

The Wordsworth Trust

Trustees' report and consolidated
financial statements

Registered charity number 1066184

Registered company number 03442086

For the year to 31 March 2024

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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 2024. 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 FRS 102.

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 Majesty The King.

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

Trustees who served during the year

Professor Sir Drummond Bone
Professor Simon Bainbridge
Ms Gesa Blackmore ACA, CPA
Professor Donna Chambers (appointed 20th July 2023)
Dr Amy Concannon
Ms Judith Cooke
Dr Paul Davies
Dr Anna Fleming
Mr David Heal
Mr Jonathan Johnson OBE (appointed 20th July 2023)
Professor David McKitterick
Ms Lisa Peter
Tim Robertson
Ms Anne Young

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.

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.

Our Public Impact in Numbers

	12 months to 31 March 2024	12 months to 31 March 2023	Variance
General visits to Wordsworth Grasmere	27,708	25,492	9%
Participation in activities for young people in formal education (counted in student-days)			
Secondary, primary and pre-school	6,327	4,883	30%
Higher education – short courses	352	457	-23%
Higher education – other	13	194	-93%
Teacher development opportunities	10	33	-70%
Total	6,702	5,567	20%
Participation in informal learning activities			
Activities aimed at elderly / vulnerable adults	1,104	638	73%
Activities aimed at young people (excluding family activities)	43	313	-86%
Events and activities for families ⁱ	2,350	2,055	14%
Activities for general audiences	939	802	17%
Talks, poetry readings and other events (excluding family events) ⁱⁱ	5,401	2,233	142%
Total	9,837	6,041	63%
Participation in digital activities			
Formal education	267	43	521%
Informal learning ⁱⁱ	741	1,320	-44%
Website (unique views)	163,328	180,917	-10%
Views of videos on YouTube channel ⁱⁱⁱ	60,813	81,057	-25%
Social media followers (as of 31 March 2023)	60,516	57,514	5%
Total	285,665	320,851	-11%
Research visits (counted in research-days)	242	150	61%
Publications			
New titles published in year	2	4	-50%
Publication sales	2,741	2,868	-4%
Participants in vocational training (starting in year) ⁱⁱⁱ	17	9	89%
Volunteers ^{iv}	43	14	207%

ⁱ Includes 421 family members taking part in self-guided activities at Wordsworth Grasmere. These are therefore also included in the figure of 27,708 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 each device.

ⁱⁱⁱ Excludes work experience placements.

^{iv} People who did volunteer work on a regular basis and / or for a sustained period of time.

Achievements and Performance

1. Overview of progress against strategy

2023/24 proved to be another challenging year for the Wordsworth Trust, and for the cultural sector as a whole, with income stagnating and costs increasing. Visitor numbers to Wordsworth Grasmere increased by 9%, but remained well below pre-pandemic levels. International visitors continued to be slow to return and domestic markets were affected by high inflation, leading to an increased cost of living.

Controlling costs, including putting a freeze on recruitment, meant that we were unable to adopt our usual 7-day opening for much of the year.

More encouragingly, feedback from those who did visit Wordsworth Grasmere continued to be overwhelmingly positive. We were also greatly encouraged by the substantial increase in people taking part in our formal and informal learning activities. Clearly, people continue to find meaning and inspiration in the lives and works of William and Dorothy Wordsworth. Further endorsement came through us being named Small Visitor Attraction of the Year at the 2023 Cumbria Tourism Awards, and being shortlisted for the Association for Historic Interpretation Awards.

Three years on from the completion of our 'Reimagining Wordsworth' project and faced with multiple challenges, the Trustees recognised the need for a fundamental review of our operating model. Following a successful application to the National Lottery Heritage Fund (principal funder of 'Reimagining Wordsworth') we appointed consultants to undertake a full business review, which will be completed in 2024.

In the meantime, we explored ways to make ourselves more financially sustainable. We successfully trialled bespoke, exclusive experiences for high-spending visitors, and will look to launch these in 2024. We continued to invest in our estate, with a view to generating more income to support our charitable activities. We also sought to increase our contributed income and received a boost in January 2024 with the news that the Arts Council England have asked us to rebid to extend its funding of National Portfolio organisations from 3 to 4 years.

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.

b) *Wordsworth Grasmere*

We continued to welcome visitors to Wordsworth Grasmere, and saw numbers increase for the second year in succession following our re-opening in May 2021. In addition to Dove Cottage, the Museum, the Garden-Orchard and Woodland, visitors enjoyed a varied programme of daily activities, including Live Poetry, Gallery Tours, Behind the Scenes Tours,

Sketching, Loose Leaf Poetry and Noticing Nature. Our Make and Play sessions were popular during the summer holidays, as were the Sensory Superhero Packs in our Sensory Garden.

The focus of our exhibitions programme in 2023 was *To the Lakes!*, which encouraged our 21st-century visitors to put themselves in the shoes (and the clothes) of the intrepid early tourists. The exhibition was accompanied by a 28-page souvenir booklet, and supplemented by a rich programme of events and activities. Highlights included a sell-out performances of James Plumptre's 1798 play *The Lakers* at Theatre by the Lake in Keswick, and a series of walks re-creating important Romantic literary adventures. A specially commissioned film of each walk was shown at the 2023 Kendal Mountain Festival.

Our Community Gallery played host to a range of co-curated displays, including an artistic response to *To the Lakes!* by members of Equal Arts, commissioned responses to Wordsworth's *Guide to the Lakes* by local artists Rema Grace, Finn Beames and Sally Ann Staunton, an interpretation of Charles Fletcher's manuscript tour of the Lakes by Curating for Change Trainee (and local resident) Will Clark, and a touring exhibition of the notebooks of the scientist and poet Sir Humphry Davy, a collaboration with the Davy Notebook Project.

Our trainees and interns curated several online exhibitions during the year, with subjects including the poet Susanna Blamire, the significance of Dove Cottage's Garden-Orchard and a celebration of the long-standing creative partnership between the Wordsworth Trust and the Parkhill Poets of Allerdale COSC, a social and day care centre for adults with physical disabilities.

Wordsworth Grasmere proved to be a popular location for press and media visits. We welcomed TV crews from Dubai and France, the latter for a documentary by French rock climber and mountaineer Catherine Destivelle (who joined one of the above-mentioned literary walks). Sikh Influencer Harjinder Kukreja, who has 4 million followers across social platforms, visited in April. Wordsworth Grasmere also featured in an episode of *Matt Baker: Christmas Travels with Mum & Dad* which aired on Channel 4 in December.

c) Formal education

In 2023/24 we achieved 6,327 school engagements, a 30% increase on the previous year and the second highest figure in the past 10 years. Engagements were split evenly between primary and secondary level, which is unusual as museums often struggle to engage with secondary school pupils. We also focused on increasing our engagement with schools based in the Levelling Up areas of Barrow-in-Furness and Copeland, with the result that we exceeded our target in these areas by more than 50%. Our after-school Drama Club for children aged 8–11 from Grasmere Primary School continued to go from strength to strength; their work this year culminated in a performance of 'Sparkles of Light', based on Wordsworth's 'To a Butterfly' poems.

Participation in our higher education courses was 23% down on 2022/23, reflecting the cyclical nature of this programme. In June we launched our new university short course offer, and during the year welcomed to Wordsworth Grasmere universities and colleges from the UK and North America. We also delivered a livestreamed workshop for college students in Kolkata. For many, the experience was profound. One professor commented: 'Every student without exception, I believe, was transformed by the weekend.'

d) Informal learning

Participation in our informal activities increased significantly this year. In part this was due to our focused efforts in the Morecambe Bay area. Regular groups have been established in Morecambe and Barrow and we collaborated with The Well (based in Barrow) to welcome to Grasmere a group of men recovering from narcotic or alcohol addiction. The centre head wrote: 'The men came back literally "buzzing" with excitement and enthusiasm for the time they had experienced with you'. At the 2023 Morecambe Poetry Festival, 12 of our young writers were included in the Festival anthology.

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. Working in partnership is fundamental to the success of these activities, and our collaborators during the year included Cumbria Wildlife Trust, Artworks-Art4All, Women's Community Matters and Glenthorne Quaker Centre. In September we welcomed staff of the Liverpool-based Beacon Counselling Trust for a two-day workshop. The Beacon Trust supports over 3,000 people a year in north west England in the areas of suicide bereavement and gambling addiction. Feedback was overwhelmingly positive: 'For us the whole day was perfect and a very therapeutic and valuable part of the aftercare we are receiving'.

One of our most successful collaborations of 2022/23 was *Refuge from the Ravens – Wordsworth rewritten by homeless Britain*, a project originated by Zwiebelfish CIC. We were delighted to see this given a new lease of life in the form of an exhibition at the Houses of Parliament in May. This was made possible by Tim Farron, MP for Westmorland and Lonsdale, who sponsored the exhibition and hosted a reception.

Our regular activities in communities across Cumbria included 'Tales from the Tea Room' – 'one of the cultural highlights of our move to North Cumbria' – 'What are Words Worth?', 'Writing for Pleasure' and 'Living Letters'. We continued to support writers' groups in Shap and Allhallows.

e) Families and young people

We were pleased to see attendance at activities for families increase by 14%, a reflection of our efforts to make Wordsworth Grasmere a family-friendly destination. Our ever-popular Twilight Tales sessions sold out, as did our Georgian Christmas Family Workshop, with wreath making, clog dancing, pomander making and poetry writing. Looking beyond Grasmere, we visited many Cumbrian libraries over the course of the year, with our 'Rucksack of Rhymes', 'Busy Bees' and 'Welcoming Spring' sessions for young children proving extremely popular.

The Dove Cottage Young Poets, a group of 14–21-year-olds mentored by published poet Katie Hale, visited Wordsworth Grasmere and wrote poems that respond to our collection. A film of the poets reading their work will feature in the Museum. Two of the poets were also invited to perform with the Brewery Poets in Kendal.

Poets from Untrodden Ways, our school students' poetry group based in Barrow, also visited Wordsworth Grasmere and participated in a creative writing workshop.

f) Events

2023/4 saw a significant increase in attendance at talks, workshops and other events, with numbers more than doubling to 5,400. At Wordsworth Grasmere, we hosted a 3-day wood engraving course led by leading experts Chris Daunt and Carole Thirlaway, and a Poetry & Paint Weekend run by artist Alison Critchlow. Our monthly Romanticism talks covered an impressive range of topics and included collaborations with the British Association of Romantic Studies (exploring the life and work of Humphry Davy) and the University of Derby (examining the relationship between trees, tourism, and biodiversity in the Lake District in the early 19th century).

In partnership with Grasmere Village Hall, we hosted two events during the year: 'The Dreamtime Fellrunner', a theatrical performance by poet and fellrunner Julie Carter, and a launch event (with Granta Books) for *All Before Me: A Search for Belonging in Wordsworth's Lake District* by our former Education Manager Esther Rutter. Beyond Grasmere our annual Wordsworth Lecture at the British Library – the first since the pandemic – attracted 155 people for a discussion and celebration of 'Coleridge at 250'.

g) Contemporary Poetry

Poet Laureate Simon Armitage returned to Grasmere in September for his annual, sell-out poetry reading, attracting 182 guests. Through our continuing association with the Michael Marks Awards for Poetry Pamphlets we partnered on the Environmental Poet of the Year Award. Linda France, the 2022 winner, gave a writing workshop and poetry reading, and we published the winning pamphlet for 2023, *A Thousand Miles from the Sea* by Jane Burn.

'Go to the Poets', our bi-monthly series of contemporary readings and open mic events, featured Liz Berry, Rachel Long, Nick Makoha, Amy Acre, Victoria Kennefick and Gillian Clarke. After her 2020 residency was postponed due to Covid, Suji Kwock Kim finally joined us as Poet in Residence in June, reading, writing, researching and running workshops. In March we once again hosted the annual Poetry Business Competition Winners' Reading, featuring Laurie Bolger and Doreen Gurrey.

Our regular poetry groups for adults, Dove Cottage Poets and Discover Poetry, continued to run monthly. Dove Cottage Poets also featured in the exhibition *Dredged* by artist Jocelyn McGregor at Windermere Jetty Museum. Their accompanying pamphlet, *Voices of Windermere*, was launched at Wordsworth Grasmere.

h) New media

Our social media presence continued to grow, with a 5% increase in followers. However, digital engagement overall declined by 11%, as many more people engaged in person with our informal learning activities.

h) Other performance measures

Continuing our journey to becoming a more diverse and inclusive organisation, our senior management team began participating in an anti-racism programme for the Cumbria Museum Consortium delivered by Anti Racist Cumbria.

In an era of climate change, we are increasingly mindful of our impact on the planet. Actions to reduce the carbon footprint of our buildings are detailed elsewhere. At an individual level, several of our staff qualified as Carbon Literacy Trainers and ran a Carbon Literacy Training session for all staff, which resulted in people making individual pledges to reduce their carbon footprint.

We increased significantly our number of volunteers in 2023/24 and they enriched our work in many ways: giving costumed poetry readings, tending to Dove Cottage Garden-Orchard, documenting our collection, acting (in *The Lakers*) and supporting guided walks. As a partner in the Cumbria Museum Consortium, we also helped to deliver 'Helping Hands' a Cumbria-wide project to increase and diversify cultural volunteering that concluded in 2024.

Once again, we benefited from many generous gifts to our collection. 'These included 12 superb drawings by the Cumbrian artist John 'Warwick' Smith, received from an anonymous donor under the Acceptance in Lieu scheme. Nicholas and Cecilia Powell gifted a sketchbook of drawings by Sir George Beaumont in memory of Tony Reavell. Through Professor Paul Betz we acquired a copy of *The Early Letters of William and Dorothy Wordsworth* annotated by Mary Moorman, biographer of Wordsworth and former Chair of the Wordsworth Trust. The manuscript, 'Some Observations and Directions in Practice' (referencing Wordsworth's father) was the gift of Dr William Zachs. The descendants of Wordsworth's landlord John Benson donated the Benson / Bore collection of manuscripts, which has been on loan to the Wordsworth Trust since 1993. Through the continued generosity of the W.W. Spooner Charitable Trust, we acquired important drawings by David Cox, Edward Dayes, William Green and several other artists.

We were partners in a project led by Lancaster University, 'Addressing the Histories and Legacies of Colonialism in Romantic-period Literary House Museums: Dove Cottage and Beyond'. This explored the ways in which we interpret our collection and the stories that we share with our visitors.

We were delighted to continue our sponsorship of the Wordsworth Grasmere Prize for Literature and Poetry at the 2023 Lakeland Book of the Year Awards. This year's Prize was won by poet Hannah Hodgson for her collection *163 Days*.

3. Acknowledgements

We gratefully acknowledge the support of a great many funding bodies and individuals who care as much as we do about celebrating Wordsworth's legacy. National Portfolio funding from Arts Council England provides a crucial underpinning for all our activities, and our ongoing strategy for financial resilience is being made possible by the National Lottery Heritage Fund and players of the National Lottery. We thank Westmorland and Furness Council, for supporting us as a Strategic Cultural Partner and through the Rural England Prosperity Fund, and our other two funding partners: Lancaster University and Brigham Young University. The John R. Murray Charitable Trust, the Sir John Fisher Foundation and the Wyfold Charitable Trust have each enabled us to achieve our purposes at a financially challenging time, and Cumbria Local Enterprise Partnership has helped us to explore ways of looking after our collection in a more environmentally sustainable way. We thank Bill Zachs and Malcolm & Nicole Thorogood for their tremendous support for our work; and we thank our Patrons, our Friends and our many other supporters, including all those who responded to our Big Give Arts for Impact appeal in March and made it so successful.

Future Plans

Following completion of the business review, we will create a new vision for the Wordsworth Trust and implement a plan to ensure our future sustainability. The extension of Arts Council National Portfolio funding to 2027 offers us the security to sustain programmes that fulfil Wordsworth's wish for his own poetry – that it 'live and do good'. Increasingly, our work will focus on ways in which being creative and engaging with nature can enhance people's wellbeing.

Wordsworth was also arguably the first environmental poet. Mindful of our responsibility to the environment we will continue to improve the energy efficiency of our estate and will programme events and activities that promote environmental awareness and individual responsibility.

Specific activities for 2024/25 include:

- Presenting a programme of exhibitions including a continuation of *To the Lakes!* and several co-curated displays in the Museum.
- Commissioning artists to respond to our place and our collection.
- Engaging with schools and community groups throughout Cumbria.
- Continuing our work with Anti Racist Cumbria, undertaking an audit of different areas of our operations and producing an action plan.
- Holding the annual Wordsworth Lecture at the British Library, marking the 200th anniversary of the death of Lord Byron.
- Launching a programme of bespoke, exclusive experiences.
- Launching a new guidebook for Wordsworth Grasmere.

Financial Review

1. Summary

The net (expenditure)/income for the year, including investment gains and losses, was £(32,000) (2022-23: £1,122,000 net expenditure).

Income from admission for the year was £360,000 (2022-23 £295,000). This is a significant improvement but does not reach the levels estimated during the Reimagining Wordsworth project. Covid, cost of living and possibly the fall in foreign visitors have contributed to the disappointing levels.

During 2023/24, we have seen improvements in investment income and an increase in property valuations.

The salary costs for the year amounted to £862,000 (2022-23 £949,000) showing a fall in costs despite pressure from wage inflation and helped by a recruitment freeze.

All cost headings have been under scrutiny and fortunately we had fixed or low inflation contracts on utilities and insurance costs.

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.

The performance of the trading subsidiary Dove Cottage Promotions Ltd (DCP) has improved but it is still being impacted by the difficult trading conditions. There is no doubt that discretionary spend is low and is being influenced by the cost of living crisis.

Increases in admissions have clearly had a positive influence on the performance of the Café and Shop.

Consequently, Dove Cottage Promotions Ltd lost £16,000 in the year compared to a profit of £37,000 in 2022-23. The 2022-23 accounts included a write-off of an underlying company balance and the trading loss was £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 £85,000 (2022-23: £90,000).

A review of the properties will result in an expected increase in revenue in 2024-25 with external renters being advertised and pursued. A revaluation of the investment properties was performed during summer 2024 resulting in an adjustment to increase the fair value of the properties by £118,000. 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 four 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, and the Catalyst Endowment Fund, which is held in the balance sheet under cash at bank. A fourth 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."

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 p.a. on a regular basis in order to aid planning within the organisation. The Trustees have the right to take up to 5% to help cash flow in difficult trading conditions, this option was taken. During the year we drew down £87,890.

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 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.

The Property Improvement Fund was created following a donation from the John R Murray Charitable Trust. The purpose of the fund was for urgent property maintenance. The balance was to be used supporting reserves. Due to the difficult trading performance the Trustees agreed to redesignate the fund, reducing the fund from £700,000 to £450,000. At the end of 2023-24 only £393,000 of this fund remains. £102,643 has been spent on property from the original fund.

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.

Following a competitive tender in line with our investment policy our Trustees appointed new investment managers from June 2024, details of which are:

CCLA
One Angel Lane
London
EC4R 3AB

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 £21,199,000. Of this £2,963,000 are endowment funds and £6,751,000 are restricted funds which are not available for the general purposes of the charity. The Designated Development Fund of £1,058,000 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 £3,964,000, represents our heritage assets and cannot be realised without 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 £393,000. Investment properties held in the unrestricted funds totalled a further £5,988,000. 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 2024 was £815,820 (31st March 2023: £889,428).

4. Fundraising

The activities reported here are only achieved with the generous financial support of others, 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 co-ordinated by the Development Manager, who reports quarterly to Trustees. Revenue fundraising is overseen by the Trustees' Fundraising Committee, to which the Development Manager also reports quarterly.

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 the needs of people who may be in vulnerable circumstances. We explain how we take ethical considerations into account when soliciting and accepting donations in our Donations Policy. This is published on our website along with our Feedback Policy, which explains how we would respond to any complaints about our fundraising. We did not receive any such complaints during the year.

We engaged the services of a fundraising strategy consultant towards the end of the year. The consultant's work does not involve applying for, or appealing for donations on our behalf, and no fees were incurred 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 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 2023-24, 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. As with all positions at the Trust SMT salaries are on occasion benchmarked against salaries in comparable organisations.

During the year to 31 March 2024 the SMT comprised:

The Robert Woof Director	Michael McGregor
Principal Curator and Head of Learning	Jeff Cowton MBE
Development Manager	Mark Bains
Finance and Operations Director	Philip Stone
Head of Visitor Experience	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 current economic downturn and slow recovery after COVID, and re-branding	Tight cost-control and careful review of cash flow budgets, with a decision to sell a property and pay off a long-term loan, significantly helping cash flow pressure.
Environmental	Significant downturn in visitor numbers.	External review of the visitor offer and marketing to keep the offer attractive and relevant.
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.	Regular review of Health and Safety Policies. Review of Safeguarding Policy and training for all staff. Review of all incidents 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. Offer of accommodation for staff.
Regulatory	Failure to comply with external regulations.	Monitor regulations and changes to them. Staff training. Collection management policies. Insurance cover.
Cyber Security	Protect the devices we use, and the services we access from theft or damage. Prevent unauthorised access to the information we store.	Full review has taken place this year with our computer software provider, with changes to a number of procedures. A Cyber Essentials audit is planned. Cyber Insurance is now in place.

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 (until April 2024)
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

19 October 2024

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.

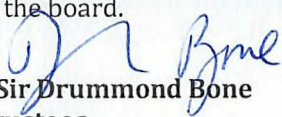
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

19 October 2024

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 2024 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 2024 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 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.

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.

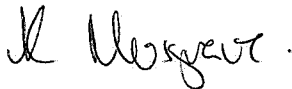
As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and Charities (Protection and Social 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.

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 (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 6/11/24.

Consolidated statement of financial activities (incorporating income & expenditure account) for the year ended 31 March 2024

		Unrestricted funds		Endowment funds			Total	Total
		Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds	Restricted funds	2023-24	2022-23
	Notes	£000	£000	£000	£000	£000	£000	£000
Income and endowments from:								
Donations and legacies	3	171	1	-	-	495	667	603
Charitable activities								
Admission fees and sales	4	411	-	-	-	-	411	331
Other trading activities								
Book and gift shop sales	5	180	-	-	-	-	180	170
Investments	6	112	16	46	36	-	210	189
Other		20	-	-	-	-	20	69
Total income		894	17	46	36	495	1,488	1,362
Expenditure on:								
Raising funds								
Fundraising costs		181	-	-	7	-	188	161
Book and gift shop costs		196	-	-	-	-	196	196
Investment management costs			2	10	6	-	18	20
Management costs of the let estate		93	-	-	-	-	93	90
Charitable activities:								
Custodianship		337	-	-	2	56	395	408
Access and learning		511	-	-	2	522	1,035	1,059
Total expenditure	7	1,318	2	10	17	578	1,925	1,934
		(424)	15	36	19	(83)	(437)	(572)
Net (losses)/gains on investments		298	39	56	14	-	407	(550)
Net (expenditure)/income		(126)	54	92	33	(83)	(30)	(1,122)
Transfers between funds	8	(211)	21	36	21	133	-	-
Net movements in funds		(337)	75	128	54	50	(30)	(1,122)
Reconciliation of funds:								
Total funds bf at 1 April 2023		10,724	983	1,708	1,073	6,741	21,229	22,351
Total funds cf at 31 March 2024		10,387	1,058	1,836	1,127	6,791	21,199	21,229

The notes on pages 25 to 47 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 2024

	Notes	Group 31 March 2024 £000	31 March 2023 £000	Charitable company 31 March 2024 £000	31 March 2023 £000
Fixed assets					
Tangible assets	9	7,615	7,845	7,611	7,844
Heritage assets	10	3,964	3,836	3,964	3,836
Investment property	11	5,988	5,870	5,988	5,870
Investments	12	4,417	4,299	4,432	4,314
Total fixed assets		21,984	21,850	21,995	21,864
Current assets					
Stocks	13	32	39	-	-
Debtors	14	108	70	245	217
Cash at bank and in hand		49	283	36	247
Total current assets		189	392	281	464
Creditors: Amounts falling due within one year	15	(233)	(197)	(226)	(190)
Net current assets		(44)	195	55	274
Total assets less current liabilities		21,940	22,045	22,050	22,138
Creditors: Amounts falling due after more than one year	16	(741)	(816)	(741)	(816)
Total net assets		21,199	21,229	21,309	21,322
The funds of the charity					
Undesignated funds:					
General funds	17	658	990	768	1,083
Revaluation reserve	17	5,313	5,195	5,313	5,195
		5,971	6,185	6,081	6,278
Designated funds:					
Warren Collection Fund	17	59	59	59	59
Collection Assets Fund	17	3,964	3,836	3,964	3,836
Designated Development Fund	17	1,058	983	1,058	983
Designated Property Improvement Fund	17	393	644	393	644
Total unrestricted funds		11,445	11,707	11,555	11,800
Restricted funds:					
Endowment funds:					
Endowment Development Fund	17	1,836	1,708	1,836	1,708
RS Woof Memorial Fund	17	254	251	254	251
Catalyst Endowment Fund	17	873	822	873	822
Total charity funds		21,199	21,229	21,309	21,322

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 £16k in the year to 31 March 2024 (£1,159k deficit in the year to 31 March 2023).

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 19 October 2024 and signed on its behalf by:

Professor Sir Drummond Bone
Chair of Trustees

Registered company number 03442086

Registered charity number 1066184

Consolidated statement of cash flows

For the year to 31 March 2024

	2023-24 £000	2022-23 £000
Cash flows from operating activities		
Net cash provided by operating activities	(276)	(528)
Cash flows from investing activities		
Dividends and interest allocated to income	125	99
Rents from investment properties	85	90
Purchase of fixed assets	(57)	(41)
Net transfer to fixed asset investments	-	(559)
Invested cash used for management charges	20	(3)
Proceeds from sales of assets	-	-
Net cash used in investing activities	173	(414)
Cash flows from financing activities		
Repayments of borrowing	(74)	(73)
Interest payable on loan	(57)	(35)
Cash used in financing activities	(131)	(108)
Change in cash and cash equivalents in the period:	(234)	(1,050)
Cash and cash equivalents at start of year	283	1,333
Cash and cash equivalents at end of year	49	283
Reconciliation of net income to net cash used in operating activities		
Net (expenditure)/income	(30)	(1,122)
Adjustments for:		
Depreciation	287	285
Losses/(gains) on investments	(286)	230
Losses/(Gains) on revaluation of investment properties	(118)	320
Dividends and interest	(124)	(99)
Rent on investment properties	(85)	(90)
Interest payable on loan	57	35
Gifts in kind	-	(69)
Receipts of endowment	-	-
Investment management costs	18	21
Decrease/(Increase) in stocks	7	(2)
(Increase)/decrease in debtors	(38)	(4)
Increase/(decrease) in creditors	36	(33)
Net cash provided by operating activities	(276)	(528)

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 FRS102. 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 2024 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 2023 are given below.

	Unrestricted funds		Endowment funds		Restricted funds	Total	Total
	Unrestricted funds	Designated Development Fund	Development Fund	Other Endowment Funds	Restricted funds	2022-23	2021-22
	£000	£000	£000	£000	£000	£000	£000
<i>Notes</i>							
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	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 brought forward at 1 April 2022	11,373	1,038	1,802	1,149	6,989	22,351	19,692
Total funds carried forward at 31 March 2023	10,724	983	1,708	1,073	6,741	21,229	22,351

Notes (continued)

3 Donations and legacies

	Unrestricted funds	Designated Development Fund	Restricted funds	2023-24	2022-23
	£000	£000	£000	£000	£000
Arts Council England (NPO Grant)	-	-	329	329	329
Watercolours – accepted in lieu of inheritance tax by HMRC and allocated to Wordsworth Trust	98	-	-	98	-
W.W. Spooner Charitable Trust	10	-	-	10	45
Westmorland and Furness (strategic cultural partnership)	-	-	18	18	-
Westmoreland and Furness (culture recovery support fund)	-	-	22	22	-
Arts Council England (Culture Recovery Fund)	-	-	-	-	36
South Lakeland District Council	-	-	-	-	18
Michael Marks Charitable Trust	-	-	25	25	24
Lancaster University	-	-	20	20	20
National Lottery Heritage Fund	-	-	23	23	-
Cecilia and Nicholas Powell	13	-	-	13	11
Friends of the National Libraries	-	-	-	-	11
Westmorland and Furness (NPO grant)	-	-	10	10	10
Rothermere Foundation	-	-	-	-	10
Sir John Fisher Foundation	-	-	7	7	10
University of Leeds	-	-	-	-	9
Social Enterprise Academy / NCHF	-	-	10	10	-
Brigham Young University	-	-	14	14	-
Cumbria Local Enterprise Partnership	-	-	10	10	-
Joanna Tracher	5	-	-	5	-
Wyfold Charitable Trust	5	-	-	5	-
Dr William Zachs	4	-	-	4	-
John R Murray Charitable Trust	-	-	7	7	-
Tom and Blaine Wells	-	-	-	-	8
Northern Powerhouse Internationalisation Fund	-	-	-	-	5
Patricia Grodd and Michael Stone	-	-	-	-	4
The Estate of the late Lady Chorley	-	-	-	-	3
The Estate of the late Nina Drucker	-	-	-	-	3
Friends	12	-	-	12	12
Patrons	15	-	-	15	17
Gift Aid and others (£2,000 or below)	9	1	-	10	18
	171	1	495	667	603

Notes (continued)

4 Income from charitable activities

	2023-24 £000	2022-23 £000
Admission fees	362	295
Short course programme	46	36
Publications	3	2
Less sales to subsidiary	-	(2)
Profit on sale of fixed asset	-	-
	<u>411</u>	<u>331</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.

	2023-24 £000	2022-23 £000
Turnover	180	170
Cost of sales	(84)	(79)
Gross profit	<u>96</u>	<u>91</u>
Administrative expenses	(112)	(124)
Exceptional income	-	70
Operating (loss) / profit	<u>(16)</u>	<u>37</u>
Tax	-	-
(loss) / profit on ordinary activities after taxation	(16)	37
Gift aid payment	-	-
Retained (loss) / profit for the year after payment of gift aid	<u>(16)</u>	<u>37</u>

The aggregate of the assets, liabilities and funds was:

	31 March 2024 £000	31 March 2023 £000
Assets	56	79
Liabilities	(151)	(158)
Funds	<u>(95)</u>	<u>(79)</u>

Notes (continued)

6 Investment income

<i>Group</i>	2023-24 £000	2022-23 £000
Dividends receivable	125	99
Rents receivable	85	90
	<u>210</u>	<u>189</u>

7 Analysis of expenditure

<i>Group</i>	Direct costs £000	Support costs £000	2023-24 £000	2022-23 £000
Fundraising costs	116	72	188	161
Book and gift shop costs	83	-	83	79
Cost of sales	113	-	113	117
Other	18	-	18	20
Investment management costs	73	20	93	90
Management of the let estate	<u>403</u>	<u>92</u>	<u>495</u>	<u>467</u>
Cost of charitable activities				
Custodianship				
Historic buildings	12	9	21	48
Collection	318	56	374	360
	<u>330</u>	<u>65</u>	<u>395</u>	<u>408</u>
Access and learning				
Visitor operations	538	278	816	823
Exhibitions and publications	32	23	55	58
Education	88	43	131	141
Contemporary literature	30	3	33	37
	<u>688</u>	<u>347</u>	<u>1,035</u>	<u>1,059</u>
Total cost of charitable activities	<u>1,018</u>	<u>412</u>	<u>1,430</u>	<u>1,467</u>
Total expenditure	<u>1,421</u>	<u>504</u>	<u>1,925</u>	<u>1,934</u>

Notes (continued)

7 Analysis of expenditure (continued)

Allocation of support costs

	Fundraising	Management of let estate	Charitable activities	2023-24	2022-23
	£000	£000	£000	£000	£000
Management	46	12	260	318	300
Finance	16	4	90	110	88
Information technology	6	2	31	39	38
Human resources	-	-	1	1	14
Governance	5	1	30	36	27
	<u>73</u>	<u>19</u>	<u>412</u>	<u>504</u>	<u>467</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:

Trust and Deeds Settlements Promotions Limited:					
		Group	Charitable company		
		2023-24	2022-23	2023-24	2022-23
		£000	£000	£000	£000
£p	£5	£	£	£	£
£p	£5	£	£	£	£
	Audit fees	28	25	25	23
	Depreciation on owned fixed assets	287	285	287	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 36 (2022-23: 39). The Trust employs a number of seasonal and part-time staff; the average number of full-time equivalent employees was 31 (2022-23: 34).

The total staff costs for the group were as follows:

	2023-24 £000	2022-23 £000
Wages and salaries	766	833
Employers' social security costs	62	76
Employers' pension contributions	34	40
Group total	<u>862</u>	<u>949</u>

One member of staff received emoluments totalling more than £60,000 for the year (2022-23: 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 £33,676 (2022-23: £40,216). At the end of the year £5,626 in contributions was outstanding (2022-23: £8,254).

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 £245,831 (2022-23: £259,135). 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.

The Trustees received no remuneration during the year. Travel and subsistence expenses of £2,932 (2022-23: £6,724) were paid to or on behalf of 13 trustees (2022-23: 13) during the year of which £136 (2022-23: £296) was unpaid at the year end. Nothing was paid in relation to travel and subsistence for the Trust's President (2022-23: Nil).

Interest payable

	2023-24 £000	2022-23 £000
On bank loans and overdrafts	<u>57</u>	<u>35</u>

Notes (continued)

8 Transfers between funds

Transfers into unrestricted funds during the year comprised:

	2023-24 £000
Investment income transferred from the Designated Development Fund	21
Investment income transferred from the Endowment Development Fund	36
Investment income transferred from the Catalyst Endowment Fund	21
Investment income transferred from the Restricted Property Fund	133
Total transfers	211

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 £87,890 (2022-23: £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.

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	-	447	447
Total	1,261	447	1,708
Movements during the year			
Investment return: dividends and interest	-	46	46
Investment return: realised and unrealised gains/(losses)	-	138	138
Transfer	-	-	-
Investment management charges	-	(10)	(10)
Total	-	174	174
Unapplied total return allocated to income	-	(46)	(46)
Net movement during the year	-	128	128
Closing value at 31 March 2024			
Gift component	1,261	-	1,261
Unapplied total return	-	575	575
Total	1,261	575	1,836

	Investment fund £000	Unapplied total return £000	Total £000
Opening value of the Designated Development Fund			
Gift component	715	-	715
Unapplied total return	-	268	268
Total	715	268	983
Movements during the year			
Investment return: dividends and interest	-	16	16
Investment return: realised and unrealised gains	-	76	76
Transfer	-	-	-
Investment management charges	-	(2)	(2)
Donations received	1	-	1
Total	1	90	91
Unapplied total return allocated to income	-	(16)	(16)
Net movement during the year	1	74	75
Closing value at 31 March 2024			
Gift component	716	-	716
Unapplied total return	-	342	342
Total	716	342	1,058

Notes (continued)

9 Tangible fixed assets

Group	Jerwood Centre	Other freehold property	Intangible assets	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2023	3,442	5,640	7	1,603	10,692
Additions	-	43	-	14	57
Disposals/write off	-	-	-	-	-
At 31 March 2023	3,442	5,683	7	1,617	10,749
Depreciation					
At 1 April 2023	1,864	463	6	514	2,847
Charge for the year	50	114	1	122	287
Disposals/write off	-	-	-	-	-
At 31 March 2024	1,914	577	7	636	3,134
Net book value					
At 31 March 2024	1,528	5,106	0	981	7,615
At 31 March 2023	1,578	5,177	1	1,089	7,845

The total of non-depreciable assets included in other freehold property at the year end was £279,204 (2022-23: £279,204).

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 £4,653,226 (2022-23: £4,750,419).

Notes (continued)

9 Tangible fixed assets (continued)

Charitable Company	Jerwood Centre	Other Freehold property	Intangible assets	Fixtures, fittings, equipment and motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2023	3,442	5,640	7	1,583	10,672
Additions	-	42	-	12	54
Disposals/write off	-	-	-	-	-
At 31 March 2024	3,442	5,682	7	1,595	10,726
Depreciation					
At 1 April 2023	1,864	463	6	495	2,828
Charge for year	50	114	1	122	287
Disposals/write off	-	-	-	-	-
At 31 March 2024	1,914	577	7	617	3,115
Net book value					
At 31 March 2024	1,528	5,105	0	978	7,611
At 31 March 2023	1,578	5,177	1	1,088	7,844

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.

	2023-24 £000	2022-23 £000
Opening value of Heritage Assets		
Purchases	2,790	2,790
Donations at valuation	783	714
Transfer from Investment Property	263	263
Total	3,836	3,767
Acquisitions during the period		
Purchases	-	-
Donations at valuation	128	69
Total	128	69
Closing value of Heritage Assets		
Purchases	2,790	2,790
Donations at valuation	911	783
Transfer from Investment Property	263	263
Total	3,964	3,836

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	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Purchases	-	-	-	-	1
Donations	128	69	54	5	68
Total acquisitions	128	69	54	5	69

There have been no disposals in the last five years.

Notes (continued)

11 Investment property – UK

Group and charitable company

	31 March 2024 £000	31 March 2023 £000
Brought forward	5,870	6,190
Increase/(decrease) on revaluation	118	(320)
Carried forward	5,988	5,870

A re-valuation of a selection of the investment properties was performed by Mr D. Hackney FRICS during summer 2024 resulting in an adjustment to increase the fair value of the properties by £118,000.

12 Fixed asset investments

	Group 31 March 2024 £000	Group 31 March 2023 £000	Charitable company 31 March 2024 £000	Charitable company 31 March 2023 £000
Ordinary £1 shares in Dove Cottage Promotions Limited	-	-	15	15
Development Fund investments	2,894	2,691	2,894	2,691
RS Woof Memorial Fund investments	254	251	254	251
Catalyst Endowment Fund investments	876	822	876	822
Property Development Fund investments	393	535	393	535
	4,417	4,299	4,432	4,314

Group and charitable company	Development Fund £000	RS Woof Memorial Fund £000	Catalyst Endowment £000	Property Development £000	Totals £000
Opening market value	2,691	251	822	535	4,299
Additions	595	-	164	13	772
Disposals	(678)	-	(170)	(173)	(1,021)
Net investment profits	238	2	42	8	290
Closing market value	2,846	253	858	383	4,340
Cash on deposit	44	1	16	7	68
Accrued income	4	-	2	3	9
	2,894	254	876	393	4,417

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 2024:

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

Group

	31 March 2024 £000	31 March 2023 £000
Goods held for resale	32	39

Notes (continued)

14 Debtors: amounts falling due within one year

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade debtors	16	10	16	8
Other taxes and social security	-	-	-	-
Prepayments	32	30	24	28
Accrued income	60	30	60	30
Amounts owed by subsidiary undertaking	-	-	145	151
	<u>108</u>	<u>70</u>	<u>245</u>	<u>217</u>

15 Creditors: amounts falling due within one year

	Group	Group	Charitable company	Charitable company
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£000
Trade creditors	34	34	32	31
Other taxes and social security	15	17	13	15
Other creditors	8	10	8	10
Bank loan	74	74	74	74
Accruals	102	62	99	60
	<u>233</u>	<u>197</u>	<u>226</u>	<u>190</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
	2024	2023	2024	2023
	£000	£000	£000	£000
Bank loan	-	-	-	-
- due between 2 and 5 years	295	295	295	295
- due after 5 years	446	521	446	521
	<u>741</u>	<u>816</u>	<u>741</u>	<u>816</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 39% (2023: 43%) of the value of the properties charged.

Notes (continued)

17 Reconciliation of movement in funds

Group	Funds at 1 April 2023	Income	Expenditure	Transfers /investment (losses)/gains	Funds at 31 March 2024
	£000	£000	£000	£000	£000
Unrestricted funds:					
General funds	990	741	(1318)	245	658
Revaluation reserve	5,195	-	-	118	5,313
Warren Collection Fund	59	-	-	-	59
Collection Assets Fund	3,836	128	-	-	3,964
Designated Development Fund	983	16	(2)	61	1,058
Designated Property Improvement Fund	644	25	-	(276)	393
Restricted funds:					
Income funds	21	495	(335)	(114)	67
Acquisition funds	2	-	-	-	2
Reimagining Wordsworth - capital	5,284	-	(197)	-	5,087
Reimagining Wordsworth - delivery	10	-	-	-	10
Capital funds	1,424	-	(46)	247	1,625
Endowment funds:					
Endowment Development Fund	1,708	46	(10)	92	1,836
RS Woof Memorial Fund	251	15	(4)	(8)	254
Catalyst Endowment Fund	822	22	(13)	42	873
	21,229	1,488	(1,925)	407	21,199

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 2024 represented by:</i>						
Fixed assets	11,415	1,058	1,836	1,127	6,548	21,984
Current assets	233	-	-	-	(44)	189
Current liabilities	(233)	-	-	-	-	(233)
Creditors falling due after one year	(741)	-	-	-	-	(741)
	<u>10,674</u>	<u>1,058</u>	<u>1,836</u>	<u>1,127</u>	<u>6,504</u>	<u>21,199</u>
<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>

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 2024 represented by:</i>						
Fixed assets	11,470	1,058	1,836	1,127	6,504	21,995
Current assets	245	-	-	-	-	245
Current liabilities	(190)	-	-	-	-	(190)
Creditors falling due after one year	(741)	-	-	-	-	(741)
	<u>10,784</u>	<u>1,058</u>	<u>1,836</u>	<u>1,127</u>	<u>6,504</u>	<u>21,309</u>
<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>

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 2024	31 March 2023
	£000	£000
Authorised but not committed	-	-
Against which orders have been placed	38	38

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 £4,535 during the year (2023: £2,500). This can be split as follows:

	2023-24	2022-23
Unrestricted	3,935	1,900
Restricted	600	600
In kind	-	-
Total donations	4,535	2,500

22 Financial instruments

	Group 31 March 2024 £000	Group 31 March 2023 £000	Charitable company 31 March 2024 £000	Charitable company 31 March 2023 £000
Financial assets at amortised cost	76	40	221	189
Financial liabilities at amortised cost	959	996	954	991

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

						Charitable company			
	Note	1 April 2023	Cash flow	Group Other non cash movements	31 March 2024	1 April 2023	Cash flow	Group Other non cash movements	31 March 2024
		£000	£000	£000	£000	£000	£000	£000	£000
Cash at bank and in hand		283	(234)	-	49	247	(211)	-	36
Bank loan	15	(74)	75	(75)	(74)	(74)	75	(75)	(74)
Debt due within one year		(74)	75	(75)	(74)	(74)	75	(75)	(74)
Bank loans	16	(816)	-	75	(741)	(816)	-	75	(741)
Debt due after more than one year		(816)	-	75	(741)	(816)	-	75	(741)
Total net debt		(607)	(159)	-	(766)	(643)	(136)	-	(779)

