

Company number: 03927101

Charity number: 1086789

**THE KENDAL BREWERY
ARTS CENTRE TRUST LIMITED**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021



THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Reference and administrative information

Charity number 1086789
Company number 03927101

Trustees

C E Welburn (Resigned 1 December 2020)
P Yarwood (Resigned 20 May 2021)
P L Whitehurst
A J Preedy (Resigned 19 August 2021)
T R Clarke
A Lawson
D L Stevens
S C H Poole
M R Sumison (Resigned 1 December 2020)
L S R Davies
A Senior (Appointed 20 May 2021)
N E Farrer (Appointed 20 May 2021)
S J Hunt (Appointed 20 May 2021)
S L H Newton (Appointed 20 May 2021)
L Chirwa (Appointed 20 May 2021)

Chief Executive

M Randall

Secretary

M Randall

Registered Office

Brewery Arts
122A Highgate
Kendal
Cumbria LA9 4HE
LA9 4HE

Auditors

Haines Watts Manchester Limited
3rd Floor, Northern Assurance Buildings
Albert Square
9-21 Princess Street
Manchester M2 4DN

Bankers

Yorkshire Bank
7 Stricklandgate
Kendal
LA9 4NB

Solicitors

Milne Moser
Solicitors
Westmorland House
The Square
Milnthorpe
Cumbria LA7 7QJ

Investment Managers

Legal & General Investment Management Limited
One Coleman Street
London
EC2R 5AA

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Report of the Trustees for the Year Ended 31 March 2021

The trustees, who are also the directors of the charitable company ("the Charity") for the purposes of the Companies Act 2006, present their annual report on the affairs of the Charity, together with the financial statements and auditors' report, for the year ended 31 March 2021. The annual report and financial statements are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The reference and administrative information set out on page 1 forms part of this report. The financial statements have been prepared in accordance with the accounting policies set out in the notes and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Objectives and Activities for public benefit

The Charity's main objectives are:

- to promote, maintain, improve and advance education particularly by the encouragement of the Arts and Crafts and the formulation, preparation and establishment of schemes to render the Arts accessible to the public;
- to promote the education of children by encouraging an interest in and understanding of the Arts and by running play schools for young children, and;
- for any other charitable purposes tending to encourage interest in the Arts which may be conveniently promoted in combination with the aforesaid purpose and which may include permitting Old Age Pensioners to use the premises of the Charity for the purpose of recreation or other leisure-time activities with the object of improving their conditions of life;
- to promote for the benefit of the inhabitants of Kendal, the South Lakes and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the quality of life of the said inhabitants.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives. In particular, the trustees consider how planned activities contribute to the aims and objectives. We are satisfied that each of our aims is charitable and that each is for public benefit, and we are confident that our activities are consistent with our objectives. The following paragraphs demonstrate that our activities deliver public benefit. While we rely on ticket sales as part of our income, we provide access at concessionary rates for performances and for classes wherever practicable.

The Charity sees its mission as offering the opportunity to all in its immediate and wider community to access a balanced and diverse programme of artistic and educational activity across art forms. We offer a high quality experience to audiences, participants and artists alike and encourage and support the professional development and well-being of our staff. We strive to develop audiences and artists and to encourage more people to engage with the arts at every level.

2020-21 was an exceptional year due to the COVID-19 pandemic and this is reflected in changes to our operations and activity levels during enforced closures in line with Government restrictions.

Public Benefit

We provide public benefit by meeting our charitable aims, and this is done by the provision of our programmes of theatre, dance, comedy, music, visual arts, literature and film and in the provision of education courses and classes which are all available to, and enjoyed by, a wide audience in the locality and the region.

Due to the COVID-19 pandemic we delivered reduced activity during enforced closures in line with Government restrictions. However, we continued to provide public programmes onsite when permitted, and we delivered new cultural programmes online, reaching audiences of all ages and backgrounds across the year. We also made significant improvements to our infrastructure and

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Report of the Trustees for the Year Ended 31 March 2021

facilities which will benefit artists and audiences for years to come. New creative commissions and programme partnerships were also forged, supporting artists and the community while producing artistic projects for the public.

Strategic Report

Exceptional Matters Arising in 2020-21: Covid-19 and Brexit

The effects of the Covid-19 global pandemic caused significant business interruption in 2020-21. As with all arts, entertainment and hospitality venues, we were unable to operate at normal levels. Across the year, 10 months were impacted by Government lockdowns or other restrictions. This resulted in the complete closure of the centre for eight months across the year and the cancellation or postponement of much of our planned programme. The financial impact has been largely offset due to cost savings, staff redundancies, fundraising, Covid-19 grants and a CBIL loan.

It is also noted that the UK exited from the European Union (Brexit) and completed the transition process in 2020-21. The impact on our activities was minor in comparison with the impact of Covid-19. However, we note the combination of these two major events caused problems for recruitment and retention of staff, and movement and availability of goods, causing disruption to the timing of capital work, and staff shortages.

Achievements and Performance

General

Despite the challenges of 2020-21, the Charity continued to provide cultural activities and also carried out a capital programme to radically improve the venue and facilities. The main activities undertaken to meet our objectives and to deliver public benefit are summarised below.

Creative Learning & Community Outreach

Our Creative Learning programme continues to engage people of all ages, backgrounds and abilities. In 2020-21 we delivered a blend of onsite and online creative learning activities for young people, adults, and older people. We delivered a total of 600 creative learning sessions, which were attended by 3,600 people. Of this figure, 1,200 attendees were children and young people between the ages of 3-19 years. Classes covered a range of artforms including visual art, dance, drama and music. By taking our classes online we were able to provide enriching experiences for people at home during lockdowns, to people across the county and as far afield as Germany. Our elders theatre company Act Your Age continued to thrive during lockdowns with the support of our team and our filmmaking and digital equipment.

Film Programme

As one of the leading independent cinemas in the north west and a member of BFI Film Hub North, we present a rich programme of cultural film, selected blockbusters. Pre-Covid attendance for film screenings is 80,000 people per year. Although this figure dropped to 3,000 in 2020-21 due to enforced lockdowns, our audience development activities continued to build awareness of film culture, and we established partnerships with organisations Anti-Racist Cumbria and Cumbria Deaf Association to build more inclusive engagement, through co-programming and wraparound activities. We also continued to support young filmmakers and curators, through masterclasses and screenings with students at Kendal College, and through co-programming with our young Film Ambassadors Group.

Live Events

Pre-Covid we attracted 50,000 people each year to our live programme of music, theatre, comedy, dance and spoken word. We were unable to present this level during 2020-21 due to Covid restrictions. However, we continued to support artists and companies working in music, theatre and the performing arts, screening and commissioning new work, and maintaining partnerships. The live music programme is now almost back to full scale, showing an average of two live shows per week. Childrens theatre has also returned, and the stage on screen programme with National Theatre Live.

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Report of the Trustees for the Year Ended 31 March 2021

In normal circumstances, we are a host site for two major festivals in Kendal – the Kendal Mountain Festival and Lakes International Comic Art Festival. In 2020-21 both of these festivals went online due to Covid restrictions. We worked with Kendal Mountain Festival to support their talks and presentations which took place in our venue with Covid-safe streaming and broadcasting facilities, reaching audiences across the globe online.

Artist Support, Commissions and Digital Content

The grass roots Verbalise spoken word programme continued to operate very successful open mic events throughout the year as we continued to host the events online. The community continues to grow and has now returned to the venue while also live streaming participants, including those who would not otherwise be able to attend due to disability.

We commissioned Imitating the Dog to create STREET, a collection of local stories told through innovative digital commissions in 2020-21. The videos were presented online, and in our new digital gallery. The project was well received and had national and international press, including in the New Yorker.

We also contributed commissioning funds towards Animated Futures, a filmmaking project for up to 30 young black and brown Cumbrians to build storytelling and creative skills while sharing the challenges of growing up in a 98% white county.

Our Digital Future - capital project

In 2020-21 we carried out most of the Our Digital Future project, a programme of capital upgrades across the entire premises, modernising our venues and increasing their potential to provide exceptional experiences for artists and audiences. The work was completed in summer 2021.

The venue now includes a state of the art two-screen cinema complex with luxurious seating and giant screens, along with a new purpose built boutique digital lounge for additional immersive screenings and gaming. The theatre, music venue, creative studios and warehouse were upgraded with new technology, for world-class live performances, audio visual presentations, creative learning and interactive exhibitions. New facilities for music and film production were also installed, placing a new digital-led talent development and production hub at the heart of our activities. These will support new programmes of residencies, workshops, community engagement and outreach projects.

Live streaming equipment has also been fitted throughout the venue, allowing events such as live music and theatre, festivals, conferences and weddings to be broadcast from the building to digital platforms and viewed anywhere in the world. Together with strengthened digital infrastructure across the site, this will transform the quality and scope of the services on offer to cultural partners and corporate clients.

The project was generously supported with £850,000 capital grant funding, which was secured before the pandemic and designated for improvements to the building and its infrastructure. The funds were awarded by Arts Council England, Cumbria LEP, South Lakeland District Council, Cumbria County Council, Kendal Town Council, Brewery Arts Centre Endowment Trust, The Garfield Weston Foundation, The Foyle Foundation, anonymous gifts and individual donations through a successful public appeal.

Financial review

We are grateful to key funders, Arts Council England, South Lakeland District Council, Kendal Town Council, Cumbria County Council and BFI Film Hub North, for their continued support to help us maintain the valuable work we do. We are also grateful for the continued support received from the Brewery Arts Centre Endowment Trust and a range of trusts and foundations.

Grants received from public sources were vital in enabling us to survive the impacts of the pandemic. In addition to continuing to provide our annual funding, we received the following emergency Covid funding:

- Arts Council England - £203,315 from the Culture Recovery Fund,

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Report of the Trustees for the Year Ended 31 March 2021

- South Lakeland District Council - £21,750 Covid Emergency grant and £10,000 Covid Discretionary grant
- We also received grants totaling £266,863 under the central government Covid Job Retention Scheme

The 2020-21 financial year also saw the receipt of a significant proportion of the grant funding for the Our Digital Future project, totaling £430,512 in the year.

Grants and donations received from private sources had doubled in the previous year, as a result of major grant being received in that year ahead of the Our Digital Future project. As expected, funding in this financial year fell back to previous levels.

Covid restrictions meant that the site was closed for much of the financial year. Even in those months that activities could take place, restrictions meant that income from charitable activities was negatively impacted (down 88% on the previous year) and additional costs were incurred. Costs were tightly controlled and the difficult decision was taken in summer 2020 to make a number of staff redundant.

Our wholly-owned subsidiary, Kendal Catering Company Limited (KCC), operates all of the food and drink activities within The Brewery site. This is an important part of our 'offer' to people attending our programme. Covid restrictions also meant that KCC was unable to operate for much of the financial year. Trading income was significantly reduced, but the company was able to achieve break-even for the year through government Covid support and other emergency grant funding.

Net income for the financial year 2020-21 was a surplus of £439,485. This was the result of:

- A partial recovery of £67,353 in the value of the endowment investments that had fallen by £84,044 at the previous year end, as a result of the start of the pandemic.
 - A surplus of £339,999 on the Our Digital Future project.
- This reflects the way that large capital projects are reported in our accounts. The income is accounted for in full in the year in which it is received; however, the expenditure is capitalised as it is incurred and then expensed over the useful life of the various assets through an annual depreciation charge. The surplus in this financial year is therefore a timing issue and will be offset by deficits in future years.

Investment policy and performance

The trustees' investment powers are governed by the Articles of Association, which permits the Charity's funds to be invested as the trustees see fit and in a manner which is beneficial for the achievement of the Charity's objects.

The Charity invests funds which were donated to it for the express purpose of generating income to further its objectives. The majority of funds, managed by Legal & General Investment Management Limited, are held in an Index Tracker Fund. The chosen investment vehicle not only offers guaranteed index performance it also is the most cost effective way of maintaining equity market exposure for the Trust.

During the year these funds recovered in value by £67,353, reflecting the widespread recovery in UK equity prices following the initial falls at the end of March 2020 when the pandemic first impacted on the UK economy.

Risk management

The trustees review the risks to which the Charity is exposed. The Charity follows accepted health and safety procedures in all its activities to minimise the likelihood of harm to staff, performers, volunteers, clients and visitors to the Arts Centre. The trustees consider that, as far as is currently practical, suitable systems, internal controls and insurances are in place to mitigate risks.

Even before the impact of the pandemic, financial sustainability was identified as a risk for the Charity as deficits were incurred between 2016-2019. The Charity does not hold significant levels of reserves to support volatility in financial performance. Capital investment completed in 2021 will increase income potential from our facilities, including artistic and commercial events in our digitally enhanced

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venues, and trading revenue from our significantly improved bar and restaurant services.

The financial strategy set out above aims to address this risk by maintaining and improving the Charity's facilities and programme of activities, to generate additional income and return the Charity to annual surpluses.

Covid-19 was an unprecedented risk that impacted throughout the financial year and continues to do so. The situation is continually monitored and managed in line with all government regulations. Modifications to our venue and changes to our operations and service were implemented in the financial year to maintain the safety of staff and customers. As explained above, additional funding was secured through emergency grants and the Charity was restructured to reduce costs and increase efficiency.

Reserves policy

Total funds at 31 March 2021 amount to £3,104,666 of which £2,449,364 is held in endowment and restricted funds and are therefore not available for the general purposes of the Charity. The designated funds amounted to £892,897, representing the net book value of the buildings acquired with unrestricted funds. No material expenditure is expected from the buildings designated fund in the forthcoming year.

In 2019 the trustees reviewed the reserves policy and consider that the level of free reserves (that is those items not tied up in fixed assets and restricted funds) required to sustain its operations should be equivalent to three months' worth of annual expenditure (24% of budget). The reserves are needed to meet the working capital requirements of the Charity. As the centre was closed for much of the financial year, annual expenditure was significantly reduced. The trustees will determine the new target level of free reserves, as activity returns to pre-pandemic levels.

Although the target level for free reserves will be lower than before the pandemic, the present level of free reserves available remains negative and so still falls significantly short of whatever the new target level will be. The strategy for building reserves is as follows:-

- 1 to introduce a new 5-year organisational strategy in 2022 to strengthen the business model, increase commercial profitability and secure the future development of the Charity;
- 2 to set operating budgets that generate annual cash surpluses for reinvestment in the Charity; and
- 3 to maximise income generation opportunities provided by the Capital improvements, improving the facilities and the marketability of commercial operations and through appeals and fundraising.

This will be achieved by:

- 1 carrying out a comprehensive review of artistic and business strategy and operations;
- 2 implementing a new financial strategy that will support our creative and commercial growth;
- 3 regularly reviewing pricing levels for arts, education and other activities;
- 4 maintaining tight control of costs;
- 5 ensuring that all working procedures and staffing levels are economic and efficient; and
- 6 broadening the funding base of the Charity by seeking new partnerships and new sources of grant funding, sponsorship, legacies and donations.

Plans for future periods

Work continues to:-

- increase public benefit and engagement through new world-class programmes and audience development strategies;
- ensure our work is progressive and values-led, providing inclusive and relevant programmes for 21st century communities;
- strengthen existing partnerships and develop new ones to enhance our work and the impact of the region;
- continue to build our donor base and membership schemes, focusing on our 50th Anniversary year in 2022;
- explore long term funding opportunities for the major capital development of the Brewery site,

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Report of the Trustees for the Year Ended 31 March 2021

- including new production facilities for artists and companies working across disciplines such as music, film, digital art and the performing arts, and a larger capacity live venue;
- deliver elements of the Brewery programme in new contexts with a range of partnership organisations;
- ensure we maximise our business potential to support our charitable aims;
- be environmentally responsible with regards to the climate emergency.

Structure, governance and management

Governing Document

The Charity is a company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association which were updated by special resolution on 14 February 2006.

Recruitment and Appointment of Trustees

The trustees are elected by the company at the Annual General Meeting in accordance with the Articles of Association. Four long serving trustees resigned during the financial year, but five new trustees were appointed in May 2021. The trustees who served during the year are set out on page 1.

Trustee Induction and Training

An induction pack is available to any new trustee which includes a copy of the Memorandum and Articles of Association, a summary of the Charity's objectives, a copy of the Charity Commission's guide on the duties of a trustee and the most recent financial statements.

Organisational Structure

The Charity has a wholly owned subsidiary, Kendal Catering Company Limited, which manages the provision of bar and catering facilities within the Arts Centre and at other outlets. The Board of Kendal Catering Company meets regularly to oversee the work of this company.

The trustees have regular access to information regarding the programme and financial performance of the trust and meet at least every quarter. The Board has established an Audit & Risk Committee (now replaced by a Finance Sub-Committee) and other ad hoc committees/working groups are set up to consider specific issues where needed. All Trustees' meetings and committee meetings are attended by the Chief Executive.

Our key funders are all invited to send observers to the Trustees' Meetings. These funders are:- Arts Council England North West, South Lakeland District Council and Kendal Town Council.

Fundraising methodology

Whilst the majority of the Charity's income is generated through its charitable activities, it is also reliant on grants and voluntary donations to enable it to deliver its high-quality, diverse artistic programme.

The majority of this income is provided by way of grants from arts funders (primarily Arts Council England North West), local government (South Lakeland District Council and Kendal Town Council) and other grant-awarding bodies on an ad-hoc basis. A relatively small amount of donations is received from people attending events and from the general public. These are typically focused on major capital projects, such as the Our Digital Future project.

As this additional income is critical to the on-going development of The Brewery, the Charity employs one member of staff dedicated to fundraising, primarily through making grant applications. During the financial year, the Charity was not subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, in respect of activities on behalf of the Charity. However, the activities of the Fundraising Manager are monitored by the Chief Executive, to ensure that they are in-line with internal policies and procedures.

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Report of the Trustees for the Year Ended 31 March 2021

The Charity did not receive any complaints during the year concerning the Charity's fundraising activities.

The Charity is committed to protecting vulnerable people and other members of the public from the following behaviour in the course of, or in connection with, its fundraising activities:

- a) unreasonable intrusion on a person's privacy;
- b) unreasonably persistent approaches for the purpose of soliciting or otherwise procuring money or other property on behalf of the Charity;
- c) placing undue pressure on a person to give money or other property.

Key management personnel remuneration

The Trustees consider the board of Trustees and the Chief Executive as comprising the key management personnel of the Charity in charge of directing and controlling the Charity and running and operating the Charity on a day-to-day basis. The remuneration paid to the Chief Executive and the expenses reimbursed to them are disclosed in note 13 to the financial statements. The Trustees give their time freely and no Trustee remuneration was paid to them during the year.

Trustees are required to disclose all relevant interests to other trustees and withdraw from decisions where a conflict of interest arises. Details of related party transactions are disclosed in note 14 to the financial statements. Any benefit received by trustees, staff and volunteers is purely incidental to the objects of the Charity.

A sub-committee of Trustees, the Remuneration Committee, met during the year to review pay levels across the Charity including the pay levels of the Chief Executive. The committee took account of a range of data including pay levels in the local area and provincial art centres in the north-west UK. The committee members were also conscious of the impact of the National Living Wage and being able to maintain appropriate differentials in pay levels right through the management structure.

Statement of disclosure to Auditor

- (a) so far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Trustees' responsibilities

The trustees (who are also directors of the Kendal Brewery Arts Centre Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and the charitable company and of the group's incoming resources and application of resources, including the income and expenditure, of the group for the year. 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume

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Report of the Trustees for the Year Ended 31 March 2021

that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and 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 group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approval of the Trustees' Report and Strategic Report on behalf of the Board



M Randail
Company Secretary

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Independent auditors' report to the members of The Kendal Brewery Arts Centre Trust Limited

Opinion

We have audited the financial statements of Kendal Brewery Arts Centre Trust Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2021, 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;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of Opinion

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

Conclusions relating to going concern

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

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the accounting policies.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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Independent auditors' report to the members of The Kendal Brewery Arts Centre Trust Limited

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charity's Act 2011 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's 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.

Responsibility of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, 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 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 the 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.

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Independent auditors' report to the members of The Kendal Brewery Arts Centre Trust Limited

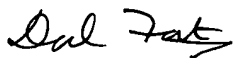
We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the company engagement team included

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates, in particular we have vouched items included in the stock provision to actual events after date and compared previous years provisions to actual to ensure reasonable;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- We have tested samples of sales orders, ticket booking system and grants offer letters ensuring they are included in income as well as increasing the risk in our sample when testing trade debtors
- During the course of the audit on all testing we have ensured income and expenditure has been allocated to the correct funds
- We have reviewed all budgets and cashflows to ensure that they are reasonable and can be relied on to conclude on going concern

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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 and to the charitable company's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



David Fort FCA (Senior Statutory Auditor)
for and behalf of Haines Watts Manchester Limited
Chartered Accountants and Statutory Auditor

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9-21 Princess Street
Manchester
M2 4DN

Date: 23rd December 2021

Haines Watts Manchester Limited is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Consolidated summary income and expenditure account For the year ended 31 March 2021

| | Notes | 2021 £ | 2020 £ |
|---|------------|--------------------|--------------------|
| Income | | | |
| Donations, grants and legacies | 3 | 1,470,302 | 903,316 |
| Activity and other income | 6, 7 & 8 | 141,860 | 1,124,697 |
| Gross income | | <u>1,612,162</u> | <u>2,028,013</u> |
| Commercial trading operations | 5 | 242,142 | 617,490 |
| Total income | | <u>1,854,304</u> | <u>2,645,503</u> |
| Expenditure | | | |
| Gross expenditure | 9, 10 & 11 | (1,162,250) | (1,944,294) |
| Commercial trading operations | 5 | (319,922) | (625,362) |
| Total expenditure | | <u>(1,482,172)</u> | <u>(2,569,656)</u> |
| Net losses before investment asset disposals | | 372,132 | 75,847 |
| Net (losses)/gains on investments | 18 | 67,353 | (84,044) |
| Net income for the financial year | | <u>439,485</u> | <u>(8,197)</u> |

Total income comprises £570 for endowment funds, £918,090 for unrestricted funds and £935,644 for restricted funds. A detailed analysis of income by source is provided in the Consolidated Statement of Financial Activities.

Detailed analyses of expenditure are provided in the Consolidated Statement of Financial Activities.

This Consolidated Summary Income and Expenditure Account is derived from the Consolidated Statement of Financial Activities on page 12 which, together with the accompanying notes to the financial statements, provides full information on the movements during the year on all the funds of the company.

All activity has arisen from continuing operations.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Consolidated statement of financial activities (incorporating an income and expenditure account) For the year ended 31 March 2021

| | Notes | Endowment funds £ | Restricted funds £ | Unrestricted. funds £ | Total 2021 £ | Total 2020 £ |
|--|-----------|-------------------------|--------------------------|-----------------------------|--------------------|--------------------|
| Income | | | | | | |
| Donations, grants and legacies | 3 | 570 | 918,090 | 551,642 | 1,470,302 | 903,316 |
| Other trading activities | | | | | | |
| - commercial trading operations | 5 | - | - | 242,142 | 242,142 | 617,490 |
| Income from investments | 6 | - | - | 9,569 | 9,569 | 19,705 |
| Income from charitable activities | 7 | - | - | 132,291 | 132,291 | 1,104,992 |
| Total income and endowments | | 570 | 918,090 | 935,644 | 1,854,304 | 2,645,503 |
| Expenditure | | | | | | |
| Expenditure on raising funds | | | | | | |
| - Cost of generating voluntary income | 9 | - | - | (42,165) | (42,165) | (50,955) |
| - Commercial trading operations | 5 | - | - | (319,922) | (319,922) | (625,362) |
| Expenditure on charitable activities | 10 | - | (578,091) | (541,994) | (1,120,085) | (1,893,339) |
| Total resources expended | | - | (578,091) | (904,081) | (1,482,172) | (2,569,656) |
| Net (losses)/gains on investments | 18 | 66,537 | - | 816 | 67,353 | (84,044) |
| Net income/(expenditure) before transfers | | 67,107 | 339,999 | 32,379 | 439,485 | (8,197) |
| Transfers between funds | 22 | - | (2,070) | 2,070 | - | - |
| Net movement in funds | 15 | 67,107 | 337,929 | 34,449 | 439,485 | (8,197) |
| <i>Reconciliation of funds</i> | | | | | | |
| Fund balances at the start of the year | 22 | 296,137 | 1,748,191 | 620,853 | 2,665,181 | 2,673,378 |
| Fund balances carried forward | 22 | 363,244 | 2,086,120 | 655,302 | 3,104,666 | 2,665,181 |

The accompanying notes are an integral part of this consolidated statement of financial activities.

The consolidated statement of financial activities has been prepared on the basis that all activities are continuing.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Registration number:
03927101

Consolidated and Charity balance sheets
31 March 2021

| | Notes | Group 2021 £ | 2020 £ | Charity 2021 £ | 2020 £ |
|--|---------|--------------------|------------------|----------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 16 & 17 | 3,036,361 | 2,605,830 | 3,013,810 | 2,575,555 |
| Investments | 18 | 360,661 | 293,308 | 360,661 | 293,308 |
| Investment in subsidiary | 18 | - | - | 49,900 | 49,900 |
| | | <u>3,397,022</u> | <u>2,899,138</u> | <u>3,424,371</u> | <u>2,918,763</u> |
| Current assets | | | | | |
| Stocks | | 5,839 | 15,746 | - | - |
| Debtors | 19 | 116,561 | 57,597 | 100,028 | 54,611 |
| Cash at bank and in hand | | 43,209 | 221,101 | 26,888 | 163,082 |
| | | <u>165,609</u> | <u>294,444</u> | <u>126,916</u> | <u>217,693</u> |
| Creditors: Amounts falling due within one year | 20 | <u>(352,408)</u> | <u>(528,401)</u> | <u>(335,313)</u> | <u>(465,524)</u> |
| Net current liabilities | | <u>(186,799)</u> | <u>(233,957)</u> | <u>(208,397)</u> | <u>(247,831)</u> |
| Total assets less current liabilities | | <u>3,210,222</u> | <u>2,665,181</u> | <u>3,215,973</u> | <u>2,670,932</u> |
| Creditors: Amounts falling due after one year | 21 | <u>(105,556)</u> | <u>-</u> | <u>(105,556)</u> | <u>-</u> |
| Net assets | | <u>3,104,666</u> | <u>2,665,181</u> | <u>3,110,417</u> | <u>2,670,932</u> |
| Funds | | | | | |
| Unrestricted funds | | | | | |
| - Designated funds | | 892,897 | 895,515 | 892,897 | 895,515 |
| - General funds | | <u>(237,595)</u> | <u>(274,662)</u> | <u>(231,844)</u> | <u>(268,911)</u> |
| | 22 & 23 | <u>655,302</u> | <u>620,853</u> | <u>661,053</u> | <u>626,604</u> |
| Restricted funds | | | | | |
| - Funds excluding fair value reserve | | 2,086,120 | 1,748,191 | 2,086,120 | 1,748,191 |
| | 22 & 23 | <u>2,086,120</u> | <u>1,748,191</u> | <u>2,086,120</u> | <u>1,748,191</u> |
| Endowment funds | | | | | |
| - Permanent | | 238,319 | 237,749 | 238,319 | 237,749 |
| - Expendable | | 124,925 | 58,388 | 124,925 | 58,388 |
| | 22 & 23 | <u>363,244</u> | <u>296,137</u> | <u>363,244</u> | <u>296,137</u> |
| Total charity funds | | <u>3,104,666</u> | <u>2,665,181</u> | <u>3,110,417</u> | <u>2,670,932</u> |

Signed on behalf of the Trustees



Miriam Randall
Company Secretary

20 December 2021

The accompanying notes are an integral part of these balance sheets.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Consolidated cash flow statement for the year ended 31 March 2021

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|-------|--------------------|-----------|----------------------|-----------|
| Cash flows from operating activities: | | | | | |
| Net cash provided by operating activities | 24 | 237,321 | 279,508 | 279,019 | 223,931 |
| Cash flows from investing activities: | | | | | |
| Dividends, interest and rental income | | 9,569 | 19,705 | 9,569 | 19,705 |
| Purchase of tangible fixed assets | | (563,671) | (86,316) | (563,671) | (80,770) |
| Sale of investments | | - | - | - | - |
| Net cash used in investing activities | | (554,102) | (66,611) | (554,102) | (61,065) |
| Cash flows from financing activities | | | | | |
| Repayments of borrowing | | (11,111) | (5,000) | - | (5,000) |
| New loans in the year | | 150,000 | - | 138,889 | - |
| Net cash used in financing activities | | 138,889 | (5,000) | 138,889 | (5,000) |
| Change in cash and cash equivalents in the year | | (177,892) | 207,897 | (136,194) | 157,866 |
| Cash and cash equivalents at the beginning of the year | | 221,101 | 13,204 | 163,082 | 5,216 |
| Total cash and cash equivalents at the end of the year | | 43,209 | 491,483 | 26,888 | 163,082 |
| Analysis of cash and cash equivalents | | | | | |
| Cash at bank and in hand | | 43,209 | 221,101 | 26,888 | 163,082 |
| Total cash and cash equivalents | | 43,209 | 221,101 | 26,888 | 163,082 |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements

31 March 2021

1 General information

The Kendal Brewery Arts Centre Trust Limited is a company limited by guarantee and accordingly does not have a share capital, registered in England and Wales. Every member of the company undertakes to contribute £10 in the event of the charitable company being wound up while he or she is a member. The company number, charity number and address of the registered office are given in the reference and administration information on page 1 of these financial statements. The principal nature of the charity's operations is to promote for the benefit of the inhabitants of Kendal, the South Lakes and the surrounding area the provision of facilities for arts, education, recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances and for the public at large in the interests of social welfare and with the object of improving the quality of life of the said inhabitants.

The address of its registered office is Brewery Arts, 122A, Highgate, Kendal, Cumbria, LA9 4HE.

2 Accounting policies

a) Basis of accounting

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

The financial statements have been prepared under the historical cost convention with the exception of investments which are included on a market value basis. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

b) Preparation of the accounts on a going concern basis

During the year ended 31 March 2021 the group had net incoming resources, before transfers, of £439,485 and at that date had net current liabilities of £186,799.

The financial statements have been prepared on a going concern basis. The Trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. The Charity's unrestricted operating costs have been reduced significantly for the financial year 2020/21 due to tight cost control as well as the group's net current liabilities having decreased from the previous year. The capital expenditure from the Charity's unrestricted funds has been limited in order to preserve cash balances. Operating and capital budgets for future years have been designed to generate further cash positive outcomes. Arts Council England grant support is secured until April 2022. In particular, in response to the COVID-19 pandemic the Trustees have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available. The Trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

2 Accounting policies (continued)

c) Group financial statements

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Kendal Catering Company Limited, on a line by line basis. A separate statement of financial activities, or income and expenditure account, for the Charity itself is not presented because the Charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. For the purposes of the consolidation the charitable donation from the subsidiary is recognised in the year that the profits to be donated were made as the receipt is measurable and probable.

d) Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes.

Restricted funds are subject to specific restrictive covenants imposed by donors or by the nature of the appeal. The purpose and use of the restricted funds are set out in Note 21 to the financial statements.

The permanent endowment fund represents funds which the donors have stated are to be held permanently as capital. Income arising on the endowment fund can be used in accordance with the objects of the charity and is included as unrestricted income.

The expendable endowment fund represents any capital appreciation of the original permanent endowment which, at the Trustees' discretion, can be applied towards the objects of the charity.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attaching to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

Activity income is included when receivable. Any income received in advance of a performance or the provision of another specified service is deferred until the criteria for income recognition are met.

Catering activities are carried out by Kendal Catering Company Limited whose profits are payable to The Kendal Brewery Arts Centre Trust Limited via a distribution if there are sufficient reserves to do so. This income is included when receivable.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

In accordance with the Charities SORP (FRS 102) the general volunteer time of the Friends of the Brewery is not recognised as income. The Trustees' annual report contains information regarding their contribution.

Donations and grants are included when receivable. When donors specify that donations and grants including capital grants, are for particular restricted purposes, which do not amount to pre conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable. Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

2 Accounting policies (continued)

f) Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

g) Expenditure

The costs of raising funds consists of wage and associated support costs.

Charitable activities include expenditure associated with staging theatre, art exhibitions, educational programmes and other artistic events and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Tangible fixed assets

The Trustees have introduced a limit of £100 below which individual fixed assets are not capitalised. Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Depreciation is provided on all tangible fixed assets other than freehold land. Depreciation is designed to write off the costs, less estimated residual value, of each asset over their expected useful lives. The principal rates used are as follows:

| | | |
|----------------------------|---|---|
| Freehold buildings | - | 2% per annum and over 36 years on a straight line basis |
| Computer equipment | - | 25% per annum on a straight line basis |
| Equipment and fixtures | - | 10% per annum on a straight line basis |
| Bar and catering equipment | - | 10% per annum on a straight line basis |

The Trustees have determined that the estimated residual value of certain of the charity's freehold buildings is approximately equal to its net book value. It is the charity's policy to maintain these properties to a high standard, so that the estimated residual value will not be impaired over time. The costs of this maintenance are charged to the statement of financial activities as they are incurred. The Trustees are of the opinion that any depreciation in respect of these properties would be immaterial and consequently no provision is made in the accounts for such depreciation.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

2 Accounting policies (continued)

i) Investments

Investments are measured initially at their transaction value and are subsequently measured at their fair value at the balance sheet date using the closing quoted market price. Increases or decreases in the fair value each year are treated as unrealised gains or losses. Realised gains or losses represent the difference between the sales proceeds and the fair value at the beginning of the year or the transaction value if purchased during the year. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Investment in the subsidiary undertaking is valued at cost less impairment.

j) Debtors

Debtors are recognised at the settlement amount due after any trade discount offered. Any losses arising from impairment are recognised in expenditure.

k) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

l) Creditors and provisions

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

m) Concessionary loans

Concessionary loans are measured at amortised cost using the effective interest rate

n) Financial instruments

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

o) Pension schemes

Certain employees are members of the Cumbria Local Government Pension Scheme. This is a multi-employer defined benefit scheme and the assets are held separately from the those of the charity. As the charity's share of the scheme's assets and liabilities cannot be readily identified it is treated as a defined contribution scheme whereby contributions are charged to the statement of financial activities in the period to which they relate. However as there is an agreement in place to make additional contributions based on current and past service of employees a liability is recognised for the present value of outstanding additional contributions as required by FRS 102.

The charity also operates a money purchase scheme for employees. Contributions to this scheme are charged to the statement of financial activities in the period to which they relate.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

3 Donations, grants and legacies

| | Endowment | Restricted | General | Total 2021 | Total 2020 |
|---|------------|----------------|----------------|------------------|----------------|
| | £ | £ | £ | £ | £ |
| (a) Arts | | | | | |
| Arts Council England North West | | | | | |
| - Revenue grant | - | - | 327,776 | 327,776 | 321,854 |
| - Cultural Recovery | - | 203,315 | - | 203,315 | - |
| - Catalyst | - | - | 1,888 | 1,888 | 60,033 |
| - Our Digital Future | - | 330,521 | - | 330,521 | 37,357 |
| BFI Film Hub North | - | - | 20,000 | 20,000 | 15,905 |
| Total | - | 533,836 | 349,664 | 883,500 | 435,149 |
| (b) Public | | | | | |
| South Lakeland District Council | | | | | |
| - Revenue grant | - | - | 65,500 | 65,500 | 65,500 |
| - COVID 19 Emergency Grant | - | - | 21,750 | 21,750 | - |
| - COVID 19 Discretionary Grant | - | - | 10,000 | 10,000 | - |
| - Applied Theatre in Cumbria | - | - | - | - | 63,802 |
| - Our Digital Future | - | - | - | - | 30,000 |
| Skills Funding Agency (Via Cumbria County Council) | - | - | 10,000 | 10,000 | 10,000 |
| Cumbria County Council | | | | | |
| - Project Emotional Warrior | - | - | - | - | 2,831 |
| - Our Digital Future | - | 99,991 | - | 99,991 | - |
| YWCA Kendal - COVID 19 Grant | - | 5,000 | - | 5,000 | - |
| Job Retention Scheme Grant | - | 266,863 | - | 266,863 | - |
| Kendal Town Council | | | | | |
| - Revenue grant | - | - | 10,000 | 10,000 | 10,000 |
| - Emotional Warrior | - | - | - | - | 1,000 |
| - Our Digital Future | - | - | - | - | 500 |
| Total | - | 371,854 | 117,250 | 489,104 | 183,633 |
| (c) Private | | | | | |
| Brewery Income Support Fund | 570 | - | - | 570 | 678 |
| Brewery Arts Centre Endowment Trust | | | | | |
| - Revenue grant | - | - | 55,200 | 55,200 | 75,055 |
| - Our Digital Future | - | 12,000 | - | 12,000 | 30,000 |
| Anonymous | - | - | - | - | 15,000 |
| Sir John Fisher Foundation | | | | | |
| - Creative Connections | - | - | - | - | 6,800 |
| Raynes Foundation | | | | | |
| - Emotional Warrior | - | - | - | - | 1,440 |
| Sundry Donations - Our Digital Future | - | - | - | - | 10,228 |
| Foyle Foundation - Our Digital Future | - | - | - | - | 40,000 |
| Garfield Weston Foundation | | | | | |
| - Our Digital Future | - | - | - | - | 75,000 |
| Charles Waller Memorial Trust | | | | | |
| - Emotional Warrior | - | - | - | - | 1,000 |
| Dignity in Dementia | - | - | - | - | 7,575 |
| Buy a Chair donations | - | - | - | - | 170 |
| Granada Foundation | | | | | |
| - COVID 19 Grant | - | - | 2,500 | 2,500 | - |
| Cumbria Youth Alliance | | | | | |
| - Dreamscheme Funding | - | 400 | - | 400 | - |
| Creative Learning Donations | - | - | 2,728 | 2,728 | - |
| Sundry individual donations | - | - | 24,300 | 24,300 | 8,688 |
| Total | 570 | 12,400 | 84,728 | 97,698 | 271,634 |
| (d) Legacy | | | | | |
| Martin Terence Purdy | - | - | - | - | 12,900 |
| Total | - | - | - | - | 12,900 |
| Total donations, grants and legacies | 570 | 918,090 | 551,642 | 1,470,302 | 903,316 |

The income from donations, grants and legacies totals £1,470,302 (2020 - £903,316) of which £570 (2020 - £678) was from endowment funds, £918,090 (2020 - £339,763) was from restricted funds and £551,642 (2020 - £582,875) was from unrestricted funds.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

| 3 Donations, grants and legacies | Endowment | Restricted | General | Total 2020 | Total 2019 |
|---|------------|----------------|----------------|----------------|----------------|
| | £ | £ | £ | £ | £ |
| (a) Arts | | | | | |
| Arts Council England North West | | | | | |
| - Revenue grant | - | - | 321,854 | 321,854 | 321,854 |
| - Cultural Destinations | - | - | - | - | 11,800 |
| - Catalyst | - | - | 60,033 | 60,033 | 19,013 |
| - Our Digital Future | - | 37,357 | - | 37,357 | - |
| BFI Film Hub North | - | - | 15,905 | 15,905 | 2,065 |
| Total | - | 37,357 | 397,792 | 435,149 | 354,732 |
| (b) Public | | | | | |
| South Lakeland District Council | | | | | |
| - Revenue grant | - | - | 65,500 | 65,500 | 64,000 |
| - Project grant | - | - | - | - | 1,500 |
| - Applied Theatre in Cumbria | - | 63,802 | - | 63,802 | 36,361 |
| - Our Digital Future | - | 30,000 | - | 30,000 | - |
| Skills Funding Agency (Via Cumbria County Council) | - | - | 10,000 | 10,000 | 10,000 |
| Cumbria County Council | | | | | |
| - Project Emotional Warrior | - | 2,831 | - | 2,831 | 1,600 |
| - Project LGBT & Youth Grant | - | - | - | - | 1,780 |
| - Capital grant | - | - | - | - | 1,235 |
| Kendal Town Council | | | | | |
| - Revenue grant | - | - | 10,000 | 10,000 | 10,000 |
| - Emotional Warrior | - | 1,000 | - | 1,000 | - |
| - Our Digital Future | - | 500 | - | 500 | - |
| Total | - | 98,133 | 85,500 | 183,633 | 126,476 |
| (c) Private | | | | | |
| Brewery Income Support Fund | 678 | - | - | 678 | 814 |
| Brewery Arts Centre Endowment Trust | | | | | |
| - Revenue grant | - | - | 75,055 | 75,055 | 72,528 |
| - Our Digital Future | - | 30,000 | - | 30,000 | - |
| Youth Music Foundation | - | - | - | - | 4,301 |
| Anonymous | - | 15,000 | - | 15,000 | 4,474 |
| Sir John Fisher Foundation | | | | | |
| - BYA Interact | - | - | - | - | 2,667 |
| - Crossing Boundaries | - | - | - | - | 800 |
| - Creative Connections | - | 3,860 | 2,940 | 6,800 | - |
| Raynes Foundation | | | | | |
| - Emotional Warrior | - | 1,440 | - | 1,440 | 1,800 |
| Toynebee Studios | - | - | - | - | 2,440 |
| Anonymous | - | - | - | - | 20,000 |
| Sundry Donations - Our Digital Future | - | 10,228 | - | 10,228 | 14,360 |
| Foyle Foundation - Our Digital Future | - | 40,000 | - | 40,000 | - |
| Garfield Weston Foundation | | | | | |
| - Our Digital Future | - | 75,000 | - | 75,000 | - |
| Charles Waller Memorial Trust | | | | | |
| - Emotional Warrior | - | 1,000 | - | 1,000 | - |
| Dignity in Dementia | - | 7,575 | - | 7,575 | - |
| Buy a Chair donations | - | 170 | - | 170 | - |
| Sundry individual donations | - | - | 8,688 | 8,688 | 13,983 |
| Total | 678 | 184,273 | 86,683 | 271,634 | 138,167 |
| (d) Legacy | | | | | |
| Martin Terence Purdy | - | - | 12,900 | 12,900 | - |
| Total | - | - | 12,900 | 12,900 | - |
| Total donations, grants and legacies | 678 | 319,763 | 582,875 | 903,316 | 619,375 |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

4 Financial activities of the charity

The financial activities shown in the consolidated financial statements include those of the Charity's wholly owned subsidiary, Kendal Catering Company Limited.

A summary of the financial activities undertaken by the Charity is set out below:

| | 2021 £ | 2020 £ |
|--|-------------------------|-------------------------|
| Gross income | 1,612,162 | 2,028,013 |
| Total expenditure on charitable activities | (1,197,865) | (1,893,339) |
| Costs of generating funds | (42,165) | (50,955) |
| Net income before investment gains | <u>372,132</u> | <u>83,719</u> |
| (Losses)/gains on investment assets | | |
| - realised | | |
| - unrealised | <u>67,353</u> | <u>(84,044)</u> |
| Net income after investment(losses)/gains | 439,485 | (325) |
| Total funds brought forward | <u>2,670,932</u> | <u>2,671,257</u> |
| Total funds carried forward | <u><u>3,110,417</u></u> | <u><u>2,670,932</u></u> |
| Represented by: | | |
| Endowment funds | 363,244 | 296,137 |
| Restricted funds | 2,086,120 | 1,748,191 |
| Unrestricted | <u>661,053</u> | <u>626,604</u> |
| | <u><u>3,110,417</u></u> | <u><u>2,670,932</u></u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

5 Commercial trading operations and investment in trading subsidiary

The wholly owned trading subsidiary, Kendal Catering Company Limited ("KCC"), which is incorporated in England, pays all its taxable profits to the Charity by gift aid. KCC operates the bars, restaurant and other commercial activities carried on at the Arts Centre. The Charity owns the entire issued share capital of 50,000 ordinary shares of £1 each. A summary of the KCC trading results is shown below.

Summary profit and loss account

| | 2021 | 2020 |
|---|-----------------|-----------------|
| | £ | £ |
| Turnover | 242,142 | 617,490 |
| Cost of sales and administrative expenses | (319,922) | (625,362) |
| Other operating income | 77,780 | - |
| Retained loss in the subsidiary | <u>-</u> | <u>(7,872)</u> |
| The assets and liabilities of the subsidiary at 31 March 2021 were: | | |
| Fixed assets | 22,551 | 30,275 |
| Current assets | 62,384 | 77,498 |
| Creditors: amounts falling due within one year | <u>(40,686)</u> | <u>(63,524)</u> |
| Net assets | <u>44,249</u> | <u>44,249</u> |
| Aggregate share capital and reserves | <u>44,429</u> | <u>44,249</u> |

All the turnover of £242,142 (2020 - £617,490) is attributable to unrestricted funds. Total costs less other income and the reduction for management fees and rent, referred to above, total £319,922 (2020 - £625,362) of which £77,780 (2020 - £nil) was restricted and £242,142 (2020 - £625,362) was unrestricted. All of the operating income of £77,780 (2020 - £nil) is attributable to restricted funds.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

6 Investment income

| | 2021 | 2020 |
|-----------------------------|--------------|---------------|
| | £ | £ |
| Dividends and interest | | |
| Brewery Income Support Fund | 9,567 | 15,654 |
| Rent receivable | - | 3,963 |
| Interest received | 2 | 88 |
| | <u>9,569</u> | <u>19,705</u> |

All the investment income of £9,569 (2020 - £19,705) is attributable to unrestricted funds.

7 Activity income

| | 2021 | 2020 |
|---------------------------|----------------|------------------|
| | £ | £ |
| Christmas show | - | 9,431 |
| Cinema | 24,613 | 460,633 |
| Adult Education | 15,838 | 131,851 |
| Youth Education | 9,835 | 57,770 |
| Drama | - | 116,173 |
| Stage on screen | 60 | - |
| Literature | 3,038 | 1,281 |
| Music | - | 115,544 |
| Visual Arts | - | 726 |
| Cultural Destinations | - | 10,000 |
| Partnership projects | - | 2,486 |
| Funded Projects | 12,073 | - |
| Other income (see note 8) | 66,834 | 199,097 |
| | <u>132,291</u> | <u>1,104,992</u> |

Activity income of £132,291 (2020 - £1,104,992) is attributable to unrestricted funds.

8 Other income

| | 2021 | 2020 |
|-------------------------------------|---------------|----------------|
| | £ | £ |
| Room/equipment hire and conferences | 6,437 | 59,465 |
| Booking fees and commission | 1,955 | 39,974 |
| Advertising | 1,517 | 6,265 |
| Car parking | 7,926 | 57,552 |
| Sponsorship | 825 | 1,354 |
| Sundry income | 48,174 | 34,487 |
| | <u>66,834</u> | <u>199,097</u> |

All the other income of £66,834 (2020 - £199,097) is attributable to unrestricted funds.

9 Cost of generating voluntary income

| | 2021 | 2020 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Salary and other expenses | 31,196 | 38,221 |
| Support costs | 10,969 | 12,734 |
| | <u>42,165</u> | <u>50,955</u> |

All the costs of generating voluntary income of £42,165 (2020 - £50,955) are attributable to unrestricted funds.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

10 Charitable activity

| | 2021 £ | 2020 £ |
|------------------------------|------------------|------------------|
| Arts Centre Operation | | |
| <u>Activity expenditure</u> | | |
| Christmas show | - | 10,646 |
| Cinema | 85,369 | 364,383 |
| Adult Education | 20,125 | 81,317 |
| Youth Education | 44,248 | 113,294 |
| Drama | 1,293 | 92,398 |
| Stage on screen | 2,079 | - |
| Literature | - | 924 |
| Music | 804 | 102,517 |
| Visual Arts | - | 3,599 |
| Cultural Destinations | - | 6,218 |
| Marketing | 63,400 | 102,392 |
| Box office | 45,043 | 91,891 |
| Technical services | 91,997 | 111,653 |
| Site maintenance | 105,626 | 143,414 |
| House management | 20,644 | 69,737 |
| Partnership project | - | 11,728 |
| Funded projects | 2,000 | - |
| Depreciation | 125,335 | 97,883 |
| Support costs | 486,569 | 456,914 |
| Governance costs (note 12) | 25,553 | 32,431 |
| | <u>1,120,085</u> | <u>1,893,339</u> |

Charitable activity totals £1,120,085 (2020 - £1,893,339) of which £578,091 (2020 - £151,666) was restricted and £541,994 (2020 - £1,741,673) was unrestricted. The depreciation charge includes £99,631 (2020 - £62,567) in relation to assets purchased with restricted funds.

11 Allocation of support costs

| | Cost of generating voluntary income £ | Arts Centre Operation £ | Governance £ | 2021 £ | 2020 £ |
|-------------------------------------|---|-------------------------------|-----------------|----------------|----------------|
| Support cost | | | | | |
| Finance and administration salaries | 5,427 | 203,261 | 10,853 | 219,541 | 210,159 |
| Employers National Insurance | 628 | 37,191 | 1,255 | 39,074 | 48,913 |
| Pension | - | 18,107 | - | 18,107 | 40,557 |
| Cultural Recovery | - | 148,031 | - | 148,031 | - |
| Training | - | 190 | - | 190 | 4,312 |
| Relocation Expenses | - | - | - | - | 4,426 |
| Phone and postage | 741 | 5,931 | 741 | 7,413 | 10,229 |
| Stationery and photocopying | 669 | 4,349 | 1,673 | 6,691 | 8,029 |
| Computer consumables and support | 2,219 | 17,755 | 2,219 | 22,193 | 23,642 |
| Rent, rates and insurance | - | 19,893 | - | 19,893 | 51,291 |
| Travel, entertaining and motor | - | 1,379 | - | 1,379 | 720 |
| Heat and power | 1,285 | 23,132 | 1,285 | 25,702 | 63,560 |
| Recruitment | - | - | - | - | 1,960 |
| Bank charges | - | 1,360 | - | 1,360 | 10,697 |
| Health and Safety | - | 1,942 | - | 1,942 | 789 |
| General | - | 4,048 | - | 4,048 | 12,735 |
| | <u>10,969</u> | <u>486,569</u> | <u>18,026</u> | <u>515,564</u> | <u>492,019</u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

11 Allocation of support costs (continued)

| | Cost of generating voluntary income £ | Arts Centre Operation £ | Governance £ | 2020 £ | 2019 £ |
|-------------------------------------|---|-------------------------------|-----------------|----------------|----------------|
| Support cost | | | | | |
| Finance and administration salaries | 4,663 | 193,084 | 12,412 | 210,159 | 191,661 |
| Employers National Insurance | 537 | 47,129 | 1,247 | 48,913 | 45,917 |
| Pension | 166 | 40,251 | 140 | 40,557 | 29,078 |
| Relocation Expenses | - | 4,426 | - | 4,426 | - |
| Training | - | 4,312 | - | 4,312 | 2,478 |
| Phone and postage | 1,023 | 8,183 | 1,023 | 10,229 | 10,510 |
| Stationery and photocopying | 803 | 5,219 | 2,007 | 8,029 | 13,128 |
| Computer consumables and support | 2,364 | 18,914 | 2,364 | 23,642 | 12,203 |
| Rent, rates and insurance | - | 51,291 | - | 51,291 | 51,119 |
| Travel, entertaining and motor | - | 720 | - | 720 | 2,629 |
| Heat and power | 3,178 | 57,204 | 3,178 | 63,560 | 68,783 |
| Recruitment | - | 1,960 | - | 1,960 | 2,298 |
| Bank charges | - | 10,697 | - | 10,697 | 12,106 |
| Health and Safety | - | 789 | - | 789 | 439 |
| General | - | 12,735 | - | 12,735 | 9,012 |
| | <u>12,734</u> | <u>456,914</u> | <u>22,371</u> | <u>492,019</u> | <u>451,361</u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

12 Governance

| | 2021 | 2020 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Audit fee | 7,000 | 6,500 |
| Legal and licensing | 514 | 1,947 |
| Directors' liability insurance | - | 679 |
| Other governance costs | 13 | 934 |
| Support costs | 18,026 | 22,371 |
| | <u>25,553</u> | <u>32,431</u> |

13 Staff costs

| | Total 2021 | Total 2020 |
|-----------------------|----------------|------------------|
| | £ | £ |
| Staff costs: | | |
| Wages and salaries | 922,317 | 1,112,090 |
| Social security costs | 51,762 | 68,391 |
| Pension costs | 22,317 | 45,577 |
| | <u>996,396</u> | <u>1,226,058</u> |

No employee earned more than £60,000 in the current year (2020 - none).

One Trustee received emoluments and expenses in connection with their position as chief executive as follows: M Jones received £nil (2020 - £5,914), pension contributions of £nil (2020 - £252) and expenses of £nil (2020 - £13). These payments have been ratified in writing by the Charity Commission as required by clause 6 of the Charity's Memorandum of Association.

The key management personnel of the charity comprise the Trustees and the Chief Executive. The total employment benefits of the key management personnel including any employer pension contributions were £54,267 (2020 - £50,607).

No other Trustee received any emoluments or was reimbursed for expenses during the year (2020 - £nil).

The average monthly number of full-time equivalent employees (including casual and part-time staff) during the year was as follows:

| | 2021 Number | 2020 Number |
|-------------------------------|----------------|----------------|
| Administration and management | 9 | 9 |
| Bar and catering | 7 | 10 |
| Support | 6 | 11 |
| Activity | 5 | 14 |
| | <u>27</u> | <u>44</u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

14 Related party transactions

During the year ended 31 March 2021 A Lawson, a Trustee T/A Crickhollow Creative, provided Assistant tutoring and costumes to the charity of £60 (2020 - £357). £nil (2020 - £357) was included in creditors at the year end.

15 Net movement in funds

The net movement in funds is stated after charging:

| | 2021 | 2020 |
|----------------------------------|---------|---------|
| | £ | £ |
| Depreciation | 133,140 | 104,109 |
| Auditors' remuneration - Company | 7,000 | 6,500 |
| - Subsidiary | 1,750 | 1,750 |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

16 Fixed assets - Group

| | Freehold buildings (Restricted) £ | Freehold buildings (Unrestricted) £ | Fixtures fittings & equipment (Restricted) £ | Fixtures fittings & equipment (Unrestricted) £ | Computer equipment (Restricted) £ | Computer equipment (Unrestricted) £ | Catering and bar equipment (Unrestricted) £ | Total £ |
|-------------------------|--|--|--|--|--|--|---|------------------|
| Cost | | | | | | | | |
| Beginning of year | 3,156,744 | 1,223,625 | 338,208 | 274,088 | - | 19,883 | 148,201 | 5,160,749 |
| Additions | - | - | 306,134 | 12,281 | 245,256 | - | - | 563,671 |
| Disposals | - | - | - | - | - | - | - | - |
| End of year | 3,156,744 | 1,223,625 | 644,342 | 286,369 | 245,256.00 | 19,883 | 148,201 | 5,724,420 |
| Depreciation | | | | | | | | |
| Beginning of year | 1,792,275 | 328,110 | 131,608 | 167,890 | - | 17,110 | 117,926 | 2,554,919 |
| Charge for the year | 43,215 | 2,618 | 39,598 | 22,029 | 16,818 | 1,138 | 7,724 | 133,140 |
| Eliminated on disposals | - | - | - | - | - | - | - | - |
| End of year | 1,835,490 | 330,728 | 171,206 | 189,919 | 16,818.00 | 18,248 | 125,650 | 2,688,059 |
| Net book value | | | | | | | | |
| Beginning of year | 1,364,469 | 895,515 | 206,600 | 106,198 | - | 2,773 | 30,275 | 2,605,830 |
| End of year | 1,321,254 | 892,897 | 473,136 | 96,450 | 228,438.00 | 1,635 | 22,551 | 3,036,361 |

No amount is attributed to the cost of freehold land as no information is available in this respect.

The Arts Council of England has a first charge over the Arts Centre site comprising the group's freehold land and buildings. The charge expired 30 September 2021.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

17 Fixed assets - Company

| | Freehold buildings (Restricted) £ | Freehold buildings (Unrestricted) £ | Fixtures fittings & equipment (Restricted) £ | Fixtures fittings & equipment (Unrestricted) £ | Computer equipment (Restricted) £ | Computer equipment (Unrestricted) £ | Total £ |
|-----------------------|--|--|--|--|--|--|------------|
| Cost | | | | | | | |
| Beginning of year | 3,156,744 | 1,223,625 | 338,208 | 274,088 | - | 19,883 | 5,012,548 |
| Additions | - | - | 306,134 | 12,281 | 245,256 | - | 563,671 |
| Disposals | | | | | | | - |
| End of year | 3,156,744 | 1,223,625 | 644,342 | 286,369 | 245,256.00 | 19,883 | 5,576,219 |
| Depreciation | | | | | | | |
| Beginning of year | 1,792,275 | 328,110 | 131,608 | 167,890 | - | 17,110 | 2,436,993 |
| Charge for the year | 43,215 | 2,618 | 39,598 | 22,029 | 16,818 | 1,138 | 125,416 |
| Disposals | | | | | | | - |
| End of year | 1,835,490 | 330,728 | 171,206 | 189,919 | 16,818.00 | 18,248 | 2,562,409 |
| Net book value | | | | | | | |
| Beginning of year | 1,364,469 | 895,515 | 206,600 | 106,198 | - | 2,773 | 2,575,555 |
| End of year | 1,321,254 | 892,897 | 473,136 | 96,450 | 228,438 | 1,635 | 3,013,810 |

No amount is attributed to the cost of freehold land as no information is available in this respect.

The Arts Council of England has a first charge over the Arts Centre site comprising the company's freehold land and buildings. The charge expired on 30 September 2021.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

| 18 Investments - Group | Listed 2021 £ | Listed 2020 £ |
|---|---------------------|---------------------|
| a) Market value | | |
| Market value at beginning of year | 293,308 | 377,352 |
| Disposals | - | - |
| Net investment (losses)/gains | <u>67,353</u> | <u>(84,044)</u> |
| Market value at end of year | <u>360,661</u> | <u>293,308</u> |
| UK listed investments are represented by: | | |
| - UK Equities - unit trusts | <u>360,661</u> | <u>293,308</u> |
| Material investments: | | |
| CAF UK Equitrack Fund | <u>360,661</u> | <u>293,308</u> |
| b) Historical cost | | |
| Historical cost at beginning of year | 306,813 | 306,813 |
| Disposals | - | - |
| Historical cost at end of year | <u>306,813</u> | <u>306,813</u> |
| c) Movement in unrealised gains | | |
| At beginning of year | (13,505) | 70,539 |
| Less in respect of sales in the year | - | - |
| Add/(Deduct) in respect of increase/(decrease) in market value in year | <u>67,353</u> | <u>(84,044)</u> |
| At end of year | <u>53,848</u> | <u>(13,505)</u> |
| Net investment gains/(losses) amounted to a gain of £67,353 (2020 - loss of £84,044) of which a gain of £66,537 (2020 - loss of £83,023) related to endowment funds and a gain of £816 (2020 - loss of £1,021) related to unrestricted funds. | | |
| Unrealised gains/(losses) in the year amounted to a loss of £67,353 (2020 - loss of £84,044). | | |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

| 18 | Investments (continued) - Company | Unlisted Cost 2021 £ | Unlisted Cost 2020 £ | Listed Market Value 2021 £ | Listed Market Value 2020 £ |
|----|--|-------------------------------|-------------------------------|--|--|
| | a) Cost/Market value | | | | |
| | Cost/Market value at beginning of year | 49,900 | 49,900 | 293,308 | 377,352 |
| | Disposals | - | - | - | - |
| | Net investment gains/(losses) | - | - | 67,353 | (84,044) |
| | Cost/Market value at end of year | <u>49,900</u> | <u>49,900</u> | <u>360,661</u> | <u>293,308</u> |
| | UK listed investments are represented by: | | | | |
| | - UK Equities - unit trusts | | | <u>360,661</u> | <u>293,308</u> |
| | Material investments: | | | | |
| | CAF UK Equitrack Fund | | | <u>360,661</u> | <u>293,308</u> |
| | b) Historical cost | | | | |
| | Historical cost at beginning of year | | | 306,813 | 306,813 |
| | Disposals | | | - | - |
| | Historical cost at end of year | | | <u>306,813</u> | <u>306,813</u> |
| | c) Movement in unrealised gains | | | | |
| | At beginning of year | | | (13,505) | 70,539 |
| | Less in respect of sales in the year | | | - | - |
| | Add/(Deduct) in respect of increase/(decrease) in market value in year | | | <u>67,353</u> | <u>(84,044)</u> |
| | At end of year | | | <u>53,848</u> | <u>(13,505)</u> |

Investments held by the Charity also include 50,000 shares of £1 each in its trading subsidiary company, Kendal Catering Company Limited. The original investment of £100 was written off many years ago and is included at net book value of £nil (2020 - £nil).

Net investment gains/(losses) amounted to a gain of £67,353 (2020 - loss of £84,044) of which a gain of £66,537 (2020 - loss of £83,023) related to endowment funds and a gain of £816 (2020 - loss of £1,021) related to unrestricted funds.

Unrealised gains in the year amounted to £67,353 (2020 - loss of £84,044).

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

19 Debtors

| | Group | | Company | |
|--------------------------------|----------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Trade debtors | 8,558 | 11,079 | 8,558 | 9,026 |
| VAT | 27,476 | 3,502 | 27,476 | 3,502 |
| Prepayments and accrued income | 80,526 | 43,016 | 63,993 | 42,083 |
| | <u>116,561</u> | <u>57,597</u> | <u>100,028</u> | <u>54,611</u> |

20 Creditors: Amounts falling due within one year

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts (see note 21 below) | 33,333 | - | 33,333 | - |
| Trade creditors | 103,734 | 87,265 | 103,465 | 74,116 |
| Amount due to Kendal Catering Company Limited | - | - | 23,691 | 747 |
| Other creditors | 19,186 | 26,979 | 19,086 | 26,879 |
| VAT and social security | 26,799 | 31,330 | 6,293 | 10,784 |
| Accruals and deferred income | 169,356 | 382,827 | 149,445 | 352,998 |
| | <u>352,408</u> | <u>528,401</u> | <u>335,313</u> | <u>465,524</u> |
| Deferred income included above: | | | | |
| Balance at beginning of year | 264,985 | 89,612 | 264,985 | 89,612 |
| Income deferred in the year | 81,074 | 212,903 | 81,074 | 212,903 |
| Released to statement of financial activities | (253,616) | (37,530) | (253,616) | (37,530) |
| Balance at end of year | <u>92,443</u> | <u>264,985</u> | <u>92,443</u> | <u>264,985</u> |

21 Creditors: Amounts falling due after one year

| | 2021 | 2020 | 2021 | 2020 |
|--|----------------|----------|----------------|----------|
| | £ | £ | £ | £ |
| Bank loans | <u>105,556</u> | <u>-</u> | <u>105,556</u> | <u>-</u> |
| The bank loan is secured by a debenture creating a fixed and floating charge over the assets of the charity. | | | | |
| Borrowings are repayable as follows: | | | | |
| - Between one and two years | 33,333 | - | 33,333 | - |
| - Between two and five years | 72,233 | - | 72,233 | - |
| | <u>105,566</u> | <u>-</u> | <u>105,566</u> | <u>-</u> |
| On demand or within one year | - | - | - | - |
| | <u>105,566</u> | <u>-</u> | <u>105,566</u> | <u>-</u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

22 Statement of funds Group

| | Balance 1 April 2020 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | Net investment losses £ | Balance 31 March 2021 £ |
|------------------------------|---------------------------------|----------------------------|----------------------------|----------------|----------------------------------|----------------------------------|
| Endowment funds | | | | | | |
| - Permanent (BISF) | 237,749 | 570 | - | - | - | 238,319 |
| - Expendable | 58,388 | - | - | - | 66,537 | 124,925 |
| | <u>296,137</u> | <u>570</u> | <u>-</u> | <u>-</u> | <u>66,537</u> | <u>363,244</u> |
| Restricted funds | | | | | | |
| - National Lottery | 1,226,972 | - | (43,215) | - | - | 1,183,757 |
| - Centre development | 254,717 | - | (20,992) | (2,070) | - | 231,655 |
| - Our Digital Future | 266,502 | 442,512 | (38,306) | - | - | 670,708 |
| - Job Retention Scheme | - | 266,863 | (266,863) | - | - | - |
| - Cultural Recovery | - | 208,315 | (208,315) | - | - | - |
| - Dream Scheme Funding | - | 400 | (400) | - | - | - |
| | <u>1,748,191</u> | <u>918,090</u> | <u>(578,091)</u> | <u>(2,070)</u> | <u>-</u> | <u>2,086,120</u> |
| Unrestricted funds | | | | | | |
| - Designated funds | | | | | | |
| - Buildings fund | 895,515 | - | (2,618) | - | - | 892,897 |
| | <u>895,515</u> | <u>-</u> | <u>(2,618)</u> | <u>-</u> | <u>-</u> | <u>892,897</u> |
| - General funds | (268,911) | 935,644 | (901,463) | 2,070 | 816 | (231,844) |
| Charity funds | 626,604 | 935,644 | (904,081) | 2,070 | 816 | 661,053 |
| Non charitable trading funds | (5,751) | - | - | - | - | (5,751) |
| Total unrestricted funds | <u>620,853</u> | <u>935,644</u> | <u>(904,081)</u> | <u>2,070</u> | <u>816</u> | <u>655,302</u> |
| Total funds | <u>2,665,181</u> | <u>1,854,304</u> | <u>(1,482,172)</u> | <u>-</u> | <u>67,353</u> | <u>3,104,666</u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

22 Statement of funds (continued)

| Company | Balance 1 April 2020 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | Net investment gains £ | Balance 31 March 2021 £ |
|--------------------------|---------------------------------|----------------------------|----------------------------|----------------|---------------------------------|----------------------------------|
| Endowment funds | | | | | | |
| - Permanent (BISF) | 237,749 | 570 | - | - | - | 238,319 |
| - Expendable | 58,388 | - | - | - | 66,537 | 124,925 |
| | <u>296,137</u> | <u>570</u> | <u>-</u> | <u>-</u> | <u>66,537</u> | <u>363,244</u> |
| Restricted funds | | | | | | |
| - National Lottery | 1,226,972 | - | (43,215) | - | - | 1,183,757 |
| - Centre development | 254,717 | - | (20,992) | (2,070) | - | 231,655 |
| - Our Digital Future | 266,502 | 442,512 | (38,306) | - | - | 670,708 |
| - Job Retention Scheme | - | 266,863 | (266,863) | - | - | - |
| - Cultural Recovery | - | 208,315 | (208,315) | - | - | - |
| - Dream Scheme Funding | - | 400 | (400) | - | - | - |
| | <u>1,748,191</u> | <u>918,090</u> | <u>(578,091)</u> | <u>(2,070)</u> | <u>-</u> | <u>2,086,120</u> |
| Unrestricted funds | | | | | | |
| - Designated funds | | | | | | |
| - Buildings fund | 895,515 | - | (2,618) | - | - | 892,897 |
| | <u>895,515</u> | <u>-</u> | <u>(2,618)</u> | <u>-</u> | <u>-</u> | <u>892,897</u> |
| - General funds | (268,911) | 693,502 | (659,321) | 2,070 | 816 | (231,844) |
| Total unrestricted funds | <u>626,604</u> | <u>693,502</u> | <u>(661,939)</u> | <u>2,070</u> | <u>816</u> | <u>661,053</u> |
| Total funds | <u>2,670,932</u> | <u>1,612,162</u> | <u>(1,240,030)</u> | <u>-</u> | <u>67,353</u> | <u>3,110,417</u> |

Endowment funds

a) Permanent endowment fund

This represents funds received from appeals under the terms of which these funds would form a permanent endowment.

b) Expendable endowment

Under the terms of the appeals referred to in a) above any capital appreciation of the original funds donated can, at the discretion of the Trustees, be applied towards the objects of the charity.

Restricted funds

a) The National Lottery Charities Board funded project provided for the redevelopment of the centre. Further funds have been received under the Regional Arts Lottery Programme for the purchase of technical equipment.

b) The Centre Development Fund represents donations and grants given to support the development of the centre.

c) The our Digital Future Fund represents donations and grants given to support the development of the cinema complex

d) The Job Retention Scheme Fund represents towards salary costs on the Coronavirus Job Retention Scheme who were placed on furlough and flexible furlough.

e) The Cultural Recovery Fund represents grants provided by the Department for Digital, Culture, Media and Sport and administered by Arts Council England, to support organisations facing business interruption due to the COVID pandemic.

f) The Dream Scheme Fund represents grant funding to provide online cultural activities for children during lockdown.

Designated funds

a) Buildings fund

The Trustees separated the unrestricted buildings into a designated fund during the year ended 31 March 2006 in order that they could monitor the costs of operation of the charity exclusive of the depreciation on these assets. The depreciation charge for the current year amounted to £2,618 (2020 - £2,618).

Transfers

The transfers have been made in order to:

i) transfer restricted depreciation previously treated as unrestricted.

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

22 Statement of funds (continued)

Group - prior year

| | Balance 1 April 2019 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | Net investment losses £ | Balance 31 March 2020 £ |
|------------------------------|---------------------------------|----------------------------|----------------------------|----------------|----------------------------------|----------------------------------|
| Endowment funds | | | | | | |
| - Permanent (BISF) | 237,071 | 678 | - | - | - | 237,749 |
| - Expendable | 71,262 | - | - | 70,149 | (83,023) | 58,388 |
| - Fair value reserve | 70,149 | - | - | (70,149) | - | - |
| | <u>378,482</u> | <u>678</u> | <u>-</u> | <u>-</u> | <u>(83,023)</u> | <u>296,137</u> |
| Restricted funds | | | | | | |
| - National Lottery | 1,270,187 | - | (43,215) | - | - | 1,226,972 |
| - Centre development | 272,734 | 170 | (18,187) | - | - | 254,717 |
| - Cultural Destinations | 2,763 | - | (2,763) | - | - | - |
| - Our Digital Future | 34,410 | 238,085 | (5,993) | - | - | 266,502 |
| - Project Emotional Warrior | - | 6,271 | (6,271) | - | - | - |
| - Applied Theatre in Cumbria | - | 63,802 | (63,802) | - | - | - |
| - Creative Connections | - | 3,860 | (3,860) | - | - | - |
| - Dignity in Dementia | - | 7,575 | (7,575) | - | - | - |
| | <u>1,580,094</u> | <u>319,763</u> | <u>(151,666)</u> | <u>-</u> | <u>-</u> | <u>1,748,191</u> |
| Unrestricted funds | | | | | | |
| - Designated funds | | | | | | |
| - Buildings fund | 898,133 | - | (2,618) | - | - | 895,515 |
| | <u>898,133</u> | <u>-</u> | <u>(2,618)</u> | <u>-</u> | <u>-</u> | <u>895,515</u> |
| - General funds | (185,452) | 2,325,062 | (2,407,500) | - | (1,021) | (268,911) |
| Charity funds | 712,681 | 2,325,062 | (2,410,118) | - | (1,021) | 626,604 |
| Non charitable trading funds | 2,121 | - | (7,872) | - | - | (5,751) |
| Total unrestricted funds | <u>714,802</u> | <u>2,325,062</u> | <u>(2,417,990)</u> | <u>-</u> | <u>(1,021)</u> | <u>620,853</u> |
| Total funds | <u>2,673,378</u> | <u>2,645,503</u> | <u>(2,569,656)</u> | <u>-</u> | <u>(84,044)</u> | <u>2,665,181</u> |

Company - prior year

| | Balance 1 April 2019 £ | Incoming resources £ | Outgoing resources £ | Transfers £ | investment gains £ | Balance 31 March 2020 £ |
|------------------------------|---------------------------------|----------------------------|----------------------------|----------------|--------------------------|----------------------------------|
| Endowment funds | | | | | | |
| - Permanent (BISF) | 237,071 | 678 | - | - | - | 237,749 |
| - Expendable | 71,262 | - | - | 70,149 | (83,023) | 58,388 |
| - Fair value reserve | 70,149 | - | - | (70,149) | - | - |
| | <u>378,482</u> | <u>678</u> | <u>-</u> | <u>-</u> | <u>(83,023)</u> | <u>296,137</u> |
| Restricted funds | | | | | | |
| - National Lottery | 1,270,187 | - | (43,215) | - | - | 1,226,972 |
| - Centre development | 272,734 | 170 | (18,187) | - | - | 254,717 |
| - Cultural Destinations | 2,763 | - | (2,763) | - | - | - |
| - Our Digital Future | 34,410 | 238,085 | (5,993) | - | - | 266,502 |
| - Project Emotional Warrior | - | 6,271 | (6,271) | - | - | - |
| - Applied Theatre in Cumbria | - | 63,802 | (63,802) | - | - | - |
| - Creative Connections | - | 3,860 | (3,860) | - | - | - |
| - Dignity in Dementia | - | 7,575 | (7,575) | - | - | - |
| | <u>1,580,094</u> | <u>319,763</u> | <u>(151,666)</u> | <u>-</u> | <u>-</u> | <u>1,748,191</u> |
| Unrestricted funds | | | | | | |
| - Designated funds | | | | | | |
| - Buildings fund | 898,133 | - | (2,618) | - | - | 895,515 |
| | <u>898,133</u> | <u>-</u> | <u>(2,618)</u> | <u>-</u> | <u>-</u> | <u>895,515</u> |
| - General funds | (185,452) | 1,707,572 | (1,790,010) | - | (1,021) | (268,911) |
| Total unrestricted funds | <u>712,681</u> | <u>1,707,572</u> | <u>(1,792,628)</u> | <u>-</u> | <u>(1,021)</u> | <u>626,604</u> |
| Total funds | <u>2,671,257</u> | <u>2,028,013</u> | <u>(1,944,294)</u> | <u>-</u> | <u>(84,044)</u> | <u>2,670,932</u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

23 Analysis of net assets between funds

| Group | Restricted funds | | | | | Total |
|--------------------------------------|----------------------|------------------|-------------------------|-------------------------|-------------------------|------------------|
| | Endowment funds £ | Lottery £ | Centre Development £ | Our Digital Future £ | Unrestricted funds £ | |
| Fixed assets | - | 1,183,757 | 231,655 | 670,708 | 950,241 | 3,036,361 |
| Investments | 363,244 | - | - | - | (2,583) | 360,661 |
| Net current assets/(liabilities) | - | - | - | - | (186,799) | (186,799) |
| Creditors falling due after one year | - | - | - | - | (105,556) | (105,556) |
| | <u>363,244</u> | <u>1,183,757</u> | <u>231,655</u> | <u>670,708</u> | <u>655,302</u> | <u>3,104,666</u> |
| Company | | | | | | |
| | Restricted funds | | | | | Total |
| | Endowment funds £ | Lottery £ | Centre Development £ | Our Digital Future £ | Unrestricted funds £ | |
| Fixed assets | - | 1,183,757 | 231,655 | 670,708 | 927,690 | 3,013,810 |
| Investments | 363,244 | - | - | - | 47,317 | 410,561 |
| Net current assets/(liabilities) | - | - | - | - | (208,397) | (208,397) |
| Creditors falling due after one year | - | - | - | - | (105,556) | (105,556) |
| | <u>363,244</u> | <u>1,183,757</u> | <u>231,655</u> | <u>670,708</u> | <u>661,053</u> | <u>3,110,417</u> |
| Group - prior year | | | | | | |
| | Restricted funds | | | | | Total |
| | Endowment funds £ | Lottery £ | Centre Development £ | Our Digital Future £ | Unrestricted funds £ | |
| Fixed assets | - | 1,226,972 | 254,717 | 266,502 | 857,639 | 2,605,830 |
| Investments | 296,137 | - | - | - | (2,829) | 293,308 |
| Net current assets/(liabilities) | - | - | - | - | (233,957) | (233,957) |
| | <u>296,137</u> | <u>1,226,972</u> | <u>254,717</u> | <u>266,502</u> | <u>620,853</u> | <u>2,665,181</u> |
| Company | | | | | | |
| | Restricted funds | | | | | Total |
| | Endowment funds £ | Lottery £ | Centre Development £ | Our Digital Future £ | Unrestricted funds £ | |
| Fixed assets | - | 1,226,972 | 254,717 | 266,502 | 827,364 | 2,575,555 |
| Investments | 296,137 | - | - | - | 47,071 | 343,208 |
| Net current assets/(liabilities) | - | - | - | - | (247,831) | (247,831) |
| | <u>296,137</u> | <u>1,226,972</u> | <u>254,717</u> | <u>266,502</u> | <u>626,604</u> | <u>2,670,932</u> |

THE KENDAL BREWERY ARTS CENTRE TRUST LIMITED

Notes to financial statements (continued)

24 Reconciliation of net income to net cash flow from operating activities

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Net movement in funds | 439,485 | (8,197) | 439,485 | (325) |
| Depreciation and impairment | 133,140 | 105,767 | 125,416 | 97,883 |
| Loss on disposal of fixed assets | | 110 | - | - |
| Dividends, interest and rent receivable | (9,569) | (19,705) | (9,569) | (19,705) |
| (Gain)/loss on investments | (67,353) | 84,044 | (67,353) | 84,044 |
| Increase in stocks | 9,907 | (15,746) | - | - |
| Decrease/(increase) in debtors | (58,964) | 53,051 | (45,417) | 38,527 |
| (Decrease)/increase in creditors | (209,326) | 80,184 | (163,544) | 23,507 |
| Net cash inflow from operating activities | <u>237,321</u> | <u>279,508</u> | <u>279,019</u> | <u>223,931</u> |

26 Taxation

The company is a registered charity and is therefore not liable to tax on any surplus.