwick' Smith (gift of Dr Cecilia and Nicholas Powell), and Richard Hills (Estate of Nina Drucker). From the Friends of the National Libraries (items from the Blavatnik Honresfield collection) we received Wordsworth's, *Poems, in Two Volumes*. (1807) and 'A Letter to a Friend of Burns' (1816). A number of works of art, and a letter from the artist Benjamin Robert Haydon, have been deposited with us by Charles Nugent.

We have also been given a remarkable database created by Martin and Jean Norgate that relates to places, people and events of the Lake District. More unusually we were given a T-shirt relating to a fundraising music gig for the Wordsworth Trust in 1978 at which the late Wilko Johnson (formerly of Dr Feelgood) shared the bill with Motorhead.

Utilising the generous grant from the John R Murray Charitable Trust, we continued to implement a plan to improve the condition of our properties. The immediate priority has been roof repairs, but we are also looking to improving the energy efficiency of our properties and reduce our carbon footprint. Regarding the latter, funding from the Murray family was supplemented by a grant from Cumbria LEP's 'Innovating for Success' programme. This will help us to reduce our carbon footprint by optimising the building management system in the Jerwood Centre and exploring renewable energy opportunities across our site.

We worked with online volunteers to create a comprehensive transcription of Dorothy Wordsworth's Commonplace book (1820–36), which contains copies of verse and letters, descriptions and recipes largely in Dorothy's hand.

We were partners in a bid submitted by Lancaster University for a Research Network grant for 'Addressing the Histories and Legacies of Colonialism in Romantic-period Literary House Museums: Dove Cottage and Beyond'.

We welcomed two early career academics to the site: Anna Burton University of Derby, researched Wordsworth's interest in the planting of trees, and how that relates to current practices. Connie Hamilton researched Wordsworth's influence on Jamaican poetry. Both were sponsored by the British Association of Romantic Studies (BARS).

Recognising the importance of mental health in the workplace, especially post-Covid, we created the post of Mental Health First Aider, a shared role that will signpost staff to further help and resources.

We were delighted to sponsor the Wordsworth Grasmere Prize for Literature and Poetry at the 2022 Lakeland Book of the Year Awards. The Prize was won by Dawn Robertson for *Cumbria: A Book of Days*.

Trustees' annual report (*continued*)

3. Acknowledgements

Many funding bodies and individuals help us to ensure that Wordsworth's poetry can continue, in his own words, to 'live and do good'. Many of the activities described here are made possible with National Portfolio funding from Arts Council England; we also thank the Arts Council for supporting us through the pandemic via the Culture Recovery Fund, which continued in the first part of the year. We thank South Lakeland District Council for continuing to fund us as a Strategic Cultural Partner, and the Michael Marks Charitable Trust, the Sir John Fisher Foundation, the Rothermere Foundation, Cumbria County Council, Tom & Blaine Wells, and Patricia Grodd & Michael Stone for the support that they give us in numerous ways. The W.W. Spooner Charitable Trust continued to help us to develop our fine art collection, and to maintain a photographic record of new acquisitions.

We are delighted that a new five-year agreement with Lancaster University has been signed. Since 2012 we have been funded by the University to deliver courses and workshops for students in the Department of English Literature and Creative Writing, and to collaborate with Romanticism specialists on exhibitions and events.

We are hugely grateful to Dee Fawcett for her beautiful work on our new Dove Cottage Wendy House and the costumes for our 'To the Lakes!' exhibition.

Future Plans

With the renewal of Arts Council National Portfolio funding we will continue to fulfil Wordsworth's wish for his own poetry - that it 'live and do good' - through a range of public activities that feature a diverse mix of voices and perspectives. The philosopher John Stuart Mill famously wrote that Wordsworth's poetry was 'a medicine for my state of mind', and our work will increasingly explore the links between poetry, the landscape and wellbeing. Wordsworth was also arguably the first environmental poet. Through our activities and our actions we will share his passionate exhortation 'let nature be your teacher' and seek to further reduce our carbon footprint in line with the goal to make Cumbria carbon neutral by 2037.

Specific objectives for 2023/24 include:

- Presenting a programme of exhibitions including a continuation of *'To the Lakes!'*,
- Working with Lancaster University and the University of Leicester to lead a review into how literary house museums can best tell their stories in a post-colonial world. Participating in the Wild Escape, a nationwide wide biodiversity project and the largest collaboration between UK museums.
- Relaunching the annual Wordsworth Lecture at the British Library after a three-year hiatus.
- Continue to play our part in the 'Helping Hands' project led by the Cumbria Museum Consortium, creating inclusive volunteering opportunities across Cumbria's cultural sector.
- As part of the Cumbria Museum Consortium, working with Anti Racist Cumbria on an anti-racism programme for trustees and staff.
- Acting on the findings of an energy review of the Jerwood Centre to reduce our carbon footprint, and continuing to address the maintenance needs of our properties.

Trustees' annual report *(continued)*

Financial Review

1. Summary

The net (expenditure)/income for the year, including investment gains and losses, was £(1,122,000) (2021-22: £2,659,000 net income).

For the first year since 2018 the whole site has been open all year following closures because of the Reimagining Wordsworth project and then the pandemic.

Although we have had good press and television coverage and some successful exhibitions there remains a stark contrast between the current situation and our expectations for post-Reimagining Wordsworth visitor numbers and revenue. The results for 2022-23 are disappointing and we are working hard to ensure that there will be an upturn in fortunes in 2023-24.

Income from admissions in the year was £295,000 (2021-22: £196,000) which though much improved on 2021-22 still reflects the impact of the pandemic. We are yet to see the return of overseas groups. UK residents are starting to holiday abroad again, and the cost-of-living crisis may be influencing the discretionary spend of those visitors who do come to the Lake District. On a more positive note satisfaction with the visit remains high. In 2023-24 for the short term we have reduced our opening hours to control costs, but have continued to invest in marketing to domestic and overseas markets in anticipation of an eventual recovery in consumer confidence. We have also begun to develop new income streams to ensure that we do not become too dependent on a single source of income.

Salary costs for the year amounted to £906,000 (2021-22: £949,000). In April 2022 there was a benchmarking review of staff salaries which resulted in all staff receiving increases of between 2% and 15.5% along with the implementation of the increase to the national living wage. Members of the Senior Management Team received a back dated pay award of 3% in February 2022 which covered the period April 2020 to March 2023.

The impact of inflation is being felt across the board and whilst we have been shielded from the worst of the increases in utility costs as some of the accounts are in long term contracts there has still been a rise of almost 19% in the year. This has had a particular impact on the trading company, Dove Cottage Promotions Ltd.

Once again, we have been supported generously in 2022-23 by the government, receiving the final tranche of money from the Arts Council Culture Recovery Fund specifically to support our operations through the pandemic.

The National Portfolio Organisation grant we receive from Arts Council England as part of the Cumbria Museum Consortium was renewed with effect from 1 April 2018 for four years and was then extended to 31 March 2023 as part of the Arts Council's Covid recovery measures. Following a rigorous application process we were delighted to have been awarded a further National Portfolio Organisation grant which will run to 31st March 2026.

Trustees' annual report *(continued)*

Financial review *(continued)*

Expenditure against other restricted funds includes depreciation of £46,000 on the Jerwood Centre and £197,000 on Reimagining Wordsworth assets.

The performance of the trading subsidiary Dove Cottage Promotions Ltd (DCP) has also been severely impacted by the difficult trading conditions in 2022-23. Although now fully operational it was difficult to recruit specialist hospitality staff. This affected both the range of the offer and the margins as most products had to be bought in. It also restricted DCP's ability to develop the hospitality offer. In addition, there is the impact of inflation on the cost of sales and the café has seen an extremely large increase in electricity costs. On the retail side the shop in the museum reported good trading figures for the number of visitors. However it needs that extra input of customers to flourish. During the year the Trustees approved the write-off of part of the inter-company balance between the Trust and DCP which had built up through the closure periods arising from the Reimagining Wordsworth project and the pandemic. This write-off amounted to £70,000. Consequently, there was a profit in the year of £37,000 (2021-22: Loss £31,000). Without this write-off there would have been a loss of £33,000.

2. Investments

We own several properties in Town End, Grasmere (in the vicinity of Dove Cottage) as investment assets with the rental income being an important source of revenue. Capital appreciation on the properties helps sustain our long-term financial security. The properties are let to a mix of our staff and third parties and rents are assessed against market rates. One property is a guest house and is let on a commercial lease. Rental income for the year was £90,000 (2021-22: £72,000). Rental income increased on the previous year as occupancy levels increased. However we still have properties undergoing refurbishment; these should become available for rent in 2023-24 resulting in a further increase in rental income. A revaluation of the investment properties was performed during summer 2023 resulting in an adjustment to reduce the fair value of the properties by £320,000. The Trustees accepted this valuation as reflecting the current market but were aware that a change in the economic climate could result in a reduction in these valuations.

We have five discrete investment funds which are managed by Cazenove Capital Management (the wealth management arm of Schroder plc): the Development Fund, the RS Woof Memorial Fund, which permanently endows the post of the Robert Woof Director, the Catalyst Endowment Fund and the Reserve Fund, which is held in the balance sheet under cash at bank. A fifth fund has been added to the portfolio for the donation from the John R. Murray Charitable Trust. There are no ethical restrictions on any of the funds under management, but we have agreed the following statement on environmental, social and governance issues in investing.

"The Wordsworth Trust recognises the importance of responsible investing and also that environmental, social and governance (ESG) issues can have substantial investment implications. The Trust requires its Investment Managers to have adopted a Responsible Investment policy, such as the United Nations Principles for Responsible Investment (UNPRI) and the UK Stewardship Code. The Trust also expects that, wherever possible, managers of third-party funds consider ESG issues to be an integral part of the investment process and that its own investment managers encourage managers of third party funds in this endeavour."

Trustees' annual report *(continued)*

Financial review *(continued)*

The Development Fund comprises both a permanent endowment and a designated element. Due to the restrictions placed upon the entire Development Fund by the donor of the endowment element, both components of the fund must be treated as permanent endowment. The fund overall is invested on a total return basis and the managers have investment discretion to meet a target total return of CPI + 2%.

Trustees plan to allocate at least £50,000 per year on a regular basis from the entire fund to income in order to aid planning within the organisation. In 2022-23 they decided to allocate £16,250 per quarter. In making this allocation Trustees have sought the opinion of the investment manager and considered the impact on both current and future beneficiaries. At 31 March 2023 the unapplied total return amounted to £447,000 (*31 March 2022: £541,000*) in the Endowment Development Fund and £268,000 (*31 March 2022: £324,000*) in the designated element of the Fund. Over the year the FTSE-100 Total Return Index has risen 2.9%. The Development Fund generated a total return of -3.0% against a target of 12.1% (CPI + 2% for the year to 31 March 2023) and a benchmark of -1.0%. £109,144 of the Development Fund is invested in a responsible multi-asset fund and this generated a return in the year of -2.2% (*2021-22: 8.9%*).

The Catalyst Endowment Fund is invested with a prudent approach to risk, to maximise income consistent with maintaining the real value of the capital. There has been a slight shift in this approach since 2020-21 towards increasing the capital value. It has a higher requirement for income than the Development Fund being set at 3.5%. The fund saw a decrease in value of £46,922 (*2021-22: increase £60,207*) over the year and generated a return of -3.0% (*2021-22: 9.6%*). In 2020-21 Arts Council England agreed in principle to allow us to access the funding they provided for the Catalyst Endowment Fund (2012-2015) to support us through the Covid crisis with the condition that we plan to reinvest the money in the future. We have not made use of this agreement in principle.

The purpose of the RS Woof Memorial Fund is to endow the position of the Robert Woof Director. To this end the objective of the fund is to maximise income while maintaining the capital value. It has a more defensive mandate, but over the year saw a decrease of £29,078 (*2021-22: increase £18,819*) in capital value while generating a return of -7.0% (*2021-22: 10.9%*).

In 2021-22 a new fund, the Property Improvement Fund, had been set up with £700,000 of the £1,000,000 donation from the John R. Murray Charitable Trust, the balance being used to support reserves. At 31st March 2022 the donation was being held in the Reserve Fund but during the year was transferred into two discrete funds with 30% being put into in cash and 70% into investments with a medium term outlook. At 31st March 2023 the combined balance was £723,200 of which £535,593 was being held in investments and £187,607 being held in cash. The Property Improvement Fund element stood at £644,511 and was held across the two portfolios. The investments have generated a return of -3.5%. £28,000 has been drawn down in the year to fund property improvements and £225,000 has been drawn down to support running costs.

The Reserve Fund investment was held as cash on deposit, representing cash reserves. During 2022-23, £116,000 was needed from this fund to support our cash requirements which has reduced the balance on this fund to nil.

Although the capital value of the investments decreased over the year all our fixed asset investments are managed for the longer term and Trustees remain confident that although the short-term outlook is still uncertain the long-term outlook remains favourable. There have been some small increases in values since the end of March.

Trustees' annual report *(continued)*

Financial review *(continued)*

The results of our trading subsidiary, Dove Cottage Promotions Limited, which runs a book and gift shop and a cafe, are summarised in note 5 to the accounts. The difficult trading conditions in 2022-23 resulted in a trading loss of £33,000 (*2021-22: Loss £31,000*) however the accounts show a profit of £37,000 which reflects the impact of the write off of the inter-company balance with the Trust. Margins however were comparable to previous years. The company has not made a gift aid payment to the Trust for this year (*2021-22: Nil*).

3. Reserves

We maintain reserves to enable us to fulfil our charitable remit by providing for business continuity, security for our collection, and the maintenance of our properties in circumstances where our revenue requirements may not be covered by short-term income. The reserves are managed to offer the best return for the charity while remaining relatively liquid to meet our needs.

The Trustees periodically review their reserves policy as part of the risk management process, and they have identified several main reasons for holding reserves:

- To allow the financing of a controlled reduction in expenditure should extraordinary events beyond our control generate a long-term reduction in income streams.
- To provide short-term support in circumstances where a temporary interruption to income means it is not appropriate to lose the skills and knowledge of the staff team or to curtail our programme of events.
- To accommodate the fact that many of our major events such as exhibitions and conferences are planned, and therefore expenditure is committed, months, if not years, in advance while income from these events in terms of admissions is not received until after the event opening. This misalignment of income and expenditure is a main consideration in determining an adequate level of reserves.
- To provide support during the redevelopment of any part of the site which could lead to a loss in income.

The level of reserves therefore varies depending on the specific circumstances and cannot be expressed as an exact figure. However, after taking all of these factors into consideration the Trustees believe a free reserve (funds not tied to fixed assets, designated or restricted funds) of relatively liquid assets equivalent to the external income required to fund between three and six months' budgeted expenditure is appropriate.

At the end of the year our total funds are £21,229,000. Of this £2,781,000 are endowment funds and £6,741,000 are restricted funds which are not available for the general purposes of the charity. The Designated Development Fund of £983,000 must be treated as permanent endowment under the terms of the Endowment Development Fund as described in note 17 to the accounts. Of the other four designated funds, the Collection Assets Fund of £3,836,000, represents our heritage assets and cannot be realised with the sale of the collection. The designated Warren Collection Fund of £59,000 is held as cash or near cash and is available to spend at any time on the acquisition of heritage assets and the Property Improvement Fund set up from the donation in 2021-22 from the John R. Murray Charitable Trust amounts to £644,000. Investment properties held in the unrestricted funds totalled a further £5,870,000. To purchase investment properties and fixed assets and to provide working capital, Trustees had taken out a long-term interest-only loan of £1,000,000. This loan was refinanced in January 2020 to a repayment loan with a term of five years and a repayment profile of 15 years. The amount outstanding at 31st March 2023 was £889,428 (*31st March 2022: £963,036*).

Trustees' annual report *(continued)*

Financial review *(continued)*

The Trustees have reviewed the method of calculation of free reserves in line with guidance produced by the Charity Commission (including reflecting an allocation of the tangible fixed assets and investment properties we hold). They consider period end free reserves to be £91,000 (2021-22: £412,000). The Trustees believe between three and six months' budgeted expenditure is an acceptable measure for the level of free reserves. Based on expenditure in the year 2022-23 three months expenditure would be around £375,000.

In 2021-22 we received the donation from the John R. Murray Charitable Trust, £700,000 of which the Trustees designated as a Property Improvement Fund with £300,000 going to general reserves. 2022-23 has been another challenging year and as a consequence free reserves have fallen considerably. The Trustees are looking to boost reserves in the medium term through a combination of fundraising, cost saving and a review of the Trust's operating model.

4. Fundraising

The activities reported here are only achieved with the generous financial support of many institutions and individuals, and fundraising is an ongoing activity. We currently employ 1.4 FTE fundraising staff members, and our fundraising costs also reflect the Director's involvement in the effort.

Fundraising activity is overseen by the Development Manager, who reports quarterly to Trustees.

We are registered with the Fundraising Regulator, and we give due consideration to its codes of practice, including the general principles of fairness, respect and being sensitive to people who may be in vulnerable circumstances. This year we carried out our regular 3-year review of our Donations Policy, which explains how we take ethical considerations into account when soliciting and accepting donations. The Donations Policy is published on our website, as is our Feedback Policy, which explains how we would respond to any complaints about our fundraising. We did not receive any such complaints, and nor did we use any fundraising consultants or agencies, during the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

1. Board of Trustees

The Board of Trustees is responsible for our overall management and strategic direction and comprises between 5 and 15 members. Board members come from a range of backgrounds including Wordsworth and Romantic scholars, museum professionals, educationalists and business people. In January 2019 the Board reviewed and then adopted the updated Articles of Association.

When filling vacancies, the Board reviews its existing skills to ensure it can draw on a range of relevant experience in fulfilling its obligations. It also seeks to ensure that the Board reflects the diversity of our beneficiaries. Trustees are appointed by the Board, and candidates are subject to a vetting process to verify their suitability as a charity trustee. We advertise to recruit new Trustees with appropriate qualifications, backgrounds and experience. Candidates are shortlisted and interviewed by the Nominations Committee, which makes recommendations to the Board as a whole.

On appointment, Trustees complete a register of interests and undertake an induction programme that includes familiarisation with our purposes and operation, our strategies and objectives. They

Trustees' annual report *(continued)*

Financial review *(continued)*

receive copies of our main documents including financial statements and business plan and meet senior employees and other staff. There is ad hoc training for Trustees after appointment. There are job descriptions for the position of Trustee and the posts of Chair and Honorary Treasurer.

Each Trustee retires from office at the third Annual Retirement Meeting following the commencement of their term of office. Retiring Trustees may be reappointed but those appointed before 1st April 2019 can serve for no more than twelve continuous years and those appointed on or after 1st April 2019 can serve for no more than nine continuous years.

The Trustees have no interest in the Trust's surplus or assets, receive no remuneration and must comply with the Trust's Conflict of Interest Policy.

To assist in the performance of its role, the Board has established several standing committees. Individual Trustees serve on a number of committees which consider specific matters in greater detail and make recommendations on those matters to the Board as a whole. The Board has reviewed its committee structure in July 2022 and agreed the following:

- Collection and Learning Committee – monitors the development, management and care of the permanent collection, and the public benefit the collection generates through the programme of exhibitions, learning and outreach.
- Visitor Experience Committee – monitors the performance of the commercial and visitor-facing operations of the Trust, including marketing.
- Estate Committee – monitors the plan for development and maintenance of Dove Cottage, its garden and all the other land and properties owned by the Trust.
- Finance and Audit Committee – oversees the financial strategy of the Trust and Dove Cottage Promotions Ltd, reviews financial performance against targets and monitors our legal obligations.
- Fundraising Committees – supports the work of the Development Office on specific fundraising campaigns and monitors the effectiveness of the fundraising strategy.
- Welfare, Diversity and Health and Safety – monitors the effectiveness of Trust policies in each of these areas.
- Investment Committee – monitors the performance of the investment managers, makes recommendations regarding their appointment and advises on investment strategy. The Investment Committee includes co-opted members with particular investment expertise.
- Nominations Committee – reviews the skills and diversity of the Board, develops succession plans for Trustees and key office holders and seeks to identify suitable candidates for the roles of Trustee, Chair, Vice Chair Treasurer and Director of the charity for consideration by the full Board.
- Remuneration Committee – makes recommendations regarding the salaries of the Robert Woof Director and the Senior Management Team and reviews strategic issues relating to pay and conditions across the organisation.

Two Trustees along with the Robert Woof Director form the board of the trading subsidiary, Dove Cottage Promotions Ltd.

Trustees' annual report *(continued)*

Structure, governance and management *(continued)*

The Board approves the annual plans and budgets against which our performance is assessed. Day-to-day management of the Trust is delegated to the Robert Woof Director and the senior management team (SMT). The Board met four times during 2022-23, to receive and review minutes from the standing committees and reports from the SMT.

2. Senior Management Team

The SMT provides the Board with departmental reports and quarterly management accounts for each meeting. The members of the SMT attend the Board meetings. The Director is responsible to the Board for the financial performance against annual budgets and for the charitable impact of the Trust. The SMT are the Key Management Personnel for the Trust.

Salaries for the SMT members are reviewed annually, usually at the same time as all other staff. In 2022-23 no pay award for SMT was made. In February 2022 a back dated pay award of 3% was given which covered the period April 2020 to March 2023. As with all positions at the Trust SMT salaries are on occasion benchmarked against salaries in comparable organisations.

During the year to 31 March 2023 the SMT comprised:

The Robert Woof Director	Michael McGregor
Principal Curator and Head of Learning Development Manager	Jeff Cowton MBE
Finance and Operations Director	Mark Bains
Finance and Operations Director	Amanda Pickup (resigned 31/12/2022)
Head of Visitor Experience	Philip Stone (appointed 01/03/2023)
	Stephanie Byast

3. Risk Management

The Trustees keep the major risks to which the charity is exposed under review and seek to mitigate against those risks which could, if they occur, have a severe impact on our ability to achieve our strategic targets. Where appropriate, insurance has been taken out. Despite this, Trustees are aware that any system of control can provide only reasonable and not absolute assurance against material loss or misstatement.

In the opinion of the Trustees, we have established resources and review systems, which under normal conditions should allow these risks to be mitigated to an acceptable level in day-to-day operations. The Trustees have identified the following as being the main risks to which the charity is exposed:

Trustees' annual report *(continued)*

Structure, governance and management *(continued)*

Risk category	Type of risk	Mitigation
Financial	Adequacy of cash reserves in the short term following completion of the Reimagining Wordsworth project and the impact of the Covid crisis.	The Reimagining Wordsworth project will in the medium term address the Trust's sustainability and will assist in building cash and reserves. There is close control of expenditure. The Trust has benefited from the donation by the John R. Murray Charitable Trust which has boosted cash reserves.
Environmental	Significant downturn in visitor numbers.	Regular review and renewal of the visitor offer. Market research including review of competitors' offer staying close to market trends. Increased investment in marketing. Diversification of income streams.
Funding	The loss of support from a major funding agreement on expiry, in particular the National Portfolio Organisation grant from the Arts Council which runs to 31 st March 2026.	Communication with grant giving bodies. Monitoring to ensure delivery on existing funding agreements, achieving targets and outcomes. Adequate preparation and resource to ensure detailed and imaginative bids are developed. Development of fundraising strategy.
Funding	Loss of public confidence in fund raising activity.	Registration with the Fundraising Regulator. Adherence to established codes of practice.
Governance	Failure to follow good governance practice.	Nominations Committee. Trustee induction and identification of training needs. Conflict of interest policy. Approved strategy, operating plan and annual budgets. Job descriptions.
Health and Safety	Failure to comply with Health & Safety and safeguarding obligations.	Ongoing review of H&S policies. Regular reviews of Safeguarding policy and training for all staff. Periodic review by Management Committee. Insurance.
Operational	Major damage or destruction of Dove Cottage.	Intruder and fire alarm systems were improved as part of Reimagining Wordsworth project. Improvements have been made to the stability of Dove Cottage including a reduction in risk from water damage, a new heating system and roof and general repairs to the fabric of the building.
Operational	Theft of, environmental or accidental damage to collection assets or damage as a result of repeated use.	Collection stored in locations with BMS to BS5454 and Government Indemnity Scheme standards built into the new museum. Monitoring of statutory regulations. Insurance.
Financial	Poor financial management and/or control or breach of financial trust.	Policies codified in the Financial Control Manual. Insurance. Pre-employment checks. Trustee reporting and audit.
Personnel	Inability to retain and recruit key staff.	Review salary and benefit packages. Staff appraisal system. Provide a comfortable working environment with a positive organisational culture.
Regulatory	Failure to comply with external regulations.	Monitor regulations and changes to them. Staff training. Collection management policies. Insurance cover.

Trustees' annual report (continued)

Structure, governance and management (continued)

5. Principal advisors

Principal solicitors:

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Principal bankers:

Barclays Bank plc
Leicester
LE87 2BB

Investment advisors:

Cazenove Capital
1 London Wall Place
London
EC2Y 5AU

Registered auditor:

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

RSM UK Audit LLP have indicated their willingness to be appointed for another term and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

By order of the board,


Professor Sir Drummond Bone
Chair of Trustees

14 October 2023

Registered company number 03442086
Registered charity number 1066184

Statement of responsibilities of the Trustees of The Wordsworth Trust in respect of the Trustees' Annual Report and the financial statements

The trustees (who are also directors of The Wordsworth Trust for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and 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 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 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 judgments and accounting 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, and
- 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 maintaining proper accounting records which 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.


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

Statement as to disclosure to the auditors

In so far as the Trustees are aware at the time of approving the Trustees' Annual Report:

- there is no relevant information, being information needed by the auditor in preparing their report, of which the auditor is unaware; and
- the Trustees, having made enquiries of fellow Trustees and having taken all the steps they are obliged to take as a trustee in order to make themselves aware of any relevant audit information, have established that the auditor is aware of that information.

By order of the board.


Professor Sir Drummond Bone
Chair of Trustees

14 October 2023

Independent auditor's report to the members of The Wordsworth Trust

Opinion

We have audited the financial statements of The Wordsworth Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and notes to the financial statements, including 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 2023 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 trustees' 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 group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this 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 contained within the Annual Report. 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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

Independent auditor's report to the members of The Wordsworth Trust *(continued)*

material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 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 has 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 the 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 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; 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 exemption 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 19, 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.

Independent auditor's report to the members of The Wordsworth Trust *(continued)*

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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operates in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

Independent auditor's report to the members of The Wordsworth Trust *(continued)*

The group audit engagement team identified the risk of management override of controls and revenue cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgements and estimates. Our testing in respect of revenue cut off included substantive tests of detail.

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.

Karen Musgrave

KAREN MUSGRAVE (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Date 23/10/23

Consolidated statement of financial activities (incorporating income & expenditure account) for the year ended 31 March 2023

		Unrestricted funds		Endowment funds			Total	Total
		Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds	Restricted funds	2022-23	2021-22
	Notes	£000	£000	£000	£000	£000	£000	£000
Income and endowments from:								
Donations and legacies	3	192	1	-	-	410	603	2,309
Charitable activities								
Admission fees and sales	4	331	-	-	-	-	331	211
Other trading activities								
Book and gift shop sales	5	170	-	-	-	-	170	127
Investments	6	92	24	41	32	-	189	169
Other		69	-	-	-	-	69	108
Total income		854	25	41	32	410	1,362	2,924
Expenditure on:								
Raising funds								
Fundraising costs		154	-	-	7	-	161	161
Book and gift shop costs		196	-	-	-	-	196	152
Investment management costs		2	5	8	5	-	20	18
Management costs of the let estate		90	-	-	-	-	90	100
Charitable activities:								
Custodianship		350	-	-	2	56	408	491
Access and learning		454	-	-	3	602	1,059	1,185
Total expenditure	7	1,246	5	8	17	658	1,934	2,107
		(392)	20	33	15	(248)	(572)	817
Net (losses)/gains on investments		(339)	(51)	(88)	(72)	-	(550)	1,842
Net (expenditure)/income		(731)	(31)	(55)	(57)	(248)	(1,122)	2,659
Transfers between funds	8	82	(24)	(39)	(19)	-	-	-
Net movements in funds		(649)	(55)	(94)	(76)	(248)	(1,122)	2,659
Reconciliation of funds:								
Total funds bf at 1 April 2022		11,373	1,038	1,802	1,149	6,989	22,351	19,692
Total funds cf at 31 March 2023		10,724	983	1,708	1,073	6,741	21,229	22,351

The notes on pages 27 to 49 form a part of these financial statements.

The net income and resulting net movement in funds arise from continuing operations.

The charitable company has no recognised gains or losses other than the net movement of funds for the period.

There is no material difference between the reported results and the historical results of the charitable company.

Balance Sheet at 31 March 2023

	Notes	Group 31 March 2023 £000	31 March 2022 £000	Charitable company 31 March 2023 £000	31 March 2022 £000
Fixed assets					
Tangible assets	9	7,845	8,089	7,844	8,089
Heritage assets	10	3,836	3,767	3,836	3,767
Investment property	11	5,870	6,190	5,870	6,190
Investments	12	4,299	3,989	4,314	4,004
Total fixed assets		21,850	22,035	21,864	22,050
Current assets					
Stocks	13	39	37	-	-
Debtors	14	70	66	217	247
Cash at bank and in hand		283	1,333	247	1,299
Total current assets		392	1,436	464	1,546
Creditors: Amounts falling due within one year	15	(197)	(231)	(190)	(225)
Net current assets		195	1,205	274	1,321
Total assets less current liabilities		22,045	23,240	22,138	23,371
Creditors: Amounts falling due after more than one year	16	(816)	(889)	(816)	(889)
Total net assets		21,229	22,351	21,322	22,482
The funds of the charity					
Undesignated funds:					
General funds	17	990	1,333	1,083	1,464
Revaluation reserve	17	5,195	5,515	5,195	5,515
		6,185	6,848	6,278	6,979
Designated funds:					
Warren Collection Fund	17	59	59	59	59
Collection Assets Fund	17	3,836	3,767	3,836	3,767
Designated Development Fund	17	983	1,038	983	1,038
Designated Property Improvement Fund	17	644	700	644	700
Total unrestricted funds		11,707	12,412	11,800	12,543
Restricted funds:					
Endowment funds:					
Endowment Development Fund	17	1,708	1,802	1,708	1,802
RS Woof Memorial Fund	17	251	280	251	280
Catalyst Endowment Fund	17	822	868	822	868
Total charity funds		21,229	22,351	21,322	22,482

As permitted by s408 of the Companies Act 2006, the charitable company has not presented its own statement of financial activities and related notes as it prepares group accounts.

The charitable company has made a deficit of £1,159k in the year to 31 March 2023 (£2,690k surplus in the year to 31 March 2022).

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

Approved by the board of Trustees on 14 October 2023 and signed on its behalf by:

Professor Sir Drummond Bone
Chair of Trustees



Consolidated statement of cash flows

For the year to 31 March 2023

	2022-23 £000	2021-22 £000
Cash flows from operating activities		
Net cash provided by operating activities	(528)	1,138
Cash flows from investing activities		
Dividends and interest allocated to income	99	97
Rents from investment properties	90	72
Purchase of fixed assets	(41)	(561)
Net transfer to fixed asset investments	(559)	-
Invested cash used for management charges	(3)	(3)
Proceeds from sales of assets	-	5
Net cash used in investing activities	(414)	(390)
Cash flows from financing activities		
Repayments of borrowing	(73)	(37)
Interest payable on loan	(35)	(18)
Cash used in financing activities	(108)	(55)
Change in cash and cash equivalents in the period:	(1,050)	693
Cash and cash equivalents at start of year	1,333	640
Cash and cash equivalents at end of year	283	1,333
Reconciliation of net income to net cash used in operating activities		
Net (expenditure)/income	(1,122)	2,659
Adjustments for:		
Depreciation	285	259
Write down of redeveloped assets	-	311
Profit on sale of fixed assets	-	(3)
Losses/(gains) on investments	230	(272)
Losses/(Gains) on revaluation of investment properties	320	(1,570)
Dividends and interest	(99)	(97)
Rent on investment properties	(90)	(72)
Interest payable on loan	35	18
Gifts in kind	(69)	(54)
Receipts of endowment	-	-
Investment management costs	21	13
(Increase) in stocks	(2)	(6)
(Increase)/decrease in debtors	(4)	4
(Decrease) in creditors	(33)	(52)
Net cash provided by operating activities	(528)	1,138

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the group's financial statements.

Basis of preparation

The Wordsworth Trust (the "Trust") is a registered charity and a company limited by guarantee and incorporated and domiciled in England and Wales.

These group and parent company financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Trust's governing document, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014. The presentation currency of these financial statements is sterling.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Statement of Financial Activities or cash flow statement or with related notes is included; and
- Key Management Personnel compensation has not been included a second time as they are included for the group

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Wordsworth Trust meets the definition of a public benefit entity under FRS 102.

Measurement convention

The financial statements are prepared on the historical cost basis except for investment property that is stated at fair value.

Basis of consolidation

These consolidated financial statements consolidate the results of the Trust and its wholly owned subsidiary undertaking, Dove Cottage Promotions Limited (registered number 02091130), on a line-by-line basis.

These accounts are made up to 31 March 2023 and are based on the accounts of the subsidiary undertaking which are coterminous with those of the Trust.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Going concern

The Trustees, having reviewed future financial forecasts and considered the difficult trading conditions following the coronavirus pandemic and the current cost of living crisis and the impact of these on the Trust, have a reasonable expectation that the Trust, supported by secured funding, has adequate resources to continue in operational existence for the foreseeable future, a period that is not less than twelve months from the date of signing the financial statements. Thus, on this basis, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

1 Accounting policies (continued)

Related party transactions

Transactions with those subsidiary undertakings whose voting rights are 100% controlled within the group are not disclosed, as provided for in FRS 102, section 33. Transactions with other parties are detailed in note 21.

Fixed asset investments

Fixed asset investments are included at the quoted mid-market price ruling at the balance sheet date. Realised and unrealised gains and losses on investments are shown in the Statement of Financial Activities and represent the change in market value from the beginning of the year.

Unquoted investments are included at the share capital value.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the Statement of Financial Activities in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Property	-	between thirty two and fifty years
Plant	-	fifteen years
Museum fittings	-	twelve years
Motor vehicles	-	four years
Fixtures, fittings and equipment	-	between three and five years
Intangible assets	-	three years

Fixed assets purchased below £500 are not capitalised.

Heritage assets

Items purchased for the collection are valued at cost. Donated items have been valued at the Curator's best estimate of current value at the time of acquisition since 2010. It is the responsibility of the Trust to preserve and conserve Collection items for the benefit of the nation and due to their nature they are expected to have a long life. Depreciation is therefore not charged on collection items which are capitalised since this is deemed to be immaterial. Impairment reviews are carried out annually.

Stocks

Stocks consist of purchased goods for resale and are stated at the lower of cost and estimated selling price less costs to complete and sell.

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.

Notes (continued)

1 Accounting policies (continued)

Creditors

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

Income

All income is recognised once the Trust has entitlement to the resources, it is probable that the resources will be received and the monetary value can be measured with sufficient reliability.

Donations and grants

Income from donations and grants is credited to the Statement of Financial Activities when receivable. Where such income is received in advance the income is deferred until the Trust becomes entitled to the resources. Legacies are recognised on an accruals basis to the extent that the Trust has been notified that it is a beneficiary and there is a clear indication of the amounts involved.

Government grants

Government grants are recognised in income when received or, for grants that specify performance conditions, when received or receivable when there is a reasonable assurance that the grant conditions will be met and the grants will be received. A grant received before the recognition criteria are satisfied is recognised as a liability.

Income from charitable activities

Income from admissions to Dove Cottage and Museum and for charitable activities undertaken by the Trust is recognised when receivable. Related gift aid is also accounted for on a receivable basis.

Book and gift shop sales

Trading income from the book and gift shop operated by the Trust's trading subsidiary represents the value of goods sold net of VAT and this is recognised at the point of sale.

Investment income

Investment income and gains of the Development Fund are split between the Designated and Endowment funds based on the opening value of their investments. Investment income generated on restricted funds remains restricted.

Rents and interest are included when receivable at an amount which includes any tax recoverable from HMRC.

Expenditure

Expenses are accounted for on an accruals basis.

Direct charitable expenditure includes the direct costs of the activities. Support costs are also incurred to enable the Trust to provide these activities. Where such costs relate to more than one functional cost category, they have been apportioned as a percentage of staff time employed on the relevant activity.

Pension costs

The Trust contributes to the defined contribution pension schemes of some employees. The assets of the schemes are held separately from those of the Trust in independently administered funds. The amount charged in the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Fund accounting

Funds held by the Trust are either:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objectives at the discretion of the Trustees.

Designated funds – these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Designated Development Fund – a designated unrestricted fund shown separately from the Endowment Development Fund, since it is expendable in the event of a 75% majority decision by the Trustees. However this fund must be treated as if it were an endowment fund, otherwise the whole of the Endowment Development Fund becomes repayable.

Designated Property Improvement Fund – a designated unrestricted fund created to support the improvement of the wider estate.

Restricted funds – these are funds that can only be used for restricted purposes within the objects of the Trust. Restrictions arise when specified by the donor or when funds are raised for a restricted purpose.

Endowment Development Fund – a permanent endowment fund created to provide an additional income stream for the Trust.

R S Woof Memorial Fund – a permanent endowment fund to be used to endow the post of the Robert Woof Director of the Trust.

Catalyst Endowment Fund – supported by Arts Council England, this is a restricted endowment fund established to support the general operating costs of the Trust.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the restricted income relating to the purchase of capital items is transferred to unrestricted funds in the Statement of Financial Activities.

Taxation

The Wordsworth Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

For Dove Cottage Promotions Limited tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Irrecoverable VAT

Irrecoverable VAT is accounted for in the expenditure category under which the cost is incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

Critical accounting judgements and key sources of estimation uncertainty

In applying the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical accounting judgements

The critical accounting judgements that the Trustees have made in the process of applying the charity's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

- **Classification of investment properties**

In assessing whether properties held should be classified as investment properties or tangible fixed assets, the Trustees have considered the motivations behind the continued ownership of such assets. In respect of certain properties classified as investment properties there are multiple motivations. In determining the classification of these properties the Trustees have made an assessment that, on balance, classification as investment property most accurately reflects the position.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, 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.

- **Valuation of heritage assets**

The methods undertaken to attribute a value to donated heritage assets is disclosed on page 28. The valuation is inherently an estimate. In performing the valuation, the Curator utilises a variety of factors to enhance the accuracy of the investment including using information provided by the donor on the purchase price of the donations, information regarding the valuations or sales price of the same or similar items and his own knowledge and awareness of the current market for such items.

- **Determining residual values and useful economic lives of property, plant and equipment**

The charity depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Trust would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

Notes (continued)

2 Statement of Financial Activities comparative figures

The Charities SORP requires comparative figures to be presented for every figure given in the statement of financial activities. Consolidated figures for the year ended 31 March 2022 are given below.

	Unrestricted funds		Endowment funds		Restricted funds	Total
	Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds		2021-22
	£000	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and legacies	1,436	1	-	-	872	2,309
Charitable activities						
Admission fees and sales	211	-	-	-	-	211
Other trading activities						
Book and gift shop sales	127	-	-	-	-	127
Investments	72	24	41	32	-	169
Other	108	-	-	-	-	108
Total income	1,954	25	41	32	872	2,924
Expenditure on:						
Raising funds						
Fundraising costs	154	-	-	7	-	161
Book and gift shop costs	152	-	-	-	-	152
Investment management costs	-	5	8	5	-	18
Management costs of the let estate	100	-	-	-	-	100
Charitable activities:						
Custodianship	205	-	-	2	284	491
Access and learning	553	-	-	2	630	1,185
Total expenditure	1,164	5	8	16	914	2,107
	790	20	33	16	(42)	817
Net gains on investments	1,570	70	122	80	-	1,842
Net income	2,360	90	155	96	(42)	2,659
Transfers between funds	79	(24)	(39)	(16)	-	-
Net movements in funds	2,439	66	116	80	(42)	2,659
Reconciliation of funds:						
Total funds brought forward at 1 April 2021	8,934	972	1,686	1,069	7,031	19,692
Total funds carried forward at 31 March 2022	11,373	1,038	1,802	1,149	6,989	22,351

Notes (continued)

3 Donations and legacies

	Unrestricted funds	Designated Development Fund	Restricted funds	2022-23	2021-22
	£000	£000	£000	£000	£000
Arts Council England (NPO Grant)	-	-	329	329	329
W.W. Spooner Charitable Trust	44	-	1	45	41
Arts Council England (Culture Recovery Fund)	36	-	-	36	230
South Lakeland District Council	18	-	-	18	64
Michael Marks Charitable Trust	-	-	24	24	24
Lancaster University	-	-	20	20	20
Cecilia and Nicholas Powell	11	-	-	11	-
Friends of the National Libraries	11	-	-	11	-
Cumbria County Council	-	-	10	10	10
Rothermere Foundation	10	-	-	10	-
Sir John Fisher Foundation	-	-	10	10	10
University of Leeds	-	-	9	9	-
Tom and Blaine Wells	8	-	-	8	-
Northern Powerhouse Internationalisation Fund	-	-	5	5	-
Patricia Grodd and Michael Stone	4	-	-	4	4
The Estate of the late Lady Chorley	3	-	-	3	-
The Estate of the late Nina Drucker	3	-	-	3	-
John R. Murray Charitable Trust	-	-	-	-	1,000
National Lottery Heritage Fund	-	-	-	-	430
Northern Cultural Regeneration Fund	-	-	-	-	50
The late Lucia Woods Lindley	-	-	-	-	37
Martin J. Crossley Evans	-	-	-	-	7
John Conder	-	-	-	-	4
Edward Baker	-	-	-	-	3
Cumbria Development Education Centre	-	-	-	-	2
Dr Mortimer & Theresa Sackler Foundation	-	-	-	-	(5)
Friends	12	-	-	12	13
Patrons	17	-	-	17	16
Gift Aid and others (£2,000 or below)	15	1	2	18	20
	192	1	410	603	2,309

Government grant income received in the year amounted to £69,000 (2021-22: £354,000) of which £36,000 (2021-22: £277,000) was Covid support.

Notes (continued)

4 Income from charitable activities

	2022-23 £000	2021-22 £000
Admission fees	295	196
Short course programme	36	12
Publications	2	1
Less sales to subsidiary	(2)	(1)
Profit on sale of fixed asset	-	3
	<u>331</u>	<u>211</u>

5 Commercial trading activity income

The charitable company has one trading subsidiary, Dove Cottage Promotions Limited, a company incorporated in England and Wales (company registration number 02091130). The charitable company owns the entire share capital of this company being 15,000 £1 ordinary shares. Dove Cottage Promotions Limited operated a book and gift shop and a café throughout the year.

A summary of the trading result of Dove Cottage Promotions Limited is shown below. Audited financial statements for the year ended 31 March 2023 are filed with the Registrar of Companies. A Gift Aid donation of the taxable profit of £Nil (2021-22: £Nil) was made to The Wordsworth Trust.

	2022-23 £000	2021-22 £000
Turnover	170	127
Cost of sales	(79)	(51)
	<u>91</u>	<u>76</u>
Gross profit	91	76
Administrative expenses	(124)	(107)
Exceptional income	70	-
	<u>37</u>	<u>(31)</u>
Operating profit/(loss)	37	(31)
Tax	-	-
	<u>37</u>	<u>(31)</u>
Profit/(loss) on ordinary activities after taxation	37	(31)
Gift aid payment	-	-
	<u>37</u>	<u>(31)</u>
Retained profit/(loss) for the year after payment of gift aid	37	(31)

The aggregate of the assets, liabilities and funds was:

	31 March 2023 £000	31 March 2022 £000
Assets	79	74
Liabilities	(158)	(190)
	<u>(79)</u>	<u>(116)</u>

Notes (continued)

6 Investment income

<i>Group</i>	2022-23 £000	2021-22 £000
Dividends receivable	99	97
Rents receivable	90	72
	189	169

7 Analysis of expenditure

<i>Group</i>	Direct costs £000	Support costs £000	2022-23 £000	2021-22 £000
Fundraising costs	106	55	161	161
Book and gift shop costs	79	-	79	51
Cost of sales	117	-	117	101
Other	20	-	20	18
Investment management costs	74	16	90	100
Management of the let estate	396	71	467	431
Cost of charitable activities				
Custodianship				
Historic buildings	38	10	48	52
Collection	303	57	360	439
	341	67	408	491
Access and learning				
Visitor operations	556	267	823	953
Exhibitions and publications	38	20	58	62
Education	101	40	141	146
Contemporary literature	35	2	37	24
	730	329	1,059	1,185
Total cost of charitable activities	1,071	396	1,467	1,676
Total expenditure	1,467	467	1,934	2,107

Notes (continued)

7 Analysis of expenditure (continued)

Allocation of support costs

	Fundraising	Management of let estate	Charitable activities	2022-23	2021-22
	£000	£000	£000	£000	£000
Management	36	10	254	300	289
Finance	11	3	74	88	71
Information technology	5	1	32	38	39
Human resources	-	1	13	14	7
Governance	3	1	23	27	26
	<u>55</u>	<u>16</u>	<u>396</u>	<u>467</u>	<u>432</u>

Support costs are allocated in line with salary costs based on an estimate of the actual time spent, which Trustees believe is consistent with the use of the resources. The cost allocation includes an element of judgement and the Trustees have had to consider the cost benefit of detailed calculations and record keeping. Therefore the support costs shown are a best estimate of the costs that have been so allocated.

The following costs are included in the management and administrative costs of The Wordsworth Trust and Dove Cottage Promotions Limited:

	Group		Charitable company
	2022-23	2021-22	2022-23
	£000	£000	£000
Audit fees	25	24	23
Depreciation on owned fixed assets	285	259	285

Notes (continued)

7 Analysis of expenditure (continued)

Staff numbers and costs

The average number of staff employed during the year (excluding directors who are Trustees) was 39 (2021-22: 39). The Trust employs a number of seasonal and part-time staff; the average number of full-time equivalent employees was 34 (2021-22: 33).

The total staff costs for the group were as follows:

	2022-23 £000	2021-22 £000
Wages and salaries	833	797
Employers' social security costs	76	70
Employers' pension contributions	40	39
Group total	<u>949</u>	<u>906</u>

Prior year figures have been re-stated to include the subsidiary company's staff costs.

One member of staff received emoluments totalling more than £60,000 for the year (2021-22: One).

The Trust contributes to the defined contribution pension schemes for most employees. All eligible staff are enrolled into a qualifying defined contribution pension scheme. The pension charge for the year represents contributions payable by the Trust to the pension schemes and amounted to £40,216 (2021-22: £39,132). At the end of the year £8,254 in contributions was outstanding (2021-22: £9,547).

Day-to-day management of the Trust is delegated to the Senior Management Team (SMT). The employee benefits of the SMT, including employer pension contributions and employers' social security costs for the year, were £259,135 (2021-22: £279,856). The salary costs of SMT are allocated on a time spent basis across the restricted and unrestricted funds.

No goodwill payments in compensation for loss of employment on dismissal were made in the year (2021-22: One).

The Trustees received no remuneration during the year. Travel and subsistence expenses of £6,724 (2021-22: £4,940) were paid to or on behalf of 13 trustees (2021-22: 12) during the year of which £296 (2021-22: £238) was unpaid at the year end. Nothing was paid in relation to travel and subsistence for the Trust's President (2021-22: Nil).

Interest payable

	2022-23 £000	2021-22 £000
On bank loans and overdrafts	<u>35</u>	<u>18</u>

Notes (continued)

8 Transfers between funds

Transfers into unrestricted funds during the year comprised:

	2022-23 £000
Investment income transferred from the Designated Development Fund	24
Investment income transferred from the Endowment Development Fund	39
Investment income transferred from the Catalyst Endowment Fund	19
	<hr/>
Total transfers	82
	<hr/> <hr/>

On 8 November 2014 Trustees passed a resolution in accordance with Regulation 3(2) of the Charities (Total Return) Regulations 2013 to invest the Endowment Development Fund on a total return basis.

The baseline value of the gift component of the fund was set as the value when the fund became permanent endowment in accordance with the agreement with the donor, the National Lottery Heritage Fund, on 1 January 2013. The balance of investment gains, investment losses, investment income and transfers to the general fund since this date represent the closing balance of unapplied total return.

At the same time in exercise of the power of investment in the Trust's Articles of Association Trustees also resolved to invest the Designated Development Fund on the same basis.

Adopting a power of total return allows the Trustees to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year. Until a decision is made to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the Trustees to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the Trustees made a transfer of a total of £65,000 (2021-22: £65,000) unapplied total return from both elements of the Development Fund to unrestricted income funds.

In making this decision the Trustees have taken account of the investment climate, the return on investment for the year and the income needs of the charity. The Trustees have taken advice from their Investment Sub-Committee and the Investment Managers, Cazenove Capital Management Ltd, as to the sustainability of the investment fund after making this transfer.

During the year 2020-21 as a direct result of the coronavirus pandemic the Trust sought and received in principle the permission of Arts Council England and the National Lottery Fund to use if necessary the Catalyst Endowment Fund and/or the Development Fund to support the costs of the Reimagining Wordsworth Project and the running costs of the Trust. Since this in principle approval has been received there has been no use of either of these funds for these purposes.

Notes (continued)

8 Transfers between funds (continued)

	Investment fund £000	Unapplied total return £000	Total £000
Opening value of the Endowment Development Fund			
Gift component	1,261	-	1,261
Unapplied total return	-	541	541
Total	1,261	541	1,802
Movements during the year			
Investment return: dividends and interest	-	41	41
Investment return: realised and unrealised gains/(losses)	-	(88)	(88)
Transfer	-	2	2
Investment management charges	-	(8)	(8)
Total	-	(53)	(53)
Unapplied total return allocated to income	-	(41)	(41)
Net movement during the year	-	(94)	(94)
Closing value at 31 March 2023			
Gift component	1,261	-	1,261
Unapplied total return	-	447	447
Total	1,261	447	1,708

	Investment fund £000	Unapplied total return £000	Total £000
Opening value of the Designated Development Fund			
Gift component	714	-	714
Unapplied total return	-	324	324
Total	714	324	1,038
Movements during the year			
Investment return: dividends and interest	-	24	24
Investment return: realised and unrealised gains	-	(51)	(51)
Transfer	-	-	-
Investment management charges	-	(5)	(5)
Donations received	1	-	1
Total	1	(32)	(31)
Unapplied total return allocated to income	-	(24)	(24)
Net movement during the year	1	(56)	(55)
Closing value at 31 March 2023			
Gift component	715	-	715
Unapplied total return	-	268	268
Total	715	268	983

Notes (continued)

9 Tangible fixed assets

<i>Group</i>	Jerwood Centre	Other freehold property	Intangible assets	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	3,442	5,617	-	1,600	10,659
Additions	-	23	-	18	41
Disposals/write off	-	-	-	(8)	(8)
Transfers	-	-	7	(7)	-
At 31 March 2023	3,442	5,640	7	1,603	10,692
Depreciation					
At 1 April 2022	1,814	350	-	406	2,570
Charge for the year	50	113	2	120	285
Disposals/write off	-	-	-	(8)	(8)
Transfers	-	-	4	(4)	-
At 31 March 2023	1,864	463	6	514	2,847
Net book value					
At 31 March 2023	1,578	5,177	1	1,089	7,845
At 31 March 2022	1,628	5,267	-	1,194	8,089

The total of non-depreciable assets included in other freehold property at the year end was £279,204 (2021-22: £279,204).

During the year 2022-23 intangible assets have been transferred from Fixtures, fittings, equipment and motor vehicles and are now disclosed separately.

Under the terms of the National Lottery Heritage Fund grant to support the Reimagining Wordsworth project the National Lottery Heritage Fund has taken a charge over the four properties owned by the Trust which were the main focus of the project. In 2020-21 prior to the transfer of the redevelopment costs the net book value of the properties covered by the charge was £832,783 with the redevelopment costs and net of depreciation at the year end this is £4,750,419 (2021-22: £4,847,612).

Notes (continued)

9 Tangible fixed assets (continued)

<i>Charitable Company</i>	Jerwood Centre	Other Freehold property	Intangible assets	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	3,442	5,617	-	1,573	10,632
Additions	-	23	-	17	40
Disposals/write off	-	-	-	-	-
Transfers	-	-	7	(7)	-
At 31 March 2023	3,442	5,640	7	1,583	10,672
Depreciation					
At 1 April 2022	1,814	350	-	379	2,543
Charge for year	50	113	2	120	285
Disposals/write off	-	-	-	-	-
Transfers	-	-	4	(4)	-
At 31 March 2023	1,864	463	6	495	2,828
Net book value					
At 31 March 2023	1,578	5,177	1	1,088	7,844
At 31 March 2022	1,628	5,267	-	1,194	8,089

10 Heritage assets

Dove Cottage, the home of William Wordsworth from 1799 to 1808, was acquired by the Trust in 1890 and is maintained as a visitor attraction 'for the eternal possession of those who love English poetry all over the world'.

The Trust acquires objects within the subject area: William Wordsworth and the Age of British Romanticism. To understand and interpret the context and significance of this subject, it is occasionally necessary to collect items before and after the accepted chronological framework for the Romantic period, 1750-1850. Priority areas for collecting are manuscripts, printed works, fine art and artefacts that advance the public knowledge and enjoyment of the works of William Wordsworth and the literature and culture of this period.

- The collection of manuscripts (30,000+) includes material of very great significance, drawing researchers and academics world-wide, and includes verse and prose manuscripts of William and Dorothy Wordsworth, Samuel Taylor Coleridge, Thomas De Quincey, and many others. The collection is considered the greatest collection by an author now housed in the place where the greatest works were written.
- The collection of books and pamphlets (numbering approx. 14,500 titles) include the following themes:
 - A portion of Wordsworth's own library of books which he owned at Dove Cottage and Rydal Mount, and a good number of titles that belonged to Coleridge or Southey. Some of these volumes have been annotated by Wordsworth or Coleridge.
 - A near complete copy of first and lifetime editions of printed books by Wordsworth and leading Romantic writers, including Coleridge, Southey, Keats and Shelley. In addition, early editions by their well and lesser known contemporaries covering the span of Romantic literature.
 - Guides, illustrated works and travel literature based on the Lake District from around 1750 to the present day.

Notes (continued)

10 Heritage assets (continued)

- Magazines and periodicals from the period 1750-1850.
 - Critical and reference works and published letters of all the major figures of the period, as well as general works on Romantic literature and art.
- The collection of fine art (13,000+ items) encompasses portraits of the major figures and family members, as well as the development of the interpretation of landscape from the 18th century to the present day and includes:
 - Paintings and drawings of William and Dorothy Wordsworth and families, Coleridge, De Quincey and others of the period.
 - Paintings, drawings and prints of Lake District themes, including interpretation of landscape and aspects of cultural and working life.
 - Prints of the earliest views of the Lake District from the 1750s onwards.
 - A significant collection of c19th century photographs along the themes of portraits and landscape.
- A collection of artefacts (c.600 items) that relate to Wordsworth and his family and aspects of Lake District life and history incorporating items that reflect life in a typical Grasmere cottage of the period (c.1800), and includes furniture and utensils (including spinning wheels) relating to the social history of the period.

Items purchased for the collection are valued at cost. Donated items have been valued at the Curator's best estimate of current value at the time of acquisition since 2010. It is the responsibility of the Trust to preserve and conserve collection items for the benefit of the nation and due to their nature they are expected to have a long life. Depreciation is therefore not charged on collection items which are capitalised since this is deemed to be immaterial. Impairment reviews are carried out annually.

Preservation and Management

Expenditure which in the Trustees view is required to preserve or prevent further deterioration of individual items is recognised in the Statement of Financial Activities when incurred.

The Trust complies with PAS 197:2009, the BSI and Collections Trust's *Code of practice for cultural collections management*, works to SPECTRUM: the UK Museum Collections Management Standard and maintains a full catalogue of collection items including a description, the condition of the item, where it is kept and acquisition information.

The Trust has digitised much of its manuscript and fine art collections. These collections are variously available online either on the Trust's own website or by subscription to educational establishments on the AM Digital website. All newly acquired works of art are digitised as part of the cataloguing process.

The Trust actively encourages public engagement with the collection. Within the Jerwood Centre adjacent to the museum the Trust runs a research room where bona fide researchers may view original material. There is a programme of events throughout the year, aimed at audiences of all ages and a variety of backgrounds; monthly talks on site, workshops, specialist day courses and conferences. University academics and groups of students spend several days learning about the meaning of manuscripts and then create interpretative projects for wider audiences; several thousand school children visit the site each year and learn from resources developed from the collection. Outreach activities take facsimiles of our collections into the communities of Cumbria.

Notes (continued)

10 Heritage assets (continued)

Disposal

The Trust has a long term purpose, and holds and builds the permanent collection in relation to its stated objectives. The Trust accepts the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items in the museum's collection.

Items may be removed from the collection for the following reasons:

- i. duplication within the collection;
- ii. falling outside the collecting area of the Trust;
- iii. being wrongly accessioned;
- iv. a better copy being received;
- v. poor condition.

Proposals to remove an item or items from the collection are the responsibility of the Curator, and will be presented for approval to the Collections Committee, followed by the full Board of Trustees.

Decisions to dispose of objects will not be made with the principal aim of generating funds. Any monies received by the Trust from the disposal of items will be applied for the benefit of the collection. This will normally mean the purchase of further acquisitions but in exceptional cases improvements relating to the care of collection may be justifiable. Where an object has been donated or purchased with external funding, any conditions relating to its disposal will always be adhered to.

Once a decision to dispose of an item has been taken, priority will be given to retaining the item in the public domain, unless it is to be destroyed. It will therefore be offered in the first instance, by exchange, gift or sale directly to other accredited museums likely to be interested in its acquisition.

	2022-23 £000	2021-22 £000
Opening value of Heritage Assets		
Purchases	2,790	2,790
Donations at valuation	714	660
Transfer from Investment Property	263	263
Total	<u>3,767</u>	<u>3,713</u>
Acquisitions during the period		
Purchases	-	-
Donations at valuation	69	54
Transfer from Investment Property	-	-
Total	<u>69</u>	<u>54</u>
Closing value of Heritage Assets		
Purchases	2,790	2,790
Donations at valuation	783	714
Transfer from Investment Property	263	263
Total	<u>3,836</u>	<u>3,767</u>

Donated items are valued on acquisition based on evidence from a recognised source if received with the donation or at the Curator's best estimate of current value at the time of acquisition.

	Year to 31 March				
Five year financial summary of heritage asset transactions	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Purchases	-	-	-	1	-
Donations	69	54	5	68	81
Transfer from Investment Properties	-	-	-	-	263
Total acquisitions	<u>69</u>	<u>54</u>	<u>5</u>	<u>69</u>	<u>344</u>

There have been no disposals in the last five years.

Notes (continued)

11 Investment property – UK

<i>Group and charitable company</i>	31 March 2023 £000	31 March 2022 £000
Brought forward	6,190	4,620
Increase/(decrease) on revaluation	(320)	1,570
Carried forward	5,870	6,190

Investment properties with an original cost of £957,000 were valued as at the 13th April 2022 by Mr D J K Capps MRICS at £6,190,000 based on estimated open market values. A further re-valuation of the investment properties was performed by Mr D. Hackney FRICS during summer 2023 resulting in an adjustment to reduce the fair value of the properties by £320,000.

12 Fixed asset investments

	Group 31 March 2023 £000	Group 31 March 2022 £000	Charitable company 31 March 2023 £000	Charitable company 31 March 2022 £000
Ordinary £1 shares in Dove Cottage Promotions Limited	-	-	15	15
Development Fund investments	2,691	2,840	2,691	2,840
RS Woof Memorial Fund investments	251	280	251	280
Catalyst Endowment Fund investments	822	869	822	869
Property Development Fund investments	535	-	535	-
	4,299	3,989	4,314	4,004

<i>Group and charitable company</i>	Development Fund £000	RS Woof Memorial Fund £000	Catalyst Endowment £000	Property Development £000	Totals £000
Opening market value	2,804	280	830	-	3,914
Additions	457	-	165	764	1,386
Disposals	(408)	-	(133)	(213)	(754)
Net investment losses	(178)	(29)	(54)	(26)	(287)
Closing market value	2,675	251	808	525	4,259
Cash on deposit	15	-	14	10	39
Accrued income	1	-	-	-	1
	2,691	251	822	535	4,299

All investments other than the subsidiary are listed on the London Stock Exchange. Investments in the following funds exceeded 5% of the total portfolio at 31 March 2023:

M&G Investment Management Global Dividend Fund
Troy Asset Management Trojan Fund
Troy Asset Management Trojan Income Fund
Vanguard S&P 500 Exchange Traded Fund

13 Stocks

<i>Group</i>	31 March 2023 £000	31 March 2022 £000
Goods held for resale	39	37

Notes (continued)

14 Debtors: amounts falling due within one year

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	10	10	8	9
Other taxes and social security	-	-	-	-
Prepayments	30	21	28	19
Accrued income	30	35	30	35
Amounts owed by subsidiary undertaking	-	-	151	184
	<u>70</u>	<u>66</u>	<u>217</u>	<u>247</u>

15 Creditors: amounts falling due within one year

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	34	60	31	57
Other taxes and social security	17	15	15	15
Other creditors	10	12	10	12
Bank loan	74	74	74	74
Accruals	62	70	60	67
	<u>197</u>	<u>231</u>	<u>190</u>	<u>225</u>

16 Creditors: amounts falling due after more than one year

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank loan	- due between 2 and 5 years	295	295	295
	- due after 5 years	521	521	594
	<u>816</u>	<u>889</u>	<u>816</u>	<u>889</u>

The interest only bank loan from 2015 was refinanced in January 2020. The new loan is on a capital and interest repayment basis with a term of five years, a repayment profile of fifteen years and an original capital repayment holiday of 12 months which was extended to 18 months. Capital repayments have been made since October 2021. Interest is charged at the base rate plus 1.65%. The loan is secured on four investment properties owned by the Trust. The amount outstanding represents 43% (2022: 46%) of the value of the properties charged.

Notes (continued)

17 Reconciliation of movement in funds

Group	Funds at 1 April 2022	Income	Expenditure	Transfers /investment (losses)/gains	Funds at 31 March 2023
	£000	£000	£000	£000	£000
Unrestricted funds:					
General funds	1,333	785	(1,247)	119	990
Revaluation reserve	5,515	-	-	(320)	5,195
Warren Collection Fund	59	-	-	-	59
Collection Assets Fund	3,767	69	-	-	3,836
Designated Development Fund	1,038	25	(5)	(75)	983
Designated Property Improvement Fund	700	-	-	(56)	644
Restricted funds:					
Income funds	26	410	(415)	-	21
Acquisition funds	2	-	-	-	2
Reimagining Wordsworth – capital	5,481	-	(197)	-	5,284
Reimagining Wordsworth - delivery	10	-	-	-	10
Capital funds	1,470	-	(46)	-	1,424
Endowment funds:					
Endowment Development Fund	1,802	41	(8)	(127)	1,708
RS Woof Memorial Fund	280	11	(12)	(28)	251
Catalyst Endowment Fund	868	21	(4)	(63)	822
	22,351	1,362	(1,934)	(550)	21,229

The Revaluation Reserve has arisen on the valuation of investments and properties shown in notes 11 and 12.

The Warren Fund has been designated by the Trustees for the purchase of books, manuscripts and fine arts. The fund comprises the balance of an unrestricted legacy received during 2000.

The Collection Assets Fund represents the amount of heritage assets capitalised. This fund consists of a mixture of both restricted and unrestricted amounts, an allocation of which is not possible.

In 2015 the Trustees designated funds to the Reimagining Wordsworth project to develop the Town End site. Supported by the National Lottery Heritage Fund the development phase ran from January 2016 to January 2018. In March 2018 the National Lottery Heritage Fund announced support for the delivery phase started in May 2018 and was completed in 2021-22. Fundraising secured the remaining funding and this income was split between designated and restricted funds. National Lottery Heritage Fund income for both the development and the delivery phase of the project was treated as restricted income.

The Trustees have designated a proportion of the donation in 2021-22 from John R. Murray Charitable Trust to support the improvement of the wider estate.

The Designated Development Fund has been established by the Trust to provide an income that will contribute towards the Trust's core running expenses. The intention is to maintain an income generating fund. Exceptionally, the fund is expendable in the event of a 75% majority decision by the Trustees. The terms of the contract under which the Endowment Development Fund was established require that the Designated Development Fund be operated as an endowment, the result of a breach being that the amount given to establish the Endowment Development Fund will be repayable. However, these conditions do not directly apply to the Designated Development Fund, and so it continues to be disclosed as a designated fund within unrestricted funds.

The Endowment Development Fund was established by the Trust in order to build up a portfolio of investments to provide an alternative source of income. On 1st January 2013 the fund became permanent endowment. The full amount given to establish the fund is repayable in the event of a default. As a result of the financial pressures in 2020-21 due to the global pandemic and consequent lockdown the Trust received in principle permission from the body which financed the Endowment Development Fund to release its restrictions on the fund to allow the Trust to draw down some of the capital in these exceptional circumstances if required.

The RS Woof Memorial Fund is an endowment fund for the purposes of endowing the post of the Robert Woof Director of the Trust.

Notes (continued)

The Catalyst Endowment Fund is an endowment fund established with the aid of Arts Council England Catalyst Funding to support the general operating costs of the Trust. In 2020-21 the Arts Council England has given the Trust permission to draw down some of this funding should it need to do so to remain financially viable. The Trust must put in place a plan to replace any funding used.

18 Analysis of net assets between funds

Group	Unrestricted funds		Endowment funds		Restricted funds	Total funds
	Unrestricted funds	Designated Development Fund	Development Fund	Other endowment funds		
	£000	£000	£000	£000	£000	£000
<i>Fund balances at 31 March 2023 represented by:</i>						
Fixed assets	11,381	983	1,708	1,073	6,705	21,850
Current assets	356	-	-	-	36	392
Current liabilities	(197)	-	-	-	-	(197)
Creditors falling due after one year	(816)	-	-	-	-	(816)
	<u>10,724</u>	<u>983</u>	<u>1,708</u>	<u>1,073</u>	<u>6,741</u>	<u>21,229</u>
<i>Fund balances at 31 March 2022 represented by:</i>						
Fixed assets	11,099	1,038	1,802	1,148	6,948	22,035
Current assets	1,395	-	-	-	41	1,436
Current liabilities	(231)	-	-	-	-	(231)
Creditors falling due after one year	(889)	-	-	-	-	(889)
	<u>11,374</u>	<u>1,038</u>	<u>1,802</u>	<u>1,148</u>	<u>6,989</u>	<u>22,351</u>

In the opinion of the trustees, the group's assets are sufficient to fulfil the obligations of the group.

Charitable company	Unrestricted Funds		Endowment Funds		Restricted funds	Total funds
	Unrestricted funds	Designated Development Fund	Development Fund	Other endowment funds		
	£000	£000	£000	£000	£000	£000
<i>Fund balances at 31 March 2023 represented by:</i>						
Fixed assets	11,395	983	1,708	1,073	6,705	21,864
Current assets	428	-	-	-	36	464
Current liabilities	(190)	-	-	-	-	(190)
Creditors falling due after one year	(816)	-	-	-	-	(816)
	<u>10,817</u>	<u>983</u>	<u>1,708</u>	<u>1,073</u>	<u>6,741</u>	<u>21,322</u>
<i>Fund balances at 31 March 2022 represented by:</i>						
Fixed assets	11,114	1,038	1,802	1,148	6,948	22,050
Current assets	1,505	-	-	-	41	1,546
Current liabilities	(225)	-	-	-	-	(225)
Creditors falling due after one year	(889)	-	-	-	-	(889)
	<u>11,505</u>	<u>1,038</u>	<u>1,802</u>	<u>1,148</u>	<u>6,989</u>	<u>22,482</u>

19 Share capital

The charitable company is limited by guarantee and as such, has no share capital. In the event of the charitable company being wound up, the guarantee of each member is limited to £1.

Notes (continued)

20 Capital commitments

Capital commitments at the end of the financial year for which no provision has been made are as follows:

	31 March 2023	31 March 2022
	£000	£000
Authorised but not committed	-	-
	<u> </u>	<u> </u>
Against which orders have been placed	38	38
	<u> </u>	<u> </u>

The capital commitments noted represent the contractual relationships with a contractor involved in the delivery phase of the Reimagining Wordsworth project.

21 Related party transactions

In aggregate Trustees, co-opted committee members, the President and members of the SMT made donations totalling £2,500 during the year (2022: £3,431). This can be split as follows:

	2022-23	2021-22
Unrestricted	1,900	2,831
Restricted	600	600
In kind	-	-
	<u> </u>	<u> </u>
Total donations	2,500	3,431
	<u> </u>	<u> </u>

22 Financial instruments

	Group 31 March 2023 £000	Group 31 March 2022 £000	Charitable company 31 March 2023 £000	Charitable company 31 March 2022 £000
Financial assets at amortised cost	40	45	189	228
Financial liabilities at amortised cost	996	1,105	991	1,099

Financial assets represent trade debtors, accrued income and amounts owed by the subsidiary undertaking. Financial liabilities represent trade and other creditors, accruals and the bank loan.

Notes (continued)

23 Consolidated analysis of changes in net debt

	Note	1 April 2022 £000	Cash flow £000	Group Other non cash movements £000	31 March 2023 £000	1 April 2022 £000	Cash flow £000	Charitable company Other non cash movements £000	31 March 2023 £000
Cash at bank and in hand		1,333	(1,050)	-	283	1,299	(1,052)	-	247
Bank loan	15	(74)	73	(73)	(74)	(74)	73	(73)	(74)
Debt due within one year		(74)	73	(73)	(74)	(74)	73	(73)	(74)
Bank loans	16	(889)	-	73	(816)	(889)	-	73	(816)
Debt due after more than one year		(889)	-	73	(816)	(889)	-	73	(816)
Total net debt		370	(976)	-	(607)	336	(978)	-	(643)